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February 6, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 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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 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 Nine Months Ended December 31, 2024 (from April 1, 2024 to December 31, 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	%
Nine Months ended December 31, 2024	96,642	7.0	3,792	75.4	4,174	55.4	3,885	167.2
December 31, 2023	90,311	15.0	2,161	941.1	2,686	678.0	1,454	149.8

Note: Comprehensive income For the Nine Months ended December 31, 2024 2,425 million yen [(29.3)%]
 For the Nine Months ended December 31, 2023 3,429 million yen [943.6 %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine Months ended December 31, 2024	101.32	-
December 31, 2023	38.00	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	181,165	115,484	63.1
As of March 31, 2024	170,417	117,693	68.7

Reference: Equity As of December 31, 2024 114,378 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	-	75.00			
Fiscal year ending March 31, 2025 (forecast)			-	83.00	158.00

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	138,000	7.8	6,700	38.9	7,000	24.6	6,000	71.3	156.51

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

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 15 companies (Company name) STG Global Holdings Pty Ltd and 14 other companies

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 December 31, 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 December 31, 2024	1,792,624
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)

Nine Months ended December 31, 2024	38,347,639
Nine Months ended December 31, 2023	38,262,933

* 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 December 31, 2024
Assets		
Current assets		
Cash and deposits	15,740	17,665
Notes and accounts receivable - trade, and contract assets	36,048	28,206
Electronically recorded monetary claims - operating	9,651	11,996
Securities	3,700	-
Merchandise and finished goods	2,192	2,618
Work in process	8,989	15,725
Raw materials and supplies	12,574	13,357
Prepaid expenses	385	626
Other	2,185	1,935
Allowance for doubtful accounts	(62)	(47)
Total current assets	91,405	92,083
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,544	17,599
Machinery, equipment and vehicles, net	5,873	9,101
Land	29,148	28,268
Construction in progress	2,988	2,385
Other, net	1,244	1,812
Total property, plant and equipment	56,799	59,167
Intangible assets		
Goodwill	661	9,040
Customer-related intangible assets	436	416
Other	1,092	2,179
Total intangible assets	2,190	11,636
Investments and other assets		
Investment securities	17,149	15,080
Long-term loans receivable	221	225
Long-term prepaid expenses	297	273
Retirement benefit asset	1,187	1,307
Deferred tax assets	361	419
Other	1,521	1,732
Allowance for doubtful accounts	(718)	(760)
Total investments and other assets	20,021	18,278
Total non-current assets	79,011	89,081
Total assets	170,417	181,165

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,141	12,608
Electronically recorded obligations - operating	13,373	5,021
Short-term borrowings	1,684	15,605
Current portion of long-term borrowings	8	8
Income taxes payable	733	1,628
Accrued consumption taxes	813	1,007
Accrued expenses	5,098	3,085
Provisions	1,242	2,385
Other	2,337	3,915
Total current liabilities	34,433	45,265
Non-current liabilities		
Bonds payable	2,800	2,800
Long-term borrowings	7,336	9,073
Retirement benefit liability	40	43
Provisions	79	92
Deferred tax liabilities	6,753	6,445
Other	1,280	1,960
Total non-current liabilities	18,290	20,415
Total liabilities	52,723	65,680
Net assets		
Shareholders' equity		
Share capital	11,899	11,899
Capital surplus	11,750	11,785
Retained earnings	86,760	85,545
Treasury shares	(1,836)	(1,814)
Total shareholders' equity	108,574	107,417
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,419	6,111
Foreign currency translation adjustment	366	273
Remeasurements of defined benefit plans	680	575
Total accumulated other comprehensive income	8,466	6,961
Non-controlling interests	652	1,105
Total net assets	117,693	115,484
Total liabilities and net assets	170,417	181,165

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

(Millions of yen)

	Nine Months ended December 31, 2023	Nine Months ended December 31, 2024
Net sales	90,311	96,642
Cost of sales	76,436	80,181
Gross profit	13,874	16,460
Selling, general and administrative expenses	11,713	12,667
Operating profit	2,161	3,792
Non-operating income		
Interest and dividend income	358	453
Foreign exchange gains	158	106
Share of profit of entities accounted for using equity method	75	-
Miscellaneous income	85	181
Total non-operating income	678	742
Non-operating expenses		
Interest expenses	46	91
Share of loss of entities accounted for using equity method	-	42
Miscellaneous expenses	107	225
Total non-operating expenses	153	360
Ordinary profit	2,686	4,174
Extraordinary income		
Gain on sale of non-current assets	1	4
Gain on sale of investment securities	6	1,907
Subsidy income	-	229
Other	0	-
Total extraordinary income	8	2,141
Extraordinary losses		
Loss on disposal of non-current assets	207	31
Loss on tax purpose reduction entry of non-current assets	-	229
Loss on disaster	10	4
Other	26	2
Total extraordinary losses	245	266
Profit before income taxes	2,449	6,049
Income taxes	903	2,141
Profit	1,546	3,907
Profit attributable to non-controlling interests	91	22
Profit attributable to owners of parent	1,454	3,885

(Quarterly Consolidated Statements of Comprehensive Income)
(For the Nine-month Period)

(Millions of yen)

	Nine Months ended December 31, 2023	Nine Months ended December 31, 2024
Profit	1,546	3,907
Other comprehensive income		
Valuation difference on available-for-sale securities	1,634	(1,307)
Foreign currency translation adjustment	197	(83)
Remeasurements of defined benefit plans, net of tax	15	(105)
Share of other comprehensive income of entities accounted for using equity method	35	13
Total other comprehensive income	1,883	(1,482)
Comprehensive income	3,429	2,425
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,269	2,379
Comprehensive income attributable to non-controlling interests	159	45