

## Summary of Financial Statements for the Fiscal Year Ended March 31, 2023



May 12, 2023

Listed company name	SEIKOH GIKEN Co., Ltd.		Listed Standard Market
Code number	6834	URL	
		<a href="https://www.seikoh-giken.co.jp">https://www.seikoh-giken.co.jp</a>	
Representative	(Title) President & CEO	(Name) Masatoshi Ueno	
Inquiries	(Title) Executive Officer & Department Manager	(Name) Yuji Saitoh	Tel +81-47-388-6401
Date of general shareholders' meeting	June 21, 2023	Date of dividend payment	June 22, 2023
Date of securities report submission	June 21, 2023		

(All amounts rounded down to the nearest million yen.)

### 1. Consolidated business results for the fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

#### (1) Consolidated business performance

(Percentage figures show the changes from the previous year.)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2023	16,282	0.6	1,390	(8.8)	1,606	(2.1)	1,082	(5.9)
Year ended March 31, 2022	16,188	–	1,524	–	1,641	–	1,150	–

	Net profit per share	Fully diluted net profit per share	Net profit ratio per shareholders' equity	Ordinary profit ratio to total assets	Operating profit ratio to sales amount
	Yen	Yen	%	%	%
Year ended March 31, 2023	118.64	–	4.2	5.2	8.5
Year ended March 31, 2022	126.05	126.04	4.6	5.5	9.4

(Note) Because the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) etc. has been applied from the beginning of the fiscal year under review, the figures for the fiscal year ended March 31, 2022 are after the application of this accounting standard, etc. For this reason, the rate of change from the previous year is not stated.

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 31, 2023	31,342	26,475	84.4	2,898.91
Year ended March 31, 2022	30,339	25,494	83.7	2,785.76

(Reference) Shareholders' equity Year ended March 31, 2023 26,447 million yen Year ended March 31, 2022 25,414 million yen

#### (3) Consolidated cash flow

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2023	2,299	(950)	(513)	5,193
Year ended March 31, 2022	1,868	(2,328)	(429)	4,198

### 2. Dividend status

(Base date)	Dividend per share					Gross dividend amount (annual)	Dividend propensity (consolidated)	Dividend ratio to net assets (consolidated)
	End of the first quarter	End of the second quarter	End of the third quarter	End of the year	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2022	–	0.00	–	50.00	50.00	460	39.7	1.8
Year ended March 31, 2023	–	0.00	–	50.00	50.00	461	42.1	1.8
Year ending March 31, 2024 (Forecast)	–	0.00	–	55.00	55.00		43.6	

### 3. Forecast of consolidated business performance for the year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentage figures for "Full year" show the changes from the previous year, and percentage figures for "Half year" show the changes from the previous interim period.)

	Sales amount		Operating profit		Ordinary profit		Net profit		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Half year	8,320	(3.0)	580	(18.2)	590	(32.1)	380	(41.5)	41.65
Full year	17,460	7.2	1,640	17.9–	1,670	3.9	1,150	6.3	126.05

1. Summary of business results, etc.

(1) Business results in the fiscal year under review

During the fiscal year under review, despite the global easing of behavioral restrictions imposed due to COVID-19, the momentum of economic recovery slowed overall. In the US economy, while the employment environment and consumer spending were strong, high inflation and policy interest rate hikes had a significant impact, contributing to economic slowdown. In Europe, there has been no improvement in the situation in Ukraine, and skyrocketing commodity prices, including for energy, are putting downward pressure on corporate earnings and individual consumption. In China, although consumption stagnated in the first half of the fiscal year because of strong behavioral restrictions under the zero-COVID policy, economic activity has begun to normalize following the lifting of the restrictions in December 2022. In Japan, while infections have continued to spread with the seventh and eighth wave of COVID-19, the service industry has started to recover thanks to the easing of behavior restrictions. Corporate earnings are improving overall, however, the outlook remains overshadowed by uncertainty over such factors as the rising energy and raw material prices and the slowing US and European economies.

In the information and telecommunications-related markets and electronics-related markets relevant to the Group, the depreciating yen and semiconductor shortage led to steep price hikes for smartphone devices, causing smartphone shipments, especially of high-performance smartphones, to decrease from the previous fiscal year. In addition, the decline in stay-at-home consumption associated with the COVID-19 pandemic has caused the expansion of the IT market to slow, with major US IT companies adjusting their employment situations in response. In the automotive-related market, as production numbers have fallen short of targets due to the shortage of supply of semiconductors, auto manufacturers have shifted their management resources toward expansion of production of electric vehicles, and proceeded with technological development aimed at the enhancement of the level of automated driving.

