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## Consolidated Financial Results for the Six Months Ended December 20, 2023 [Japanese GAAP]



February 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: Akira Miyamoto, President & CEO  
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 Phone: +81-3-3864-5883  
 Scheduled date of filing quarterly securities report: February 1, 2024  
 Scheduled date of commencing dividend payments: March 4, 2024  
 Availability of supplementary briefing material on quarterly financial results: Available  
 Schedule of quarterly financial results briefing session: None (video distribution only)

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

### 1. Consolidated Financial Results for the Six Months Ended December 20, 2023 (June 21, 2023 to December 20, 2023)

(1) Consolidated Operating Results (% 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								
December 20, 2023	17,890	(3.7)	(780)	—	(505)	—	(425)	—
December 20, 2022	18,582	14.0	(274)	—	(109)	—	(197)	—

(Note) Comprehensive income: Six months ended December 20, 2023: ¥(209) million [-%]  
 Six months ended December 20, 2022: ¥312 million [33.2%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
December 20, 2023	(14.93)	—
December 20, 2022	(6.92)	—

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 20, 2023	37,214	24,452	65.5	853.00
As of June 20, 2023	35,812	24,833	69.1	867.29

(Reference) Equity: As of December 20, 2023: ¥24,365 million  
 As of June 20, 2023: ¥24,746 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended June 20, 2023	Yen –	Yen 7.00	Yen –	Yen 7.00	Yen 14.00
Fiscal year ending June 20, 2024	–	7.00			
Fiscal year ending June 20, 2024 (Forecast)			–	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, 2024 (June 21, 2023 to June 20, 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	40,000	1.5	0	(100.0)	280	(56.1)	260	(38.1)	9.11

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

### \* Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): 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: 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 shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):
    - December 20, 2023: 31,459,692 shares
    - June 20, 2023: 31,459,692 shares
  - 2) Total number of treasury shares at the end of the period:
    - December 20, 2023: 2,895,575 shares
    - June 20, 2023: 2,926,776 shares
  - 3) Average number of shares during the period:
    - Six months ended December 20, 2023: 28,539,906 shares
    - Six months ended December 20, 2022: 28,508,667 shares

\* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or audit firms

\* 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. Qualitative Information on Quarterly Consolidated Financial Results (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. In addition, a financial results briefing video will be distributed on the Company’s website around the end of February 2024.

Supplementary briefing material (Japanese only): <https://www.kingjim.co.jp/ir/library/tansin.html>

Financial results briefing video (Japanese only): <https://www.kingjim.co.jp/ir/event/presentation.html>

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## 1. Qualitative Information on Quarterly Consolidated Financial Results

### (1) Explanation of Business Results

During the six months ended December 20, 2023, the Japanese economy showed signs of a moderate recovery due to normalization following the relaxation of restrictions in economic activities caused by COVID-19. On the other hand, the situation remained uncertain in the future domestic economy due to the impacts of continuous rising prices, as well as volatile foreign exchange rates against the backdrop of global monetary tightening policies.

Under these circumstances, KING JIM CO., LTD. (the “Company”) has been implementing measures to achieve the goals of its 10th Medium-Term Management Plan (fiscal year ended June 20, 2022 to fiscal year ending June 20, 2024). While further strengthening its core businesses such as TEPRAs and filing tools, the Company is focusing on growth fields, such as by expanding sales of the interior lifestyle business and hygiene and health products, and expanding its business domain through mergers and acquisitions.

As for the consolidated business results for the six months ended December 20, 2023, net sales amounted to ¥17,890.64 million (down 3.7% year on year) due to the reduction of overall sales, despite the growth of the EC business resulting from the contribution of sales by HIM Co., Ltd., which was absorbed and merged with the Group in February 2023. In terms of profit, operating loss was ¥780.99 million (loss of ¥274.35 million in the same period of the previous fiscal year), ordinary loss was ¥505.19 million (loss of ¥109.66 million in the same period of the previous fiscal year), and loss attributable to owners of parent was ¥425.99 million (loss of ¥197.36 million in the same period of the previous fiscal year). The decreases were due to insignificant improvement despite the improvement of cost of sales ratio by the revision of prices, because of greater than expected depreciation of yen, as well as processing of inventory of COVID-19-related products and an increase in selling, general and administrative expenses.

