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October 11, 2022

Financial Results for the Six Months Ended August 31, 2022 (Under Japanese GAAP)(Consolidated)

Company name: RORZE CORPORATION
 Listing: Tokyo Stock Exchange
 Securities code: 6323
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Submission of quarterly securities filing: October 14, 2022

Scheduled date of payment of cash dividends : –

The additional materials of the Financial Results for the First Quarter: Yes (Japanese only)

The briefing session of the Financial Results for the Second Quarter : Yes(For analysts and institutional investors)

(Amounts less than one million yen are rounded down unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended August 31, 2022

(March 1, 2022 through August 31, 2022)

(1) Consolidated operating results

(Percent indications show percentage of changes from corresponding figures for the year-ago period.)

	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								
August 31, 2022	45,753	55.1	10,932	63.6	16,901	132.4	12,366	124.9
August 31, 2021	29,499	19.3	6,681	40.7	7,272	61.5	5,498	67.1

Note: Comprehensive income For the six months ended August 31, 2022: ¥17,539 million [131.2%]
 For the six months ended August 31, 2021: ¥7,587 million [144.3%]

	Earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
August 31, 2022	715.61	714.27
August 31, 2021	318.20	317.63

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
August 31, 2022	111,078	66,079	54.2
February 28, 2022	88,290	50,222	51.4

Reference: Shareholder's equity
 As of August 31, 2022: ¥60,195 million
 As of February 28, 2022: ¥45,352 million

2. Dividends

	Annual cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2022	—	0.00	—	65.00	65.00
Fiscal year ended February 28, 2023	—	0.00			
Fiscal year ending February 28, 2023(Forecast)			—	110.00	110.00

Note: Revisions to the most recently announced dividend forecast: None

3. Forecast of consolidated operating results for FY2023(March 1, 2022 through February 28, 2023)

(Percent indications show percentage of changes from corresponding figures for the previous period.)

	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
FY2023	96,466	44.0	23,225	46.9	30,805	72.9	22,793	77.7	1,318.94

Note: Revisions to the most recently announced operating results forecast: Yes

***Notes**

- (1) Significant changes in scope of consolidated subsidiaries: None
- (2) Adoption of specific accounting policies for quarterly consolidated financial statements : None
- (3) Changes in accounting policies, accounting estimation change and restatement
- (3) -1 Changes in accounting policies due to the revision of the accounting standards. : Applicable
- (3) -2 Changes in accounting policies except for those in (3)-1 : None
- (3) -3 Changes due to accounting estimation change : None
- (3) -4 Restatement : None

(4) Number of shares issued

- (4) -1 Total number of shares issued at the end of the period (including treasury stocks)

As of August 31, 2022	17,640,000	shares
As of February 28, 2021	17,640,000	shares

- (4) -2 Number of treasury stocks at the end of the period

As of August 31, 2022	358,695	shares
As of February 28, 2021	358,695	shares

- (4) -3 Average number of shares issued during the six months ended August 31

Six months ended August 31, 2022	17,281,305	shares
Six months ended August 31, 2021	17,281,334	shares

※This Quarterly Financial Results report is out of scope of review by certified public accountants or an audit firm

※ Explanation regarding the appropriate use of forecast of operating results and other special notes (Notes on forward-looking statements)

The financial forecast of operating results is based on judgements and estimates that have been made using currently available information. By nature, such financial forecast is subject to uncertainty and risk. Therefore, the final results might be significantly different from the aforementioned forecast due to changes in economic environments related to our business, market trends, exchange rate, etc.

(Notes on change in presentation of amounts)

Amounts given on the Company's Quarterly consolidated financial statements and other items were previously rounded down to thousands, but starting from the first quarter of the fiscal year and the three months ended May 31, 2022, figures are rounded down to millions.

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of February 28, 2022	As of August 31, 2022
Assets		
Current assets		
Cash and deposits	23,631	25,303
Notes and accounts receivable - trade	18,915	22,822
Merchandise and finished goods	1,742	2,799
Work in process	6,019	10,242
Raw materials and supplies	14,662	21,296
Other	1,538	2,189
Allowance for doubtful accounts	△53	△10
Total current assets	66,455	84,644
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,187	8,536
Machinery, equipment and vehicles, net	5,276	5,866
Land	3,537	4,420
Other, net	1,479	2,873
Total property, plant and equipment	17,481	21,697
Intangible assets	614	687
Investments and other assets		
Investment securities	1,318	1,458
Retirement benefit asset	—	91
Deferred tax assets	1,771	2,004
Other	697	548
Allowance for doubtful accounts	△47	△54
Total investments and other assets	3,739	4,049
Total non-current assets	21,834	26,433
Total assets	88,290	111,078

(Millions of yen)