In these circumstances, the Group has worked to implement the measures mandated under the "Master Plan 2022" five-year medium-term management plan inaugurated this fiscal year, which calls for "Rejuvenating contact points with customers," "Accelerating development of new products and new technologies," "Improving manufacturing capabilities," and "Reinforcing the management base."

As to rejuvenating contact points with customers, both the Precision Machinery Business (with main products in molded products, molds, and precision metal processed parts) and the Optical Products Business (with main products in optical communications components, related equipment, optical transmission equipment, optical electric field sensors, and lenses) focused on creating numerous opportunities to encounter new customers through our website and by exhibiting at trade shows in Japan and overseas, and on increasing the number of business negotiations.

With regard to accelerating development of new products and new technologies, we have continued to hone our technological capabilities in order to become a business group capable of contributing to the progress of society in a wider range of areas. By performing coating processes inside molds, we have jointly developed an in-mold coating technology with TOKAI RIKKA CO., LTD. that can increase production efficiency and reduce greenhouse gas emissions, and we are carrying out verification tests toward its practical application in 2025.

To improve manufacturing capabilities, we have endeavored to strengthen relationships with our business partners to allow stable purchasing activity on an ongoing basis amidst the unstable procurement and logistics environment brought on by increases in costs of electricity, materials, and transportation and shortages in the supply of semiconductor-related parts. We have also developed automated manufacturing equipment in-house for some of our manufacturing process to increase production efficiency.

To reinforce our management base, we established the Sustainability Promotion Office, which oversees sustainability activities throughout the company group. Also, in addition to working to reduce emissions of greenhouse gases in order to achieve carbon neutrality by 2050, we are striving to enhance our operational efficiency and construct systems that allow us to continue our business activities in the event of an emergency through such measures as transitioning to paperless business practices and moving to the cloud.

As a result of the various measures implemented, consolidated net sales in the period under review posted 16,282,975 thousand yen (0.6% compared with the previous fiscal year), slightly higher than the record high set in the previous fiscal year. In terms of earnings, operating income amounted to 1,390,860 thousand yen (down 8.8% compared with the previous fiscal year), with ordinary income of 1,606,788 thousand yen (down 2.1%), and 1,082,326 thousand yen (down 5.9%) in net income attributable to shareholders of the parent company. This was mainly due to increases in travel and transportation expenses and advertising expenses resulting from a strategic increase in participation in trade fairs and domestic and overseas business trips, as well as increased costs for electricity and freight and packing charges.

Segment business results developed as follows.

(i) Precision Machinery Business

The Precision Machinery Business provides customers with precision molded products that utilize technologies such as insert molding for shaping objects consisting of combinations of resin and metals and press molding of metallic materials, high-quality molds for efficient mass production of molded products, and metal parts that require high dimensional accuracy. In the fiscal year under review, sales for car air conditioner compressor parts for electric vehicles increased amidst the expanding electric vehicle market. On the other hand, automobile manufacturers limited production volume due to semiconductor supply shortages and the impact of COVID-19, causing sales to fall for insert-molded products used in various sensors for vehicles. Sales of metal pressed molded products used in smartphones also declined, owing to a reduction in smartphone demand caused largely by rising device prices associated with global inflation and the lengthening of product repurchase cycles. In terms of development, we have applied precision mold technology, injection compression technology, and micro-transfer technology, which we have cultivated since our founding, to solve technical problems for mass production of new precision molded products together with customers in automotive, medical, biotechnology, and other industrial fields.

As a result, net sales at the Precision Machinery Business in the period under review marked 8,303,093 thousand yen (2.1% decrease compared with the previous fiscal year).

(ii) Optical Products Business

The Optical Products Business provides customers with products such as optical connectors and other optical communications parts, as well as equipment and devices used for their manufacture and inspection, and optical electric field sensors that measure the distribution of electric field strength, optical transmission equipment for the live transmission of radio waves for TVs and cell phones, and micro resin lenses that can be applied in medical endoscopes and other devices. Markets related to optical communications are anticipated to expand over the mid to long term against the backdrop of increasing digital data volumes. On the other hand, the IT demand that has risen since fiscal year 2020 thanks to the increase in remote work and web meetings has slowed since the middle of the fiscal year under review with the waning of COVID-19. This, along with the stalling of the European and US economies, has caused major IT companies to refrain from investment. While sales of manufacturing equipment and inspection devices for optical communication components increased from the previous fiscal year with a backlog of orders accumulated through the first half of the period under review, sales of optical communication components decreased slightly. In March 2023, we established SEIKOH GIKEN (Thailand) Co., Ltd. in the Kingdom of Thailand. Joining our existing optical communication components factories in Japan and China, this new facility will enable us to develop an even more stable supply network for our customers.

