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Consolidated Financial Results for the Three Months Ended September 20, 2024 [Japanese GAAP]



November 1, 2024

Company name: KING JIM CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 7962
 URL: <https://www.kingjim.co.jp/english/>
 Representative: Miyoko Kimura, President & CEO
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 Scheduled date of commencing dividend payments: –
 Preparation of supplementary briefing material on financial results: Available
 Holding of financial results briefing: None

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

1. Consolidated Financial Results for the Three Months Ended September 20, 2024 (June 21, 2024 to September 20, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 20, 2024	8,785	7.9	(252)	–	(75)	–	(218)	–
September 20, 2023	8,144	(6.1)	(388)	–	(215)	–	(229)	–

(Note) Comprehensive income: Three months ended September 20, 2024: ¥(389) million [–%]
 Three months ended September 20, 2023: ¥20 million [(95.0)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
September 20, 2024	(7.76)	–
September 20, 2023	(8.03)	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 20, 2024	35,141	23,715	67.2	841.06
As of June 20, 2024	35,025	24,301	69.1	861.90

(Reference) Equity: As of September 20, 2024: ¥23,628 million
 As of June 20, 2024: ¥24,214 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended June 20, 2024	Yen —	Yen 7.00	Yen —	Yen 7.00	Yen 14.00
Fiscal year ending June 20, 2025	—				
Fiscal year ending June 20, 2025 (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, 2025 (June 21, 2024 to June 20, 2025)

(% 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	18,800	5.1	(130)	—	0	—	0	—	0.00
Full year	41,000	3.7	530	—	700	437.3	490	—	17.44

(Note) Revisions to the most recently announced consolidated financial results forecasts: None

* Notes:

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

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, 2024: 31,459,692 shares

June 20, 2024: 31,459,692 shares

2) Total number of treasury shares at the end of the period:

September 20, 2024: 3,365,853 shares

June 20, 2024: 3,365,785 shares

3) Average number of shares during the period:

Three months ended September 20, 2024: 28,093,898 shares

Three months ended September 20, 2023: 28,532,916 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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. Overview of Business Results, etc. (3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Statements” on page 4.
- 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. Overview of Business Results, etc.

(1) Overview of Business Results for the Quarter Under Review

During the three months ended September 20, 2024, the outlook for the Japanese economy remained uncertain due to the impacts of continuous rising prices, as well as volatile foreign exchange rates against the backdrop of global monetary tightening policies. The environment in which the Company operates has been greatly affected by changes in work styles, such as a decline in the working-age population in the domestic market, flexible work environments, and increased operational efficiency. Under these circumstances, KING JIM CO., LTD. (the “Company”) has begun to implement measures to achieve the goals of its 11th Medium-Term Management Plan (fiscal year ending June 20, 2025 to fiscal year ending June 20, 2027), which is themed, “Taking the wave of social change as an opportunity to move toward new growth.” While strengthening its existing businesses, the Company will carry out three fundamental policies, namely, expansion into the service business, expansion of the lifestyle field, and strengthening of overseas business.

As for the consolidated business results for the three months ended September 20, 2024, net sales amounted to ¥8,785.17 million (up 7.9% year on year). In terms of profit, despite a narrowing deficit owing to the increase in net sales and lower selling, general and administrative expenses, operating loss was ¥252.75 million (loss of ¥388.50 million in the same period of the previous fiscal year), ordinary loss was ¥75.03 million (loss of ¥215.70 million in the same period of the previous fiscal year), and loss attributable to owners of parent was ¥218.07 million (loss of ¥229.12 million in the same period of the previous fiscal year).

Business results by segment are as follows.

From the three months ended September 20, 2024, the Company changed the name of what had been the “interior lifestyle business” to the “lifestyle products business.” In line with this, we have reviewed business management classifications and have reclassified WINCESS CORPORATION, a consolidated subsidiary of the Company which had been included in the stationery and office supply business, into the lifestyle products business.

Comparisons with the previous fiscal year are based on the classification after the change.

