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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]

May 10, 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 general shareholders' meeting: June 23, 2023

Scheduled date of commencing dividend payments: June 26, 2023

Scheduled date of filing securities report: June 23, 2023

Availability of supplementary explanatory materials on annual financial results: Yes

Schedule of annual financial results briefing session: Scheduled (For institutional investors and analysts)

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

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 - March 31, 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                             | %      |
| Fiscal year ended March 31, 2023 | 43,667      | (1.8) | 424              | 86.0 | 1,853           | (7.0) | 1,107                                   | (58.2) |
| March 31, 2022                   | 44,456      | 5.3   | 228              | 14.8 | 1,992           | 83.1  | 2,651                                   | 100.4  |

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥2,190 million [(45.1)%]

Fiscal year ended March 31, 2022: ¥3,990 million [32.5%]

|                   | Basic earnings per share | Diluted earnings per share | Return on equity | Ratio of ordinary profit to total assets | Ratio of operating profit to net sales |
|-------------------|--------------------------|----------------------------|------------------|--|--|
| Fiscal year ended | Yen                      | Yen                        | %                | %  | %                                      |
| March 31, 2023    | 49.29                    | 48.82                      | 2.3              | 2.7                                      | 1.0                                    |
| March 31, 2022    | 117.64                   | 116.41                     | 5.8              | 2.9                                      | 0.5                                    |

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥635 million

Fiscal year ended March 31, 2022: ¥738 million

(2) Consolidated Financial Position

|                      | Total assets | Net assets  | Equity ratio | Net assets per share |
|----------------------|--------------|-------------|--------------|----------------------|
|                      | Million yen  | Million yen | %            | Yen                  |
| As of March 31, 2023 | 67,845       | 49,124      | 71.7         | 2,172.22             |
| As of March 31, 2022 | 70,306       | 48,296      | 68.0         | 2,121.05             |

(Reference) Equity: As of March 31, 2023: ¥48,612 million

As of March 31, 2022: ¥47,835 million

### (3) Consolidated Cash Flows

|                   | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at the end of period |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Fiscal year ended | Million yen                          | Million yen                          | Million yen                          | Million yen                                    |
| March 31, 2023    | 2,108                                | (1,747)                              | (3,981)                              | 2,828  |
| March 31, 2022    | 2,295                                | (971)                                | (1,725)                              | 6,245  |

### 2. Dividends

|                           | Annual dividends |                 |                 |          |       | Total dividends (annual) | Payout ratio (consolidated) | Ratio of dividends to net assets (consolidated) |
|---------------------------|------------------|-----------------|-----------------|----------|-------|--------------------------|-----------------------------|---|
|                           | 1st quarter-end  | 2nd quarter-end | 3rd quarter-end | Year-end | Total |                          |                             |   |
| Fiscal year ended         | Yen              | Yen             | Yen             | Yen      | Yen   | Million yen              | %                           | %   |
| March 31, 2022            | –                | 10.00           | –               | 30.00    | 40.00 | 902                      | 34.0                        | 2.0   |
| March 31, 2023            | –                | 20.00           | –               | 20.00    | 40.00 | 904                      | 81.1                        | 1.9   |
| March 31, 2024 (Forecast) | –                | 20.00           | –               | 20.00    | 40.00 |                          | 66.1                        |   |

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 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                      |
| 2nd quarter (Cumulative) | 23,350      | 6.5  | 330              | 1.9   | 610             | (63.4) | 270                                     | (76.4) | 12.02                    |
| Full year                | 49,180      | 12.6 | 1,400            | 229.7 | 2,140           | 15.4   | 1,360                                   | 22.8   | 60.54                    |

#### \* Notes:

- Changes in significant subsidiaries during the fiscal year 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.)
- Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - Changes in accounting policies due to the revision of accounting standards: Yes
  - Changes in accounting policies other than 1) above: None
  - Changes in accounting estimates: None
  - Retrospective restatement: None
- Total number of issued and outstanding shares (common shares)
  - Total number of issued and outstanding shares at the end of the period: (including treasury shares):  
March 31, 2023: 22,664,240 shares  
March 31, 2022: 22,603,040 shares
  - Total number of treasury shares at the end of the period:  
March 31, 2023: 284,887 shares  
March 31, 2022: 50,214 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2023: 22,464,004 shares

Fiscal year ended March 31, 2022: 22,540,964 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 (March 31, 2023: 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 (March 31, 2023: 234,600 shares; March 31, 2022: – shares).

