

Translation

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

November 13, 2023

Company name: MAEZAWA KYUSO INDUSTRIES CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 6485 URL <https://www.qso.co.jp/>
 Representative: President and Representative Director Yuichi Taniai
 Director, Chief of Administration Yoichiro Taniguchi
 Inquiries: Headquarters Yoichiro Taniguchi TEL 03-3716-1512
 Scheduled date to file Quarterly Securities Report: November 13, 2023
 Scheduled date to commence dividend payments: December 8, 2023
 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	15,636	1.5	1,190	9.2	1,259	7.3	808	4.5
Six months ended September 30, 2022	15,401	9.7	1,090	(4.2)	1,174	(2.8)	773	(1.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	37.12		-	
Six months ended September 30, 2022	34.84		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2023	44,742	38,452	85.9	1,789.32
As of March 31, 2023	44,643	38,225	85.6	1,737.00

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	-	15.00	-	18.00	33.00
Year ending March 31, 2024	-	18.00	-	-	-
Year ending March 31, 2024 (Forecast)	-	-	-	18.00	36.00

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	31,500	1.6	2,250	3.0	2,350	3.6	1,580	10.2	71.80

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	23,000,000 shares	As of March 31, 2023	23,000,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	1,509,778 shares	As of March 31, 2023	993,476 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	21,780,109 shares	Six months ended September 30, 2022	22,202,396 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	11,236	10,460
Notes and accounts receivable - trade	5,253	5,765
Electronically recorded monetary claims - operating	6,009	6,058
Securities	400	300
Merchandise and finished goods	5,760	5,879
Work in process	107	101
Raw materials and supplies	1,442	1,404
Other	465	355
Total current assets	30,675	30,324
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,948	2,291
Machinery, equipment and vehicles, net	655	679
Land	4,622	4,622
Construction in progress	261	28
Other, net	221	243
Total property, plant and equipment	7,708	7,865
Intangible assets		
Software	648	521
Goodwill	276	257
Other	23	23
Total intangible assets	948	802
Investments and other assets		
Investment securities	3,837	4,576
Long-term loans receivable	4	4
Insurance funds	1,241	1,057
Deferred tax assets	133	12
Other	97	102
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	5,310	5,749
Total non-current assets	13,967	14,418
Total assets	44,643	44,742

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	3,417	3,177
Electronically recorded obligations - operating	451	580
Income taxes payable	484	357
Provision for bonuses	251	238
Provision for bonuses for directors (and other officers)	20	14
Buy-sell transaction liability	60	99
Other	916	780
Total current liabilities	5,602	5,248
Non-current liabilities		
Deferred tax liabilities	267	436
Retirement benefit liability	466	534
Asset retirement obligations	4	4
Other	77	66
Total non-current liabilities	816	1,042
Total liabilities	6,418	6,290
Net assets		
Shareholders' equity		
Share capital	3,358	3,358
Capital surplus	3,711	3,711
Retained earnings	30,304	30,706
Treasury shares	(941)	(1,546)
Total shareholders' equity	36,432	36,230
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,417	1,792
Foreign currency translation adjustment	385	467
Remeasurements of defined benefit plans	(10)	(36)
Total accumulated other comprehensive income	1,792	2,222
Total net assets	38,225	38,452
Total liabilities and net assets	44,643	44,742

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	15,401	15,636
Cost of sales	11,136	10,977
Gross profit	4,264	4,658
Selling, general and administrative expenses	3,174	3,467
Operating profit	1,090	1,190
Non-operating income		
Interest income	11	10
Dividend income	53	58
Foreign exchange gains	17	–
Other	11	29
Total non-operating income	94	98
Non-operating expenses		
Foreign exchange losses	–	13
Loss on cancellation of insurance policies	10	13
Other	0	2
Total non-operating expenses	10	29
Ordinary profit	1,174	1,259
Extraordinary income		
Gain on sale of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on sale of non-current assets	3	–
Loss on retirement of non-current assets	0	2
Total extraordinary losses	3	2
Profit before income taxes	1,171	1,257
Income taxes	397	449
Profit	773	808
Profit attributable to owners of parent	773	808

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	773	808
Other comprehensive income		
Valuation difference on available-for-sale securities	(151)	374
Foreign currency translation adjustment	217	81
Remeasurements of defined benefit plans, net of tax	2	(25)
Total other comprehensive income	68	430
Comprehensive income	842	1,238
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	842	1,238

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,171	1,257
Depreciation	283	306
Amortization of goodwill	19	19
Insurance claim income	–	(2)
Increase (decrease) in retirement benefit liability	(20)	31
Share-based payment expenses	11	13
Increase (decrease) in provision for bonuses	(1)	(12)
Increase (decrease) in provision for bonuses for directors (and other officers)	(6)	(6)
Interest and dividend income	(65)	(69)
Foreign exchange losses (gains)	(17)	13
Surrender value of insurance policies	(6)	(4)
Loss (gain) on cancellation of insurance policies	16	17
Decrease (increase) in trade receivables	(566)	(555)
Decrease (increase) in inventories	(978)	(13)
Increase (decrease) in trade payables	(947)	(116)
Increase (decrease) in accrued consumption taxes	127	5
Decrease (increase) in accounts receivable - other	(89)	154
Other, net	(131)	42
Subtotal	(1,201)	1,082
Interest and dividends received	54	73
Proceeds from insurance income	–	2
Interest paid	(0)	(0)
Income taxes paid	(262)	(435)
Net cash provided by (used in) operating activities	(1,409)	722
Cash flows from investing activities		
Payments into time deposits	–	(271)
Proceeds from withdrawal of time deposits	–	295
Proceeds from redemption of securities	300	100
Purchase of investment securities	(300)	(200)
Purchase of property, plant and equipment	(219)	(562)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(275)	(17)
Repayments of insurance funds contract	(109)	(166)
Proceeds from cancellation of insurance funds	415	336
Proceeds from collection of long-term loans receivable	0	0
Net cash provided by (used in) investing activities	(189)	(486)
Cash flows from financing activities		
Repayments of lease liabilities	(2)	(0)
Dividends paid	(443)	(395)
Purchase of treasury shares	–	(628)
Net cash provided by (used in) financing activities	(446)	(1,025)
Effect of exchange rate change on cash and cash equivalents	61	1
Net increase (decrease) in cash and cash equivalents	(1,983)	(788)
Cash and cash equivalents at beginning of period	13,546	10,498
Cash and cash equivalents at end of period	11,562	9,710