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

May 11, 2023

Company name: TOKAI Corp.
Stock exchange listing: Tokyo
Code number: 9729
URL: <https://www.tokai-corp.com/>
Representative: Koji Onogi
Contact: Tetsuyuki Fujii
Phone: +81-58(263)-5111

Chief Executive Officer
Chief Financial Officer

Scheduled date of Annual General Meeting of Shareholders: June 29, 2023
Scheduled date of commencing dividend payments: June 30, 2023
Scheduled date of filing annual securities report: June 30, 2023
Availability of supplementary briefing material on annual financial results: Yes
Schedule of annual financial results briefing session: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to 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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	130,184	5.4	7,855	(4.8)	8,080	(9.0)	6,106	5.2
March 31, 2022	123,484	4.6	8,252	13.1	8,878	10.3	5,806	5.9

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 6,308 million [12.0%]
Fiscal year ended March 31, 2022: ¥ 5,630 million [(10.1)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	173.39	-	7.7	7.5	6.0
March 31, 2022	164.42	-	7.7	8.5	6.7

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ - million
Fiscal year ended March 31, 2022: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	110,785	82,223	73.7	2,317.99
March 31, 2022	105,900	77,519	72.7	2,187.22

(Reference) Equity: As of March 31, 2023: ¥ 81,654 million
As of March 31, 2022: ¥ 77,002 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2023	8,592	(6,236)	(2,432)	35,541
March 31, 2022	10,133	(6,738)	(2,897)	35,508

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	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	Millions of yen	%	%
March 31, 2022	-	19.00	-	23.00	42.00	1,480	25.5	2.0
March 31, 2023	-	21.00	-	39.00	60.00	2,113	34.6	2.7
Fiscal year ending March 31, 2024 (Forecast)	-	25.00	-	26.00	51.00		35.1	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	135,609	4.2	7,437	(5.3)	7,804	(3.4)	5,121	(16.1)	145.47

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New	-	(Company name:)
Exclusion:	-	(Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2023:	36,041,346 shares
March 31, 2022:	36,041,346 shares

2) Number of treasury shares at the end of the period:

March 31, 2023:	814,728 shares
March 31, 2022:	835,839 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023:	35,220,243 shares
Fiscal Year ended March 31, 2022:	35,313,209 shares

(Reference) Summary of Non-consolidated Financial Results

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

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	52,606	5.5	3,162	(0.5)	6,240	21.0	5,210	33.6
March 31, 2022	49,867	5.5	3,179	13.4	5,155	15.4	3,899	10.8

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	147.94	-
March 31, 2022	110.44	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	65,812	49,781	75.6	1,413.19
March 31, 2022	62,930	45,949	73.0	1,305.19

(Reference) Equity: As of March 31, 2023: ¥ 49,781 million
As of March 31, 2022: ¥ 45,949 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	35,794	36,070
Notes and accounts receivable - trade	18,137	19,071
Securities	361	927
Inventories	4,635	5,424
Other	857	1,176
Allowance for doubtful accounts	(39)	(42)
Total current assets	59,748	62,628
Non-current assets		
Property, plant and equipment		
Buildings and structures	28,570	28,660
Accumulated depreciation	(17,985)	(18,609)
Buildings and structures, net	10,585	10,051
Machinery, equipment and vehicles	16,363	16,569
Accumulated depreciation	(11,977)	(12,469)
Machinery, equipment and vehicles, net	4,385	4,100
Land	11,436	11,198
Leased assets	1,997	1,814
Accumulated depreciation	(772)	(720)
Leased assets, net	1,224	1,093
Construction in progress	424	3,407
Other	7,204	7,602
Accumulated depreciation	(4,521)	(4,860)
Other, net	2,682	2,741
Total property, plant and equipment	30,739	32,592
Intangible assets		
Goodwill	97	268
Other	1,480	1,425
Total intangible assets	1,577	1,694
Investments and other assets		
Investment securities	7,325	7,709
Deferred tax assets	1,381	1,411
Other	5,365	5,086
Allowance for doubtful accounts	(238)	(336)
Total investments and other assets	13,834	13,870
Total non-current assets	46,151	48,157
Total assets	105,900	110,785

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,305	13,159
Short-term borrowings	1,627	1,425
Accounts payable - other	3,777	3,883
Income taxes payable	1,765	1,332
Provision for bonuses	2,140	2,195
Provision for bonuses for directors (and other officers)	77	74
Other	1,501	1,490
Total current liabilities	23,194	23,561
Non-current liabilities		
Long-term borrowings	660	530
Lease liabilities	432	344
Deferred tax liabilities	161	165
Provision for retirement benefits for directors (and other officers)	496	456
Retirement benefit liability	2,097	2,201
Other	1,338	1,302
Total non-current liabilities	5,186	5,000
Total liabilities	28,381	28,562
Net assets		
Shareholders' equity		
Share capital	8,108	8,108
Capital surplus	4,949	4,934
Retained earnings	64,246	68,715
Treasury shares	(1,951)	(1,901)
Total shareholders' equity	75,352	79,856
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,677	1,816
Remeasurements of defined benefit plans	(28)	(17)
Total accumulated other comprehensive income	1,649	1,798
Non-controlling interests	516	568
Total net assets	77,519	82,223
Total liabilities and net assets	105,900	110,785

