

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

October 27, 2023

Company name: ATSUGI CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 3529 URL <https://www.atsugi.co.jp/>  
 Representative: President Shinji Nikko  
 Director, Executive Officer, Administration Masahiro Furukawa TEL 046-235-8107  
 division General manager  
 Scheduled date to file Quarterly Securities Report: November 10, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

|                                     | Net sales       |       | Operating profit |   | Ordinary profit |   | Profit attributable to owners of parent |   |
|-------------------------------------|-----------------|-------|------------------|---|-----------------|---|---|---|
|                                     | Millions of yen | %     | Millions of yen  | % | Millions of yen | % | Millions of yen                         | % |
| Six months ended September 30, 2023 | 10,659          | 8.6   | (212)            | – | (34)            | – | 1,087                                   | – |
| Six months ended September 30, 2022 | 9,817           | (5.8) | (1,060)          | – | (682)           | – | (694)                                   | – |

|                                     | Earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------|----------------------------|
|                                     | Yen                | Yen                        |
| Six months ended September 30, 2023 | 67.90              | –                          |
| Six months ended September 30, 2022 | (43.35)            | –                          |

(2) Consolidated financial position

|                          | Total assets    | Net assets      | Equity ratio |
|--------------------------|-----------------|-----------------|--------------|
|                          | Millions of yen | Millions of yen | %            |
| As of September 30, 2023 | 42,594          | 33,299          | 78.2         |
| As of March 31, 2023     | 40,688          | 30,932          | 76.0         |

2. Cash dividends

|                                       | Annual dividends per share |                 |                 |                 |       |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|-------|
|                                       | 1st quarter-end            | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
|                                       | Yen                        | Yen             | Yen             | Yen             | Yen   |
| Year ended March 31, 2023             | –                          | 0.00            | –               | 0.00            | 0.00  |
| Year ending March 31, 2024            | –                          | 0.00            |                 |                 |       |
| Year ending March 31, 2024 (Forecast) |                            |                 | –               | 0.00            | 0.00  |

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

|           | Net sales       |      | Operating profit |   | Ordinary profit |   | Profit attributable to owners of parent |   | Earnings per share |
|-----------|-----------------|------|------------------|---|-----------------|---|---|---|--------------------|
|           | Millions of yen | %    | Millions of yen  | % | Millions of yen | % | Millions of yen                         | % | Yen                |
| Full year | 22,800          | 11.0 | (300)            | – | (100)           | – | 900                                     | – | 56.17              |

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

|                          |                   |                      |                   |
|--------------------------|-------------------|----------------------|-------------------|
| As of September 30, 2023 | 17,319,568 shares | As of March 31, 2023 | 17,319,568 shares |
|--------------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

|                          |                  |                      |                  |
|--------------------------|------------------|----------------------|------------------|
| As of September 30, 2023 | 1,297,660 shares | As of March 31, 2023 | 1,296,128 shares |
|--------------------------|------------------|----------------------|------------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

|                                     |                   |                                     |                   |
|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Six months ended September 30, 2023 | 16,022,646 shares | Six months ended September 30, 2022 | 16,024,599 shares |
|-------------------------------------|-------------------|-------------------------------------|-------------------|

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

|  | As of March 31, 2023 | As of September 30, 2023 |
|--|----------------------|--------------------------|
| <b>Assets</b>                          |                      |                          |
| Current assets                         |                      |                          |
| Cash and deposits                      | 4,787                | 3,467                    |
| Notes and accounts receivable - trade  | 4,241                | 4,357                    |
| Merchandise and finished goods         | 4,179                | 5,254                    |
| Work in process                        | 1,029                | 1,137                    |
| Raw materials and supplies             | 635                  | 727                      |
| Other                                  | 1,713                | 3,225                    |
| Allowance for doubtful accounts        | (24)                 | (24)                     |
| Total current assets                   | 16,562               | 18,145                   |
| Non-current assets                     |                      |                          |
| Property, plant and equipment          |                      |                          |
| Buildings and structures, net          | 1,685                | 1,640                    |
| Machinery, equipment and vehicles, net | 1,817                | 1,920                    |
| Land                                   | 12,011               | 12,011                   |
| Construction in progress               | 420                  | 375                      |
| Other, net                             | 86                   | 91                       |
| Total property, plant and equipment    | 16,020               | 16,038                   |
| Intangible assets                      | 1,338                | 1,422                    |
| Investments and other assets           |                      |                          |
| Investment securities                  | 6,621                | 6,531                    |
| Deferred tax assets                    | 0                    | 35                       |
| Other                                  | 144                  | 420                      |
| Total investments and other assets     | 6,767                | 6,987                    |
| Total non-current assets               | 24,126               | 24,448                   |
| Total assets                           | 40,688               | 42,594                   |