**(Reference) Summary of Non-consolidated Financial Results**

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023)**

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

|                   | Net sales   |       | Operating profit |        | Ordinary profit |      | Profit      |      |
|-------------------|-------------|-------|------------------|--------|-----------------|------|-------------|------|
|                   | Million yen | %     | Million yen      | %      | Million yen     | %    | Million yen | %    |
| Fiscal year ended |             |       |                  |        |                 |      |             |      |
| March 31, 2023    | 34,684      | (1.7) | 422              | (47.3) | 1,824           | 13.5 | 2,618       | 51.6 |
| March 31, 2022    | 35,267      | 2.9   | 800              | 248.1  | 1,607           | 22.7 | 1,727       | 84.6 |

|                   | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
|                   | Yen                      | Yen                        |
| Fiscal year ended |                          |                            |
| March 31, 2023    | 116.54                   | 115.42                     |
| March 31, 2022    | 76.63                    | 75.83                      |

(2) Non-consolidated Financial Position

|                      | Total assets | Net assets  | Equity ratio | Net assets per share |
|----------------------|--------------|-------------|--------------|----------------------|
|                      | Million yen  | Million yen | %            | Yen                  |
| As of March 31, 2023 | 50,073       | 34,843      | 69.3         | 1,551.33             |
| As of March 31, 2022 | 51,723       | 33,416      | 64.3         | 1,474.80             |

(Reference) Equity: As of March 31, 2023: ¥34,717 million

As of March 31, 2022: ¥33,261 million

**2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1 2023 - March 31, 2024)**

(% indicates changes from the previous corresponding period)

|                          | Net sales   |      | Operating profit |       | Ordinary profit |        | Profit      |        | Basic earnings per share |
|--------------------------|-------------|------|------------------|-------|-----------------|--------|-------------|--------|--------------------------|
|                          | Million yen | %    | Million yen      | %     | Million yen     | %      | Million yen | %      | Yen                      |
| 2nd quarter (Cumulative) | 18,360      | 7.8  | 360              | 25.1  | 900             | (52.6) | 680         | (74.3) | 30.27                    |
| Full year                | 38,170      | 10.0 | 1,100            | 160.6 | 1,860           | 1.9    | 1,400       | (46.5) | 62.32                    |

\* These consolidated financial results are outside the scope of audit 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.

### 3. Consolidated Financial Statements and Principal Notes

#### (1) Consolidated Balance Sheets

(Million yen)

|   | As of March 31, 2022 | As of March 31, 2023 |
|---|----------------------|----------------------|
| <b>Assets</b>                                       |                      |                      |
| Current assets                                      |                      |                      |
| Cash and deposits                                   | 9,111                | 6,457                |
| Notes and accounts receivable - trade               | 12,326               | 11,001               |
| Electronically recorded monetary claims - operating | 2,022                | 2,231                |
| Merchandise and finished goods                      | 4,894                | 5,165                |
| Work in process                                     | 433                  | 501                  |
| Raw materials and supplies                          | 2,628                | 2,675                |
| Other   | 406                  | 624                  |
| Allowance for doubtful accounts                     | (481)                | (6)                  |
| Total current assets                                | 31,341               | 28,651               |
| Non-current assets                                  |                      |                      |
| Property, plant and equipment                       |                      |                      |
| Buildings and structures                            | 24,867               | 25,357               |
| Machinery, equipment and vehicles                   | 22,672               | 22,906               |
| Tools, furniture and fixtures                       | 3,645                | 3,836                |
| Land  | 7,740                | 7,886                |
| Leased assets                                       | 1,149                | 1,025                |
| Construction in progress                            | 1,392                | 61                   |
| Accumulated depreciation                            | (37,024)             | (37,144)             |
| Total property, plant and equipment                 | 24,443               | 23,929               |
| Intangible assets                                   |                      |                      |
| Other   | 460                  | 430                  |
| Total intangible assets                             | 460                  | 430                  |
| Investments and other assets                        |                      |                      |
| Investment securities                               | 11,852               | 12,748               |
| Retirement benefit asset                            | 1,476                | 1,347                |
| Deferred tax assets                                 | 61                   | 60                   |
| Other   | 679                  | 1,163                |
| Allowance for doubtful accounts                     | (10)                 | (484)                |
| Total investments and other assets                  | 14,060               | 14,835               |
| Total non-current assets                            | 38,965               | 39,194               |
| <b>Total assets</b>                                 | <b>70,306</b>        | <b>67,845</b>        |

(Million yen)