Business results by segment are as follows.

#### A. Stationery and office supply business

In TEPRAs, the core business of the Company, we are providing online advertisements of Work Cats (Shigoto Neko), a popular character well known for its signature phrase “Yoshi! (OK!),” and TEPRAs Cat (TEPRAs Neko), a new character, and actively conducting various other sales promotion and advertisement activities to explore potential demand for labeling. The Company will also strive to expand sales by actively proposing new application such as the publication of a website of “Arekore TEPRAs (various usage of TEPRAs),” which introduces how to use labels.

As for each category of growth fields, the Company developed and released products which meet the needs of the markets. In digital stationery, the Company released anti-myopia light “Memamorin,” a light that alerts a user of a screen of a tablet or other devices with a light and buzzer if the user gets close to it to prevent him/her from being short-sighted. In style stationery, we released a new product of COFFRET, a new sticker using cosmetics as a motif, and a new product of “HITOTOKI NOTE,” notebooks that can be used like a diary, in a new product lineup of the HITOTOKI series, which are well-received. In bag and storage products, the Company released ZIPTO, a tote bag for a computer whose gusset widens according to items put inside, to obtain new users.

The Company is also focusing on activities to propose products that are useful in daily life and those that respond to social changes. We are expanding sales of “Sukittoman” series, an easy-to-store file series in which documents can be stored by purpose, such as “User Manual File” and “File Completely Attached to a Refrigerator,” which have been used by many people since their launch. We are also introducing organizing and storage products to make life comfortable in television shopping channels. As power-saving measures for workplaces, we started a campaign for HYBRID-FAN that can improve air conditioning efficiency only by being attached to air conditioners. The Company will continue to take such initiatives to raise the awareness of our products in the market mainly by expanding the core business and proposing new products to expand new demand.

However, the decline of sales of TEPRAs and “tette,” a hand sanitizer dispenser, resulted in net sales of

¥11,551.08 million (down 3.4% year on year). Operating loss was ¥919.73 million (loss of ¥456.62 million in the same period of the previous fiscal year) mainly due to processing of inventory of COVID-19-related products and an increase in selling, general and administrative expenses despite the improvement of cost of sales ratio by the revision of prices.

#### B. Interior lifestyle business

BON FURNITURE CO., LTD. posted robust sales of its mainstay storage products while the sales of large furniture such as tables and desks remained sluggish. In new products, in addition to its mainstay knockdown furniture, it launched lighting fixtures such as stand lights. Life on Products, Inc. sold desk humidifiers such as the Hourglass Cordless Humidifier and the Aroma Stone Cordless Humidifier as winter products. In addition, the company increased sales by strengthening the product lineup of the Reusable Hand Warmer and the Electric Hot Water Bag Thermal Storage Type, which have been popular since last year. LADONNA CO., LTD. saw strong sales of coffee makers at a high price range which can make more tasteful coffee, as well as affordable kitchen appliances and humidifiers at low prices, as they were reported in the media. In addition, its television shopping, which the company is focusing on, saw an increase in sales, and is becoming a mainstay channel. However, the company saw harsh situation due to a slowdown in sales of its mainstay kitchen appliances due to the trend of experiential consumption, and its humidifiers did not sell well due to warm winter. ASCA CO., LTD. continuously saw a slowdown in the performance of retail stores, while the company is gradually seeing signs of recovery in sales of decoration-related products.

As a result, net sales for the interior lifestyle business as a whole were ¥6,339.55 million (down 4.2% year on year) due to the stagnant performance of group companies in Japan other than Life on Products, Inc., which saw favorable results, and operating profit was ¥127.48 million (down 26.0% year on year) due to a large impact of a decrease in sales despite a slight improvement of the cost of sales ratio thanks to price increases and introduction of new products.