(Millions of yen)

|   | As of March 31, 2023 | As of September 30, 2023 |
|---|----------------------|--------------------------|
| <b>Liabilities</b>                                    |                      |                          |
| <b>Current liabilities</b>                            |                      |                          |
| Notes and accounts payable - trade                    | 1,957                | 1,774                    |
| Current portion of long-term borrowings               | 470                  | 470                      |
| Income taxes payable                                  | 138                  | 468                      |
| Provision for bonuses                                 | 43                   | 39                       |
| Other   | 2,681                | 1,737                    |
| <b>Total current liabilities</b>                      | <b>5,291</b>         | <b>4,491</b>             |
| <b>Non-current liabilities</b>                        |                      |                          |
| Long-term borrowings                                  | 909                  | 674                      |
| Deferred tax liabilities                              | 1,052                | 1,600                    |
| Deferred tax liabilities for land revaluation         | 1,286                | 1,286                    |
| Retirement benefit liability                          | 967                  | 896                      |
| Other   | 249                  | 345                      |
| <b>Total non-current liabilities</b>                  | <b>4,465</b>         | <b>4,803</b>             |
| <b>Total liabilities</b>                              | <b>9,756</b>         | <b>9,294</b>             |
| <b>Net assets</b>                                     |                      |                          |
| <b>Shareholders' equity</b>                           |                      |                          |
| Share capital   | 20,000               | 20,000                   |
| Capital surplus                                       | 10,272               | 10,272                   |
| Retained earnings                                     | (2,076)              | (988)                    |
| Treasury shares                                       | (1,466)              | (1,467)                  |
| <b>Total shareholders' equity</b>                     | <b>26,728</b>        | <b>27,816</b>            |
| <b>Accumulated other comprehensive income</b>         |                      |                          |
| Valuation difference on available-for-sale securities | 1,839                | 2,121                    |
| Deferred gains or losses on hedges                    | 411                  | 1,048                    |
| Revaluation reserve for land                          | 388                  | 388                      |
| Foreign currency translation adjustment               | 1,563                | 1,923                    |
| <b>Total accumulated other comprehensive income</b>   | <b>4,203</b>         | <b>5,483</b>             |
| <b>Total net assets</b>                               | <b>30,932</b>        | <b>33,299</b>            |
| <b>Total liabilities and net assets</b>               | <b>40,688</b>        | <b>42,594</b>            |

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

|  | Six months ended<br>September 30, 2022 | Six months ended<br>September 30, 2023 |
|--|--|--|
| Net sales                                      | 9,817                                  | 10,659                                 |
| Cost of sales                                  | 7,184                                  | 7,268                                  |
| Gross profit                                   | 2,632                                  | 3,390                                  |
| Selling, general and administrative expenses   | 3,693                                  | 3,603                                  |
| Operating loss                                 | (1,060)                                | (212)                                  |
| Non-operating income                           |  |  |
| Interest and dividend income                   | 124                                    | 96                                     |
| Foreign exchange gains                         | 193                                    | 35                                     |
| Other  | 73                                     | 55                                     |
| Total non-operating income                     | 391                                    | 187                                    |
| Non-operating expenses                         |  |  |
| Interest expenses                              | 4                                      | 3                                      |
| Taxes and dues                                 | 1                                      | 0                                      |
| Other  | 6                                      | 5                                      |
| Total non-operating expenses                   | 12                                     | 9                                      |
| Ordinary loss                                  | (682)                                  | (34)                                   |
| Extraordinary income                           |  |  |
| Gain on sale of non-current assets             | 68                                     | 1,305                                  |
| Gain on sale of investment securities          | –                                      | 315                                    |
| Total extraordinary income                     | 68                                     | 1,620                                  |
| Extraordinary losses                           |  |  |
| Theft loss                                     | –                                      | 18                                     |
| Loss on retirement of non-current assets       | 16                                     | 1                                      |
| Loss on sale of non-current assets             | 7                                      | 1                                      |
| Total extraordinary losses                     | 24                                     | 21                                     |
| Profit (loss) before income taxes              | (637)                                  | 1,565                                  |
| Income taxes - current                         | 63                                     | 378                                    |
| Income taxes - deferred                        | (6)                                    | 98                                     |
| Total income taxes                             | 56                                     | 477                                    |
| Profit (loss)                                  | (694)                                  | 1,087                                  |
| Profit (loss) attributable to owners of parent | (694)                                  | 1,087                                  |