As a result, sales at the Optical Products Business in the period under review marked 7,979,882 thousand yen (3.5% increase compared with the previous fiscal year).

(2) Financial status in the fiscal year under review

Total consolidated assets at the end of the period under review were 31,342,850 thousand yen, reflecting an increase of 1,003,749 thousand yen compared with the end of the previous fiscal year. Status of assets and liabilities at the

end of the period under review and underlying factors developed as follows.

[Current assets]

Consolidated current assets at the end of the period under review totaled 21,758,656 thousand yen, which was 1,123,019 thousand yen higher than at the end of the previous fiscal year. Main factors were increases in cash and deposits, reflecting the collection of accounts receivable - trade.

[Non-current assets]

Consolidated non-current assets at the end of the period under review marked 9,584,194 thousand yen, a decrease of 119,270 thousand yen compared with the end of the previous fiscal year. The main factor was progressing depreciation of buildings and machinery and amortization of goodwill.

[Current liabilities]

Consolidated current liabilities at the end of the period under review totaled 3,311,281 thousand yen, reflecting a decrease of 55,946 thousand yen compared with the end of the previous fiscal year. The main factor was a decrease in accounts payable - trade for materials and accrued expenses.

[Non-current liabilities]

Consolidated non-current liabilities at the end of the period under review totaled 1,555,848 thousand yen, an increase of 78,336 thousand yen compared with the end of the previous fiscal year. This was mainly due to increases in retirement benefit liability and provision for share awards for Directors (and other officers).

[Net assets]

Consolidated net assets at the end of the period under review totaled 26,475,719 thousand yen, reflecting an increase of 981,359 thousand yen compared with the end of the previous fiscal year. Main factors were increases in retained earnings and foreign currency translation adjustments.

(3) Cash flows in the period under review

Consolidated cash and cash equivalents at the end of the period under review totaled 5,193,698 thousand yen, which was 995,283 thousand yen higher than at the end of the previous fiscal year. Status of cash flows and underlying factors developed as follows.

[Cash flows from operating activities]

Net cash provided by operating activities totaled 2,299,773 thousand yen (compared with an increase of 1,868,816 thousand yen in the previous fiscal year). Cash provided by operating activities comprised mainly 1,516,377 thousand yen in net income before income taxes and minority interests, 938,985 thousand yen in depreciation charges, 312,784 thousand yen in goodwill amortization, and a 729,020 thousand yen decrease in accounts receivable-trade. Main factors using cash were 443,058 thousand yen in income taxes paid, and a 613,042 thousand yen increase in inventories.

[Cash flows from investing activities]

Net cash used in investing activities was 950,305 thousand yen (compared with a decrease of 2,328,118 thousand yen in the previous fiscal year). Main factors using cash were 945,623 thousand yen in purchase of property, plant and equipment.

[Cash flows from financing activities]

Net cash used in financing activities was 513,381 thousand yen (compared with a decrease of 429,011 thousand yen in the previous fiscal year). The main factor using cash was 460,845 thousand yen in dividends paid.

#### (4) Outlook

Three years have elapsed since the outbreak of COVID-19, and restrictions are easing in countries throughout the world. However, there are concerns that the European and US economies will stagnate due to inflation and monetary tightening, while in Japan, rising resource prices and logistics costs are putting downward pressure on corporate earnings.

In the telecommunications and electronic equipment markets, where the Group operates, major IT companies are taking a restrained approach to capital investment amidst uncertainty over the future. However, in the mid term, the strengthening of optical communications networks and the establishment of new data centers to respond to the growth in digital data is expected to continue. In the automotive-related market, as the shortage in the supply of semiconductor materials begins to ease, the shift to eco-friendly electric vehicles is expected to occur, and the development of automated driving technology is expected to accelerate further in order to achieve driving environments of higher comfort and safety.

The fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024) will mark the second year of the five-year medium-term management plan "Master Plan 2022." Under the plan, the Group will utilize the three base technologies of precision processing, precision molding, and optical technology developed since it was founded to provide products and services that contribute to maintaining and advancing society aimed at growth markets such as information and telecommunications, automobiles, and medical and biotechnology. Efforts will be made to create a foundation to be a Group that continues to grow through the execution of growth strategies and sustainable strategies based on the four fundamental strategies of "rejuvenating contact points with customers," "accelerating development of new products and new technologies," "improving manufacturing capabilities" and "reinforcing the management base."

Consolidated results projections for the Group for the next fiscal year call for net sales of 17,460 million yen, with operating income of 1,640 million yen, ordinary income of 1,670 million yen, and 1,150 million yen in net income attributable to shareholders of the parent company.

#### 2. Fundamental concepts concerning the selection of accounting standards

With consideration of the inter-periodic comparability and inter-company comparability of consolidated financial statements, for the time being, it remains the fundamental policy of the Company to prepare its consolidated financial statements in accordance with Japan-GAAP.

With respect to the application of IFRS, it is the policy of the Company that appropriate action will be taken with consideration of the situations in Japan and overseas.

## 3. Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (As of March 31, 2022)	Current Consolidated Accounting Year (As of March 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	12,386,330	13,445,178
Notes receivable - trade	50,669	38,858
Accounts receivable - trade	4,253,802	3,620,820
Electronically recorded monetary claims - operating	540,162	580,006
Merchandise and finished goods	787,970	890,247
Work in process	894,498	1,447,017
Raw materials and supplies	1,326,988	1,387,173
Income taxes receivable	21,455	18,678
Other	375,802	333,003
Allowance for doubtful accounts	(2,045)	(2,326)
<b>Total current assets</b>	<b>20,635,636</b>	<b>21,758,656</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,877,468	7,545,201
Accumulated depreciation	(4,589,099)	(4,798,833)
Buildings and structures, net	2,288,368	2,746,367
Machinery, equipment and vehicles	7,237,558	7,352,398
Accumulated depreciation	(5,391,034)	(5,589,430)
Machinery, equipment and vehicles, net	1,846,523	1,762,967
Land	2,335,797	2,670,031
Construction in progress	590,564	130,477
Other	4,061,465	4,124,068
Accumulated depreciation	(3,172,463)	(3,282,395)
Other, net	889,001	841,672
<b>Total property, plant and equipment</b>	<b>7,950,255</b>	<b>8,151,517</b>
Intangible assets		
Goodwill	462,591	163,870
Customer related assets	78,433	11,204
Other	46,455	29,854
<b>Total intangible assets</b>	<b>587,480</b>	<b>204,930</b>
Investments and other assets		
Investment securities	72,234	76,191
Real estate for investment, net	877,920	873,209
Other	215,574	278,344
<b>Total investments and other assets</b>	<b>1,165,729</b>	<b>1,227,746</b>
<b>Total noncurrent assets</b>	<b>9,703,464</b>	<b>9,584,194</b>
<b>Total assets</b>	<b>30,339,101</b>	<b>31,342,850</b>

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (As of March 31, 2022)	Current Consolidated Accounting Year (As of March 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	1,796,653	1,663,291
Income taxes payable	179,099	220,107
Contract liabilities	27,854	16,519
Reserve for bonuses	111,056	105,254
Other	1,252,564	1,306,108
Total current liabilities	3,367,228	3,311,281
Noncurrent liabilities		
Pension liabilities	993,505	1,020,474
Provision for stock awards for corporate officers	119,565	163,937
Long-term accounts payable-other	144,870	144,870
Long-term lease deposited	19,037	19,037
Deferred tax liability	44,294	51,438
Other	156,241	156,091
Total noncurrent liabilities	1,477,512	1,555,848
Total liabilities	4,844,740	4,867,130
Net assets		
Shareholders' equity		
Capital stock	6,791,682	6,791,682
Capital surplus	10,624,196	10,607,500
Retained earnings	7,861,661	8,482,991
Treasury stock	(555,531)	(538,872)
Total Shareholders' equity	24,722,008	25,343,302
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,980	15,396
Foreign currency translation adjustment	722,368	1,114,378
Cumulative pension adjustment amount	(43,430)	(25,865)
Total accumulated other comprehensive income	692,917	1,103,910
Subscription rights to shares	55,865	-
Equity of non-controlling shareholders	23,567	28,507
Total net assets	25,494,360	26,475,719
Total liabilities and net assets	30,339,101	31,342,850