#### (2) Explanation of Financial Position

Total assets as of December 20, 2023 increased by ¥1,402.62 million from the end of the previous fiscal year to ¥37,214.77 million. This is mainly attributable to an increase in merchandise and finished goods.

Total liabilities increased by ¥1,783.58 million from the end of the previous fiscal year to ¥12,762.39 million. This is mainly attributable to an increase in short-term borrowings partly due to working capital needs.

Total net assets decreased by ¥380.95 million from the end of the previous fiscal year to ¥24,452.37 million. This is mainly attributable to the recording of loss attributable to owners of parent, despite increases in valuation difference on available-for-sale securities and foreign currency translation adjustment.

#### (Status of cash flows)

Cash and cash equivalents (hereinafter referred to as “cash”) as of December 20, 2023 increased by ¥34.04 million from the end of the previous fiscal year to ¥5,957.79 million.

The status of each cash flow and their factors for the six months ended December 20, 2023 are as follows.

##### (Cash flows from operating activities)

Net cash used in operating activities decreased by ¥863.47 million from the previous fiscal year to ¥958.10 million. This is mainly attributable to an increase in inventories of ¥1,453.64 million and loss before income taxes of ¥404.51 million, despite an increase in trade payables of ¥532.37 million, depreciation of ¥292.00 million, and others.

##### (Cash flows from investing activities)

Net cash used in investing activities decreased by ¥1,055.20 million from the previous fiscal year to ¥204.98 million. This is mainly attributable to purchase of property, plant and equipment and intangible assets of ¥373.14 million, despite proceeds from sale of property, plant and equipment and intangible assets of ¥154.11 million.

##### (Cash flows from financing activities)

Net cash provided by financing activities decreased by ¥1,751.40 million from the previous fiscal year to

¥1,086.55 million. This is mainly attributable to net increase in short-term borrowings of ¥1,610.00 million, despite repayments of long-term borrowings of ¥323.78 million and dividends paid of ¥199.70 million.

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

We have not revised the consolidated financial results forecasts announced on January 26, 2024.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of June 20, 2023	As of December 20, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	6,372,104	6,374,101
Notes receivable - trade	419,505	210,471
Accounts receivable - trade	4,647,476	4,817,723
Merchandise and finished goods	10,003,871	11,557,497
Work in process	392,743	377,347
Raw materials and supplies	1,457,402	1,414,647
Other	814,015	643,471
Allowance for doubtful accounts	(385)	(435)
<b>Total current assets</b>	<b>24,106,732</b>	<b>25,394,826</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,163,085	6,156,155
Accumulated depreciation	(4,054,465)	(4,100,244)
Buildings and structures, net	2,108,619	2,055,911
Machinery, equipment and vehicles	3,281,832	3,390,982
Accumulated depreciation	(2,986,364)	(3,103,434)
Machinery, equipment and vehicles, net	295,467	287,547
Land	1,582,384	1,570,022
Construction in progress	170,930	178,908
Other	2,999,850	3,074,199
Accumulated depreciation	(2,759,704)	(2,784,305)
Other, net	240,145	289,894
<b>Total property, plant and equipment</b>	<b>4,397,548</b>	<b>4,382,284</b>
Intangible assets		
Goodwill	1,468,377	1,348,097
Other	751,694	816,148
<b>Total intangible assets</b>	<b>2,220,071</b>	<b>2,164,245</b>
Investments and other assets		
Investment securities	2,937,881	3,034,252
Retirement benefit asset	1,516,615	1,573,072
Deferred tax assets	196,139	215,550
Other	439,105	451,815
Allowance for doubtful accounts	(1,949)	(1,274)
<b>Total investments and other assets</b>	<b>5,087,793</b>	<b>5,273,416</b>
<b>Total non-current assets</b>	<b>11,705,413</b>	<b>11,819,946</b>
<b>Total assets</b>	<b>35,812,145</b>	<b>37,214,772</b>



