

# Consolidated Financial Statements

## Consolidated Balance Sheet

(Millions of yen)

Item	2021	2022	Change
<b>Assets</b>			
<b>Current assets</b>			
Cash and deposits	16,143	20,018	3,874
Notes and accounts receivable - trade	9,081	9,227	145
Merchandise and finished goods	8,931	8,511	-420
Work in process	352	456	104
Raw materials and supplies	3,047	3,152	105
Other	2,230	1,524	-705
Allowance for doubtful accounts	(11)	(22)	-11
<b>Total current assets</b>	<b>39,775</b>	<b>42,868</b>	<b>3,092</b>
<b>Non-current assets</b>			
<b>Property, plant, and equipment</b>			
Buildings and structures	30,519	32,012	1,493
Accumulated depreciation	(14,477)	(15,588)	-1,111
Buildings and structures, net	16,041	16,423	382
Machinery, equipment, and vehicles	26,294	26,987	693
Accumulated depreciation	(17,046)	(19,392)	-2,346
Machinery, equipment, and vehicles, net	9,248	7,595	-1,652
Tools, furniture, and fixtures	7,397	7,784	387
Accumulated depreciation	(6,414)	(7,003)	-588
Tools, furniture, and fixtures, net	983	781	-201
Land	1,143	1,213	69
Leased assets	4	4	0
Accumulated depreciation	(0)	(1)	-0
Leased assets, net	3	2	-0
Right of use assets	682	874	192
Accumulated depreciation	(312)	(538)	-226
Right of use assets, net	369	335	-34
Construction in progress	598	308	-289
<b>Total property, plant, and equipment</b>	<b>28,387</b>	<b>26,660</b>	<b>-1,727</b>
<b>Intangible assets</b>			
Goodwill	2,835	2,821	-13
Trademark right	866	861	-4
Customer relation assets	1,352	1,346	-6
Software	2,132	1,825	-306
Other	530	388	-142
<b>Total intangible assets</b>	<b>7,716</b>	<b>7,243</b>	<b>-473</b>
<b>Investments and other assets</b>			
Investment securities	10,735	7,405	-3,329
Retirement benefit asset	252	309	56
Deferred tax assets	462	627	165
Other	589	663	74
Allowance for doubtful accounts	(8)	(10)	-2
<b>Total investments and other assets</b>	<b>12,031</b>	<b>8,995</b>	<b>-3,035</b>
<b>Total non-current assets</b>	<b>48,135</b>	<b>42,899</b>	<b>-5,236</b>
<b>Total assets</b>	<b>87,911</b>	<b>85,767</b>	<b>-2,143</b>

(Millions of yen)

Item	2021	2022	Change
<b>Liabilities</b>			
<b>Current liabilities</b>			
Notes and accounts payable - trade	1,374	3,188	1,814
Short-term borrowings	3,694	226	-3,467
Accounts payable - other	3,608	4,111	502
Income taxes payable	290	151	-138
Provision for bonuses	841	654	-186
Provision for Directors' compensations based on profit	54	37	-16
Provision for sales returns	481	—	-481
Other	1,954	2,863	909
<b>Total current liabilities</b>	<b>12,298</b>	<b>11,233</b>	<b>-1,064</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	2,157	1,621	-535
Retirement benefit liability	2,456	2,580	123
Other	1,285	1,280	-4
<b>Total non-current liabilities</b>	<b>5,899</b>	<b>5,482</b>	<b>-416</b>
<b>Total liabilities</b>	<b>18,198</b>	<b>16,716</b>	<b>-1,481</b>
<b>Net assets</b>			
<b>Shareholders' equity</b>			
Share capital	11,394	11,394	0
Capital surplus	11,013	11,058	44
Retained earnings	50,662	48,513	-2,149
Treasury shares	(6,826)	(6,589)	236
<b>Total shareholders' equity</b>	<b>66,245</b>	<b>64,376</b>	<b>-1,868</b>
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities	4,825	3,348	-1,477
Foreign currency translation adjustment	(6,933)	(4,555)	2,377
Remeasurements of defined benefit plans	85	152	67
<b>Total accumulated other comprehensive income</b>	<b>(2,023)</b>	<b>(1,055)</b>	<b>968</b>
<b>Non-controlling interests</b>	<b>5,491</b>	<b>5,729</b>	<b>238</b>
<b>Total net assets</b>	<b>69,713</b>	<b>69,051</b>	<b>-662</b>
<b>Total liabilities and net assets</b>	<b>87,911</b>	<b>85,767</b>	<b>-2,143</b>