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

|   | Six months ended<br>September 30, 2022 | Six months ended<br>September 30, 2023 |
|---|--|--|
| Profit (loss)   | (694)                                  | 1,087                                  |
| Other comprehensive income                            |  |  |
| Valuation difference on available-for-sale securities | 340                                    | 281                                    |
| Deferred gains or losses on hedges                    | 589                                    | 637                                    |
| Foreign currency translation adjustment               | 393                                    | 360                                    |
| Total other comprehensive income                      | 1,323                                  | 1,279                                  |
| Comprehensive income                                  | 629                                    | 2,367                                  |
| Comprehensive income attributable to                  |  |  |
| Comprehensive income attributable to owners of parent | 629                                    | 2,367                                  |

## Consolidated statements of cash flows

(Millions of yen)

|   | Six months ended<br>September 30, 2022 | Six months ended<br>September 30, 2023 |
|---|--|--|
| Cash flows from operating activities                        |  |  |
| Profit (loss) before income taxes                           | (637)                                  | 1,565                                  |
| Depreciation  | 230                                    | 224                                    |
| Increase (decrease) in allowance for doubtful accounts      | 2                                      | 0                                      |
| Increase (decrease) in provision for bonuses                | (15)                                   | (3)                                    |
| Increase (decrease) in retirement benefit liability         | (72)                                   | (70)                                   |
| Interest and dividend income                                | (124)                                  | (96)                                   |
| Interest expenses   | 4                                      | 3                                      |
| Loss (gain) on sale of investment securities                | –                                      | (315)                                  |
| Theft loss  | –                                      | 18                                     |
| Loss on retirement of property, plant and equipment         | 16                                     | 1                                      |
| Loss (gain) on sale of property, plant and equipment        | (61)                                   | (934)                                  |
| Loss (gain) on sale of intangible assets                    | –                                      | (370)                                  |
| Decrease (increase) in trade receivables                    | 495                                    | (52)                                   |
| Decrease (increase) in inventories                          | (232)                                  | (1,180)                                |
| Increase (decrease) in trade payables                       | (279)                                  | 164                                    |
| Increase (decrease) in accrued consumption taxes            | (47)                                   | 125                                    |
| Other, net  | (527)                                  | (749)                                  |
| Subtotal  | (1,249)                                | (1,669)                                |
| Interest and dividends received                             | 124                                    | 96                                     |
| Interest paid   | (4)                                    | (3)                                    |
| Income taxes paid   | (22)                                   | (20)                                   |
| Net cash provided by (used in) operating activities         | (1,151)                                | (1,597)                                |
| Cash flows from investing activities                        |  |  |
| Payments into time deposits                                 | (20)                                   | (20)                                   |
| Proceeds from withdrawal of time deposits                   | 835                                    | 41                                     |
| Purchase of property, plant and equipment                   | (1,067)                                | (287)                                  |
| Proceeds from sale of property, plant and equipment         | 61                                     | 156                                    |
| Purchase of intangible assets                               | (330)                                  | (521)                                  |
| Proceeds from sale of intangible assets                     | –                                      | 48                                     |
| Purchase of investment securities                           | (17)                                   | (17)                                   |
| Proceeds from sale of investment securities                 | –                                      | 838                                    |
| Proceeds from collection of loans receivable                | –                                      | 0                                      |
| Net cash provided by (used in) investing activities         | (538)                                  | 237                                    |
| Cash flows from financing activities                        |  |  |
| Dividends paid  | (0)                                    | (0)                                    |
| Decrease (increase) in treasury shares                      | (0)                                    | (0)                                    |
| Repayments of long-term borrowings                          | (235)                                  | (235)                                  |
| Net cash provided by (used in) financing activities         | (235)                                  | (235)                                  |
| Effect of exchange rate change on cash and cash equivalents | 333                                    | 292                                    |
| Net increase (decrease) in cash and cash equivalents        | (1,593)                                | (1,302)                                |
| Cash and cash equivalents at beginning of period            | 5,500                                  | 4,749                                  |
| Cash and cash equivalents at end of period                  | 3,907                                  | 3,446                                  |