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## Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 2024 [Japanese GAAP]

November 14, 2023

Listed company name HURXLEY CORPORATION East listed stock exchange  
Code No. 7561 URL <https://www.hurxley.co.jp>  
Representative Title: Chief Executive Officer Tatsuya Aoki (Name)  
Contact Title: General Affairs Manager Masaya Nakano TEL 06-6376-8088  
Scheduled date to file Quarterly Securities Report November 14, 2023  
Scheduled date of commencement of dividend payment December 1, 2023  
Preparation of supplementary material on quarterly financial results: Yes  
Holding of quarterly financial results meeting: None

(Amounts are rounded down to the nearest million yen)

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 2024 (April 1, 2023 to September 30, 2023)

(1)Consolidated Operating Results (Cumulative)

(Percentages represent changes from the same quarter of the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Second Quarter of Fiscal 2024	21,284	33.0	891	23.3	1,061	22.5	841	37.9
Second Quarter of Fiscal Year Ending March 2023	15,999	14.8	723	124.8	866	58.7	609	75.3

(NOTE)Comprehensive income Second Quarter of Fiscal 2024 919 Millions of yen (27.3%) Second Quarter of Fiscal Year Ending March 2023 722 Millions of yen (119.1%)

	Per share Profit	Diluted earnings Per share Profit
	Yen	Yen
Second Quarter of Fiscal 2024	45.68	45.62
Second Quarter of Fiscal Year Ending March 2023	33.14	-

(2)Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Second Quarter of Fiscal 2024	61,844	23,349	37.8
As of March 31, 2023	58,514	22,562	38.6

Reference: Shareholders' equity Second Quarter of Fiscal 2024 23,347 Millions of yen As of March 31, 2023 22,559 Millions of yen

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
As of March 31, 2023	-	9.00	-	9.00	18.00
Year ended March 31, 2024	-	9.00			
Year ending March 31, 2024 (Forecast)			-	9.00	18.00

(NOTE)Revisions to the most recently announced dividend forecasts: None

Forecast of Consolidated Financial Results for the Fiscal Year Ending March 3, 2024 (April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Attributable to owners of parent "		Per share Net Income
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	44,500	25.0	1,650	13.0	1,750	10.8	1,400	33.6	76.09

(NOTE)Revisions to the most recently announced earnings forecasts: None

※ Notes

(1) Significant changes in subsidiaries during the quarter under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies and changes or restatement of accounting estimates

- Changes in accounting policies due to revision of accounting standards: None
- Changes in accounting policies other than the above: None
- Changes in accounting estimates: None
- Restatement of revisions: None

(4) Number of shares outstanding (common shares)

- Number of shares outstanding at the end of the period (including treasury stock)
- Number of treasury shares at the end of the period
- Average number of shares during the period (cumulative from the beginning of the fiscal year)

2Q for the year ended March 31, 2024	22,050,064 Sha res	As of March 31, 2023	22,050,064 Sha res
2Q for the year ended March 31, 2024	3,606,050 Sha res	As of March 31, 2023	3,650,850 Sha res
2Q for the year ended March 31, 2024	18,411,614 Sha res	As of September 30, 2023	18,399,209 Sha res

※ Quarterly financial results are not subject to quarterly review by a certified public accountant or auditing firm.

※ Explanations and other special notes concerning the appropriate use of business performance forecasts

(Notes on forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable, and do not constitute guarantees by the Company of future performance. Actual results may differ materially from the forecast depending on a range of factors.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation on operating Results

During the consolidated cumulative second quarter, the domestic economy continued to recover moderately, mainly in personal consumption.

On the other hand, the downturn in overseas economies posed risks to the domestic economy, such as the impact of the global monetary tightening and concerns about the outlook for the Chinese economy, in addition to price rises associated with soaring raw material and energy prices on the back of the prolonged Ukrainian situation, and conditions remained to be monitored closely. Against this backdrop, our Group has continued to promote the independence of each of our businesses in anticipation of the uncertain future and strive to achieve a "self-transformational corporate group" that combines diversity, environmental adaptability and growth.

On December 1, 2022, the Group changed its reportable segments from the first three quarters of the previous fiscal year to the Takeout food business, the Store Asset & Solution Business, and the Logistics and Food Processing Business. The purpose of this change was to ensure consistency with business strategies as Inaba Peanz Co., Ltd., Yagai Foods Co., Ltd., and i Factory Co., Ltd. joined the Group.