|   | As of March 31, 2022 | As of March 31, 2023 |
|---|----------------------|----------------------|
| <b>Liabilities</b>                                    |                      |                      |
| Current liabilities                                   |                      |                      |
| Notes and accounts payable - trade                    | 7,195                | 6,779                |
| Electronically recorded obligations - operating       | 3,347                | 3,177                |
| Short-term borrowings                                 | 4,339                | 2,898                |
| Current portion of long-term borrowings               | 811                  | 743                  |
| Current portion of bonds payable                      | 10                   | 10                   |
| Lease liabilities                                     | 283                  | 248                  |
| Income taxes payable                                  | 572                  | 54                   |
| Accounts payable - other                              | 736                  | 822                  |
| Provision for bonuses                                 | 644                  | 582                  |
| Provision for bonuses for directors                   | 11                   | 12                   |
| Provision for loss on business liquidation            | 36                   | –                    |
| Other   | 442                  | 379                  |
| Total current liabilities                             | 18,433               | 15,709               |
| Non-current liabilities                               |                      |                      |
| Bonds payable   | 40                   | 30                   |
| Long-term borrowings                                  | 2,249                | 1,509                |
| Lease liabilities                                     | 516                  | 380                  |
| Provision for retirement benefits for directors       | 32                   | 56                   |
| Provision for share awards for directors              | –                    | 23                   |
| Provision for shareholder benefit program             | 16                   | 12                   |
| Retirement benefit liability                          | 255                  | 247                  |
| Asset retirement obligations                          | 34                   | 34                   |
| Deferred tax liabilities                              | 328                  | 669                  |
| Other   | 103                  | 47                   |
| Total non-current liabilities                         | 3,577                | 3,012                |
| Total liabilities                                     | 22,010               | 18,721               |
| <b>Net assets</b>                                     |                      |                      |
| Shareholders' equity                                  |                      |                      |
| Share capital   | 2,098                | 2,122                |
| Capital surplus                                       | 2,091                | 2,114                |
| Retained earnings                                     | 42,629               | 42,607               |
| Treasury shares                                       | (41)                 | (277)                |
| Total shareholders' equity                            | 46,778               | 46,567               |
| Accumulated other comprehensive income                |                      |                      |
| Valuation difference on available-for-sale securities | 584                  | 743                  |
| Foreign currency translation adjustment               | (221)                | 855                  |
| Remeasurements of defined benefit plans               | 694                  | 446                  |
| Total accumulated other comprehensive income          | 1,057                | 2,045                |
| Share acquisition rights                              | 155                  | 125                  |
| Non-controlling interests                             | 304                  | 385                  |
| Total net assets                                      | 48,296               | 49,124               |
| Total liabilities and net assets                      | 70,306               | 67,845               |

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

(Million yen)

|   | For the fiscal year ended<br>March 31, 2022<br>(From April 1, 2021<br>to March 31, 2022) | For the fiscal year ended<br>March 31, 2023<br>(From April 1, 2022<br>to March 31, 2023) |
|---|--|--|
| Net sales   | 44,456   | 43,667   |
| Cost of sales   | 36,063   | 36,061   |
| Gross profit  | 8,393  | 7,605  |
| Selling, general and administrative expenses                  | 8,164  | 7,181  |
| Operating profit  | 228  | 424  |
| Non-operating income  |  |  |
| Interest income   | 44   | 72   |
| Dividend income   | 54   | 76   |
| Foreign exchange gains  | 664  | 584  |
| Share of profit of entities accounted for using equity method | 738  | 635  |
| Subsidy income  | 144  | 109  |
| Other   | 175  | 108  |
| Total non-operating income                                    | 1,822  | 1,586  |
| Non-operating expenses  |  |  |
| Interest expenses   | 39   | 27   |
| Interest on bonds   | –  | 0  |
| Commission expenses   | 5  | 4  |
| Depreciation  | 9  | 107  |
| Other   | 3  | 18   |
| Total non-operating expenses                                  | 58   | 157  |
| Ordinary profit   | 1,992  | 1,853  |
| Extraordinary income  |  |  |
| Gain on sale of non-current assets                            | 1,295  | 7  |
| Gain on sale of investment securities                         | 7  | 8  |
| Gain on liquidation of subsidiaries                           | –  | 291  |
| Total extraordinary income                                    | 1,302  | 307  |
| Extraordinary losses  |  |  |
| Loss on sale of non-current assets                            | 3  | 0  |
| Loss on retirement of non-current assets                      | 16   | 23   |
| Impairment loss   | 3  | 0  |
| Loss on liquidation of business                               | 206  | –  |
| Loss on liquidation of subsidiaries                           | –  | 160  |
| Expenses for tender offer                                     | –  | 121  |
| Total extraordinary losses                                    | 229  | 305  |
| Profit before income taxes                                    | 3,064  | 1,855  |
| Income taxes - current  | 783  | 290  |
| Income taxes - deferred                                       | (318)  | 385  |
| Total income taxes  | 465  | 675  |
| Profit  | 2,599  | 1,179  |
| Profit (loss) attributable to non-controlling interests       | (51)   | 72   |
| Profit attributable to owners of parent                       | 2,651  | 1,107  |

## Consolidated Statements of Comprehensive Income

(Million yen)

|  | For the fiscal year ended<br>March 31, 2022<br>(From April 1, 2021<br>to March 31, 2022) | For the fiscal year ended<br>March 31, 2023<br>(From April 1, 2022<br>to March 31, 2023) |
|--|--|--|
| Profit   | 2,599  | 1,179  |
| Other comprehensive income   |  |  |
| Valuation difference on available-for-sale securities                                | (227)  | 159  |
| Foreign currency translation adjustment  | 576  | 609  |
| Remeasurements of defined benefit plans  | (49)   | (246)  |
| Share of other comprehensive income of entities<br>accounted for using equity method | 1,092  | 488  |
| Total other comprehensive income   | 1,391  | 1,010  |
| Comprehensive income   | 3,990  | 2,190  |
| Comprehensive income attributable to   |  |  |
| Comprehensive income attributable to owners of parent                                | 4,011  | 2,096  |
| Comprehensive income attributable to non-controlling<br>interests                    | (20)   | 94   |