## (2) Consolidated Income Statement

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2021 to March 31, 2022)	Current Consolidated Accounting Year (from April 1, 2022 to March 31, 2023)
Sales amount	16,188,796	16,282,975
Cost of sales	11,053,204	11,109,739
Gross profit	5,135,591	5,173,236
Selling, general and administrative expenses	3,610,799	3,782,376
Operating income	1,524,792	1,390,860
Non-operating income		
Interest income	11,566	7,822
Dividends income	1,309	1,541
Foreign exchange gains	24,517	127,139
Income from subsidiaries	15,730	15,404
Subsidy income	10,061	1,506
Rent of real estate for investment	53,959	67,642
Equity in earnings of affiliates	416	427
Other	17,704	22,994
Total non-operating income	135,265	244,478
Non-operating expenses		
Cost of real estate rent	12,241	15,110
Compensation expenses	-	10,080
Other	6,512	3,360
Total non-operating expenses	18,754	28,550
Ordinary income	1,641,303	1,606,788
Extraordinary income		
Gain on sales of noncurrent assets	5,499	2,298
Gain on reversal of share acquisition rights	-	55,865
Total extraordinary income	5,499	58,163
Extraordinary loss		
Loss on disposition of non-current assets	1,940	2,369
Loss on business restructuring	-	26,628
Impairment losses	20,452	119,577
Total extraordinary losses	22,393	148,575
Net income before income taxes and minority interests	1,624,409	1,516,377
Income taxes-current	499,173	472,858
Income taxes-deferred	(31,644)	(46,859)
Total income taxes	467,529	425,998
Net income for the period	1,156,880	1,090,378
Net income for the period attributable to non-controlling shareholders	6,857	8,051
Net income for the period attributable to shareholders of the parent company	1,150,022	1,082,326



## (Statement of Consolidated Comprehensive Income)

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2021 to March 31, 2022)	Current Consolidated Accounting Year (from April 1, 2022 to March 31, 2023)
Net income for the quarter	1,156,880	1,090,378
Other comprehensive income		
Net unrealized holding gains on securities	(1,360)	1,416
Foreign currency translation adjustments	528,846	392,010
Cumulative adjustment of retirement benefits	11,981	17,565
Total other comprehensive income	539,467	410,992
Comprehensive income	1,696,347	1,501,370
(Items)		
Comprehensive income attributable to owners of the parent	1,688,998	1,491,639
Comprehensive income attributable to non-controlling shareholders	7,349	9,731

## 3) Consolidated Statements of Changes in Net Assets

Previous Consolidated Accounting Year (from April 1, 2021 to March 31, 2022)

(Unit: Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	6,791,682	10,624,196	7,124,121	(555,460)	23,984,540
Cumulative effects of changes in accounting policies			(43,683)		(43,683)
Restated balance	6,791,682	10,624,196	7,080,438	(555,460)	23,940,857
Changes of items during the period					
Distribution of surplus			(368,799)		(368,799)
Net income for the period attributable to shareholders of the parent company			1,150,022		1,150,022
Purchase of treasury stock				(71)	(71)
Disposal of treasury share					
Net change during the period in items other than shareholders' equity					
Total changes of items during the period	—	—	781,223	(71)	781,151
Balance at the end of current period	6,791,682	10,624,196	7,861,661	(555,531)	24,722,008

	Accumulated other comprehensive income				Subscription rights to shares	Equity of non-controlling shareholders	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Cumulative adjustment of retirement benefits	Total accumulated other comprehensive income			
Balance at the end of previous period	15,340	193,521	(55,411)	153,450	56,468	18,932	24,213,391
Cumulative effects of changes in accounting policies							(43,683)
Restated balance	15,340	193,521	(55,411)	153,450	56,468	18,932	24,169,708
Changes of items during the period							
Distribution of surplus							(368,799)
Net income for the period attributable to shareholders of the parent company							1,150,022
Purchase of treasury stock							(71)
Disposal of treasury share							
Net change during the period in items other than shareholders' equity	(1,360)	528,846	11,981	539,467	(603)	4,635	543,500
Total changes of items during the period	(1,360)	528,846	11,981	539,467	(603)	4,635	1,324,651
Balance at the end of current period	13,980	722,368	(43,430)	692,917	55,865	23,567	25,494,360