Segment information for the second quarter of the previous fiscal year has been restated to reflect the new segment classification.

### (Consolidated Results) (Millions of yen)

	Second Quarter of Fiscal 2023	Second Quarter of Fiscal 2024		
			Year-on-year change	Year on year
Net sales	15,999	21,284	5,284	Up 33.0%
Operating profit	723	891	168	Up 23.3%
Ordinary profit	866	1,061	194	Up 22.5%
Profit attributable to owners of parent Profit	609	841	231	Up 37.9%

Results by business segment are as follows.

### (Net Sales by Segment) (Millions of yen)

	Second Quarter of Fiscal 2023	Second Quarter of Fiscal 2024		
			Year-on-year change	Year on year
Takeout food business	8,108	8,277	169	Up 2.1%
Store Assets & Solutions business	6,610	6,075	□535	Down 8.1%
Logistics and food processing business	2,411	8,119	5,708	Up 236.7%
Other industries	247	363	116	Up 47.0%
Total	17,377	22,836	5,458	Up 31.4%
Adjustments (Eliminations and Corporate)	□1,378	□1,551	□173	-
Total	15,999	21,284	5,284	Up 33.0%

### (Operating Income by Segment) (Millions of yen)

	Second Quarter of Fiscal 2023	Second Quarter of Fiscal 2024		
			Year-on-year change	Year on year
Takeout food business	□6	103	110	-
Store Assets & Solutions business	971	564	□407	Down 41.9%
Logistics and food processing business	22	269	247	-
Other industries	247	363	116	Up 47.0%
Total	1,234	1,301	66	Up 5.4%
Adjustments (Eliminations and Corporate)	□511	□409	101	-
Total	723	891	168	Up 23.3%

□ Takeout food business

In the Takeout food business, in the current fiscal year, we are developing the Hokkaitei with a new slogan "Make Faster." In addition, we are engaged in a business that responds to a wide range of food situations, including the development of dishes to meet demand for various parties, events and ceremonies. In the second quarter of the fiscal year under review, while energy and raw material prices continued to rise, large-scale orders for large-scale events, concerts, sports watching, and other events showed signs of recovery.

Hokka-Hokka-Tei has launched a limited-time menu, including "Seafood Oroshi Tendon," which offers eight tempura items including shrimp, squid, horse mackerel, and crab-flavored kamaboko, "Bifte Xylyes," which is a midsummer treat, and "Tsukimi Tendon," which features boiled egg tempura. In August, we launched the "Exorcise Harapeko! Campaign" in collaboration with the second season of the TV anime "Jujutsu Kaisen," targeting Nori Stamina Box lunch and Nori Stamina Special. The campaign was very well received, especially by the Z generation. In terms of digital sales promotion, we continued to aggressively implement measures to acquire followers in SNS(X (formerly Twitter) · Instagram · LINE), and the number of official X (formerly Twitter) followers topped 820000. In July, we renewed our official app "Hokka App" to make it easier to use. We will also actively introduce measures to increase mobile order volume on our apps, which will lead to improved convenience at our stores.

In addition, sales in the catering business have increased significantly and are expected to continue to grow steadily in the future. Specifically, after-sales Corona's revival of corporate social gatherings, academic societies, social gatherings in rental conference rooms, and other parties were very strong, contributing to sales. In addition, the catering business has almost recovered to the pre-Corona level due to others such as international soccer plays in national sports stadiums, large-scale orders for sporting events, and increased party sales, which have led to orders as a result of carefully responding to inquiries from EC websites. In the ceremony business, although not as much as the catering business, the number of orders received and the unit price per case, such as the overnight notice system and legal cases, have been on an upward trend, and although it is gradual, we are steadily recovering. Shibuchika Tokyu Shibuya Food Show's permanent boxed lunch and side dish sales store "IKUE" continued stable sales of its main product "luxury lunch boxes." We are also continuing to sell to high-end supermarkets and to EC websites under the "IKUE" brand. We have also begun selling OEM products.

Net sales in the take-out boxed lunches business were 8,277 million yen (up 2.1% from the same quarter of the previous year), and operating income was 103 million yen (operating loss of 6 million yen in the same quarter of the previous year).

