

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 11, 2022

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 11, 2022
 Scheduled date to commence dividend payments: December 8, 2022
 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, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	15,401	9.7	1,090	(4.2)	1,174	(2.8)	773	(1.5)
Six months ended September 30, 2021	14,042	4.7	1,138	(8.4)	1,207	(6.9)	785	(15.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	34.84		-	
Six months ended September 30, 2021	35.13		-	

(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, 2022	45,143	38,040	84.3	1,711.92
As of March 31, 2022	45,619	37,630	82.5	1,695.48

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, 2022	-	10.00	-	20.00	30.00
Year ending March 31, 2023	-	15.00	-	-	-
Year ending March 31, 2023 (Forecast)	-	-	-	15.00	30.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	29,290	1.7	1,830	(14.5)	1,990	(13.0)	1,320	(11.9)	59.47

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(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: Yes
- 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, 2022	23,000,000 shares	As of March 31, 2022	23,000,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	778,819 shares	As of March 31, 2022	805,117 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, 2022	22,202,396 shares	Six months ended September 30, 2021	22,355,769 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	14,301	12,415
Notes and accounts receivable - trade	5,196	5,881
Electronically recorded monetary claims - operating	5,401	5,304
Securities	399	200
Merchandise and finished goods	4,707	5,352
Work in process	66	100
Raw materials and supplies	1,211	1,570
Other	520	601
Total current assets	31,806	31,426
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,987	1,978
Machinery, equipment and vehicles, net	681	653
Land	4,622	4,622
Construction in progress	21	87
Other, net	206	212
Total property, plant and equipment	7,518	7,554
Intangible assets		
Software	435	688
Goodwill	316	296
Other	23	25
Total intangible assets	775	1,010
Investments and other assets		
Investment securities	3,807	3,789
Long-term loans receivable	5	4
Insurance funds	1,468	1,151
Deferred tax assets	127	105
Other	115	104
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	5,519	5,152
Total non-current assets	13,813	13,717
Total assets	45,619	45,143

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	5,017	4,166
Electronically recorded obligations - operating	639	553
Income taxes payable	300	406
Provision for bonuses	252	250
Provision for bonuses for directors (and other officers)	16	10
Buy-sell transaction liability	57	83
Other	837	849
Total current liabilities	7,121	6,319
Non-current liabilities		
Deferred tax liabilities	293	239
Retirement benefit liability	487	463
Asset retirement obligations	4	4
Other	82	76
Total non-current liabilities	867	783
Total liabilities	7,989	7,103
Net assets		
Shareholders' equity		
Share capital	3,358	3,358
Capital surplus	3,711	3,711
Retained earnings	29,649	29,965
Treasury shares	(766)	(741)
Total shareholders' equity	35,953	36,294
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,396	1,244
Foreign currency translation adjustment	296	514
Remeasurements of defined benefit plans	(15)	(13)
Total accumulated other comprehensive income	1,677	1,746
Total net assets	37,630	38,040
Total liabilities and net assets	45,619	45,143

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, 2021	Six months ended September 30, 2022
Net sales	14,042	15,401
Cost of sales	9,871	11,136
Gross profit	4,170	4,264
Selling, general and administrative expenses	3,031	3,174
Operating profit	1,138	1,090
Non-operating income		
Interest income	10	11
Dividend income	50	53
Foreign exchange gains	–	17
Other	12	11
Total non-operating income	72	94
Non-operating expenses		
Foreign exchange losses	0	–
Loss on cancellation of insurance policies	2	10
Other	0	0
Total non-operating expenses	3	10
Ordinary profit	1,207	1,174
Extraordinary income		
Gain on sale of non-current assets	–	0
Gain on sale of membership	1	–
Total extraordinary income	1	0
Extraordinary losses		
Loss on sale of non-current assets	–	3
Loss on retirement of non-current assets	13	0
Loss on sale of investment securities	0	–
Total extraordinary losses	14	3
Profit before income taxes	1,194	1,171
Income taxes	409	397
Profit	785	773
Profit attributable to owners of parent	785	773

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	785	773
Other comprehensive income		
Valuation difference on available-for-sale securities	404	(151)
Foreign currency translation adjustment	114	217
Remeasurements of defined benefit plans, net of tax	13	2
Total other comprehensive income	531	68
Comprehensive income	1,317	842
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,317	842

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,194	1,171
Depreciation	279	283
Amortization of goodwill	19	19
Increase (decrease) in retirement benefit liability	(54)	(20)
Share-based payment expenses	2	11
Increase (decrease) in provision for bonuses	(4)	(1)
Increase (decrease) in provision for bonuses for directors (and other officers)	(29)	(6)
Interest and dividend income	(60)	(65)
Foreign exchange losses (gains)	0	(17)
Surrender value of insurance policies	(4)	(6)
Loss (gain) on cancellation of insurance policies	2	16
Decrease (increase) in trade receivables	(332)	(566)
Decrease (increase) in inventories	(302)	(978)
Increase (decrease) in trade payables	822	(947)
Loss (gain) on sale of investment securities	0	–
Loss (gain) on sale of membership	(1)	–
Increase (decrease) in accrued consumption taxes	(411)	127
Decrease (increase) in accounts receivable - other	(37)	(89)
Other, net	(16)	(131)
Subtotal	1,068	(1,201)
Interest and dividends received	59	54
Interest paid	–	(0)
Income taxes paid	(435)	(262)
Net cash provided by (used in) operating activities	692	(1,409)
Cash flows from investing activities		
Payments into time deposits	(253)	–
Proceeds from withdrawal of time deposits	241	–
Proceeds from redemption of securities	50	300
Purchase of investment securities	–	(300)
Proceeds from sale of investment securities	125	–
Purchase of property, plant and equipment	(154)	(219)
Proceeds from sale of property, plant and equipment	–	0
Purchase of intangible assets	(34)	(275)
Proceeds from sale of membership	6	–
Repayments of insurance funds contract	(89)	(109)
Proceeds from cancellation of insurance funds	135	415
Long-term loan advances	(2)	–
Proceeds from collection of long-term loans receivable	0	0
Net cash provided by (used in) investing activities	24	(189)
Cash flows from financing activities		
Repayments of lease liabilities	(2)	(2)
Dividends paid	(279)	(443)
Purchase of treasury shares	(55)	–
Net cash provided by (used in) financing activities	(338)	(446)
Effect of exchange rate change on cash and cash equivalents	25	61
Net increase (decrease) in cash and cash equivalents	403	(1,983)
Cash and cash equivalents at beginning of period	13,348	13,546
Cash and cash equivalents at end of period	13,752	11,562