## Current Consolidated Accounting Year (April 1, 2022 to March 31, 2023)

(Unit: Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	6,791,682	10,624,196	7,861,661	(555,531)	24,722,008
Changes of items during the period					
Distribution of surplus			(460,997)		(460,997)
Net income for the period attributable to shareholders of the parent company			1,082,326		1,082,326
Purchase of treasury stock				(36)	(36)
Disposal of treasury share		(16,696)		16,696	—
Net change during the period in items other than shareholders' equity					
Total changes of items during the period	—	(16,696)	621,329	16,659	621,293
Balance at the end of current period	6,791,682	10,607,500	8,482,991	(538,872)	25,343,302

	Accumulated other comprehensive income				Subscription rights to shares	Equity of non-controlling shareholders	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Cumulative adjustment of retirement benefits	Total accumulated other comprehensive income			
Balance at the end of previous period	13,980	722,368	(43,430)	692,917	55,865	23,567	25,494,360
Changes of items during the period							
Distribution of surplus							(460,997)
Net income for the period attributable to shareholders of the parent company							1,082,326
Purchase of treasury stock							(36)
Disposal of treasury share							—
Net change during the period in items other than shareholders' equity	1,416	392,010	17,565	410,992	(55,865)	4,939	360,066
Total changes of items during the period	1,416	392,010	17,565	410,992	(55,865)	4,939	981,359
Balance at the end of current period	15,396	1,114,378	(25,865)	1,103,910	—	28,507	26,475,719

## (4) Consolidated Statement of Cash Flows

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2021 to March 31, 2022)	Current Consolidated Accounting Year (from April 1, 2022 to March 31, 2023)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interest	1,624,409	1,516,377
Depreciation and amortization	958,457	938,985
Amortization of goodwill	308,096	312,784
Interest and dividends income	(12,875)	(9,364)
Investment loss (gain) on equity method	(416)	(427)
Property rents received	(53,959)	(67,642)
Loss (gain) on sales of noncurrent assets	(15,730)	(15,404)
Subsidy income	(10,061)	(1,506)
Compensation expenses	-	10,080
Increase (decrease) in allowance for doubtful accounts	(3,558)	71
Gain on reversal of share acquisition rights	-	(55,865)
Impairment losses	20,452	119,577
Loss on business restructuring	-	26,628
Increase (decrease) in provisioning for bonuses	579	16
Increase (decrease) in provision for retirement benefits	(1,185)	(5,802)
Increase (decrease) in pension liabilities	47,057	44,535
Increase (decrease) in provisions for stock awards to corporate officers	34,511	44,371
Foreign exchange losses (gains)	(49,587)	3,408
Decrease (increase) in notes and accounts receivable-trade	(93,724)	729,020
Decrease (increase) in inventories	(438,852)	(613,042)
Decrease (increase) in other current assets	(113,249)	51,883
Increase (decrease) in notes and accounts payable-trade	110,737	(226,365)
Increase (decrease) in accounts payable	26,560	(55,197)
Increase (decrease) in other current liabilities	(25,645)	(48,832)
Subtotal	2,312,017	2,698,289
Interest and dividends income received	16,496	5,785
Income taxes refund	114,165	21,847
Subsidies received	15,730	15,404
Proceeds from subsidy income	10,061	1,506
Income taxes paid	(599,655)	(443,058)
Net cash provided by (used in) operating activities	1,868,816	2,299,773
Net cash provided by (used in) investing activities		
Payments into time deposits	(8,173,672)	(7,986,099)
Proceeds from withdrawal of time deposits	7,417,174	7,916,907
Purchase of property, plant and equipment	(1,618,391)	(945,623)
Proceeds from sales of property, plant and equipment	6,633	2,815
Purchase of intangible assets	(11,033)	(1,115)
Purchase of investment securities	(2,297)	(559)
Proceeds from rental of real estate for investment	53,959	67,642
Other	(491)	(4,271)
Net cash provided by (used in) investing activities	(2,328,118)	(950,305)

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2021 to March 31, 2022)	Current Consolidated Accounting Year (from April 1, 2022 to March 31, 2023)
Net cash provided by (used in) financing activities		
Expenditure for the settlement of lease obligations	(57,627)	(47,708)
Purchase of treasury shares	(71)	(36)
Dividend payment amount	(368,598)	(460,845)
Dividends paid to non-controlling interests	(2,713)	(4,811)
Income from the exercise of stock options	-	20
Net cash provided by (used in) financing activities	(429,011)	(513,381)
Effect of exchange rate change on cash and cash equivalents	209,345	159,196
Net increase (decrease) in cash and cash equivalents	(678,967)	995,283
Cash and cash equivalents at beginning of period	4,877,382	4,198,415
Cash and cash equivalents at end of period	4,198,415	5,193,698