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Consolidated Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]



February 6, 2023

Company name: T&K TOKA CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4636
 URL: <https://www.tk-toka.co.jp/>
 Representative: Yoshikatsu Masuda, Representative Director
 Contact: Hideaki Sekine, Director, Deputy Chief of Headquarters, Management Headquarters
 Phone: +81-3-3963-0511
 Scheduled date of filing quarterly securities report: February 14, 2023
 Scheduled date of commencing dividend payments: -
 Availability of supplementary explanatory materials on quarterly financial results: No
 Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2022 (April 1, 2022 - December 31, 2022)

(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 | % |
| Nine months ended December 31, 2022 | 33,530 | 2.4 | 505 | (2.1) | 2,205 | 24.7 | 1,517 | (29.8) |
| December 31, 2021 | 32,749 | 4.9 | 516 | - | 1,768 | 293.3 | 2,161 | 114.3 |

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥3,255 million [5.2%]
 Nine months ended December 31, 2021: ¥3,093 million [239.0%]

| | Basic earnings per share | | Diluted earnings per share | |
|-------------------------------------|--------------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Nine months ended December 31, 2022 | 67.48 | | 66.84 | |
| December 31, 2021 | 95.89 | | 94.90 | |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|-------------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of December 31, 2022 | 69,500 | 50,189 | 71.4 |
| As of March 31, 2022 | 70,306 | 48,296 | 68.0 |

(Reference) Equity: As of December 31, 2022: ¥49,625 million
 As of March 31, 2022: ¥47,835 million

2. Dividends

| | Annual dividends | | | | |
|----------------------------------------------|------------------|-----------------|-----------------|----------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| | Yen | | Yen | | Yen |
| Fiscal year ended March 31, 2022 | - | 10.00 | - | 30.00 | 40.00 |
| Fiscal year ending March 31, 2023 | - | 20.00 | - | | |
| Fiscal year ending March 31, 2023 (Forecast) | | | | 20.00 | 40.00 |

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% 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 | 43,800 | (1.5) | 520 | 127.7 | 1,880 | (5.6) | 1,190 | (55.1) | 52.91 |

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the period under review (Changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly included: – (Company name:)

Excluded: 1 (Company name: Toka Ink International (Hong Kong) Ltd.)

(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: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(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):

December 31, 2022: 22,664,240 shares

March 31, 2022: 22,603,040 shares

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

December 31, 2022: 284,887 shares

March 31, 2022: 50,214 shares

3) Average number of shares during the period:

Nine months ended December 31, 2022: 22,489,399 shares

Nine months ended December 31, 2021: 22,537,406 shares

(Note) The figures indicated as the total numbers of treasury shares at the end of the respective periods include the numbers of the Company's shares held in a share delivery trust (December 31, 2022: 234,600 shares; March 31, 2022: – shares). Such shares are included in the numbers of treasury shares deducted in the calculation of the average numbers of shares during the respective periods (Nine months ended December 31, 2022: 234,600 shares; Nine months ended December 31, 2021: – shares).

* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

The performance outlook and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that have been deemed reasonable, and are not intended to guarantee the achievement. Actual performance may differ significantly from these forecasts due to a wide range of factors.

(1) Quarterly Consolidated Balance Sheets

(Million yen)

| | As of March 31, 2022 | As of December 31, 2022 |
|-----------------------------------------------------|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,111 | 6,676 |
| Notes and accounts receivable - trade | 12,326 | 10,963 |
| Electronically recorded monetary claims - operating | 2,022 | 2,720 |
| Merchandise and finished goods | 4,894 | 5,542 |
| Work in process | 433 | 303 |
| Raw materials and supplies | 2,628 | 2,799 |
| Other | 406 | 381 |
| Allowance for doubtful accounts | (481) | (1) |
| Total current assets | 31,341 | 29,386 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 24,867 | 25,385 |
| Machinery, equipment and vehicles | 22,672 | 23,259 |
| Land | 7,740 | 7,840 |
| Other | 6,187 | 4,913 |
| Accumulated depreciation | (37,024) | (36,978) |
| Total property, plant and equipment | 24,443 | 24,419 |
| Intangible assets | 460 | 463 |
| Investments and other assets | | |
| Investment securities | 11,852 | 12,933 |
| Retirement benefit asset | 1,476 | 1,577 |
| Other | 741 | 1,301 |
| Allowance for doubtful accounts | (10) | (581) |
| Total investments and other assets | 14,060 | 15,231 |
| Total non-current assets | 38,965 | 40,114 |
| Total assets | 70,306 | 69,500 |

