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August 7, 2024

## Consolidated Financial Results for the Three Months Ended June 30, 2024 [Under Japanese GAAP]

Company name: KYOKUTO KAIHATSU KOGYO CO., LTD.  
 Listing: Tokyo Stock Exchange  
 Securities code: 7226  
 URL: <https://www.kyokuto.com/>  
 Representative: Tatsuya Nunohara, Representative Director, President, CEO  
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 Telephone: +81-6-6205-7826  
 Scheduled date to commence dividend payments: -  
 Preparation of supplementary materials on financial results: Yes  
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

#### (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	%
Three months ended June 30, 2024	28,626	9.7	931	-	1,292	208.2	820	272.0
June 30, 2023	26,091	11.1	(87)	-	419	18.1	220	16.8

Note: Comprehensive income For the Three months ended June 30, 2024 1,084 million yen [(43.8)%]  
 For the Three months ended June 30, 2023 1,928 million yen [- %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	21.40	-
June 30, 2023	5.76	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	168,167	116,554	68.9
As of March 31, 2024	170,417	117,693	68.7

Reference: Equity As of June 30, 2024 115,860 million yen  
 As of March 31, 2024 117,041 million yen

Note: Figures for the fiscal year ended March 31, 2024, represent those after retroactive application following a change in accounting policies.

### 2. Cash Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	29.00	-	58.00	87.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (forecast)		75.00	-	75.00	150.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

**3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)**

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	134,000	4.7	6,300	30.6	6,500	15.7	5,700	62.8	148.69

Note: Revisions to the most recently announced consolidated earnings forecast: Yes

**\* Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: None

Excluded: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

1) Total Number of issued shares at the end of the period (including treasury shares)

As of June 30, 2024	40,150,000
As of March 31, 2024	40,150,000

2) Number of treasury shares at the end of the period

As of June 30, 2024	1,814,767
As of March 31, 2024	1,814,442

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2024	38,335,308
Three months ended June 30, 2023	38,250,517

\* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or auditing firms: None

\* Proper use of earnings forecasts, and other special matters

The forward-looking statements in this document, including earnings forecasts, are based on information available as of the date of this document's release, and actual results may differ from these forecasts due to various factors in the future.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	15,740	21,692
Notes and accounts receivable - trade, and contract assets	36,048	25,724
Electronically recorded monetary claims - operating	9,651	10,828
Securities	3,700	-
Merchandise and finished goods	2,192	3,273
Work in process	8,989	10,456
Raw materials and supplies	12,574	13,108
Prepaid expenses	385	492
Other	2,185	2,218
Allowance for doubtful accounts	(62)	(54)
<b>Total current assets</b>	<b>91,405</b>	<b>87,739</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,544	17,433
Machinery, equipment and vehicles, net	5,873	5,956
Land	29,148	29,244
Construction in progress	2,988	4,089
Other, net	1,244	1,257
<b>Total property, plant and equipment</b>	<b>56,799</b>	<b>57,982</b>
Intangible assets		
Goodwill	661	674
Customer-related intangible assets	436	453
Other	1,092	1,051
<b>Total intangible assets</b>	<b>2,190</b>	<b>2,179</b>
Investments and other assets		
Investment securities	17,149	17,301
Long-term loans receivable	221	223
Long-term prepaid expenses	297	330
Retirement benefit asset	1,187	1,229
Deferred tax assets	361	362
Other	1,521	1,535
Allowance for doubtful accounts	(718)	(718)
<b>Total investments and other assets</b>	<b>20,021</b>	<b>20,266</b>
<b>Total non-current assets</b>	<b>79,011</b>	<b>80,428</b>
<b>Total assets</b>	<b>170,417</b>	<b>168,167</b>

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,141	8,538
Electronically recorded obligations - operating	13,373	7,353
Short-term borrowings	1,684	8,440
Current portion of long-term borrowings	8	8
Income taxes payable	733	581
Accrued consumption taxes	813	327
Accrued expenses	5,098	3,691
Provisions	1,242	2,302
Other	2,337	2,072
Total current liabilities	34,433	33,317
Non-current liabilities		
Bonds payable	2,800	2,800
Long-term borrowings	7,336	7,334
Retirement benefit liability	40	45
Provisions	79	81
Deferred tax liabilities	6,753	6,745
Other	1,280	1,289
Total non-current liabilities	18,290	18,295
Total liabilities	52,723	51,613
Net assets		
Shareholders' equity		
Share capital	11,899	11,899
Capital surplus	11,750	11,750
Retained earnings	86,760	85,357
Treasury shares	(1,836)	(1,836)
Total shareholders' equity	108,574	107,171
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,419	7,526
Foreign currency translation adjustment	366	517
Remeasurements of defined benefit plans	680	645
Total accumulated other comprehensive income	8,466	8,689
Non-controlling interests	652	694
Total net assets	117,693	116,554
Total liabilities and net assets	170,417	168,167

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(For the Three-month Period)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	26,091	28,626
Cost of sales	22,329	23,685
Gross profit	3,762	4,940
Selling, general and administrative expenses	3,849	4,008
Operating profit (loss)	(87)	931
Non-operating income		
Interest and dividend income	191	223
Foreign exchange gains	335	176
Miscellaneous income	29	43
Total non-operating income	556	444
Non-operating expenses		
Interest expenses	12	20
Share of loss of entities accounted for using equity method	2	19
Miscellaneous expenses	34	42
Total non-operating expenses	49	82
Ordinary profit	419	1,292
Extraordinary income		
Gain on sale of non-current assets	0	0
Other	0	0
Total extraordinary income	1	0
Extraordinary losses		
Loss on disposal of non-current assets	10	7
Loss on disaster	7	2
Total extraordinary losses	17	10
Profit before income taxes	403	1,283
Income taxes	155	449
Profit	247	833
Profit attributable to non-controlling interests	26	13
Profit attributable to owners of parent	220	820

(Quarterly Consolidated Statements of Comprehensive Income)

(For the Three-month Period)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	247	833
Other comprehensive income		
Valuation difference on available-for-sale securities	1,556	106
Foreign currency translation adjustment	108	158
Remeasurements of defined benefit plans, net of tax	5	(35)
Share of other comprehensive income of entities accounted for using equity method	10	21
Total other comprehensive income	1,681	250
Comprehensive income	1,928	1,084
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,884	1,042
Comprehensive income attributable to non-controlling interests	43	42