

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended March 31, 2024 (Based on Japanese GAAP)

May 15, 2024

Company name: KONAKA CO.,LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 7494 URL <https://www.konaka.co.jp>  
 Representative: Representative Director, President and CEO Kensuke Konaka  
 Group Representative  
 Senior Managing Executive Officer, CFO,  
 Inquiries: General Manager of Administration Makoto Okumura TEL 045(825)7700  
 Headquarters  
 Scheduled date to file Quarterly Securities Report: May 15, 2024  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended March 31, 2024 (from October 1, 2023 to March 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                         | %      |
| Six months ended March 31, 2024 | 35,852          | (2.0) | 1,130            | 48.8 | 1,426           | 41.8  | 733                                     | (30.3) |
| Six months ended March 31, 2023 | 36,592          | 6.4   | 759              | –    | 1,005           | 755.1 | 1,052                                   | –      |

|                                 | Earnings per share |  | Diluted earnings per share |  |
|---------------------------------|--------------------|--|----------------------------|--|
|                                 | Yen                |  | Yen                        |  |
| Six months ended March 31, 2024 | 25.06              |  | –                          |  |
| Six months ended March 31, 2023 | 36.13              |  | –                          |  |

(2) Consolidated financial position

|                          | Total assets    | Net assets      | Equity ratio |
|--------------------------|-----------------|-----------------|--------------|
|                          | Millions of yen | Millions of yen | %            |
| As of March 31, 2024     | 51,805          | 20,071          | 37.8         |
| As of September 30, 2023 | 50,612          | 19,437          | 37.5         |

2. Cash dividends

|   | Annual dividends per share |                 |                 |                 |       |
|---|----------------------------|-----------------|-----------------|-----------------|-------|
|   | 1st quarter-end            | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
|   | Yen                        | Yen             | Yen             | Yen             | Yen   |
| Year ended September 30, 2023             | –                          | 10.00           | –               | 10.00           | 20.00 |
| Year ending September 30, 2024            | –                          | 0.00            | –               | –               | –     |
| Year ending September 30, 2024 (Forecast) | –                          | –               | –               | 0.00            | 0.00  |

3. Forecast of consolidated financial results for the year ending September 30, 2024 (from October 1, 2023 to September 30, 2024)

Percentages indicate year-on-year changes

|           | Net sales       |     | Operating profit |   | Ordinary profit |   | Profit attributable to owners of parent |   | Earnings per share |
|-----------|-----------------|-----|------------------|---|-----------------|---|---|---|--------------------|
|           | Millions of yen | %   | Millions of yen  | % | Millions of yen | % | Millions of yen                         | % | Yen                |
| Full year | 70,015          | 6.4 | 683              | – | 887             | – | 85                                      | – | 2.91               |

4. Notes

- (1) Changes in significant subsidiaries during the six months ended March 31, 2024  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

|                      |                   |                          |                   |
|----------------------|-------------------|--------------------------|-------------------|
| As of March 31, 2024 | 31,146,685 shares | As of September 30, 2023 | 31,146,685 shares |
|----------------------|-------------------|--------------------------|-------------------|

Number of treasury shares at the end of the period

|                      |                  |                          |                  |
|----------------------|------------------|--------------------------|------------------|
| As of March 31, 2024 | 1,786,832 shares | As of September 30, 2023 | 1,897,073 shares |
|----------------------|------------------|--------------------------|------------------|

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

|                                 |                   |                                 |                   |
|---------------------------------|-------------------|---------------------------------|-------------------|
| Six months ended March 31, 2024 | 29,281,138 shares | Six months ended March 31, 2023 | 29,134,711 shares |
|---------------------------------|-------------------|---------------------------------|-------------------|