## (3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

|   | Shareholders' equity |                 |                   |                 |                            |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
|   | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                                | 2,080                | 2,073           | 40,428            | (41)            | 44,540                     |
| Changes during period   |                      |                 |                   |                 |                            |
| Issuance of new shares - exercise of share acquisition rights | 15                   | 15              |                   |                 | 31                         |
| Share-based payment with restriction on transfer              | 2                    | 2               |                   |                 | 4                          |
| Dividends of surplus  |                      |                 | (450)             |                 | (450)                      |
| Profit attributable to owners of parent                       |                      |                 | 2,651             |                 | 2,651                      |
| Purchase of treasury shares                                   |                      |                 |                   | (0)             | (0)                        |
| Net changes in items other than shareholders' equity          |                      |                 |                   |                 |                            |
| Total changes during period                                   | 18                   | 18              | 2,201             | (0)             | 2,237                      |
| Balance at end of period                                      | 2,098                | 2,091           | 42,629            | (41)            | 46,778                     |

|   | Accumulated other comprehensive income                |   |   |  | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|---|--|--------------------------|---------------------------|------------------|
|   | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                          |                           |                  |
| Balance at beginning of period                                | 812   | (1,859)                                 | 743                                     | (303)  | 171                      | 334                       | 44,743           |
| Changes during period   |   |   |   |  |                          |                           |                  |
| Issuance of new shares - exercise of share acquisition rights |   |   |   |  |                          |                           | 31               |
| Share-based payment with restriction on transfer              |   |   |   |  |                          |                           | 4                |
| Dividends of surplus  |   |   |   |  |                          |                           | (450)            |
| Profit attributable to owners of parent                       |   |   |   |  |                          |                           | 2,651            |
| Purchase of treasury shares                                   |   |   |   |  |                          |                           | (0)              |
| Net changes in items other than shareholders' equity          | (227)   | 1,637                                   | (49)                                    | 1,360  | (15)                     | (29)                      | 1,314            |
| Total changes during period                                   | (227)   | 1,637                                   | (49)                                    | 1,360  | (15)                     | (29)                      | 3,552            |
| Balance at end of period                                      | 584   | (221)                                   | 694                                     | 1,057  | 155                      | 304                       | 48,296           |



Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

|   | Shareholders' equity |                 |                   |                 |                            |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
|   | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                                | 2,098                | 2,091           | 42,629            | (41)            | 46,778                     |
| Changes during period   |                      |                 |                   |                 |                            |
| Issuance of new shares - exercise of share acquisition rights | 17                   | 17              |                   |                 | 34                         |
| Share-based payment with restriction on transfer              | 6                    | 6               |                   |                 | 12                         |
| Dividends of surplus  |                      |                 | (1,128)           |                 | (1,128)                    |
| Profit attributable to owners of parent                       |                      |                 | 1,107             |                 | 1,107                      |
| Purchase of treasury shares                                   |                      |                 |                   | (236)           | (236)                      |
| Net changes in items other than shareholders' equity          |                      |                 |                   |                 |                            |
| Total changes during period                                   | 23                   | 23              | (21)              | (236)           | (211)                      |
| Balance at end of period                                      | 2,122                | 2,114           | 42,607            | (277)           | 46,567                     |

|   | Accumulated other comprehensive income                |   |   |  | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|---|--|--------------------------|---------------------------|------------------|
|   | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                          |                           |                  |
| Balance at beginning of period                                | 584   | (221)                                   | 694                                     | 1,057  | 155                      | 304                       | 48,296           |
| Changes of during period                                      |   |   |   |  |                          |                           |                  |
| Issuance of new shares - exercise of share acquisition rights |   |   |   |  |                          |                           | 34               |
| Share-based payment with restriction on transfer              |   |   |   |  |                          |                           | 12               |
| Dividends of surplus  |   |   |   |  |                          |                           | (1,128)          |
| Profit attributable to owners of parent                       |   |   |   |  |                          |                           | 1,107            |
| Purchase of treasury shares                                   |   |   |   |  |                          |                           | (236)            |
| Net changes in items other than shareholders' equity          | 159   | 1,077                                   | (247)                                   | 988  | (30)                     | 81                        | 1,039            |
| Total changes during period                                   | 159   | 1,077                                   | (247)                                   | 988  | (30)                     | 81                        | 827              |
| Balance at end of period                                      | 743   | 855                                     | 446                                     | 2,045  | 125                      | 385                       | 49,124           |

