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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

November 8, 2023

Company name: NIHON TOKUSHU TORYO CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 4619

URL: <https://www.nttoryo.co.jp>

Representative: Hiroshi Onda, President, COO

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Scheduled date of filing quarterly securities report: November 10, 2023

Scheduled date of commencing dividend payments: December 1, 2023

Availability of supplementary explanatory materials on quarterly financial results: No

Schedule of quarterly financial results briefing session: Yes (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 - September 30, 2023)

(1) Consolidated Operating Results (cumulative) (% 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	%
Six months ended September 30, 2023	31,348	12.3	1,404	–	2,590	166.4	1,798	429.8
September 30, 2022	27,916	11.3	2	(98.1)	972	24.9	339	187.4

(Note) Comprehensive income Six months ended September 30, 2023: ¥4,707 million [68.6%]

Six months ended September 30, 2022: ¥2,791 million [49.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	82.71	–
September 30, 2022	15.62	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2023	84,660	55,747	58.9
As of March 31, 2023	82,033	52,211	56.3

(Reference) Equity As of September 30, 2023: ¥49,884 million

As of March 31, 2023: ¥46,193 million

2. 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, 2023	–	20.00	–	22.00	42.00
Fiscal year ending March 31, 2024	–	21.00			
Fiscal year ending March 31, 2024 (forecast)			–	23.00	44.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 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
Full year	63,200	4.1	2,800	71.6	4,600	46.4	2,950	40.3	135.68

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

- (1) Changes in significant subsidiaries during the period under review: No
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
Newly included: – (Company name: –)
Excluded: – (Company name: –)
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes
- (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 and outstanding shares (common shares)
 - 1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

September 30, 2023:	23,611,200 shares
March 31, 2023:	23,611,200 shares
 - 2) Total number of treasury shares at the end of the period:

September 30, 2023:	1,864,528 shares
March 31, 2023:	1,873,135 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Six months ended September 30, 2023:	21,740,199 shares
Six months ended September 30, 2022:	21,725,365 shares

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	10,870	12,999
Notes and accounts receivable - trade, and contract assets	15,131	14,295
Electronically recorded monetary claims - operating	3,362	3,798
Merchandise and finished goods	1,670	1,729
Work in process	888	1,281
Raw materials and supplies	1,583	1,485
Income taxes refund receivable	37	13
Other	2,470	521
Allowance for doubtful accounts	(2)	(2)
Total current assets	36,013	36,122
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,234	10,083
Machinery, equipment and vehicles, net	7,732	7,417
Land	4,679	4,679
Construction in progress	466	151
Other, net	1,187	1,144
Total property, plant and equipment	24,299	23,476
Intangible assets		
Other	1,247	1,302
Total intangible assets	1,247	1,302
Investments and other assets		
Investment securities	18,423	21,370
Long-term loans receivable	156	150
Deferred tax assets	88	100
Other	1,863	2,194
Allowance for doubtful accounts	(57)	(57)
Total investments and other assets	20,473	23,758
Total non-current assets	46,020	48,537
Total assets	82,033	84,660

(Million yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,882	10,171
Electronically recorded obligations - operating	3,921	3,779
Short-term borrowings	5,314	4,236
Lease liabilities	7	10
Income taxes payable	469	469
Provision for bonuses for directors (and other officers)	75	–
Other	3,924	3,869
Total current liabilities	23,595	22,537
Non-current liabilities		
Long-term borrowings	2,045	1,530
Lease liabilities	17	19
Retirement benefit liability	3,213	3,243
Deferred tax liabilities	842	1,461
Other	107	121
Total non-current liabilities	6,226	6,376
Total liabilities	29,822	28,913
Net assets		
Shareholders' equity		
Share capital	4,753	4,753
Capital surplus	4,207	4,212
Retained earnings	31,734	33,051
Treasury shares	(1,102)	(1,098)
Total shareholders' equity	39,592	40,919
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,273	5,410
Foreign currency translation adjustment	2,180	3,421
Remeasurements of defined benefit plans	147	133
Total accumulated other comprehensive income	6,601	8,965
Non-controlling interests	6,017	5,862
Total net assets	52,211	55,747
Total liabilities and net assets	82,033	84,660

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	27,916	31,348
Cost of sales	23,209	25,016
Gross profit	4,707	6,331
Selling, general and administrative expenses	4,704	4,926
Operating profit	2	1,404
Non-operating income		
Dividend income	130	117
Share of profit of entities accounted for using equity method	495	729
Subsidies for employment adjustment	17	–
Foreign exchange gains	255	233
Other	119	145
Total non-operating income	1,019	1,225
Non-operating expenses		
Interest expenses	28	26
Other	20	13
Total non-operating expenses	49	40
Ordinary profit	972	2,590
Extraordinary income		
Gain on sale of non-current assets	68	11
Insurance claim income	–	23
Gain on sale of investment securities	7	–
Compensation income	40	–
Total extraordinary income	116	34
Extraordinary losses		
Loss on disposal of non-current assets	74	13
Total extraordinary losses	74	13
Profit before income taxes	1,015	2,612
Income taxes	366	607
Profit	648	2,004
Profit attributable to non-controlling interests	309	206
Profit attributable to owners of parent	339	1,798

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	648	2,004
Other comprehensive income		
Valuation difference on available-for-sale securities	(540)	1,124
Foreign currency translation adjustment	1,107	667
Remeasurements of defined benefit plans, net of tax	(14)	(8)
Share of other comprehensive income of entities accounted for using equity method	1,590	919
Total other comprehensive income	2,142	2,702
Comprehensive income	2,791	4,707
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,946	4,162
Comprehensive income attributable to non-controlling interests	845	544

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,015	2,612
Depreciation	1,629	1,589
Increase (decrease) in retirement benefit liability	(39)	12
Interest and dividend income	(185)	(177)
Interest expenses	28	26
Share of loss (profit) of entities accounted for using equity method	(495)	(729)
Loss (gain) on sale of non-current assets	(67)	(7)
Loss (gain) on disposal of non-current assets	72	9
Loss (gain) on sale of investment securities	(7)	–
Insurance claim income	–	(23)
Decrease (increase) in trade receivables	454	510
Decrease (increase) in inventories	125	(320)
Increase (decrease) in trade payables	(55)	103
Other, net	(582)	(19)
Subtotal	1,893	3,585
Interest and dividends received	747	772
Interest paid	(30)	(25)
Proceeds from insurance income	–	23
Income taxes paid	(656)	(606)
Income taxes refund	128	31
Net cash provided by (used in) operating activities	2,081	3,781
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,303)	(694)
Proceeds from sale of property, plant and equipment and intangible assets	92	9
Purchase of investment securities	(5)	(5)
Proceeds from sale of investment securities	10	–
Proceeds from collection of loans receivable	29	1,518
Other, net	36	(6)
Net cash provided by (used in) investing activities	(1,139)	822
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	539	(950)
Repayments of long-term borrowings	(747)	(642)
Purchase of treasury shares	–	(0)
Dividends paid	(476)	(479)
Dividends paid to non-controlling interests	(435)	(733)
Other, net	1	(3)
Net cash provided by (used in) financing activities	(1,119)	(2,810)
Effect of exchange rate change on cash and cash equivalents	355	335
Net increase (decrease) in cash and cash equivalents	178	2,128
Cash and cash equivalents at beginning of period	8,931	10,853
Cash and cash equivalents at end of period	9,109	12,982