□ Store Assets & Solutions business

In the Store Asset & Solution Business, the Group provides solutions for restaurants and other businesses, IT management solutions for confectionery stores, and commercial real estate value-up planning, development, operation, management, leasing, and investment opportunities. It also rents equipment for parties and events and leases real estate, centered on the retail network group that uses sustainable store properties that reuse store interior fixtures to "make tomorrow's town and more enjoyable." During the consolidated cumulative second quarter, while energy prices, raw material prices, and personnel expenses for store operations soared, economic activities normalized partly due to a change in classification of new-type coronavirus infectious diseases, and service consumption and general events were generally on a recovery track.

<Solutions for store openings and closures and human resources>

Tenpo Ryutsuu Net, Inc., Ltd. responded to the needs of restaurants and other business operators by increasing the number of stores in operation by accurately capturing growing demand in niche fields. As a result, the number of stores under lease rose to 818. We have supported store openings by providing comprehensive solutions for people, goods, money, and information, such as store management staffing services (people), provision of properties in good locations (goods), our proprietary store opening funding support system (money), and provision of a monthly sales forecasting system (information) that does not require entry of historical data for the first time in the restaurant industry. We have also provided financial support by depositing and liquidating guarantee deposits and purchasing store interior fixtures. The Group is focusing on the solution business for store operators, such as store leasing, which was established more than 20 years ago and whose strengths include its lead customer network and store sales data. This business is expected to grow even in the market due to its favorable capital profitability. In August, we relocated and expanded the Yokohama Branch of Store Distribution Net Co., Ltd. to the front of Yokohama Station with the aim of strengthening the development of promising markets and improving human capital productivity. In parallel with capital investment and human capital investment, we are also focusing on improving business processes. In recruitment consulting, the Company operates VUI TOWN, a service that supports the employment of foreign skilled human resources, which "meets with foreign human resources, which cannot be found elsewhere," to dispel concerns among companies that accept foreign human resources with special skills and provide consulting to realize hiring plans that look ahead to the future. Partly as a result, the number of designated skilled foreign personnel recruited by Store Distribution Net Co., Ltd. reached a record high. We expect to expand the number of Skills No. 2, which is unlimited for a period of five years, in the future. Given that it is a social situation that makes it easier for foreigners to draw up career plans for personnel training managers, store managers, and other positions, we are also taking into consideration the support for overseas store openings by employers that utilize foreigners and the independent support for foreign workers.

<Store real estate solutions>

We are enhancing the value of real estate by combining the strengths of our store business with knowledge and skills in finance, real estate, and construction. At the mid-rise commercial building TRN Meidaimae, which is owned in Tokyo, we secured successor tenants with no downtime after tenants vacated on the first floor, revised long-standing renewal rents to new market rents, and conducted legal compliance work on replacements after increasing revenues from the previous year, thereby realizing improved safety. The number of real estate management tenants totaled 118 as a result of activities to increase the number of stores in operation by providing store properties for managed store buildings. With regard to real estate funds that provide investment advice, the contract asset value has remained at ¥10.8 billion, of which the development fund for real estate in front of Hon-Atsugi Station is currently constructing a 12-story building above ground through

Construction Management. Our business model for realizing income by selling after leveraging our strengths in legal compliance construction and store leasing is sustainable. In addition to the conventional method of forming a private real estate fund to serve as a customer, we focused on selling real estate to a customer base that favors real estate in kind. As a result, we sold one real estate property (Musashino-shi, Tokyo) in the second quarter of the consolidated year under review.

<IT Management Solutions>

The Company develops and provides software for ninapos, a POS cash register system that supports the business of confectionery stores, and Ninakart, an optional specialized cart. In addition to a virtuous circle in which many well-known stores are introduced, and the next-generation patience that was trained there is a virtuous circle that is used at the time of independence, the number of stores introducing ninapos exceeds 1000 and boasts about one-third of the market shares of Western-style confectionery stores, which exceeds a certain size. We have a well-established reputation for building relationships of trust through after-sales follow-up, and we boast a high business continuity rate of 99.7% per year in the most recent year for the companies that have introduced the system. This is a POS cash register system that not only manages bookings but also spreads sales analysis and customer data analysis throughout the world. It contributes to improved management in the industry. The effects of this management improvement are being developed in markets not only in the confectionery store industry but also in the bakery industry. We have also begun efforts to expand our consulting-services in order to effectively utilize POS data as big data.