## (4) Consolidated Statements of Cash Flows

(Million yen)

|  | For the fiscal year ended<br>March 31, 2022<br>(From April 1, 2021<br>to March 31, 2022) | For the fiscal year ended<br>March 31, 2023<br>(From April 1, 2022<br>to March 31, 2023) |
|--|--|--|
| <b>Cash flows from operating activities</b>                            |  |  |
| Profit before income taxes   | 3,064  | 1,855  |
| Depreciation   | 2,126  | 2,255  |
| Impairment losses  | 3  | 0  |
| Expenses for tender offer  | –  | 121  |
| Amortization of goodwill   | 7  | –  |
| Share of loss (profit) of entities accounted for using equity method   | (738)  | (635)  |
| Loss (gain) on liquidation of subsidiaries                             | –  | (131)  |
| Increase (decrease) in retirement benefit liability                    | (209)  | (241)  |
| Increase (decrease) in provision for retirement benefits for directors | 3  | 24   |
| Increase (decrease) in provision for bonuses for directors             | 4  | (0)  |
| Increase (decrease) in provision for share awards for directors        | –  | 23   |
| Increase (decrease) in provision for bonuses                           | 53   | (62)   |
| Increase (decrease) in allowance for doubtful accounts                 | 453  | (24)   |
| Increase (decrease) in provision for shareholder benefit program       | 3  | (3)  |
| Increase (decrease) in provision for loss on business liquidation      | 36   | (36)   |
| Interest and dividends income  | (98)   | (148)  |
| Interest expenses  | 39   | 27   |
| Loss (gain) on sale of non-current assets                              | (1,291)  | (7)  |
| Loss on retirement of non-current assets                               | 16   | 23   |
| Loss (gain) on sale of investment securities                           | (7)  | (8)  |
| Subsidy income   | (144)  | (109)  |
| Decrease (increase) in trade receivables                               | (118)  | 907  |
| Decrease (increase) in inventories                                     | (168)  | (75)   |
| Increase (decrease) in trade payables                                  | 298  | (928)  |
| Decrease (increase) in other assets                                    | (335)  | 105  |
| Increase (decrease) in other liabilities                               | (593)  | (470)  |
| Subtotal   | 2,406  | 2,462  |
| Interest and dividends received  | 323  | 582  |
| Interest paid  | (39)   | (27)   |
| Payments of expenses for tender offer                                  | –  | (121)  |
| Income taxes paid  | (396)  | (788)  |
| Income taxes refunded  | 1  | 0  |
| Subsidies received   | –  | 1  |
| Net cash provided by (used in) operating activities                    | 2,295  | 2,108  |

(Million yen)

|   | For the fiscal year ended<br>March 31, 2022<br>(From April 1, 2021<br>to March 31, 2022) | For the fiscal year ended<br>March 31, 2023<br>(From April 1, 2022<br>to March 31, 2023) |
|---|--|--|
| Cash flows from investing activities  |  |  |
| Payments into time deposits   | (5,936)  | (6,477)  |
| Proceeds from withdrawal of time deposits   | 6,172  | 5,892  |
| Purchase of property, plant and equipment   | (2,661)  | (1,288)  |
| Proceeds from sale of property, plant and equipment                                     | 1,476  | 7  |
| Purchase of intangible assets   | (46)   | (22)   |
| Payments for retirement of non-current assets   | (8)  | (18)   |
| Purchase of investment securities   | (32)   | (11)   |
| Proceeds from sale of investment securities   | 18   | 16   |
| Proceeds from redemption of investment securities                                       | —  | 0  |
| Subsidies received  | 63   | 107  |
| Purchase of insurance funds   | (16)   | (14)   |
| Proceeds from maturity of insurance funds   | 0  | 62   |
| Other, net  | 0  | (1)  |
| Net cash provided by (used in) investing activities                                     | (971)  | (1,747)  |
| Cash flows from financing activities  |  |  |
| Net increase (decrease) in short-term borrowings  | (30)   | (1,504)  |
| Proceeds from long-term borrowings  | —  | 3  |
| Repayments of long-term borrowings  | (976)  | (811)  |
| Proceeds from issuance of bonds   | 50   | —  |
| Redemption of bonds   | —  | (10)   |
| Purchase of treasury shares   | (0)  | (236)  |
| Proceeds from issuance of shares resulting from exercise<br>of share acquisition rights | 0  | 0  |
| Dividends paid  | (450)  | (1,128)  |
| Dividends paid to non-controlling interests   | (8)  | (13)   |
| Other, net  | (308)  | (280)  |
| Net cash provided by (used in) financing activities                                     | (1,725)  | (3,981)  |
| Effect of exchange rate change on cash and cash equivalents                             | 331  | 203  |
| Net increase (decrease) in cash and cash equivalents                                    | (70)   | (3,417)  |
| Cash and cash equivalents at beginning of period  | 6,315  | 6,245  |
| Cash and cash equivalents at end of period  | 6,245  | 2,828  |

#### 4. Non-consolidated Financial Statements and Principal Notes

##### (1) Non-consolidated Balance Sheets

(Million yen)