## Consolidated Financial Statements

### Consolidated Statement of Income

(Millions of yen)

Item	2021	2022	Change
<b>Net sales</b>	<b>63,310</b>	<b>57,361</b>	<b>-5,948</b>
<b>Cost of sales</b>	<b>33,882</b>	<b>33,964</b>	<b>81</b>
<b>Gross profit</b>	<b>29,427</b>	<b>23,397</b>	<b>-6,030</b>
<b>Selling, general and administrative expenses</b>			
Promotion expenses	4,836	2,021	-2,815
Sales incentive	1,366	—	-1,366
Advertising expenses	3,416	3,204	-211
Transportation and storage costs	3,060	2,997	-62
Remuneration, salaries and allowances	7,473	7,450	-22
Provision for bonuses	648	524	-141
Retirement benefit expenses	391	296	-95
Depreciation	1,409	1,429	19
Amortization of goodwill	216	226	9
Research and development expenses	1,480	1,399	-80
Other	5,922	6,156	252
<b>Total selling, general and administrative expenses</b>	<b>30,221</b>	<b>25,706</b>	<b>-4,514</b>
<b>Operating loss</b>	<b>(793)</b>	<b>(2,308)</b>	<b>-1,515</b>
<b>Non-operating income</b>			
Interest income	199	193	-5
Dividend income	131	108	-22
Share of profit of entities accounted for using equity method	95	162	67
Other	212	157	-55
<b>Total non-operating income</b>	<b>638</b>	<b>622</b>	<b>-16</b>
<b>Non-operating expenses</b>			
Interest expenses	23	22	-1
Commitment fees	15	12	-2
Sales discounts	11	—	-11
Compensation expenses	34	103	68
Foreign exchange losses	13	2	-10
Other	20	29	9
<b>Total non-operating expenses</b>	<b>118</b>	<b>170</b>	<b>51</b>
<b>Ordinary loss</b>	<b>(273)</b>	<b>(1,856)</b>	<b>-1,583</b>
<b>Extraordinary income</b>			
Gain on sale of non-current assets	1	3	1
Gain on sale of investment securities	1,791	1,162	-629
<b>Total extraordinary income</b>	<b>1,793</b>	<b>1,165</b>	<b>-628</b>
<b>Extraordinary losses</b>			
Loss on sale of non-current assets	4	2	-1
Loss on retirement of non-current assets	291	68	-223
Impairment losses	2	—	-2
Loss on sale of investment securities	1	—	-1
Other	—	0	0
<b>Total extraordinary losses</b>	<b>299</b>	<b>71</b>	<b>-227</b>
<b>Profit (loss) before income taxes</b>	<b>1,221</b>	<b>(762)</b>	<b>-1,983</b>
<b>Income taxes - current</b>	<b>777</b>	<b>132</b>	<b>-645</b>
<b>Income taxes - deferred</b>	<b>(280)</b>	<b>(59)</b>	<b>220</b>
<b>Total income taxes</b>	<b>496</b>	<b>72</b>	<b>-424</b>
<b>Profit (loss)</b>	<b>724</b>	<b>(834)</b>	<b>-1,558</b>
<b>Loss attributable to non-controlling interests</b>	<b>(136)</b>	<b>(212)</b>	<b>-76</b>
<b>Profit (loss) attributable to owners of parent</b>	<b>860</b>	<b>(621)</b>	<b>-1,482</b>

## Consolidated Statement of Comprehensive Income

(Millions of yen)

Item	2021	2022	Change
<b>Profit (loss)</b>	<b>724</b>	<b>(834)</b>	<b>-1,558</b>
<b>Other comprehensive income</b>			
Valuation difference on available-for-sale securities	(553)	(1,476)	-922
Foreign currency translation adjustment	(1,796)	2,884	4,681
Remeasurements of defined benefit plans, net of tax	277	138	-139
Share of other comprehensive income of entities accounted for using equity method	(44)	108	153
<b>Total other comprehensive income</b>	<b>(2,117)</b>	<b>1,654</b>	<b>3,772</b>
<b>Comprehensive income</b>	<b>(1,393)</b>	<b>820</b>	<b>2,214</b>
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	(785)	346	1,131
Comprehensive income attributable to non-controlling interests	(608)	474	1,082

