

# Consolidated Financial Statements

## Consolidated Balance Sheet

(Millions of yen)

Item	2022	2023	Change
<b>Assets</b>			
<b>Current assets</b>			
Cash and deposits	20,018	21,493	1,474
Notes and accounts receivable - trade	9,227	11,196	1,968
Merchandise and finished goods	8,511	11,744	3,233
Work in process	456	480	23
Raw materials and supplies	3,152	3,303	150
Other	1,524	1,362	(161)
Allowance for doubtful accounts	(22)	(6)	16
<b>Total current assets</b>	<b>42,868</b>	<b>49,573</b>	<b>6,705</b>
<b>Non-current assets</b>			
<b>Property, plant, and equipment</b>			
Buildings and structures	32,012	32,427	414
Accumulated depreciation	(15,588)	(16,720)	(1,131)
Buildings and structures, net	16,423	15,706	(716)
Machinery, equipment, and vehicles	26,987	27,590	602
Accumulated depreciation	(19,392)	(21,401)	(2,009)
Machinery, equipment, and vehicles, net	7,595	6,188	(1,406)
Tools, furniture, and fixtures	7,784	7,591	(192)
Accumulated depreciation	(7,003)	(6,909)	93
Tools, furniture, and fixtures, net	781	682	(99)
Land	1,213	1,247	34
Leased assets	4	4	0
Accumulated depreciation	(1)	(2)	(0)
Leased assets, net	2	1	(0)
Right of use assets	874	995	121
Accumulated depreciation	(538)	(655)	(116)
Right of use assets, net	335	340	4
Construction in progress	308	291	(17)
<b>Total property, plant, and equipment</b>	<b>26,660</b>	<b>24,458</b>	<b>(2,202)</b>
<b>Intangible assets</b>			
Goodwill	2,821	2,820	(0)
Trademark right	861	861	(0)
Customer relation assets	1,346	1,346	(0)
Software	1,825	1,287	(538)
Other	388	567	179
<b>Total intangible assets</b>	<b>7,243</b>	<b>6,882</b>	<b>(360)</b>
<b>Investments and other assets</b>			
Investment securities	7,405	8,302	896
Retirement benefit asset	309	418	108
Deferred tax assets	627	763	135
Other	663	613	(49)
Allowance for doubtful accounts	(10)	(7)	3
<b>Total investments and other assets</b>	<b>8,995</b>	<b>10,090</b>	<b>1,094</b>
<b>Total non-current assets</b>	<b>42,899</b>	<b>41,431</b>	<b>(1,468)</b>
<b>Total assets</b>	<b>85,767</b>	<b>91,005</b>	<b>5,237</b>

(Millions of yen)

Item	2022	2023	Change
<b>Liabilities</b>			
<b>Current liabilities</b>			
Notes and accounts payable - trade	3,188	3,632	444
Short-term borrowings	226	142	(84)
Accounts payable - other	4,111	4,603	492
Income taxes payable	151	414	262
Provision for bonuses	654	1,085	430
Provision for Directors' compensations based on profit	37	49	11
Other	2,863	3,858	994
<b>Total current liabilities</b>	<b>11,233</b>	<b>13,786</b>	<b>2,552</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	1,621	1,959	337
Retirement benefit liability	2,580	2,775	194
Other	1,280	1,300	19
<b>Total non-current liabilities</b>	<b>5,482</b>	<b>6,034</b>	<b>552</b>
<b>Total liabilities</b>	<b>16,716</b>	<b>19,820</b>	<b>3,104</b>
<b>Net assets</b>			
<b>Shareholders' equity</b>			
Share capital	11,394	11,394	0
Capital surplus	11,058	11,086	27
Retained earnings	48,513	47,807	(705)
Treasury shares	(6,589)	(6,590)	(0)
<b>Total shareholders' equity</b>	<b>64,376</b>	<b>63,698</b>	<b>(678)</b>
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities	3,348	3,967	619
Foreign currency translation adjustment	(4,555)	(2,701)	1,854
Remeasurements of defined benefit plans	152	161	8
<b>Total accumulated other comprehensive income</b>	<b>(1,055)</b>	<b>1,426</b>	<b>2,482</b>
<b>Non-controlling interests</b>	<b>5,729</b>	<b>6,058</b>	<b>328</b>
<b>Total net assets</b>	<b>69,051</b>	<b>71,184</b>	<b>2,132</b>
<b>Total liabilities and net assets</b>	<b>85,767</b>	<b>91,005</b>	<b>5,237</b>

# Consolidated Financial Statements

## Consolidated Statement of Income

(Millions of yen)