A. Stationery and office supply business

The Company provides products through the main channels of mail order, mass retail, and stationery and office supply products, in accordance with the characteristics of the customer and product. In addition to these existing channels, we have established a unit with the dual functionality of sales and development (the “Demand Chain Creation Department”) with the intent of achieving further market expansion. The Demand Chain Creation Department seeks to cultivate new markets, whereby, separate from conventional product development that starts from the perspective of originality, it develops products with a market-in model that matches the sales channel. As for strengthening existing businesses, we have positioned the label writer “TEPRA” as a key focus area and have been bolstering relationships with sales partners and continuing to conduct various sales promotion activities to explore labeling demand. Moreover, we have been proactively making proposals for TEPRA applications that go beyond use as an office item, extending into such usage scenarios as those at worksites of manufacturing and education, the service sector, medical care and welfare, and others. In addition, in response to the world’s heightened awareness of disaster prevention, we offer a disaster preparedness kit which can be placed on bookshelves or in drawers to be easily managed by individuals, and the “Earthquake Countermeasures Rubber Stopper” that prevents cupboards, cabinets or other items from toppling over. These have been made available at a broad range of sales locations including electronics retail stores, home improvement stores and EC sites, and sales of disaster prevention and earthquake countermeasure items have seen a significant expansion in sales.

In July 2024, the Company released Potara, a portable light with a security buzzer, that brings together a neck-worn light with a security buzzer. It has obtained Phase Free certification for products and services that are useful both in daily life and in emergencies, and it will support measures to prevent crime and disasters as an item that links daily life and disaster prevention. Three of our products, KORI JIRUSHI, a clear stamp like an ice cube,

“Visual Bar Timer” with its large horizontal scale that shows the remaining time at a glance, and LASENO, a loose-leaf notebook with a spiral shape, flexible rings and replaceable paper launched in October 2024, were awarded the GOOD DESIGN AWARD 2024 and have been well received since their launch.

In the EC business we operate a number of EC stores, both on our own EC site and in EC malls. The “Latuna” business experienced steady sales growth owing to strong sales of new merchandise such as round cutting boards and dining mats in additional sizes.

In the overseas business, the most important regions for our strategy are China and the ASEAN countries, particularly Vietnam. In China, we have conducted successful PR activities through social media and in-person events, and HITOTOKI brand products, especially KITTA, are selling well. In addition, we are promoting product development based on the big data analysis in collaboration with outside consultants. In Vietnam, since the release of the TEPPA PRO SR5900GS unit dedicated for PC connection in December 2023, inquiries have been increasing, mainly for corporate deliveries, due to its multilingual compatibility, which only a PC connection can provide, as well as compatibility with a wide range of tape widths. We will continue to promote the development of B-to-B commercial products by strengthening relationships with distributors who excel in corporate sales channels.

Looking ahead, we will make even further efforts to seize upon opportunities that come with the changing times, and to deliver value that matches customer needs through diverse sales channels.

As a result, sales of TEPPA and disaster preparedness products rose, and the EC business and overseas business experienced growth, resulting in net sales of ¥5,183.23 million (up 3.4% year on year), and the deficit shrank owing to the increase in net sales as well as a decline in selling, general and administrative expenses, while operating loss was ¥297.30 million (loss of ¥479.80 million in the same period of the previous fiscal year).

B. Lifestyle products business

At BON FURNITURE CO., LTD., by mall, sales were strong on Amazon. By product, sales of its mainstay storage furniture as well as its focus categories of storage products for children and lighting fixtures were solid. We will continue to actively introduce products in new categories, such as pet and travel products. At Life on Products, Inc., the impact of extreme heat drove favorable sales of summer appliances, such as Handy Fans that function to directly cool the body with a cooling plate. In addition to Reusable Hand Warmer and Electric Hot Water Bag Thermal Storage Type, which have been selling well since last year, the Company aims to further increase sales of winter products for the coming season by introducing a newly developed Quilting Series with a Built-in Heater. LADONNA CO., LTD. demonstrated a recovery trend thanks to the contribution of microwave grill pans made popular through TV shopping and other channels, as well as OEM orders. We will aggressively pursue product measures such as the introduction of new collections of kitchen appliances and the expansion of summer products with an eye to further increasing demand in the next season, and will also strengthen favorable TV shopping and online sales, and cultivate sales channels. ASCA CO., LTD. had strong sales of Flower materials, Greenery and Foliage plants. Premium Collection, a new endeavor, also contributed to sales increase. In addition to steadily acquiring interior decoration projects, which are performing strongly, the Company will aim to acquire new customers through exhibition tours and website renovation. At WINCESS CORPORATION, although sales for its low-priced product lineup declined, the electronics and automotive industries were on a gradual recovery track. In the future, we will continue to develop channels outside the manufacturing industry, including the service industry and mass retailers.