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

|   | As of September 30, 2023 | As of March 31, 2024 |
|---|--------------------------|----------------------|
| <b>Assets</b>                                   |                          |                      |
| Current assets                                  |                          |                      |
| Cash and deposits                               | 5,894                    | 6,270                |
| Accounts receivable - trade                     | 2,826                    | 4,411                |
| Merchandise and finished goods                  | 14,327                   | 13,957               |
| Work in process                                 | 2                        | 2                    |
| Raw materials and supplies                      | 366                      | 404                  |
| Other   | 1,347                    | 2,123                |
| Total current assets                            | 24,764                   | 27,169               |
| Non-current assets                              |                          |                      |
| Property, plant and equipment                   |                          |                      |
| Buildings and structures, net                   | 3,458                    | 3,182                |
| Land  | 9,341                    | 8,637                |
| Other, net                                      | 495                      | 497                  |
| Total property, plant and equipment             | 13,296                   | 12,318               |
| Intangible assets                               |                          |                      |
| Trademark right                                 | 43                       | 1                    |
| Other   | 512                      | 470                  |
| Total intangible assets                         | 555                      | 471                  |
| Investments and other assets                    |                          |                      |
| Investment securities                           | 3,417                    | 3,577                |
| Leasehold and guarantee deposits                | 7,031                    | 6,768                |
| Retirement benefit asset                        | 699                      | 747                  |
| Other   | 895                      | 800                  |
| Allowance for doubtful accounts                 | (47)                     | (49)                 |
| Total investments and other assets              | 11,996                   | 11,844               |
| Total non-current assets                        | 25,848                   | 24,635               |
| Total assets                                    | 50,612                   | 51,805               |
| <b>Liabilities</b>                              |                          |                      |
| Current liabilities                             |                          |                      |
| Notes and accounts payable - trade              | 1,709                    | 2,675                |
| Electronically recorded obligations - operating | 2,331                    | 3,347                |
| Short-term borrowings                           | 12,075                   | 10,618               |
| Current portion of long-term borrowings         | 7,652                    | 7,287                |
| Income taxes payable                            | 366                      | 508                  |
| Contract liabilities                            | 896                      | 993                  |
| Provision for bonuses                           | 413                      | 346                  |
| Other   | 3,194                    | 3,294                |
| Total current liabilities                       | 28,640                   | 29,072               |
| Non-current liabilities                         |                          |                      |
| Long-term borrowings                            | 85                       | 71                   |
| Retirement benefit liability                    | 594                      | 586                  |
| Provision for point card certificates           | 31                       | 32                   |
| Other   | 1,823                    | 1,971                |
| Total non-current liabilities                   | 2,534                    | 2,661                |
| Total liabilities                               | 31,175                   | 31,734               |

(Millions of yen)

|   | As of September 30, 2023 | As of March 31, 2024 |
|---|--------------------------|----------------------|
| Net assets  |                          |                      |
| Shareholders' equity                                  |                          |                      |
| Share capital   | 5,305                    | 5,305                |
| Capital surplus                                       | 13,253                   | 13,253               |
| Retained earnings                                     | 1,631                    | 1,936                |
| Treasury shares                                       | (3,120)                  | (2,938)              |
| Total shareholders' equity                            | 17,070                   | 17,557               |
| Accumulated other comprehensive income                |                          |                      |
| Valuation difference on available-for-sale securities | 1,840                    | 1,951                |
| Foreign currency translation adjustment               | (39)                     | (19)                 |
| Remeasurements of defined benefit plans               | 98                       | 93                   |
| Total accumulated other comprehensive income          | 1,898                    | 2,024                |
| Non-controlling interests                             | 467                      | 488                  |
| Total net assets                                      | 19,437                   | 20,071               |
| Total liabilities and net assets                      | 50,612                   | 51,805               |

## Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

### Consolidated statements of income (cumulative)

(Millions of yen)

|   | Six months ended<br>March 31, 2023 | Six months ended<br>March 31, 2024 |
|---|------------------------------------|------------------------------------|
| Net sales   | 36,592                             | 35,852                             |
| Cost of sales   | 15,434                             | 15,086                             |
| Gross profit  | 21,158                             | 20,766                             |
| Selling, general and administrative expenses            | 20,399                             | 19,635                             |
| Operating profit  | 759                                | 1,130                              |
| Non-operating income                                    |                                    |                                    |
| Interest income   | 13                                 | 17                                 |
| Dividend income   | 17                                 | 20                                 |
| Rental income from real estate                          | 193                                | 218                                |
| Compensation income                                     | 80                                 | –                                  |
| Reversal of provision for bonuses                       | –                                  | 163                                |
| Other   | 72                                 | 76                                 |
| Total non-operating income                              | 376                                | 496                                |
| Non-operating expenses                                  |                                    |                                    |
| Interest expenses                                       | 81                                 | 82                                 |
| Rental expenses on real estate                          | 29                                 | 58                                 |
| Other   | 19                                 | 60                                 |
| Total non-operating expenses                            | 131                                | 200                                |
| Ordinary profit   | 1,005                              | 1,426                              |
| Extraordinary income                                    |                                    |                                    |
| Gain on sale of non-current assets                      | 810                                | 587                                |
| Penalty income  | 440                                | –                                  |
| Other   | 230                                | –                                  |
| Total extraordinary income                              | 1,480                              | 587                                |
| Extraordinary losses                                    |                                    |                                    |
| Loss on retirement of non-current assets                | 20                                 | 9                                  |
| Impairment losses                                       | 1,526                              | 825                                |
| Other   | 68                                 | 47                                 |
| Total extraordinary losses                              | 1,614                              | 882                                |
| Profit before income taxes                              | 871                                | 1,130                              |
| Income taxes - current                                  | 447                                | 335                                |
| Income taxes - deferred                                 | (325)                              | 57                                 |
| Total income taxes                                      | 121                                | 393                                |
| Profit  | 750                                | 737                                |
| Profit (loss) attributable to non-controlling interests | (302)                              | 3                                  |
| Profit attributable to owners of parent                 | 1,052                              | 733                                |