<Rental of parties and event goods>

In the party and event equipment rental business, business-related in-house parties are on a slight recovery trend, and the demand for large numbers of hotel-related parties has recovered significantly. The name recognition of the Kansai Branch of First Mate Co., Ltd., which began operations in May, is also expanding, and sales in the Kansai region are growing steadily.

In the Store Asset & Solution Business, net sales were 6,075 million yen (down 8.1% year-on-year) and operating income was 564 million yen (down 41.9% year-on-year).

(Reference)

	End of March 2021	End of March 2022	End of March 2023 ①	End of Sep. 2023 ②	②-①
(a)Store lease Number of stores	754	757	810	818	8
(b)Real estate management Number of tenants (stores)	56	80	116	118	2
(a+b) Stores in operation (stores)	810	837	926	936	10

□ Logistics and food processing business

In the Logistics and Food Processing Business, the Group engages in the production of peanuts, dried fruit, and other confectionery, as well as the wholesale business, in addition to the distribution of merchandise, foodstuffs, and merchandise, including the processing of foodstuffs that will be introduced into the Hokka Hokka Tei Store.

In the second quarter of the current fiscal year, the Group is working to expand logistics operations, to bring the Camry to full operation, and to take on the challenge of new businesses. As a logistics business, the Group is engaged in a variety of operations, including the operation of centers for ordering and inventory control, frozen and chilled delivery between bases, and storage for incoming and outgoing shipments, in order to achieve efficiency and optimization and accumulate trust and a track record. In the Camry Summary business, we have been strengthening cooperation with our sales divisions. We have maintained a high occupancy rate by manufacturing OEM products at supermarkets, convenience stores, and major restaurant ramen chains, and by developing and standard chicken products using local foodstuffs, specialty products, and specialty products in various parts of the country. As a new business, we have begun to develop our original products. In addition, the Group is focusing on acquiring new frozen small-lot delivery operations and procuring and supplying meat and marine products that meet the needs of business partners, thereby contributing to the stabilization of the earnings structure.

In the confectionery manufacturing industry, sales remained strong, mainly at supermarkets and drugstores, driven by continued strong sales of products and the steady introduction of new products launched in September. Further, a further increase in the number of foreign tourists is reflected in the increase in sales of inbound tourist products, which is a positive factor behind the increase in sales. We anticipate that this strong performance will be sustained for the foreseeable future, at least through the end of the year. Furthermore, we are making steady progress in switching from raw materials, which were affected by the yen's depreciation, to low-priced raw materials. We have also completed our response to price increases for some products, which has resulted in a gradual improvement in earnings. In addition, we have expanded our production lines and replenished our workforce, and have completed the strengthening of our production and shipment systems. We are well prepared for the holiday season. In addition, sales of dried sweet potato using famous potato in Ibaraki Prefecture, where Yagai Shokuhin Co., Ltd. is located, increased to 130% of the previous year. One of the factors behind this is that the main target luxury supermarket buyers are attracting attention as healthy foods that do not contain additives, and that they are products that can be sold at high unit prices. In addition, by expanding sales based on dried sweet potato as a starting point, we have been able to revive sales in existing sales channels. In seafood, the price increase for raw materials is large, and we will work to secure incomes by gradually reviewing the sales price.

In the Logistics and Food Processing Business, net sales were 8,119 million yen (up 236.7% from the same quarter of the previous year) and operating income

was 269 million yen (up 247 million yen from the same quarter of the previous year).

## (2) Explanation of Financial Position

### □ Financial position

Total assets at the end of the second quarter under review were 61,844 million yen, up 3,329 million yen from the end of the previous fiscal year. This was mainly due to an increase in deposits from borrowings and the acquisition of company-owned warehouse properties.

Total liabilities increased by 2,542 million yen from the end of the previous fiscal year to 38,495 million yen. This was mainly due to an increase in borrowings and trade payables.

Net assets were 23,349 million yen, an increase of 787 million yen from the end of the previous fiscal year. This was mainly due to the recording of quarterly net income attributable to owners of the parent.

### □ Cash Flows

Cash and cash equivalents (hereinafter "cash") at the end of the second quarter of the current fiscal year increased by 2,397 million yen from the end of the previous fiscal year to 13,772 million yen.

The status of each cash flow and its factors for the second quarter of the current fiscal year are as follows.