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	123,484	130,184
Cost of sales	92,503	98,266
Gross profit	30,981	31,918
Selling, general and administrative expenses	22,729	24,063
Operating profit	8,252	7,855
Non-operating income		
Interest income	21	36
Dividend income	119	162
Gain on sale of investment securities	179	-
Subsidy income	134	147
Other	282	280
Total non-operating income	737	626
Non-operating expenses		
Interest expenses	30	27
Provision of allowance for doubtful accounts	4	110
Bad debt expenses	-	170
Rental costs on real estate	14	17
Compensation for damage	11	64
Other	50	10
Total non-operating expenses	111	400
Ordinary profit	8,878	8,080
Extraordinary income		
Gain on sale of non-current assets	2	1,079
Gain on sale of shares of subsidiaries and associates	36	-
Total extraordinary income	38	1,079
Extraordinary losses		
Loss on retirement of non-current assets	57	145
Impairment losses	105	57
Loss on disaster	35	16
Loss on valuation of investment securities	66	-
Loss on store closings	2	-
Total extraordinary losses	268	220
Profit before income taxes	8,647	8,940
Income taxes - current	3,009	2,862
Income taxes - deferred	(194)	(82)
Total income taxes	2,815	2,780
Profit	5,832	6,159
Profit attributable to non-controlling interests	26	52
Profit attributable to owners of parent	5,806	6,106

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	5,832	6,159
Other comprehensive income		
Valuation difference on available-for-sale securities	(222)	139
Remeasurements of defined benefit plans, net of tax	20	10
Total other comprehensive income	(202)	149
Comprehensive income	5,630	6,308
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,604	6,256
Comprehensive income attributable to non-controlling interests	26	52

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,108	4,948	59,643	(1,164)	71,535
Changes during period					
Dividends of surplus			(1,203)		(1,203)
Profit attributable to owners of parent			5,806		5,806
Purchase of treasury shares				(824)	(824)
Disposal of treasury shares		0		38	38
Net changes due to Exclusion of consolidated subsidiaries		(0)	0		0
Net changes in items other than shareholders' equity					
Total changes during period	-	0	4,602	(786)	3,817
Balance at end of period	8,108	4,949	64,246	(1,951)	75,352

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,900	(48)	1,851	491	73,878
Changes during period					
Dividends of surplus					(1,203)
Profit attributable to owners of parent					5,806
Purchase of treasury shares					(824)
Disposal of treasury shares					38
Net changes due to Exclusion of consolidated subsidiaries					0
Net changes in items other than shareholders' equity	(222)	20	(201)	25	(176)
Total changes during period	(222)	20	(201)	25	3,640
Balance at end of period	1,677	(28)	1,649	516	77,519

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,108	4,949	64,246	(1,951)	75,352
Changes during period					
Dividends of surplus			(1,549)		(1,549)
Profit attributable to owners of parent			6,106		6,106
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(14)		49	34
Change in scope of consolidation			(88)		(88)
Net changes in items other than shareholders' equity					
Total changes during period	-	(14)	4,468	49	4,503
Balance at end of period	8,108	4,934	68,715	(1,901)	79,856

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,677	(28)	1,649	516	77,519
Changes during period					
Dividends of surplus					(1,549)
Profit attributable to owners of parent					6,106
Purchase of treasury shares					(0)
Disposal of treasury shares					34
Change in scope of consolidation					(88)
Net changes in items other than shareholders' equity	138	10	149	51	200
Total changes during period	138	10	149	51	4,704
Balance at end of period	1,816	(17)	1,798	568	82,223

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	8,647	8,940
Depreciation	3,863	4,189
Impairment losses	105	57
Amortization of goodwill	90	100
Bad debt expenses	-	170
Increase (decrease) in allowance for doubtful accounts	(27)	100
Increase (decrease) in provision for bonuses	80	49
Increase (decrease) in provision for bonuses for directors (and other officers)	2	(3)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(5)	(40)
Increase (decrease) in retirement benefit liability	116	118
Interest and dividend income	(140)	(199)
Interest expenses	30	27
Gain on sales of investment securities	(179)	-
Gain on sales of subsidiaries and affiliates' stocks	(36)	-
Loss (gain) on sale of non-current assets	(2)	(1,079)
Loss on retirement of non-current assets	57	145
Loss (gain) on valuation of investment securities	66	-
Decrease (increase) in trade receivables	(1,022)	(860)
Decrease (increase) in inventories	1,010	(788)
Increase (decrease) in trade payables	133	818
Increase (decrease) in other current liabilities	(40)	232
Other, net	(119)	53
Subtotal	12,631	12,032
Interest and dividends received	134	183
Interest paid	(28)	(26)
Income taxes paid	(2,603)	(3,597)
Net cash provided by (used in) operating activities	10,133	8,592
Cash flows from investing activities		
Payments into time deposits	(290)	(732)
Proceeds from withdrawal of time deposits	284	477
Net decrease (increase) in short-term investment securities	(300)	(300)
Purchase of property, plant and equipment	(3,643)	(5,650)
Purchase of intangible assets	(500)	(575)
Proceeds from sale of property, plant and equipment	10	1,317
Purchase of investment securities	(1,601)	(757)
Proceeds from sale of investment securities	284	88
Proceeds from sale of shares of subsidiaries and associates	228	-
Payments for guarantee deposits	(738)	(66)
Other, net	(472)	(36)
Net cash provided by (used in) investing activities	(6,738)	(6,236)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(160)	(235)
Proceeds from long-term borrowings	350	380
Repayments of long-term borrowings	(514)	(477)
Purchase of treasury shares	(824)	(0)
Dividends paid	(1,203)	(1,549)

Repayments of installment payables and lease obligations	(471)	(471)
Other, net	(73)	(79)
Net cash provided by (used in) financing activities	(2,897)	(2,432)
Effect of exchange rate change on cash and cash equivalents	23	40
Net increase (decrease) in cash and cash equivalents	521	(35)
Cash and cash equivalents at beginning of period	34,987	35,508
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	68
Cash and cash equivalents at end of period	35,508	35,541