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May 11, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

Company name: Kurabo Industries Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 3106
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 Scheduled date of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 Scheduled date to file annual securities report: June 29, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

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

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

| | 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 | 153,522 | 16.1 | 8,676 | 15.2 | 10,024 | 14.1 | 5,516 | (1.5) |
| March 31, 2022 | 132,215 | – | 7,528 | – | 8,783 | – | 5,602 | – |

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥9,582 million [80.4%]
 For the fiscal year ended March 31, 2022: ¥5,312 million [–%]

| | Basic earnings per share | Diluted earnings per share | Return on equity | Ordinary profit/total assets | Operating profit/net sales |
|-------------------|--------------------------|----------------------------|------------------|------------------------------|----------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended | | | | | |
| March 31, 2023 | 287.08 | – | 5.6 | 5.9 | 5.7 |
| March 31, 2022 | 280.35 | – | 5.9 | 5.2 | 5.7 |

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2023: ¥21 million
 For the fiscal year ended March 31, 2022: ¥(166) million

(2) Consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio | Net assets per share |
|----------------|-----------------|-----------------|-----------------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of | | | | |
| March 31, 2023 | 174,086 | 102,907 | 58.2 | 5,386.20 |
| March 31, 2022 | 167,285 | 97,415 | 57.4 | 4,853.12 |

Reference: Equity
 As of March 31, 2023: ¥101,334 million
 As of March 31, 2022: ¥96,016 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 end of period |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Fiscal year ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| March 31, 2023 | 2,516 | (2,969) | (3,581) | 10,360 |
| March 31, 2022 | 9,246 | (3,341) | (14,065) | 14,073 |

2. Cash dividends

| | Annual dividends per share | | | | | Total cash dividends (Total) | Payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|--|----------------------------|--------------------|-------------------|-----------------|-------|------------------------------|-----------------------------|---|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal year ended March 31, 2022 | – | 0.00 | – | 70.00 | 70.00 | 1,392 | 25.0 | 1.5 |
| Fiscal year ended March 31, 2023 | – | 35.00 | – | 35.00 | 70.00 | 1,336 | 24.4 | 1.4 |
| Fiscal year ending March 31, 2024 (Forecast) | – | 35.00 | – | 35.00 | 70.00 | | 22.7 | |

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

| | 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 |
| Six months ending September 30, 2023 | 68,500 | (4.9) | 1,900 | (44.2) | 2,300 | (50.5) | 1,400 | (57.1) | 74.41 |
| Full year | 154,000 | 0.3 | 7,900 | (8.9) | 8,500 | (15.2) | 5,800 | 5.1 | 308.28 |

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

| | |
|----------------------|-------------------|
| As of March 31, 2023 | 20,000,000 shares |
| As of March 31, 2022 | 20,756,228 shares |

- (ii) Number of treasury shares at the end of the period

| | |
|----------------------|------------------|
| As of March 31, 2023 | 1,186,212 shares |
| As of March 31, 2022 | 971,652 shares |

- (iii) Average number of shares outstanding during the period

| | |
|----------------------------------|-------------------|
| Fiscal year ended March 31, 2023 | 19,217,294 shares |
| Fiscal year ended March 31, 2022 | 19,983,563 shares |

Note: The Company has introduced the Board Benefit Trust, a share-based compensation plan for directors, etc. using a trust, and the Company's shares held by the trust account are included in the number of treasury shares.

(Reference) Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|-------------------|-----------------|------|------------------|------|-----------------|------|-----------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ended | | | | | | | | |
| March 31, 2023 | 78,879 | 15.2 | 4,373 | 11.3 | 5,956 | 15.0 | 3,958 | (1.1) |
| March 31, 2022 | 68,486 | – | 3,928 | – | 5,180 | – | 4,002 | – |

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Fiscal year ended | Yen | Yen |
| March 31, 2023 | 206.01 | – |
| March 31, 2022 | 200.29 | – |

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio | Net assets per share |
|----------------|-----------------|-----------------|-----------------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| March 31, 2023 | 129,359 | 80,762 | 62.4 | 4,292.75 |
| March 31, 2022 | 128,712 | 78,164 | 60.7 | 3,950.80 |

Reference: Equity

As of March 31, 2023: ¥80,762 million
As of March 31, 2022: ¥78,164 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters
(Caution regarding forward-looking statements and others)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, the statements herein do not constitute assurances regarding the Company's actual results. Actual financial and other results may differ substantially from the statements herein due to various factors. For matters regarding the above earnings forecasts, please refer to "(4) Future outlook" of "1. Overview of operating results and others" on page 4 of the attached materials.

(Regarding the financial results briefing)

The Company plans to hold a financial results briefing for institutional investors and analysts on Thursday, May 18, 2023. The explanatory materials on financial results to be distributed at the briefing will be posted on the Company's website following the briefing.