## Consolidated Financial Statements

### Consolidated Statement of Changes in Equity

(Millions of yen)

	For the Fiscal Year Ended March 31, 2021										
	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>	11,394	11,013	51,911	(6,826)	67,494	5,379	(5,542)	(213)	(377)	6,335	73,452
<b>Changes during period</b>											
Dividends of surplus			(2,109)		(2,109)						(2,109)
Profit attributable to owners of parent			860		860						860
Purchase of treasury shares				(0)	(0)						(0)
Disposal of treasury shares		(0)		0	0						0
Net changes in items other than shareholders' equity						(553)	(1,391)	299	(1,645)	(843)	(2,489)
<b>Total changes during period</b>	—	(0)	(1,249)	(0)	(1,249)	(553)	(1,391)	299	(1,645)	(843)	(3,739)
<b>Balance at end of period</b>	11,394	11,013	50,662	(6,826)	66,245	4,825	(6,933)	85	(2,023)	5,491	69,713

(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>	11,394	11,013	50,662	(6,826)	66,245	4,825	(6,933)	85	(2,023)	5,491	69,713
<b>Changes during period</b>											
Dividends of surplus			(1,527)		(1,527)						(1,527)
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
<b>Total changes during period</b>	—	44	(2,149)	236	(1,868)	(1,477)	2,377	67	968	238	(662)
<b>Balance at end of period</b>	11,394	11,058	48,513	(6,589)	64,376	3,348	(4,555)	152	(1,055)	5,729	69,051

## Consolidated Statement of Cash Flows

(Millions of yen)

Item	2021	2022	Change
<b>Cash flows from operating activities</b>			
Profit (loss) before income taxes	1,221	(762)	-1,983
Depreciation	4,818	5,337	518
Amortization of goodwill	216	226	9
Impairment losses	2	—	-2
Increase (decrease) in allowance for doubtful accounts	(4)	12	17
Increase (decrease) in provision for sales returns	303	(481)	-784
Increase (decrease) in provision for bonuses	(45)	(190)	-145
Increase (decrease) in retirement benefit liability	212	(3)	-215
Interest and dividend income	(330)	(302)	28
Foreign exchange losses (gains)	(174)	(105)	68
Share of loss (profit) of entities accounted for using equity method	(95)	(162)	-67
Loss on retirement of property, plant, and equipment	291	68	-223
Loss (gain) on sale of investment securities	(1,790)	(1,162)	628
Loss (gain) on sale of non-current assets	2	(1)	-3
Decrease (increase) in trade receivables	2,494	319	-2,174
Decrease (increase) in inventories	2,364	964	-1,399
Increase (decrease) in trade payables	(1,045)	1,743	2,789
Increase (decrease) in accounts payable - other	(1,128)	(251)	876
Other, net	(458)	2,557	3,016
Subtotal	6,853	7,807	953
Interest and dividends received	459	482	22
Interest paid	(23)	(22)	1
Income taxes paid	(1,080)	(573)	507
<b>Net cash provided by (used in) operating activities</b>	<b>6,208</b>	<b>7,693</b>	<b>1,485</b>
<b>Cash flows from investing activities</b>			
Payments into time deposits	(3,346)	(3,264)	82
Proceeds from withdrawal of time deposits	4,259	2,678	-1,581
Purchase of property, plant, and equipment	(8,219)	(1,741)	6,477
Purchase of intangible assets	(660)	(350)	309
Purchase of investment securities	(8)	(8)	-0
Proceeds from sale and redemption of investment securities	2,344	2,462	117
Other, net	(49)	39	88
<b>Net cash provided by (used in) investing activities</b>	<b>(5,680)</b>	<b>(185)</b>	<b>5,495</b>
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term borrowings	3,650	(3,476)	-7,127
Repayments of lease obligations	(178)	(200)	-21
Dividends paid	(2,109)	(1,525)	583
Dividends paid to non-controlling interests	(235)	(3)	232
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(178)	-178
Other, net	(0)	(0)	-0
<b>Net cash provided by (used in) financing activities</b>	<b>1,125</b>	<b>(5,385)</b>	<b>-6,511</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(270)</b>	<b>851</b>	<b>1,121</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,383</b>	<b>2,974</b>	<b>1,591</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>11,657</b>	<b>13,040</b>	<b>1,383</b>
<b>Cash and cash equivalents at end of period</b>	<b>13,040</b>	<b>16,015</b>	<b>2,974</b>