Item	2022	2023	Change
<b>Net sales</b>	<b>57,361</b>	<b>67,047</b>	<b>9,685</b>
<b>Cost of sales</b>	<b>33,964</b>	<b>38,362</b>	<b>4,398</b>
<b>Gross income</b>	<b>23,397</b>	<b>28,684</b>	<b>5,286</b>
<b>Selling, general and administrative expenses</b>			
Promotion expenses	2,021	2,281	260
Advertising expenses	3,204	3,279	75
Transportation and storage costs	2,997	3,418	421
Remuneration, salaries and allowances	7,450	7,769	318
Provision for bonuses	524	846	322
Retirement benefit expenses	296	303	7
Depreciation	1,429	1,414	(15)
Amortization of goodwill	226	253	27
Research and development expenses	1,399	1,402	2
Other	6,156	6,304	147
<b>Total selling, general and administrative expenses</b>	<b>25,706</b>	<b>27,274</b>	<b>1,568</b>
<b>Operating income (loss)</b>	<b>(2,308)</b>	<b>1,409</b>	<b>3,718</b>
<b>Non-operating income</b>			
Interest income	193	257	63
Dividend income	108	95	(13)
Share of profit of entities accounted for using equity method	162	230	68
Foreign exchange gains	—	122	122
Other	157	228	71
<b>Total non-operating income</b>	<b>622</b>	<b>934</b>	<b>312</b>
<b>Non-operating loss</b>			
Interest expenses	22	21	(1)
Commitment fees	12	9	(2)
Compensation expenses	103	84	(18)
Foreign exchange losses	2	—	(2)
Other	29	20	(8)
<b>Total non-operating loss</b>	<b>170</b>	<b>136</b>	<b>(33)</b>
<b>Ordinary income (loss)</b>	<b>(1,856)</b>	<b>2,207</b>	<b>4,064</b>
<b>Extraordinary income</b>			
Gain on sale of non-current assets	3	8	4
Gain on sale of investment securities	1,162	42	(1,119)
<b>Total extraordinary income</b>	<b>1,165</b>	<b>50</b>	<b>(1,115)</b>
<b>Extraordinary loss</b>			
Loss on sale of non-current assets	2	0	(1)
Loss on retirement of non-current assets	68	16	(51)
Business restructuring expenses	—	651	651
Other	0	—	(0)
<b>Total extraordinary loss</b>	<b>71</b>	<b>668</b>	<b>596</b>
<b>Income (loss) before income taxes</b>	<b>(762)</b>	<b>1,589</b>	<b>2,351</b>
<b>Income taxes - current</b>	<b>132</b>	<b>666</b>	<b>534</b>
<b>Income taxes - deferred</b>	<b>(59)</b>	<b>(94)</b>	<b>(35)</b>
<b>Total income taxes</b>	<b>72</b>	<b>571</b>	<b>499</b>
<b>Net income (loss)</b>	<b>(834)</b>	<b>1,018</b>	<b>1,852</b>
<b>Net income (loss) attributable to non-controlling interests</b>	<b>(212)</b>	<b>59</b>	<b>272</b>
<b>Net income (loss) attributable to owners of parent</b>	<b>(621)</b>	<b>958</b>	<b>1,580</b>

## Consolidated Statement of Comprehensive Income

(Millions of yen)

Item	2022	2023	Change
<b>Net income (loss)</b>	<b>(834)</b>	<b>1,018</b>	<b>1,853</b>
<b>Other comprehensive income</b>			
Valuation difference on available-for-sale securities	(1,476)	619	2,096
Foreign currency translation adjustment	2,884	1,999	(885)
Remeasurements of defined benefit plans, net of tax	138	69	(69)
Share of other comprehensive income of entities accounted for using equity method	108	151	42
<b>Total other comprehensive income</b>	<b>1,654</b>	<b>2,839</b>	<b>1,185</b>
<b>Comprehensive income</b>	<b>820</b>	<b>3,857</b>	<b>3,037</b>
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	346	3,440	3,095
Comprehensive income attributable to non-controlling interests	474	416	(58)

## Consolidated Statement of Changes in Equity

(Millions of yen)

For the Fiscal Year Ended March 31, 2022											
	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
<b>Balance at beginning of period</b>	<b>11,394</b>	<b>11,013</b>	<b>50,662</b>	<b>(6,826)</b>	<b>66,245</b>	<b>4,825</b>	<b>(6,933)</b>	<b>85</b>	<b>(2,023)</b>	<b>5,491</b>	<b>69,713</b>
<b>Changes during period</b>											
Dividends of surplus			(1,527)		(1,527)						(1,527)
Net loss attributable to owners of parent			(621)		(621)						(621)
Purchase of treasury shares				(0)	(0)						(0)
Disposal of treasury shares		(9)		236	227						227
Change in ownership interest of parent due to transactions with non-controlling interests		53			53						53
Net changes in items other than shareholders' equity						(1,477)	2,377	67	968	238	1,206
Total changes during period	—	44	(2,149)	236	(1,868)	(1,477)	2,377	67	968	238	(662)
<b>Balance at end of period</b>	<b>11,394</b>	<b>11,058</b>	<b>48,513</b>	<b>(6,589)</b>	<b>64,376</b>	<b>3,348</b>	<b>(4,555)</b>	<b>152</b>	<b>(1,055)</b>	<b>5,729</b>	<b>69,051</b>