Attached Material

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1. Overview of operating results and others

(1) Overview of operating results for the fiscal year under review

During the fiscal year ended March 31, 2023, the Japanese economy was expected to pick up in part due to restrictions on activity having been relaxed under a “living-with-corona” scenario. However, this did not culminate in a full-scale economic recovery partially given effects of cost increases due to surging prices of raw materials and other resources triggered by geopolitical risks such as the protracted situation surrounding Russia and Ukraine along with depreciation of the yen, and also given effects of supply shortages particularly with respect to certain semiconductors and electronic components.

In this type of environment, based on the basic policy of “expand high-profit businesses and strengthen core businesses to achieve sustainable growth” in the medium-term corporate business plan “Progress '24” that came into effect in April 2022, the Group has worked to expand growth and priority businesses including high-performance plastic products for semiconductor production-related fields, capturing casual clothing demand, as well as expanding sales for high-performance and high value-added textiles materials with our unique technologies as we worked toward a recovery in results in our core textile business. Furthermore, to respond to higher prices of raw materials, fuels, etc., the Group has passed on increased costs to our selling prices and worked to reduce costs to improve profits.

As a result, net sales were ¥153.5 billion (up 16.1% YoY), operating profit was ¥8.67 billion (up 15.2% YoY), and ordinary profit was ¥10.02 billion (up 14.1% YoY). However, profit attributable to owners of parent was ¥5.51 billion (down 1.5% YoY) largely due to the recording of impairment losses under extraordinary losses.

Results by segment are as follows.

(Textiles)

Yarns experienced increased revenue both from domestic and overseas subsidiaries due to steady sales of high value-added products.

Fabrics experienced increased revenue due to recovery in orders of casual clothing materials, mainly in overseas subsidiaries, as well as steady sales in uniform materials.

Textile products (sewn products, etc.) experienced increased revenue from increased orders of casual wear in Japan.

In addition, we made steady progress with profitability improvement measures that we have been pursuing up until now.

As a result, net sales were ¥56.5 billion (up 26.5% YoY) with operating profit of ¥0.3 billion (operating loss of ¥0.17 billion in the previous fiscal year), making the Group move back into the black for the first time in five fiscal years.

(Chemical Products)

Flexible polyurethane foam experienced an overall increase in revenue due to the recovery in sales for automotive interior at domestic and Chinese subsidiaries despite the impact of semiconductor shortages and effects of supply chain disruptions as a result of China’s zero-COVID policy, as well as from steady orders at our Brazilian subsidiary.

Functional resin products experienced increased revenue amidst favorable performance from high-performance plastic products for semiconductor production along with recovery in orders from functional films for automobiles.

Housing construction products experienced increased revenue due to steady sales of exterior materials and heat-insulating materials.

Functional materials experienced increased revenue with recovery in orders received for reinforcing textile materials.

As a result, net sales were ¥59.7 billion (up 15.5% YoY) with operating profit of ¥3.71 billion (up 24.6% YoY).

(Advanced Technology)

Electronics businesses experienced increased revenue due to steady sales of chemical concentration meters for the semiconductor industry as well as a large-scale project at a subsidiary for silicon wafer cleaning

equipment, despite sluggish sales of inspection devices for beverage containers and AFVI systems for HDI/Flex PCB.

Engineering businesses experienced decreased revenue with few exhaust gas treatment facilities and large-scale plant-related projects.

Biomedical businesses experienced increased revenue mainly due to steady overseas sales of mixer/deaerator. In addition, machine tools experienced steady sales both domestically and in the U.S., although sales in China were weak.

As a result, net sales were ¥24.2 billion (up 2.9% YoY) with operating profit of ¥2.83 billion (up 2.1% YoY).
(Food and Services)

Freeze-dried foods experienced increased revenue with strong sales of molding soup due to demand for in-home foods.

Hotels and their related services experienced increased revenue due to relaxed restrictions on activity and support for the tourism business.

As a result, net sales were ¥9.2 billion (up 9.8% YoY) with operating profit of ¥0.46 billion (up 71.0% YoY).
(Real Estate)

Due to changes in certain leasing terms, real estate leasing recorded net sales of ¥3.7 billion (down 1.9% YoY) with operating profit of ¥2.43 billion (down 11.4% YoY) resulting from an increase in repair expenses, etc.

(2) Overview of financial position for the fiscal year under review

(Assets, liabilities and net assets)

Total assets at the end of the fiscal year ended March 31, 2023 increased by ¥6.8 billion from the end of the previous fiscal year to ¥174.0 billion mainly due to increases in inventories and investment securities, although cash and deposits and property, plant and equipment decreased.

Liabilities increased by ¥1.3 billion from the end of the previous fiscal year to ¥71.1 billion mainly due to an increase in short-term borrowings, although long-term borrowings and notes and accounts payable - trade decreased.