(Thousands of yen)

	As of June 20, 2023	As of December 20, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,334,717	1,873,621
Short-term borrowings	3,190,000	4,800,000
Current portion of long-term borrowings	505,547	489,960
Income taxes payable	188,871	144,848
Accounts payable - other	811,689	749,429
Provision for bonuses for directors (and other officers)	17,952	5,295
Contract liabilities	35,805	56,969
Other	959,533	1,039,975
Total current liabilities	7,044,116	9,160,101
Non-current liabilities		
Long-term borrowings	2,265,384	1,957,191
Deferred tax liabilities	819,665	741,394
Retirement benefit liability	452,213	483,220
Asset retirement obligations	31,447	31,918
Other	365,984	388,569
Total non-current liabilities	3,934,694	3,602,293
Total liabilities	10,978,811	12,762,394
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,978,690	1,978,690
Capital surplus	1,718,670	1,718,919
Retained earnings	22,279,949	21,654,220
Treasury shares	(2,587,278)	(2,559,696)
Total shareholders' equity	23,390,032	22,792,133
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,048,538	1,119,108
Deferred gains or losses on hedges	5,179	(12,832)
Foreign currency translation adjustment	193,884	366,341
Remeasurements of defined benefit plans	108,612	100,537
Total accumulated other comprehensive income	1,356,214	1,573,155
Share acquisition rights	87,088	87,088
Total net assets	24,833,334	24,452,377
<b>Total liabilities and net assets</b>	<b>35,812,145</b>	<b>37,214,772</b>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
For the six months ended December 20

(Thousands of yen)

	For the six months ended December 20, 2022	For the six months ended December 20, 2023
Net sales	18,582,314	17,890,641
Cost of sales	12,054,116	11,452,605
Gross profit	6,528,197	6,438,035
Selling, general and administrative expenses	6,802,550	7,219,029
Operating loss	(274,352)	(780,994)
Non-operating income		
Interest income	6,120	8,895
Dividend income	78,692	99,975
Foreign exchange gains	20,771	114,728
Rental income	75,432	74,828
Other	29,802	21,188
Total non-operating income	210,819	319,617
Non-operating expenses		
Interest expenses	19,853	20,818
Rental costs	23,015	22,516
Other	3,260	486
Total non-operating expenses	46,129	43,821
Ordinary loss	(109,662)	(505,199)
Extraordinary income		
Gain on sale of non-current assets	–	137,740
Gain on sale of investments in capital of subsidiaries and associates	14,693	–
Total extraordinary income	14,693	137,740
Extraordinary losses		
Loss on retirement of non-current assets	65	829
Extra retirement payments	–	36,223
Total extraordinary losses	65	37,052
Loss before income taxes	(95,034)	(404,511)
Income taxes - current	100,903	130,880
Income taxes - deferred	(23,088)	(108,821)
Income taxes for prior periods	24,416	(571)
Total income taxes	102,230	21,487
Loss	(197,265)	(425,999)
Profit attributable to non-controlling interests	101	–
Loss attributable to owners of parent	(197,367)	(425,999)

Quarterly Consolidated Statements of Comprehensive Income

For the six months ended December 20

(Thousands of yen)

	For the six months ended December 20, 2022	For the six months ended December 20, 2023
Loss	(197,265)	(425,999)
Other comprehensive income		
Valuation difference on available-for-sale securities	296,330	70,570
Deferred gains or losses on hedges	(29,723)	(18,011)
Foreign currency translation adjustment	236,925	172,457
Remeasurements of defined benefit plans, net of tax	5,933	(8,074)
Total other comprehensive income	509,466	216,941
Comprehensive income	312,200	(209,057)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	312,098	(209,057)
Comprehensive income attributable to non-controlling interests	101	—