|   | As of March 31, 2022 | As of March 31, 2023 |
|---|----------------------|----------------------|
| <b>Assets</b>   |                      |                      |
| Current assets  |                      |                      |
| Cash and deposits   | 2,312                | 2,094                |
| Notes receivable - trade                                    | 1,282                | 1,041                |
| Accounts receivable - trade                                 | 9,020                | 8,455                |
| Electronically recorded monetary claims - operating         | 1,935                | 2,130                |
| Merchandise and finished goods                              | 3,185                | 3,422                |
| Work in process   | 268                  | 227                  |
| Raw materials and supplies                                  | 1,530                | 1,380                |
| Prepaid expenses  | 60                   | 91                   |
| Current portion of long-term loans receivable               | 93                   | 842                  |
| Other   | 127                  | 394                  |
| Allowance for doubtful accounts                             | (31)                 | (434)                |
| Total current assets  | 19,784               | 19,648               |
| Non-current assets  |                      |                      |
| Property, plant and equipment                               |                      |                      |
| Buildings   | 8,505                | 8,228                |
| Structures  | 295                  | 252                  |
| Machinery and equipment                                     | 2,080                | 1,646                |
| Vehicles  | 8                    | 5                    |
| Tools, furniture and fixtures                               | 246                  | 276                  |
| Land  | 6,035                | 6,035                |
| Leased assets   | 523                  | 361                  |
| Construction in progress                                    | 57                   | 41                   |
| Total property, plant and equipment                         | 17,753               | 16,848               |
| Intangible assets   |                      |                      |
| Patent right  | 14                   | 13                   |
| Software  | 52                   | 61                   |
| Leased assets   | 198                  | 154                  |
| Other   | 5                    | 4                    |
| Total intangible assets                                     | 271                  | 234                  |
| Investments and other assets                                |                      |                      |
| Investment securities                                       | 2,398                | 2,619                |
| Shares of subsidiaries and associates                       | 3,830                | 2,789                |
| Investments in capital                                      | 25                   | 25                   |
| Investments in capital of subsidiaries and associates       | 2,180                | 3,018                |
| Long-term loans receivable from subsidiaries and associates | 4,549                | 4,118                |
| Distressed receivables                                      | 2,041                | 0                    |
| Long-term prepaid expenses                                  | 122                  | 114                  |
| Prepaid pension costs                                       | 427                  | 659                  |
| Deferred tax assets   | 710                  | 288                  |
| Other   | 236                  | 188                  |
| Allowance for doubtful accounts                             | (2,608)              | (478)                |
| Total investments and other assets                          | 13,914               | 13,342               |
| Total non-current assets                                    | 31,938               | 30,424               |
| Total assets  | 51,723               | 50,073               |

(Million yen)

|   | As of March 31, 2022 | As of March 31, 2023 |
|---|----------------------|----------------------|
| <b>Liabilities</b>  |                      |                      |
| Current liabilities   |                      |                      |
| Accounts payable - trade                                      | 5,859                | 5,836                |
| Electronically recorded obligations - operating               | 3,347                | 3,177                |
| Short-term borrowings   | 3,200                | 1,700                |
| Current portion of long-term borrowings                       | 811                  | 742                  |
| Lease liabilities   | 278                  | 232                  |
| Accounts payable - other                                      | 657                  | 763                  |
| Accrued expenses  | 134                  | 152                  |
| Income taxes payable  | 369                  | 17                   |
| Advances received   | 50                   | 27                   |
| Deposits received   | 69                   | 72                   |
| Provision for bonuses   | 636                  | 573                  |
| Provision for bonuses for directors                           | -                    | 2                    |
| Other   | 27                   | 18                   |
| Total current liabilities                                     | 15,441               | 13,316               |
| Non-current liabilities                                       |                      |                      |
| Long-term borrowings  | 2,249                | 1,507                |
| Lease liabilities   | 510                  | 332                  |
| Provision for share awards for directors                      | -                    | 23                   |
| Provision for shareholder benefit program                     | 16                   | 12                   |
| Asset retirement obligations                                  | 34                   | 34                   |
| Other   | 52                   | 2                    |
| Total non-current liabilities                                 | 2,864                | 1,913                |
| Total liabilities   | 18,306               | 15,229               |
| Net assets  |                      |                      |
| Shareholders' equity  |                      |                      |
| Share capital   | 2,098                | 2,122                |
| Capital surplus   |                      |                      |
| Legal capital surplus   | 2,091                | 2,114                |
| Total capital surplus   | 2,091                | 2,114                |
| Retained earnings   |                      |                      |
| Legal retained earnings                                       | 137                  | 137                  |
| Other retained earnings                                       |                      |                      |
| Reserve for research and development                          | 11,287               | 11,287               |
| Reserve for tax purpose reduction entry of non-current assets | 727                  | 708                  |
| General reserve   | 10,000               | 10,000               |
| Retained earnings brought forward                             | 6,378                | 7,886                |
| Total retained earnings                                       | 28,530               | 30,019               |
| Treasury shares   | (41)                 | (277)                |
| Total shareholders' equity                                    | 32,679               | 33,978               |
| Valuation and translation adjustments                         |                      |                      |
| Valuation difference on available-for-sale securities         | 581                  | 739                  |
| Total valuation and translation adjustments                   | 581                  | 739                  |
| Share acquisition rights                                      | 155                  | 125                  |
| Total net assets  | 33,416               | 34,843               |
| Total liabilities and net assets                              | 51,723               | 50,073               |

