

Translation

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

November 14, 2023

Company name: Moriroku Holdings Company, Ltd.
 Stock exchange listing: Tokyo
 Stock code: 4249 URL <https://www.moriroku.co.jp/>
 Representative: President and CEO Takashi Kurita
 Inquiries: Executive Officer, Accounting and IR Muga Koiwai TEL 03(3403)6102
 Scheduled date to file Quarterly Securities Report: November 14, 2023
 Scheduled date to commence dividend payments: December 1, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(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	66,969	(3.5)	1,049	–	1,594	381.9	976	–
Six months ended September 30, 2022	69,378	10.2	(42)	–	330	(71.4)	(615)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	64.56	–
Six months ended September 30, 2022	(38.99)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	141,453	74,278	51.6
As of March 31, 2023	131,797	70,683	52.6

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	–	47.00	–	53.00	100.00
Year ending March 31, 2024	–	50.00			
Year ending March 31, 2024 (Forecast)			–	50.00	100.00

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	148,000	4.2	4,500	236.8	4,590	187.6	2,600	93.1	172.63

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): Yes
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (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	16,960,000 shares	As of March 31, 2023	16,960,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	1,928,319 shares	As of March 31, 2023	1,718,719 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	15,131,250 shares	Six months ended September 30, 2022	15,781,716 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	18,245	19,373
Notes and accounts receivable - trade	33,027	35,687
Electronically recorded monetary claims - operating	1,506	1,824
Merchandise and finished goods	6,847	7,238
Work in process	2,341	3,369
Raw materials and supplies	4,894	5,240
Other	6,829	4,969
Allowance for doubtful accounts	(13)	(12)
Total current assets	73,679	77,691
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,998	20,269
Machinery, equipment and vehicles, net	11,057	12,159
Tools, furniture and fixtures, net	5,911	6,886
Land	5,102	5,268
Leased assets, net	282	312
Construction in progress	4,797	3,669
Total property, plant and equipment	46,148	48,566
Intangible assets	948	945
Investments and other assets		
Investment securities	8,477	11,506
Long-term loans receivable	269	297
Retirement benefit asset	622	658
Deferred tax assets	1,170	1,230
Other	497	560
Allowance for doubtful accounts	(15)	(2)
Total investments and other assets	11,021	14,250
Total non-current assets	58,117	63,762
Total assets	131,797	141,453

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,543	22,348
Electronically recorded obligations - operating	2,469	3,211
Short-term borrowings	21,451	19,924
Current portion of long-term borrowings	1,710	1,820
Lease liabilities	249	237
Income taxes payable	510	611
Other	7,567	9,024
Total current liabilities	53,502	57,178
Non-current liabilities		
Long-term borrowings	2,757	4,207
Lease liabilities	407	601
Deferred tax liabilities	3,210	3,873
Retirement benefit liability	387	412
Asset retirement obligations	173	173
Other	673	728
Total non-current liabilities	7,611	9,996
Total liabilities	61,114	67,174
Net assets		
Shareholders' equity		
Share capital	1,640	1,640
Capital surplus	4,797	4,811
Retained earnings	56,484	56,654
Treasury shares	(2,626)	(3,053)
Total shareholders' equity	60,296	60,051
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,987	4,685
Deferred gains or losses on hedges	(1)	3
Foreign currency translation adjustment	5,617	7,842
Remeasurements of defined benefit plans	216	194
Remeasurements of other postretirement benefit plans of foreign consolidated subsidiaries	209	234
Total accumulated other comprehensive income	9,030	12,960
Non-controlling interests	1,356	1,265
Total net assets	70,683	74,278
Total liabilities and net assets	131,797	141,453

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	69,378	66,969
Cost of sales	60,658	57,006
Gross profit	8,720	9,963
Selling, general and administrative expenses	8,762	8,913
Operating profit (loss)	(42)	1,049
Non-operating income		
Interest income	81	72
Dividend income	179	125
Foreign exchange gains	426	953
Other	113	97
Total non-operating income	802	1,249
Non-operating expenses		
Interest expenses	372	657
Share of loss of entities accounted for using equity method	6	0
Other	49	47
Total non-operating expenses	429	705
Ordinary profit	330	1,594
Extraordinary income		
Gain on sale of non-current assets	37	99
Gain on sale of investment securities	18	0
Subsidy income	95	159
Total extraordinary income	151	258
Extraordinary losses		
Loss on sale of non-current assets	6	1
Loss on retirement of non-current assets	11	85
Total extraordinary losses	17	87
Profit before income taxes	464	1,765
Income taxes	1,045	743
Profit (loss)	(580)	1,021
Profit attributable to non-controlling interests	34	44
Profit (loss) attributable to owners of parent	(615)	976

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit (loss)	(580)	1,021
Other comprehensive income		
Valuation difference on available-for-sale securities	(469)	1,704
Deferred gains or losses on hedges	–	5
Foreign currency translation adjustment	3,835	2,240
Remeasurements of defined benefit plans, net of tax	(25)	(22)
Remeasurements of other postretirement benefit plans of foreign consolidated subsidiaries	70	25
Share of other comprehensive income of entities accounted for using equity method	(11)	(15)
Total other comprehensive income	3,399	3,938
Comprehensive income	2,818	4,959
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,783	4,907
Comprehensive income attributable to non-controlling interests	35	52

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	464	1,765
Depreciation	4,097	4,151
Loss (gain) on sale of non-current assets	(31)	(97)
Loss on retirement of non-current assets	11	85
Loss (gain) on sale of investment securities	(18)	(0)
Increase (decrease) in allowance for doubtful accounts	(0)	(15)
Increase (decrease) in net defined benefit asset and liability	(82)	(58)
Interest and dividend income	(261)	(198)
Subsidy income	(95)	(159)
Interest expenses	372	657
Share of loss (profit) of entities accounted for using equity method	6	0
Decrease (increase) in trade receivables	1,184	(1,519)
Decrease (increase) in inventories	2,128	(644)
Increase (decrease) in trade payables	(1,537)	2,707
Other, net	(505)	1,200
Subtotal	5,734	7,874
Interest and dividends received	252	195
Interest paid	(373)	(638)
Income taxes paid	(2,504)	(187)
Net cash provided by (used in) operating activities	3,109	7,245
Cash flows from investing activities		
Payments into time deposits	(14)	–
Purchase of property, plant and equipment	(4,043)	(3,328)
Proceeds from sale of property, plant and equipment	71	109
Purchase of intangible assets	(27)	(58)
Purchase of investment securities	(218)	(591)
Proceeds from sale of investment securities	69	0
Subsidies received	86	151
Net decrease (increase) in short-term loans receivable	–	7
Other, net	13	2
Net cash provided by (used in) investing activities	(4,062)	(3,707)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,322	(3,104)
Proceeds from long-term borrowings	938	2,100
Repayments of long-term borrowings	(746)	(868)
Dividends paid	(751)	(807)
Dividends paid to non-controlling interests	(126)	(123)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(7)
Repayments of lease liabilities	(83)	(133)
Net cash provided by (used in) financing activities	553	(2,944)
Effect of exchange rate change on cash and cash equivalents	1,033	506
Net increase (decrease) in cash and cash equivalents	633	1,099
Cash and cash equivalents at beginning of period	18,358	17,658
Cash and cash equivalents at end of period	18,992	18,758