## (3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended December 20, 2022	For the six months ended December 20, 2023
<b>Cash flows from operating activities</b>		
Loss before income taxes	(95,034)	(404,511)
Depreciation	295,218	292,000
Amortization of goodwill	82,174	120,280
Increase (decrease) in allowance for doubtful accounts	(1,807)	(644)
Increase (decrease) in retirement benefit liability	(32,941)	6,333
Decrease (increase) in retirement benefit asset	(48,827)	(61,071)
Interest and dividend income	(84,812)	(108,870)
Interest expenses	19,853	20,818
Foreign exchange losses (gains)	43,246	(3,002)
Loss (gain) on sale and retirement of non-current assets	65	(136,910)
Gain on sale of investments in capital of subsidiaries and associates	(14,693)	–
Extra retirement payments	–	36,223
Decrease (increase) in trade receivables	(183,892)	51,798
Decrease (increase) in inventories	(2,273,146)	(1,453,640)
Decrease (increase) in other assets	76,979	91,014
Increase (decrease) in trade payables	485,114	532,375
Decrease (increase) in consumption taxes refund receivable	31,893	64,624
Increase (decrease) in accrued consumption taxes	(3,456)	(92,493)
Increase (decrease) in other liabilities	26,225	130,834
Other, net	11,927	19,777
Subtotal	(1,665,913)	(895,064)
Interest and dividends received	84,711	111,744
Interest paid	(22,057)	(21,161)
Income taxes paid	(240,171)	(167,497)
Income taxes refund	21,846	18,150
Settlement received	–	6,000
Extra retirement payments	–	(10,278)
Net cash provided by (used in) operating activities	(1,821,584)	(958,106)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(333,739)	(373,146)
Proceeds from sale of property, plant and equipment and intangible assets	–	154,115
Purchase of investment securities	(149,642)	–
Loan advances	(137,450)	–
Payments of leasehold and guarantee deposits	(2,944)	(11,296)
Proceeds from refund of leasehold and guarantee deposits	3,632	1,332
Payments into time deposits	(321,000)	(303,500)
Proceeds from withdrawal of time deposits	219,602	342,102
Purchase of shares of subsidiaries	(550,000)	–
Proceeds from sale of investment in capital of subsidiaries and associates	14,693	–
Other, net	(3,342)	(14,594)
Net cash provided by (used in) investing activities	(1,260,191)	(204,986)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	3,500,000	1,610,000
Repayments of long-term borrowings	(225,854)	(323,780)
Dividends paid	(426,600)	(199,700)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(9,400)	–
Other, net	(187)	36
Net cash provided by (used in) financing activities	2,837,957	1,086,556
Effect of exchange rate change on cash and cash equivalents	141,202	110,580
Net increase (decrease) in cash and cash equivalents	(102,615)	34,044
Cash and cash equivalents at beginning of period	5,637,384	5,923,753
Cash and cash equivalents at end of period	5,534,768	5,957,797

#### (4) 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.

(Segment information, etc.)

Segment information

#### 1. For the six months ended December 20, 2022 (June 21, 2022 to December 20, 2022)

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	Interior lifestyle	Total		
Sales					
Sales to outside customers	11,961,871	6,620,443	18,582,314	—	18,582,314
Inter-segment net sales or transfers	50,409	139,896	190,305	(190,305)	—
Total	12,012,280	6,760,339	18,772,619	(190,305)	18,582,314
Segment profit (loss)	(456,625)	172,306	(284,318)	9,966	(274,352)

(Notes) 1. Adjustment of segment profit (loss) of ¥9,966 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 six months ended December 20, 2023 (June 21, 2023 to December 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	Interior lifestyle	Total		
Sales					
Sales to outside customers	11,551,087	6,339,553	17,890,641	—	17,890,641
Inter-segment net sales or transfers	38,180	115,142	153,323	(153,323)	—
Total	11,589,268	6,454,695	18,043,964	(153,323)	17,890,641
Segment profit (loss)	(919,737)	127,484	(792,253)	11,258	(780,994)

(Notes) 1. Adjustment of segment profit (loss) of ¥11,258 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.