	As of February 28, 2022	As of August 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,850	7,030
Short-term borrowings	11,923	13,108
Income taxes payable	4,362	4,020
Provision for bonuses	853	865
Provision for bonuses for directors (and other officers)	72	36
Provision for product warranties	1,163	1,377
Other	3,266	3,973
Total current liabilities	28,491	30,413
Non-current liabilities		
Long-term borrowings	8,961	13,833
Provision for retirement benefits for directors (and other officers)	291	450
Retirement benefit liability	115	52
Asset retirement obligations	202	245
Other	5	3
Total non-current liabilities	9,576	14,585
Total liabilities	38,068	44,998
Net assets		
Shareholders' equity		
Share capital	982	982
Capital surplus	1,470	1,470
Retained earnings	41,506	52,204
Treasury shares	△54	△54
Total shareholders' equity	43,905	54,602
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	168	162
Foreign currency translation adjustment	1,278	5,430
Total accumulated other comprehensive income	1,447	5,592
Share acquisition rights	81	85
Non-controlling interests	4,788	5,797
Total net assets	50,222	66,079
Total liabilities and net assets	88,290	111,078

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statement of Income)

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Net sales	29,499	45,753
Cost of sales	19,615	31,149
Gross profit	9,884	14,603
Selling, general and administrative expenses	3,202	3,671
Operating profit	6,681	10,932
Non-operating income		
Interest income	2	6
Dividend income	2	2
Foreign exchange gains	648	6,212
Electricity sale income	33	35
Other	29	75
Total non-operating income	717	6,333
Non-operating expenses		
Interest expenses	18	23
Derivative Expense	62	313
Electricity sale expenses	11	11
Other	34	15
Total non-operating expenses	126	364
Ordinary profit	7,272	16,901
Extraordinary income		
Gain on sale of investment securities	11	—
Gain on sale of non-current assets	878	12
Total extraordinary income	890	12
Extraordinary losses		
Loss on sale of non-current assets	3	—
Loss on retirement of non-current assets	0	5
Total extraordinary losses	3	5
Profit before income taxes	8,158	16,907
Income taxes - current	2,339	3,974
Income taxes - deferred	△378	△64
Total income taxes	1,961	3,910
Profit	6,197	12,997
Profit attributable to non-controlling interests	698	630
Profit attributable to owners of parent	5,498	12,366

(Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Profit	6,197	12,997
Other comprehensive income		
Valuation difference on available-for-sale securities	40	△6
Foreign currency translation adjustment	1,349	4,549
Total other comprehensive income	1,390	4,542
Comprehensive income	7,587	17,539
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,776	16,512
Comprehensive income attributable to non-controlling interests	811	1,027

(3) Notes to Quarterly Consolidated Financial Statements.

(Notes to the going concern)

Not applicable

(Notes to significant changes in shareholders' equity)

Not applicable

(Changes in accounting policies)

(Application of accounting standard for revenue recognition)

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020, hereinafter, "Revenue Recognition Accounting Standard") since the beginning of the first quarter of the fiscal year ending February 28, 2023, and recognizes revenue based on the amounts expected to be received in exchange for the promised goods or services as the control of those goods or services are transferred to customers. Accordingly, the Company has recognized the revenue of some product sales which had been recognized at shipment at the arrival of products to customers and the revenue of products sold with services at the completion of services.

In addition, in cases where the control of products is transferred to customers from the shipment in normal period, the Company recognizes revenue upon the shipment of the products under the application of alternative treatment allowed under paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No.30, March 26, 2021)

When applying the Revenue Recognition Accounting Standard, the Company follows the transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative amount of effect from retroactive application of the new accounting policy prior to the beginning of the consolidated fiscal year is added to or subtracted from the retained earnings at the beginning of the first quarter of the fiscal year under review, and the new accounting policy is applied from the beginning balance after such addition/subtraction.

As a result, for the period under review, net sales decreased by ¥903 million, with the cost of sales decreasing by ¥599 million and operating profit, ordinary profit and profit before income taxes decreasing by ¥304 million. In addition, the beginning balance of retained earnings decreased by ¥546 million.

In accordance with the transitional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Accounting Standard, no reclassification has been made for the previous

consolidated fiscal year using the new presentation method. Information on disaggregated revenue from contracts with customers is not presented for the period under review in accordance with the transitional treatment set forth in paragraph 28-15 of the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.12, March 31, 2020)

(Application of accounting standard for fair value measurement)

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No.30, July 4, 2019, hereinafter, “Fair Value Measurement Accounting Standard”) since the beginning of the first quarter of the fiscal year ending February 28, 2023. In accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No.10, July 4, 2019) the Company has decided to apply the new accounting policies stipulated by the Fair Value Measurement Accounting Standard prospectively in future statements. This change has no impact on the quarterly consolidated financial statements.