## (2) Non-consolidated Statements of Income and Comprehensive Income

## Non-consolidated Statements of Income

(Million yen)

|  | For the fiscal year ended<br>March 31, 2022<br>(From April 1, 2021<br>to March 31, 2022) | For the fiscal year ended<br>March 31, 2023<br>(From April 1, 2022<br>to March 31, 2023) |
|--|--|--|
| Net sales                                    | 35,267   | 34,684   |
| Cost of sales                                | 28,928   | 29,140   |
| Gross profit                                 | 6,338  | 5,544  |
| Selling, general and administrative expenses | 5,537  | 5,122  |
| Operating profit                             | 800  | 422  |
| Non-operating income                         |  |  |
| Interest and dividend income                 | 540  | 796  |
| Rental income                                | 35   | 58   |
| Foreign exchange gains                       | 645  | 628  |
| Technical assistance fee income              | 33   | 37   |
| Subsidy income                               | 19   | 12   |
| Other  | 135  | 29   |
| Total non-operating income                   | 1,409  | 1,562  |
| Non-operating expenses                       |  |  |
| Interest expenses                            | 16   | 11   |
| Provision of allowance for doubtful accounts | 568  | 113  |
| Commission expenses                          | 5  | 4  |
| Depreciation                                 | 9  | 14   |
| Other  | 2  | 15   |
| Total non-operating expenses                 | 602  | 159  |
| Ordinary profit                              | 1,607  | 1,824  |
| Extraordinary income                         |  |  |
| Gain on sale of non-current assets           | 0  | 0  |
| Gain on sale of investment securities        | 7  | 8  |
| Gain on liquidation of subsidiaries          | –  | 1,357  |
| Total extraordinary income                   | 7  | 1,366  |
| Extraordinary losses                         |  |  |
| Loss on sale of non-current assets           | 3  | –  |
| Loss on retirement of non-current assets     | 9  | 23   |
| Impairment loss                              | –  | 0  |
| Expenses for tender offer                    | –  | 121  |
| Other  | –  | 0  |
| Total extraordinary losses                   | 12   | 145  |
| Profit before income taxes                   | 1,601  | 3,046  |
| Income taxes - current                       | 468  | 67   |
| Income taxes - deferred                      | (593)  | 360  |
| Total income taxes                           | (125)  | 428  |
| Profit                                       | 1,727  | 2,618  |

## (3) Non-consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

|   | Shareholders' equity |                       |                       |                       |
|---|----------------------|-----------------------|-----------------------|-----------------------|
|   | Share capital        | Capital surplus       |                       |                       |
|   |                      | Legal capital surplus | Other capital surplus | Total capital surplus |
| Balance at beginning of period  | 2,080                | 2,073                 | –                     | 2,073                 |
| Changes during period   |                      |                       |                       |                       |
| Issuance of new shares - exercise of share acquisition rights             | 15                   | 15                    |                       | 15                    |
| Share-based payment with restriction on transfer                          | 2                    | 2                     |                       | 2                     |
| Reversal of reserve for tax purpose reduction entry of non-current assets |                      |                       |                       |                       |
| Dividends of surplus  |                      |                       |                       |                       |
| Profit  |                      |                       |                       |                       |
| Purchase of treasury shares   |                      |                       |                       |                       |
| Net changes in items other than shareholders' equity                      |                      |                       |                       |                       |
| Total changes during period   | 18                   | 18                    | –                     | 18                    |
| Balance at end of period  | 2,098                | 2,091                 | –                     | 2,091                 |

|   | Shareholders' equity    |   |                 |                                   |       |                         |
|---|-------------------------|---|-----------------|-----------------------------------|-------|-------------------------|
|   | Retained earnings       |   |                 |                                   |       | Total retained earnings |
|   | Legal retained earnings | Other retained earnings                                       |                 |                                   |       |                         |
| Reserve for research and development                                      |                         | Reserve for tax purpose reduction entry of non-current assets | General reserve | Retained earnings brought forward |       |                         |
| Balance at beginning of period  | 137                     | 11,287  | 745             | 10,000                            | 5,082 | 27,253                  |
| Changes during period   |                         |   |                 |                                   |       |                         |
| Issuance of new shares - exercise of share acquisition rights             |                         |   |                 |                                   |       |                         |
| Share-based payment with restriction on transfer                          |                         |   |                 |                                   |       |                         |
| Reversal of reserve for tax purpose reduction entry of non-current assets |                         |   | (18)            |                                   | 18    | –                       |
| Dividends of surplus  |                         |   |                 |                                   | (450) | (450)                   |
| Profit  |                         |   |                 |                                   | 1,727 | 1,727                   |
| Purchase of treasury shares   |                         |   |                 |                                   |       |                         |
| Net changes in items other than shareholders' equity                      |                         |   |                 |                                   |       |                         |
| Total changes during period   | –                       | –   | (18)            | –                                 | 1,295 | 1,276                   |
| Balance at end of period  | 137                     | 11,287  | 727             | 10,000                            | 6,378 | 28,530                  |