As a result, net sales for the lifestyle products business as a whole were ¥3,601.94 million (up 15.0% year on year) due to the favorable performance of Life on Products, Inc. and BON FURNITURE CO., LTD., and operating profit amounted to ¥41.63 million (down 53.8% year on year), on account of a rise in the cost of sales ratio in line with foreign exchange rates.

(2) Overview of Financial Position for the Quarter Under Review

Total assets as of September 20, 2024 increased by ¥116.64 million from the end of the previous fiscal year to ¥35,141.68 million. This is mainly attributable to increases in merchandise and finished goods and cash and

deposits, despite a decrease in accounts receivable - trade.

Total liabilities increased by ¥702.40 million from the end of the previous fiscal year to ¥11,426.09 million. This is mainly attributable to an increase in short-term borrowings due to working capital needs.

Total net assets decreased by ¥585.75 million from the end of the previous fiscal year to ¥23,715.59 million. This is mainly attributable to a decrease in foreign currency translation adjustment and a decrease in retained earnings due to the payment of year-end dividends for the 76th fiscal year.

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

We have not revised the consolidated financial results forecasts announced on August 1, 2024.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of June 20, 2024	As of September 20, 2024
Assets		
Current assets		
Cash and deposits	6,081,388	6,224,888
Notes receivable - trade	228,134	227,078
Accounts receivable - trade	5,109,797	4,257,319
Merchandise and finished goods	9,692,136	10,485,671
Work in process	361,939	344,028
Raw materials and supplies	1,301,432	1,306,054
Other	581,215	697,716
Allowance for doubtful accounts	(463)	(455)
Total current assets	23,355,581	23,542,300
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,203,924	6,164,531
Accumulated depreciation	(4,208,512)	(4,209,974)
Buildings and structures, net	1,995,412	1,954,557
Machinery, equipment and vehicles	3,594,239	3,501,506
Accumulated depreciation	(3,248,704)	(3,184,983)
Machinery, equipment and vehicles, net	345,535	316,522
Land	1,570,022	1,570,022
Construction in progress	51,955	65,935
Other	3,225,175	3,202,574
Accumulated depreciation	(2,896,175)	(2,885,228)
Other, net	329,000	317,345
Total property, plant and equipment	4,291,925	4,224,382
Intangible assets		
Goodwill	1,055,692	1,005,677
Other	801,511	865,768
Total intangible assets	1,857,203	1,871,445
Investments and other assets		
Investment securities	3,116,368	3,085,642
Retirement benefit asset	1,787,241	1,819,464
Deferred tax assets	146,151	136,609
Other	474,928	463,177
Allowance for doubtful accounts	(4,367)	(1,341)
Total investments and other assets	5,520,322	5,503,552
Total non-current assets	11,669,451	11,599,380
Total assets	35,025,032	35,141,681

(Thousands of yen)

	As of June 20, 2024	As of September 20, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	901,078	1,374,464
Short-term borrowings	3,530,000	4,270,000
Current portion of long-term borrowings	437,806	437,806
Income taxes payable	269,430	93,245
Accounts payable - other	808,057	793,329
Provision for bonuses for directors (and other officers)	11,387	750
Contract liabilities	38,730	26,156
Other	1,137,192	1,033,158
Total current liabilities	7,133,682	8,028,910
Non-current liabilities		
Long-term borrowings	1,738,288	1,521,695
Deferred tax liabilities	913,146	934,773
Retirement benefit liability	500,213	494,404
Asset retirement obligations	30,270	30,323
Other	408,088	415,983
Total non-current liabilities	3,590,007	3,397,180
Total liabilities	10,723,690	11,426,091
Net assets		
Shareholders' equity		
Share capital	1,978,690	1,978,690
Capital surplus	1,718,919	1,718,919
Retained earnings	21,562,202	21,147,466
Treasury shares	(2,975,833)	(2,975,892)
Total shareholders' equity	22,283,979	21,869,184
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,165,269	1,143,861
Deferred gains or losses on hedges	2,677	(13,677)
Foreign currency translation adjustment	555,801	438,473
Remeasurements of defined benefit plans	206,525	190,660
Total accumulated other comprehensive income	1,930,274	1,759,317
Share acquisition rights	87,088	87,088
Total net assets	24,301,342	23,715,590
Total liabilities and net assets	35,025,032	35,141,681