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

|  | Six months ended<br>March 31, 2023 | Six months ended<br>March 31, 2024 |
|--|------------------------------------|------------------------------------|
| Profit   | 750                                | 737                                |
| Other comprehensive income                                     |                                    |                                    |
| Valuation difference on available-for-sale securities          | 189                                | 111                                |
| Foreign currency translation adjustment                        | 43                                 | 36                                 |
| Remeasurements of defined benefit plans, net of tax            | 6                                  | (4)                                |
| Total other comprehensive income                               | 239                                | 143                                |
| Comprehensive income   | 989                                | 880                                |
| Comprehensive income attributable to                           |                                    |                                    |
| Comprehensive income attributable to owners of parent          | 1,274                              | 859                                |
| Comprehensive income attributable to non-controlling interests | (284)                              | 21                                 |

## Consolidated statements of cash flows

(Millions of yen)

|  | Six months ended<br>March 31, 2023 | Six months ended<br>March 31, 2024 |
|--|------------------------------------|------------------------------------|
| Cash flows from operating activities                         |                                    |                                    |
| Profit before income taxes                                   | 871                                | 1,130                              |
| Depreciation   | 513                                | 406                                |
| Impairment losses  | 1,526                              | 825                                |
| Increase (decrease) in allowance for doubtful accounts       | (0)                                | 1                                  |
| Increase (decrease) in retirement benefit liability          | (17)                               | (7)                                |
| Increase (decrease) in provision for point card certificates | (2)                                | 1                                  |
| Increase (decrease) in provision for bonuses                 | (4)                                | (66)                               |
| Long-term loans offset with a rent                           | 61                                 | 59                                 |
| Long-term deposit offset with a rent                         | 5                                  | 3                                  |
| Gain on sale of non-current assets                           | (810)                              | (587)                              |
| Loss on retirement of non-current assets                     | 20                                 | 9                                  |
| Interest and dividend income                                 | (30)                               | (38)                               |
| Interest expenses  | 81                                 | 82                                 |
| Foreign exchange losses (gains)                              | 3                                  | (3)                                |
| Penalty income   | (440)                              | –                                  |
| Decrease (increase) in trade receivables                     | (1,449)                            | (1,586)                            |
| Decrease (increase) in inventories                           | 517                                | 341                                |
| Increase (decrease) in trade payables                        | 2,143                              | 1,905                              |
| Increase (decrease) in accrued expenses                      | 33                                 | 187                                |
| Increase (decrease) in accrued consumption taxes             | (133)                              | 14                                 |
| Other, net   | (64)                               | (327)                              |
| Subtotal   | 2,823                              | 2,352                              |
| Interest and dividends received                              | 22                                 | 37                                 |
| Interest paid  | (81)                               | (89)                               |
| Penalty income received                                      | 189                                | –                                  |
| Income taxes paid  | (178)                              | (203)                              |
| Income taxes refund  | 6                                  | 3                                  |
| Net cash provided by (used in) operating activities          | 2,782                              | 2,100                              |
| Cash flows from investing activities                         |                                    |                                    |
| Payments into time deposits                                  | (27)                               | –                                  |
| Proceeds from withdrawal of time deposits                    | –                                  | 62                                 |
| Purchase of property, plant and equipment                    | (494)                              | (678)                              |
| Proceeds from sale of property, plant and equipment          | 1,212                              | 1,658                              |
| Payments for retirement of property, plant and equipment     | (45)                               | (108)                              |
| Purchase of intangible assets                                | (45)                               | (464)                              |
| Payments of leasehold and guarantee deposits                 | (128)                              | (131)                              |
| Proceeds from refund of leasehold and guarantee deposits     | 161                                | 135                                |
| Proceeds from collection of loans receivable                 | 2                                  | 3                                  |
| Other, net   | (5)                                | (0)                                |
| Net cash provided by (used in) investing activities          | 627                                | 476                                |

(Millions of yen)

|   | Six months ended<br>March 31, 2023 | Six months ended<br>March 31, 2024 |
|---|------------------------------------|------------------------------------|
| Cash flows from financing activities                        |                                    |                                    |
| Net increase (decrease) in short-term borrowings            | (1,193)                            | (1,456)                            |
| Repayments of long-term borrowings                          | (364)                              | (379)                              |
| Purchase of treasury shares                                 | (0)                                | (0)                                |
| Dividends paid  | (289)                              | (291)                              |
| Dividends paid to non-controlling interests                 | (0)                                | –                                  |
| Other, net  | (4)                                | (4)                                |
| Net cash provided by (used in) financing activities         | (1,852)                            | (2,132)                            |
| Effect of exchange rate change on cash and cash equivalents | (9)                                | (11)                               |
| Net increase (decrease) in cash and cash equivalents        | 1,548                              | 433                                |
| Cash and cash equivalents at beginning of period            | 6,547                              | 5,493                              |
| Cash and cash equivalents at end of period                  | 8,095                              | 5,926                              |