#### (Cash flows from operating activities)

Net cash provided by operating activities was 2,284 million yen, compared with 1,353 million yen provided in the same quarter of the previous year. This was mainly due to quarterly income before income taxes of 1,123 million yen and depreciation and amortization of 537 million yen.

#### (Net cash provided by (used in) investing activities)

Net cash used in investing activities was 1.406 billion yen, compared with 1,833 million yen used in the same quarter of the previous fiscal year. This was mainly due to the purchase of property, plant and equipment of ¥1,632 million.

#### (Cash flows from financing activities)

Net cash provided by financing activities was 1,520 million yen, compared with 565 million yen provided in the same quarter of the previous year. This was mainly due to proceeds from loans payable of 2,967 million yen and repayment of loans payable of 1,212 million yen.

## (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

There are no changes to the consolidated earnings forecasts for the full year announced on May 15, 2023 in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2023.



## 2. Quarter Consolidated Financial Statements and Major Notes

### (1) Consolidated balance sheets

(Millions of yen)

	End of previous fiscal year (As of March 31, 2023)	End of second quarter of the fiscal year under review (As of September 30, 2023)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	11,680	14,071
Notes and accounts receivable-trade, and contract assets	2,683	2,936
Merchandise and supplies	7,087	9,998
Raw materials and supplies	543	719
Other	1,543	1,460
Allowance for doubtful accounts	□25	□26
<b>Total current assets</b>	<b>23,512</b>	<b>29,159</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	6,939	7,087
Machinery, equipment and vehicles, net	932	1,118
Tools, furniture and fixtures, net	181	181
Land	13,260	10,618
Leased assets, net	45	53
Construction in progress	72	50
<b>Total property, plant and equipment</b>	<b>21,432</b>	<b>19,109</b>
<b>Intangible assets</b>		
Leasehold interests in land	3,480	3,480
Goodwill	662	576
Other	218	203
<b>Total intangible assets</b>	<b>4,360</b>	<b>4,260</b>
<b>Investments and other assets</b>		
Investment securities	3,721	3,842
Long-term loans receivable	5	4
Leasehold and guarantee deposits	4,827	4,824
Deferred tax assets	241	239
Long-term accounts receivable - other	537	544
Retirement benefit asset	89	89
Other	298	290
Allowance for doubtful accounts	□513	□518
<b>Total investments and other assets</b>	<b>9,209</b>	<b>9,316</b>
<b>Total non-current assets</b>	<b>35,002</b>	<b>32,685</b>
<b>Total assets</b>	<b>58,514</b>	<b>61,844</b>

(Millions of yen)

	End of previous fiscal year (As of March 31, 2023)	End of second quarter of the fiscal year under review (As of September 30, 2023)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,905	3,669
Current portion of bonds payable	24	12
Short-term borrowings	3,507	5,074
Current portion of long-term loans payable	1,924	2,022
Accounts payable - other	389	897
Income taxes payable	278	287
Accrued consumption taxes	171	147
Provision for bonuses	250	249
Other	2,487	2,463
Total current liabilities	11,939	14,824
Non-current liabilities		
Bonds payable	65	65
Long-term borrowings	18,693	18,782
Long-term guarantee deposits	4,483	4,051
Deferred tax liabilities	55	55
Retirement benefit liability	21	19
Asset retirement obligations	508	517
Other	187	179
Total non-current liabilities	24,013	23,671
Total liabilities	35,952	38,495
<b>Net assets</b>		
Shareholders' equity		
Share capital	4,036	4,036
Capital surplus	3,971	3,966
Retained earnings	16,960	17,644
Treasury shares	□2,501	□2,471
Total shareholders' equity	22,467	23,176
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	92	171
Total accumulated other comprehensive income	92	171
Share acquisition rights	2	2
Total net assets	22,562	23,349
Total liabilities and net assets	58,514	61,844

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

(Quarter Consolidated Statements of Income)

(Consolidated Cumulative Second Quarter)

(Millions of yen)