(Million yen)

|   | Shareholders' equity |                            | Valuation and translation adjustments                 |   | Share acquisition rights | Total net assets |
|---|----------------------|----------------------------|---|---|--------------------------|------------------|
|   | Treasury shares      | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments |                          |                  |
| Balance at beginning of period  | (41)                 | 31,366                     | 810   | 810   | 171                      | 32,349           |
| Changes during period   |                      |                            |   |   |                          |                  |
| Issuance of new shares - exercise of share acquisition rights             |                      | 31                         |   |   |                          | 31               |
| Share-based payment with restriction on transfer                          |                      | 4                          |   |   |                          | 4                |
| Reversal of reserve for tax purpose reduction entry of non-current assets |                      | —                          |   |   |                          | —                |
| Dividends of surplus  |                      | (450)                      |   |   |                          | (450)            |
| Profit  |                      | 1,727                      |   |   |                          | 1,727            |
| Purchase of treasury shares   | (0)                  | (0)                        |   |   |                          | (0)              |
| Net changes in items other than shareholders' equity                      |                      |                            | (229)   | (229)                                       | (15)                     | (245)            |
| Total changes during period   | (0)                  | 1,313                      | (229)   | (229)                                       | (15)                     | 1,067            |
| Balance at end of period  | (41)                 | 32,679                     | 581   | 581   | 155                      | 33,416           |



Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

|   | Shareholders' equity |                       |                       |                       |
|---|----------------------|-----------------------|-----------------------|-----------------------|
|   | Share capital        | Capital surplus       |                       |                       |
|   |                      | Legal capital surplus | Other capital surplus | Total capital surplus |
| Balance at beginning of period  | 2,098                | 2,091                 | –                     | 2,091                 |
| Changes during period   |                      |                       |                       |                       |
| Issuance of new shares - exercise of share acquisition rights             | 17                   | 17                    |                       | 17                    |
| Share-based payment with restriction on transfer                          | 6                    | 6                     |                       | 6                     |
| Reversal of reserve for tax purpose reduction entry of non-current assets |                      |                       |                       |                       |
| Dividends of surplus  |                      |                       |                       |                       |
| Profit  |                      |                       |                       |                       |
| Purchase of treasury shares   |                      |                       |                       |                       |
| Net changes in items other than shareholders' equity                      |                      |                       |                       |                       |
| Total changes during period   | 23                   | 23                    | –                     | 23                    |
| Balance at end of period  | 2,122                | 2,114                 | –                     | 2,114                 |

|   | Shareholders' equity    |   |                 |                                   |         |                         |
|---|-------------------------|---|-----------------|-----------------------------------|---------|-------------------------|
|   | Retained earnings       |   |                 |                                   |         |                         |
|   | Legal retained earnings | Other retained earnings                                       |                 |                                   |         | Total retained earnings |
| Reserve for research and development                                      |                         | Reserve for tax purpose reduction entry of non-current assets | General reserve | Retained earnings brought forward |         |                         |
| Balance at beginning of period  | 137                     | 11,287  | 727             | 10,000                            | 6,378   | 28,530                  |
| Changes during period   |                         |   |                 |                                   |         |                         |
| Issuance of new shares - exercise of share acquisition rights             |                         |   |                 |                                   |         |                         |
| Share-based payment with restriction on transfer                          |                         |   |                 |                                   |         |                         |
| Reversal of reserve for tax purpose reduction entry of non-current assets |                         |   | (18)            |                                   | 18      | –                       |
| Dividends of surplus  |                         |   |                 |                                   | (1,128) | (1,128)                 |
| Profit  |                         |   |                 |                                   | 2,618   | 2,618                   |
| Purchase of treasury shares   |                         |   |                 |                                   |         |                         |
| Net changes in items other than shareholders' equity                      |                         |   |                 |                                   |         |                         |
| Total changes during period   | –                       | –   | (18)            | –                                 | 1,507   | 1,489                   |
| Balance at end of period  | 137                     | 11,287  | 708             | 10,000                            | 7,886   | 30,019                  |

(Million yen)

|   | Shareholders' equity |                            | Valuation and translation adjustments                 |   | Share acquisition rights | Total net assets |
|---|----------------------|----------------------------|---|---|--------------------------|------------------|
|   | Treasury shares      | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments |                          |                  |
| Balance at beginning of period  | (41)                 | 32,679                     | 581   | 581   | 155                      | 33,416           |
| Changes during period   |                      |                            |   |   |                          |                  |
| Issuance of new shares - exercise of share acquisition rights             |                      | 34                         |   |   |                          | 34               |
| Share-based payment with restriction on transfer                          |                      | 12                         |   |   |                          | 12               |
| Reversal of reserve for tax purpose reduction entry of non-current assets |                      | —                          |   |   |                          | —                |
| Dividends of surplus  |                      | (1,128)                    |   |   |                          | (1,128)          |
| Profit  |                      | 2,618                      |   |   |                          | 2,618            |
| Purchase of treasury shares   | (236)                | (236)                      |   |   |                          | (236)            |
| Net changes in items other than shareholders' equity                      |                      |                            | 157   | 157   | (30)                     | 127              |
| Total changes during period   | (236)                | 1,299                      | 157   | 157   | (30)                     | 1,426            |
| Balance at end of period  | (277)                | 33,978                     | 739   | 739   | 125                      | 34,843           |