(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, 2023	For the three months ended September 20, 2024
Net sales	8,144,336	8,785,176
Cost of sales	4,953,275	5,537,849
Gross profit	3,191,061	3,247,326
Selling, general and administrative expenses	3,579,561	3,500,086
Operating loss	(388,500)	(252,759)
Non-operating income		
Interest income	5,149	6,257
Dividend income	63,749	54,754
Foreign exchange gains	77,218	84,321
Rental income	37,291	37,094
Other	11,623	19,783
Total non-operating income	195,033	202,210
Non-operating expenses		
Interest expenses	10,136	11,930
Rental costs	11,834	11,748
Other	269	804
Total non-operating expenses	22,240	24,483
Ordinary loss	(215,707)	(75,032)
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	560	103
Extra retirement payments	10,278	—
Total extraordinary losses	10,838	103
Loss before income taxes	(225,298)	(75,135)
Income taxes - current	52,588	89,089
Income taxes - deferred	(48,762)	53,854
Total income taxes	3,826	142,943
Loss	(229,125)	(218,078)
Loss attributable to owners of parent	(229,125)	(218,078)

Quarterly Consolidated Statements of Comprehensive Income

For the three months ended September 20

(Thousands of yen)

	For the three months ended September 20, 2023	For the three months ended September 20, 2024
Loss	(229,125)	(218,078)
Other comprehensive income		
Valuation difference on available-for-sale securities	114,160	(21,408)
Deferred gains or losses on hedges	7,308	(16,354)
Foreign currency translation adjustment	138,604	(117,328)
Remeasurements of defined benefit plans, net of tax	(10,044)	(15,865)
Total other comprehensive income	250,029	(170,956)
Comprehensive income	20,903	(389,035)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,903	(389,035)

(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.

(Notes on changes in accounting policies)

(Application of "Accounting Standard for Current Income Taxes," etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereafter referred to as the "Revised Accounting Standard of 2022") and other relevant standards from the beginning of the first quarter of the current fiscal year.

With regard to revisions to categories for recording current income taxes (taxation on other comprehensive income), the Company complies with the transitional treatment stipulated in the proviso to paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment stipulated in the proviso to paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereafter referred to as the "Revised Guidance of 2022"). These changes in the accounting policy do not affect the quarterly consolidated financial statements.

In addition, since the beginning of the first quarter of the current fiscal year, the Revised Guidance of 2022 has also been applied to the amendments related to the review of the treatment in consolidated financial statements when gains or losses arising from the sale of subsidiary shares, etc. between consolidated companies are deferred for tax purposes. These changes in the accounting policy have been applied retroactively, and the quarterly consolidated financial statements and the consolidated financial statements for the previous fiscal year reflect the changes that have been applied retroactively. These changes in the accounting policy do not affect the quarterly consolidated financial statements and the consolidated financial statements for the previous fiscal year.

(Notes on segment information, etc.)

Segment information

1. 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	Lifestyle products	Total		
Sales					
Sales to outside customers	5,012,548	3,131,788	8,144,336	—	8,144,336
Inter-segment net sales or transfers	17,564	64,345	81,910	(81,910)	—
Total	5,030,113	3,196,133	8,226,246	(81,910)	8,144,336
Segment profit (loss)	(479,809)	90,091	(389,718)	1,218	(388,500)

(Notes) 1. Adjustment of segment profit (loss) of ¥1,218 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.

2. For the three months ended September 20, 2024 (June 21, 2024 to September 20, 2024)

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	Lifestyle products	Total		
Sales					
Sales to outside customers	5,183,236	3,601,940	8,785,176	–	8,785,176
Inter-segment net sales or transfers	23,281	60,857	84,138	(84,138)	–
Total	5,206,517	3,662,797	8,869,315	(84,138)	8,785,176
Segment profit (loss)	(297,306)	41,631	(255,674)	2,915	(252,759)

(Notes) 1. Adjustment of segment profit (loss) of ¥2,915 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. Matters relating to changes in reportable segments etc.

From the three months ended September 20, 2024, the Company changed the name of what had been the “interior lifestyle business” to the “lifestyle products business.” In line with this, we have reviewed business management classifications and have reclassified WINCESS CORPORATION, a consolidated subsidiary of the Company which had been included in the stationery and office supply business, into the lifestyle products business.

Segment information for the three months ended September 20, 2023 has been prepared based on the name and classification after the change.

(Notes on statements of cash flows)

Quarterly consolidated statements of cash flows have not been prepared for the three months ended September 20, 2024. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended September 20 are as follows.

(Thousands of yen)

	For the three months ended September 20, 2023	For the three months ended September 20, 2024
Depreciation	147,821	151,075
Amortization of goodwill	60,140	50,014