	First six-month period of previous fiscal year (April 1, 2022 To September 30, 2022)	First six-month period of fiscal year under review (April 1, 2023 To September 30, 2023)
Net sales	15,999	21,284
Cost of sales	10,392	14,170
Gross profit	5,607	7,113
Selling, general and administrative expenses	4,883	6,222
Operating profit	723	891
Non-operating income		
Interest income	0	0
Dividend income	75	69
Gain on sale of investment securities	-	53
Fee and commission received	14	53
Rental income	11	9
Business consignment contract cancelation profit	60	6
Subsidy income	32	1
Other	44	62
Total non-operating income	239	255
Non-operating expenses		
Interest expenses	24	42
Rental expenses	0	-
Commission expenses	36	13
The business consignment contract cancelation is disadvantageous.	2	-
Share of loss of entities accounted for using equity method	10	8
Other	21	21
Total non-operating expenses	96	86
Ordinary profit	866	1,061
Extraordinary income		
Profit on sale of non-current assets	0	0
Gain on sale of investment securities	-	47
Compensation income	-	28
Settlement income	9	11
Other	2	0
Total extraordinary income	12	87
Extraordinary losses		
Loss on sale of non-current assets	0	1
Loss on retirement of non-current assets	24	11
Impairment loss	-	10
Other	7	3
Total extraordinary losses	31	25
Profit before income taxes	847	1,123
Income taxes - current	147	302
Income taxes - deferred	90	□20
Total income taxes	237	282
Profit	609	841
Net profit attributable to owners of parent	609	841

Quarter Consolidated Statements of Comprehensive Income  
(Consolidated Cumulative Second Quarter)

(Millions of yen)

	First six-month period of previous fiscal year (April 1, 2022 To September 30, 2022)	First six-month period of fiscal year under review (April 1, 2023 To September 30, 2023)
Profit	609	841
Other comprehensive income		
Valuation difference on available-for-sale securities	108	80
Share of other comprehensive income of entities company for using equity method	4	□1
Total other comprehensive income	113	78
Comprehensive income	722	919
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	722	919

## (3) Consolidated statements of cash flows

(Millions of yen)

	First six-month period of previous fiscal year (April 1, 2022 To September 30, 2022)	First six-month period of fiscal year under review (April 1, 2023 To September 30, 2023)
<b>Cash flows from operating activities</b>		
Profit before income taxes	847	1,123
Depreciation	447	537
Amortization of goodwill	37	85
Loss (gain) on sale of non-current assets	0	0
Loss on retirement of non-current assets	24	11
Impairment loss	-	10
Loss (gain) on sale of investment securities	-	□100
Increase (decrease) in allowance for doubtful accounts	□5	6
Increase (decrease) in provision for bonuses	□1	□0
Interest and dividend income	□76	□69
Interest expenses	24	42
Share of loss (profit) of entities accounted for using equity method	10	8
Decrease (increase) in trade receivables	20	□252
Decrease (increase) in inventories	164	265
Increase (decrease) in trade payables	183	763
Increase (decrease) in unearned revenue	43	64
Increase (decrease) in accounts payable - other	173	229
Increase (decrease) in accrued expenses	1	178
Increase (decrease) in consumption taxes receivable (□ increased)	□49	106
Decrease (increase) in consumption taxes refund receivable	□71	□24
Other	□114	□416
<b>Subtotal</b>	<b>1,660</b>	<b>2,571</b>
Income taxes paid	□340	□321
Income taxes refund	33	34
<b>Cash flows from operating activities</b>	<b>1,353</b>	<b>2,284</b>
<b>Net cash provided by (used in) investing activities</b>		
Interest and dividends received	76	70
Purchase of property, plant and equipment	□1,892	□1,632
Proceeds from sale of property, plant and equipment	114	141
Purchase of intangible assets	□17	□20
Purchase of investment securities	□128	□425
Proceeds from sale of investment securities	-	445
Amount of security money of pure increase and decrease	21	15
Other	□7	□1
<b>Net cash provided by (used in) investing activities</b>	<b>□1,833</b>	<b>□1,406</b>
<b>Net cash provided by (used in) financing activities</b>		
Interest paid	□24	□42
Net increase (decrease) in short-term borrowings	□550	1,567
Proceeds from long-term borrowings	2,200	1,400
Repayments of long-term borrowings	□898	□1,212
Redemption of bonds	□5	□12
Purchase of treasury shares	□0	-
Dividends paid	□128	□165
Other	□26	□15
<b>Net cash provided by (used in) financing activities</b>	<b>565</b>	<b>1,520</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>Net increase (change) in cash and cash equivalents</b>	<b>85</b>	<b>2,397</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>11,440</b>	<b>11,374</b>
<b>Cash and cash equivalents at end of period</b>	<b>11,525</b>	<b>13,772</b>

(4)Notes to Quarter Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable.