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## Consolidated Financial Results for the Three Months Ended September 20, 2023 [Japanese GAAP]



October 31, 2023

Company name: KING JIM CO., LTD.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 7962  
 URL: <https://www.kingjim.co.jp/english/>  
 Representative: Akira Miyamoto, President & CEO  
 Contact: Shinichi Harada, Director and Senior Managing Executive Officer, General Manager, Administration Division & CFO  
 Phone: +81-3-3864-5883  
 Scheduled date of filing quarterly securities report: October 31, 2023  
 Scheduled date of commencing dividend payments: –  
 Availability of supplementary briefing material on quarterly financial results: Available  
 Schedule of quarterly financial results briefing session: None

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Three Months Ended September 20, 2023 (June 21, 2023 to September 20, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended September 20, 2023	8,144	(6.1)	(388)	–	(215)	–	(229)	–
September 20, 2022	8,670	10.0	(87)	–	34	(90.1)	(52)	–

(Note) Comprehensive income: Three months ended September 20, 2023: ¥20 million [(95.0)%]

Three months ended September 20, 2022: ¥419 million [103.2%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
September 20, 2023	(8.03)	–
September 20, 2022	(1.86)	–

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 20, 2023	36,199	24,654	67.9	861.02
As of June 20, 2023	35,812	24,833	69.1	867.29

(Reference) Equity: As of September 20, 2023: ¥24,567 million

As of June 20, 2023: ¥24,746 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended June 20, 2023	Yen –	Yen 7.00	Yen –	Yen 7.00	Yen 14.00
Fiscal year ending June 20, 2024	–				
Fiscal year ending June 20, 2024 (Forecast)		7.00	–	7.00	14.00

(Note) Revisions to the most recently announced dividend forecast: None

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 20, 2024 (June 21, 2023 to June 20, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	18,000	(3.1)	(540)	–	(300)	–	(200)	–	(7.01)
Full year	40,000	1.5	0	(100.0)	280	(56.1)	260	(38.1)	9.11

(Note) Revisions to the most recently announced consolidated financial results forecasts: Yes

### \* Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Application of special accounting methods for presenting quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: No
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):
    - September 20, 2023: 31,459,692 shares
    - June 20, 2023: 31,459,692 shares
  - 2) Total number of treasury shares at the end of the period:
    - September 20, 2023: 2,926,776 shares
    - June 20, 2023: 2,926,776 shares
  - 3) Average number of shares during the period:
    - Three months ended September 20, 2023: 28,532,916 shares
    - Three months ended September 20, 2022: 28,501,858 shares

\* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or audit firms

\* Explanation of the proper use of financial results forecast and other notes

- The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable as of the date of publication of this document, and are not intended as a guarantee by the Company that they will be achieved. Actual results may differ significantly from these forecasts due to a wide range of factors. For assumptions underlying the financial results forecast and precautions regarding their use, please refer to “1. Qualitative Information on Quarterly Consolidated Financial Results (3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Statements” on page 3.
- Supplementary briefing materials for the financial results will be posted on the Company’s website today.  
Supplementary briefing material (Japanese only): <https://www.kingjim.co.jp/ir/library/tansin.html>

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## 1. Qualitative Information on Quarterly Consolidated Financial Results

### (1) Explanation of Business Results

During the three months ended September 20, 2023, the Japanese economy showed signs of a moderate recovery due to the relaxation of restrictions in economic activities caused by COVID-19. On the other hand, the situation remained uncertain in the future domestic economy due to the impacts of continuous rising prices, as well as volatile foreign exchange rates against the backdrop of global monetary tightening policies.

Under these circumstances, KING JIM CO., LTD. (the “Company”) has been implementing measures to achieve the goals of its 10th Medium-Term Management Plan (fiscal year ended June 20, 2022 to fiscal year ending June 20, 2024). While further strengthening its core businesses such as TEPPA and filing tools, the Company is focusing on growth fields, such as by expanding sales of the interior lifestyle business and hygiene and health products, and expanding its business domain through mergers and acquisitions.

As for the consolidated business results for the three months ended September 20, 2023, net sales amounted to ¥8,144.33 million (down 6.1% year on year) despite the growth of the EC business resulting from the contribution of sales by HIM Co., Ltd., which was absorbed and merged with the Group in February 2023. In terms of profit, operating loss was ¥388.50 million (operating loss of ¥87.10 million in the same period of the previous fiscal year), ordinary loss was ¥215.70 million (ordinary profit of ¥34.94 million in the same period of the previous fiscal year), and loss attributable to owners of parent was ¥229.12 million (loss attributable to owners of parent of ¥52.88 million in the same period of the previous fiscal year). The decreases were due to insignificant improvement despite the improvement of cost of sales ratio by the revision of prices, because of depreciation of yen and an increase in selling, general and administrative expenses.

Business results by segment are as follows.

#### A. Stationery and office supply business

In TEPPA, the core business of the Company, we added a new color of black to TEPPA PRO “MARK” SR-MK1, a label printer model exclusively for smartphones in TEPPA PRO series. It is widely used not only for household but also business purposes. The Company will strive to expand sales by actively proposing new application such as labels written in foreign languages in response to recovery in inbound demand. In addition, for those who have not used TEPPA, we are conducting various sales promotion and advertisement activities to explore potential demand for labeling, including a web commercial introducing how to use TEPPA in workplaces.

As for each category of growth fields, the Company developed and released products which meet the needs of the markets. In digital stationery, the Company released “le lap,” a timer for learning to support study for school entrance examinations and qualification examinations. In style stationery, we released a new product of SODA, a well-received transparent PET film masking tape that is easy to re-stick in the HITOTOKI series of stationery to enjoy daily life. As a measure to expand our business, we established a new sales department specializing in the acquisition of new regular customers to strengthen the system of promoting sales channel development. The Company is also focusing on activities to propose products responding to social changes. We are campaigning Alcohol Checker ahead of the revision of the Regulations for Enforcement of the Road Traffic Act, under which a breath test for alcohol will be mandatory even for general business operators. In addition, we are taking initiatives to expand demand by proposing “boogie board,” an electronic memo pad as a product for the provision of reasonable accommodation which became mandatory due to the revision of the Act for Eliminating Discrimination against Persons with Disabilities, and “CO2 Monitor,” detecting and visualizing CO2 concentration as a measure to avoid infections which will be continuously required, to local governments and educational institutions. We also held King Jim Fair 2023 Summer, an exhibition and sales event held in July 2023 for the first time in three and a half years, to have customers pick up and see and feel products made by the companies of the Group. The Company will continue to take such initiatives to raise the awareness of our products in the market to promote the growth of the business.

However, the decline of sales of TEPPA and “tette,” a hand sanitizer dispenser, resulted in net sales of ¥5,232.15

million (down 5.6% year on year). Operating loss was ¥465.08 million (operating loss of ¥180.47 million in the same period of the previous fiscal year) mainly due to an increase in selling, general and administrative expenses despite the improvement of cost of sales ratio by the revision of prices.

#### B. Interior lifestyle business

BON FURNITURE CO., LTD. posted robust sales of its mainstay storage products while the sales of large furniture such as tables and desks remained sluggish. In new products, in addition to its mainstay knockdown furniture, it launched lighting fixtures such as pendant lights. Life on Products, Inc. launched a CFC-free freezer and electric floor mop in June as a first step and household and everyday sundries such as a desk cleaner in July as a second step from “Life on Products,” a new product brand bearing its name launched in May 2023. LADONNA CO., LTD. saw slowdown in sales of its mainstay kitchen appliances due to the shift to experiential consumption, while its summer products sold well mainly in electronics retail stores, which contributed to recovery in sales. ASCA CO., LTD. saw harsh situation as the performance of its mainstay retail stores and photo studio-related performance which was solid in the previous corresponding period was below that in the previous year.

As a result, net sales for the interior lifestyle business as a whole were ¥2,912.18 million (down 6.8% year on year), and operating profit was ¥74.37 million (down 19.7% year on year) due to a large impact of a decrease in sales despite a slight improvement of the cost of sales ratio thanks to price increases and introduction of new products.

#### (2) Explanation of Financial Position

Total assets as of September 20, 2023 increased by ¥387.50 million from the end of the previous fiscal year to ¥36,199.65 million. This is mainly attributable to an increase in merchandise and finished goods despite decreases in cash and deposits and accounts receivable – trade.

Total liabilities increased by ¥566.33 million from the end of the previous fiscal year to ¥11,545.14 million. This is mainly attributable to an increase in short-term borrowings partly due to working capital needs.

Total net assets decreased by ¥178.82 million from the end of the previous fiscal year to ¥24,654.50 million. This is mainly attributable to a decrease in retained earnings owing to the payment of year-end dividends for the 75<sup>th</sup> fiscal year, despite increases in valuation difference on available-for-sale securities and foreign currency translation adjustment.

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

We have revised the consolidated financial results forecasts for the first half and full year of the fiscal year ending June 20, 2024 announced on August 1, 2023. For details, please refer to the “Notice of Revisions of Financial Results Forecasts and Numerical Targets in the Medium-Term Management Plan” released today.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of June 20, 2023	As of September 20, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	6,372,104	5,647,661
Notes receivable - trade	419,505	213,321
Accounts receivable - trade	4,647,476	4,195,412
Merchandise and finished goods	10,003,871	11,441,676
Work in process	392,743	385,575
Raw materials and supplies	1,457,402	1,513,144
Other	814,015	871,750
Allowance for doubtful accounts	(385)	(308)
Total current assets	24,106,732	24,268,232
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,163,085	6,211,392
Accumulated depreciation	(4,054,465)	(4,119,098)
Buildings and structures, net	2,108,619	2,092,294
Machinery, equipment and vehicles	3,281,832	3,373,501
Accumulated depreciation	(2,986,364)	(3,084,340)
Machinery, equipment and vehicles, net	295,467	289,160
Land	1,582,384	1,586,084
Construction in progress	170,930	207,190
Other	2,999,850	3,044,898
Accumulated depreciation	(2,759,704)	(2,785,113)
Other, net	240,145	259,785
Total property, plant and equipment	4,397,548	4,434,515
Intangible assets		
Goodwill	1,468,377	1,408,237
Other	751,694	812,414
Total intangible assets	2,220,071	2,220,651
Investments and other assets		
Investment securities	2,937,881	3,093,221
Retirement benefit asset	1,516,615	1,544,257
Deferred tax assets	196,139	196,368
Other	439,105	444,389
Allowance for doubtful accounts	(1,949)	(1,982)
Total investments and other assets	5,087,793	5,276,253
Total non-current assets	11,705,413	11,931,421
Total assets	35,812,145	36,199,654

(Thousands of yen)

	As of June 20, 2023	As of September 20, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,334,717	1,624,171
Short-term borrowings	3,190,000	3,770,000
Current portion of long-term borrowings	505,547	491,031
Income taxes payable	188,871	57,141
Accounts payable - other	811,689	933,584
Provision for bonuses for directors (and other officers)	17,952	750
Contract liabilities	35,805	65,415
Other	959,533	921,394
Total current liabilities	7,044,116	7,863,488
Non-current liabilities		
Long-term borrowings	2,265,384	1,959,501
Deferred tax liabilities	819,665	808,898
Retirement benefit liability	452,213	500,104
Asset retirement obligations	31,447	31,812
Other	365,984	381,341
Total non-current liabilities	3,934,694	3,681,657
Total liabilities	10,978,811	11,545,146
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,978,690	1,978,690
Capital surplus	1,718,670	1,718,670
Retained earnings	22,279,949	21,851,093
Treasury shares	(2,587,278)	(2,587,278)
Total shareholders' equity	23,390,032	22,961,176
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,048,538	1,162,698
Deferred gains or losses on hedges	5,179	12,488
Foreign currency translation adjustment	193,884	332,488
Remeasurements of defined benefit plans	108,612	98,568
Total accumulated other comprehensive income	1,356,214	1,606,243
Share acquisition rights	87,088	87,088
Total net assets	24,833,334	24,654,507
<b>Total liabilities and net assets</b>	<b>35,812,145</b>	<b>36,199,654</b>