(Millions of yen)

For the Fiscal Year Ended March 31, 2023											
	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
<b>Balance at beginning of period</b>	<b>11,394</b>	<b>11,058</b>	<b>48,513</b>	<b>(6,589)</b>	<b>64,376</b>	<b>3,348</b>	<b>(4,555)</b>	<b>152</b>	<b>(1,055)</b>	<b>5,729</b>	<b>69,051</b>
<b>Changes during period</b>											
Dividends of surplus			(1,664)		(1,664)						(1,664)
Net income attributable to owners of parent			958		958						958
Purchase of treasury shares				(0)	(0)						(0)
Change in ownership interest of parent due to transactions with non-controlling interests		27			27						27
Net changes in items other than shareholders' equity						619	1,854	8	2,482	328	2,810
Total changes during period	—	27	(705)	(0)	(678)	619	1,854	8	2,482	328	2,132
<b>Balance at end of period</b>	<b>11,394</b>	<b>11,086</b>	<b>47,807</b>	<b>(6,590)</b>	<b>63,698</b>	<b>3,967</b>	<b>(2,701)</b>	<b>161</b>	<b>1,426</b>	<b>6,058</b>	<b>71,184</b>

## Consolidated Statement of Cash Flows

(Millions of yen)

Item	2022	2023	Change
<b>Cash flows from operating activities</b>			
Income (loss) before income taxes	(762)	1,589	2,351
Depreciation	5,337	4,988	(348)
Amortization of goodwill	226	253	27
Increase (decrease) in allowance for doubtful accounts	12	(21)	(34)
Increase (decrease) in provision for sales returns	(481)	—	481
Increase (decrease) in provision for bonuses	(190)	431	622
Increase (decrease) in retirement benefit liability	(3)	60	63
Interest and dividend income	(302)	(352)	(50)
Foreign exchange losses (gains)	(105)	(265)	(159)
Share of loss (profit) of entities accounted for using equity method	(162)	(230)	(68)
Loss on retirement of property, plant, and equipment	68	15	(52)
Loss (gain) on sale of investment securities	(1,162)	(42)	1,119
Loss (gain) on sale of non-current assets	(1)	(7)	(6)
Business restructuring expenses	—	651	651
Decrease (increase) in trade receivables	319	(1,585)	(1,905)
Decrease (increase) in inventories	964	(2,943)	(3,908)
Increase (decrease) in trade payables	1,743	398	(1,345)
Increase (decrease) in accounts payable - other	(251)	172	424
Other, net	2,557	428	(2,128)
Subtotal	7,807	3,539	(4,267)
Interest and dividends received	482	643	161
Interest paid	(22)	(21)	1
Business restructuring expenses paid	—	(5)	(5)
Income taxes paid	(573)	(91)	481
<b>Net cash provided by (used in) operating activities</b>	<b>7,693</b>	<b>4,065</b>	<b>(3,628)</b>
<b>Cash flows from investing activities</b>			
Payments into time deposits	(3,264)	(5,643)	(2,379)
Proceeds from withdrawal of time deposits	2,678	5,854	3,176
Purchase of property, plant, and equipment	(1,741)	(1,200)	540
Purchase of intangible assets	(350)	(416)	(66)
Purchase of investment securities	(8)	(8)	(0)
Proceeds from sale and redemption of investment securities	2,462	131	(2,330)
Other, net	39	26	(12)
<b>Net cash provided by (used in) investing activities</b>	<b>(185)</b>	<b>(1,257)</b>	<b>(1,071)</b>
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term borrowings	(3,476)	(98)	3,378
Repayments of lease obligations	(200)	(244)	(44)
Dividends paid	(1,525)	(1,667)	(142)
Dividends paid to non-controlling interests	(3)	(2)	0
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(178)	(57)	121
Other, net	(0)	(0)	0
<b>Net cash provided by (used in) financing activities</b>	<b>(5,385)</b>	<b>(2,072)</b>	<b>3,313</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>851</b>	<b>730</b>	<b>(120)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,974</b>	<b>1,466</b>	<b>(1,507)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>13,040</b>	<b>16,015</b>	<b>2,974</b>
<b>Cash and cash equivalents at end of period</b>	<b>16,015</b>	<b>17,481</b>	<b>1,466</b>