(Million yen)

| | As of March 31, 2022 | As of December 31, 2022 |
|-------------------------------------------------------|----------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 7,195 | 7,213 |
| Electronically recorded obligations - operating | 3,347 | 3,235 |
| Short-term borrowings | 4,339 | 2,905 |
| Current portion of long-term borrowings | 811 | 743 |
| Current portion of bonds payable | 10 | 10 |
| Lease liabilities | 283 | 250 |
| Income taxes payable | 572 | 365 |
| Provision for bonuses | 644 | 306 |
| Provision for bonuses for directors | 11 | 5 |
| Provision for loss on business liquidation | 36 | – |
| Other | 1,179 | 1,365 |
| Total current liabilities | 18,433 | 16,400 |
| Non-current liabilities | | |
| Bonds payable | 40 | 35 |
| Long-term borrowings | 2,249 | 1,695 |
| Lease liabilities | 516 | 388 |
| Retirement benefit liability | 255 | 274 |
| Other provisions | 48 | 56 |
| Asset retirement obligations | 34 | 34 |
| Other | 432 | 424 |
| Total non-current liabilities | 3,577 | 2,910 |
| Total liabilities | 22,010 | 19,311 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,098 | 2,122 |
| Capital surplus | 2,091 | 2,114 |
| Retained earnings | 42,629 | 43,018 |
| Treasury shares | (41) | (277) |
| Total shareholders' equity | 46,778 | 46,977 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 584 | 566 |
| Foreign currency translation adjustment | (221) | 1,439 |
| Remeasurements of defined benefit plans | 694 | 642 |
| Total accumulated other comprehensive income | 1,057 | 2,648 |
| Share acquisition rights | 155 | 125 |
| Non-controlling interests | 304 | 438 |
| Total net assets | 48,296 | 50,189 |
| Total liabilities and net assets | 70,306 | 69,500 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Nine Months Ended December 31

(Million yen)

| | For the nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021) | For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022) |
|------------------------------------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| Net sales | 32,749 | 33,530 |
| Cost of sales | 26,388 | 27,538 |
| Gross profit | 6,361 | 5,991 |
| Selling, general and administrative expenses | 5,844 | 5,485 |
| Operating profit | 516 | 505 |
| Non-operating income | | |
| Interest income | 33 | 45 |
| Dividend income | 50 | 51 |
| Foreign exchange gains | 437 | 1,147 |
| Share of profit of entities accounted for using equity method | 492 | 409 |
| Subsidy income | 135 | 110 |
| Other | 142 | 75 |
| Total non-operating income | 1,291 | 1,839 |
| Non-operating expenses | | |
| Interest expenses | 27 | 27 |
| Interest on bonds | – | 0 |
| Depreciation | 2 | 92 |
| Other | 9 | 20 |
| Total non-operating expenses | 39 | 140 |
| Ordinary profit | 1,768 | 2,205 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 670 | 7 |
| Gain on sale of investment securities | 3 | 3 |
| Gain on liquidation of subsidiaries | – | 291 |
| Total extraordinary income | 674 | 302 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 3 | 0 |
| Loss on retirement of non-current assets | 14 | 18 |
| Impairment loss | 3 | 0 |
| Loss on liquidation of business | 177 | – |
| Loss on liquidation of subsidiaries | – | 160 |
| Total extraordinary losses | 199 | 178 |
| Profit before income taxes | 2,243 | 2,328 |
| Income taxes | 33 | 717 |
| Profit | 2,209 | 1,611 |
| Profit attributable to non-controlling interests | 48 | 93 |
| Profit attributable to owners of parent | 2,161 | 1,517 |

Quarterly Consolidated Statements of Comprehensive Income
 Nine Months Ended December 31

(Million yen)

| | For the nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021) | For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022) |
|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| Profit | 2,209 | 1,611 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (70) | (18) |
| Foreign currency translation adjustment | 270 | 571 |
| Remeasurements of defined benefit plans | (41) | (52) |
| Share of other comprehensive income of entities accounted for using equity method | 724 | 1,143 |
| Total other comprehensive income | 883 | 1,644 |
| Comprehensive income | 3,093 | 3,255 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 3,024 | 3,108 |
| Comprehensive income attributable to non-controlling interests | 68 | 146 |