(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
For the three months ended September 20

(Thousands of yen)

	For the three months ended September 20, 2022	For the three months ended September 20, 2023
Net sales	8,670,587	8,144,336
Cost of sales	5,438,263	4,953,275
Gross profit	3,232,324	3,191,061
Selling, general and administrative expenses	3,319,430	3,579,561
Operating loss	(87,106)	(388,500)
Non-operating income		
Interest income	3,268	5,149
Dividend income	42,711	63,749
Foreign exchange gains	45,812	77,218
Rental income	37,314	37,291
Other	14,650	11,623
Total non-operating income	143,758	195,033
Non-operating expenses		
Interest expenses	8,952	10,136
Rental costs	12,053	11,834
Other	696	269
Total non-operating expenses	21,703	22,240
Ordinary profit (loss)	34,949	(215,707)
Extraordinary income		
Gain on sale of non-current assets	–	1,246
Total extraordinary income	–	1,246
Extraordinary losses		
Loss on retirement of non-current assets	45	560
Extra retirement payments	–	10,278
Total extraordinary losses	45	10,838
Profit (loss) before income taxes	34,903	(225,298)
Income taxes - current	40,941	52,588
Income taxes - deferred	25,471	(48,762)
Income taxes for prior periods	21,275	–
Total income taxes	87,688	3,826
Loss	(52,784)	(229,125)
Profit attributable to non-controlling interests	101	–
Loss attributable to owners of parent	(52,886)	(229,125)

Quarterly Consolidated Statements of Comprehensive Income

For the three months ended September 20

(Thousands of yen)

	For the three months ended September 20, 2022	For the three months ended September 20, 2023
Loss	(52,784)	(229,125)
Other comprehensive income		
Valuation difference on available-for-sale securities	247,381	114,160
Deferred gains or losses on hedges	(344)	7,308
Foreign currency translation adjustment	220,884	138,604
Remeasurements of defined benefit plans, net of tax	4,832	(10,044)
Total other comprehensive income	472,754	250,029
Comprehensive income	419,969	20,903
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	419,868	20,903
Comprehensive income attributable to non-controlling interests	101	—

### (3) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in case of significant changes in shareholders' equity)

There is no relevant information.

(Segment information, etc.)

Segment information

1. For the three months ended September 20, 2022 (June 21, 2022 to September 20, 2022)

Information on net sales and profit (loss) by reportable segment

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in the quarterly consolidated statements of income (Note 2)
	Stationery and office supply	Interior lifestyle	Total		
Sales					
Sales to outside customers	5,544,672	3,125,915	8,670,587	—	8,670,587
Inter-segment net sales or transfers	23,861	82,519	106,381	(106,381)	—
Total	5,568,534	3,208,435	8,776,969	(106,381)	8,670,587
Segment profit (loss)	(180,471)	92,592	(87,878)	772	(87,106)

(Notes) 1. Adjustment of segment profit (loss) of ¥772 thousand is an adjustment, etc., associated with elimination of inter-segment transactions.

2. Segment profit (loss) is adjusted with operating loss in the quarterly consolidated statements of income.

2. For the three months ended September 20, 2023 (June 21, 2023 to September 20, 2023)

Information on net sales and profit (loss) by reportable segment

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in the quarterly consolidated statements of income (Note 2)
	Stationery and office supply	Interior lifestyle	Total		
Sales					
Sales to outside customers	5,232,155	2,912,181	8,144,336	—	8,144,336
Inter-segment net sales or transfers	17,549	64,273	81,822	(81,822)	—
Total	5,249,704	2,976,454	8,226,158	(81,822)	8,144,336
Segment profit (loss)	(465,089)	74,370	(390,718)	2,218	(388,500)

(Notes) 1. Adjustment of segment profit (loss) of ¥2,218 thousand is an adjustment, etc., associated with elimination of inter-segment transactions.

2. Segment profit (loss) is adjusted with operating loss in the quarterly consolidated statements of income.