Net assets increased by ¥5.4 billion from the end of the previous fiscal year to ¥102.9 billion mainly due to increases in valuation difference on available-for-sale securities and retained earnings.

As a result of the above, the equity-to-asset ratio was 58.2%, up by 0.8 percentage points.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (hereinafter “cash”) at the end of the fiscal year ended March 31, 2023 decreased by ¥3.71 billion from the end of the previous fiscal year to ¥10.36 billion. The respective cash flow positions and the factors thereof are as follows.

Cash flows from operating activities

Net cash provided by operating activities in the fiscal year ended March 31, 2023 was ¥2.51 billion (compared to ¥9.24 billion in net cash provided by operating activities in the previous fiscal year). This was mainly due to profit before income taxes of ¥7.61 billion and internal reserves for depreciation of ¥5.18 billion, despite a decrease in cash of ¥6.93 billion from an increase in inventories.

Cash flows from investing activities

Net cash used in investing activities in the fiscal year under review was ¥2.96 billion (compared to ¥3.34 billion in net cash used in investing activities in the previous fiscal year). This was mainly due to purchase of property, plant and equipment and intangible assets of ¥4.53 billion, despite proceeds from sale of investment securities of ¥1.6 billion.

Cash flows from financing activities

Net cash used in financing activities in the fiscal year under review was ¥3.58 billion (compared to ¥14.06 billion in net cash used in financing activities in the previous fiscal year). This was mainly due to dividends paid of ¥2.06 billion and purchase of treasury shares of ¥2.0 billion.

(Reference) Trends in cash flow indicators

| | Fiscal year ended Mar. 31, 2019 | Fiscal year ended Mar. 31, 2020 | Fiscal year ended Mar. 31, 2021 | Fiscal year ended Mar. 31, 2022 | Fiscal year ended Mar. 31, 2023 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Equity-to-asset ratio (%) | 52.5 | 53.7 | 54.8 | 57.4 | 58.2 |
| Equity-to-asset ratio on a market value basis (%) | 24.8 | 32.2 | 23.2 | 20.8 | 27.2 |
| Ratio of interest-bearing debt to cash flows (years) | 2.4 | 2.9 | 3.0 | 1.5 | 6.2 |
| Interest coverage ratio (times) | 33.9 | 29.4 | 40.9 | 51.8 | 7.7 |

(Notes) Equity-to-asset ratio: Equity / Total assets

Equity-to-asset ratio on a market value basis: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

1. All items are calculated using consolidated financial data.
2. Market capitalization is based on the number of issued shares excluding treasury shares.
3. Operating cash flow represents cash flows from operating activities per the consolidated statement of cash flows.
4. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheet for which interest is being paid. In addition, interest payments represent interest paid per the consolidated statement of cash flows.

(4) Future outlook

As for future economic conditions, although restrictions on socioeconomic activities stemming from COVID-19 were lifted, there is concern about economic recession due to effects of tight monetary policies of each country in response to accelerating inflation amid the continued unstable situations of resource prices and supply chain against the backdrop of geopolitical risks such as the protracted situation surrounding Russia and Ukraine.

Under this business environment, responses to the risk of fluctuations in prices of raw materials and fuels are a major challenge, and we will continue to promote the price pass-through and cost reduction.

As for the full-year consolidated financial outlook for the fiscal year ending March 31, 2024, we forecast net sales of ¥154.0 billion, operating profit of ¥7.9 billion, ordinary profit of ¥8.5 billion, and profit attributable to owners of parent of ¥5.8 billion.

Furthermore, regarding the fire accident (“Notification on the Possibility of the Occurrence of Damages to the Company” released on July 27, 2022) that occurred on June 30, 2022, which is described in “Notes on consolidated balance sheet (Contingent liabilities),” although there is a possibility that the Company may incur additional damages, the impact of such damages has not been determined at this point in time, and is therefore not taken into account in these consolidated financial forecasts.

The Company will announce any specific impact on earnings in the future as soon as it becomes clear.

In addition, the above financial forecasts were prepared based on information available as of the release date of these materials, and actual operating results may differ from the financial forecasts due to various factors in the future.

2. Basic policy regarding selection of accounting standards

The Group's policy is to prepare consolidated financial statements under the Japanese GAAP for the time being, in light of period-to-period comparability and company-to-company comparability of consolidated financial statements.

Regarding the application of the International Financial Reporting Standards (IFRS), we intend to respond appropriately after giving consideration to domestic and overseas situations.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

| | As of March 31, 2022 | As of March 31, 2023 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 14,116 | 10,392 |
| Notes and accounts receivable - trade, and contract assets | 35,513 | 37,894 |
| Merchandise and finished goods | 12,133 | 16,561 |
| Work in process | 7,587 | 9,801 |
| Raw materials and supplies | 5,751 | 6,821 |
| Other | 3,340 | 3,345 |
| Allowance for doubtful accounts | (44) | (45) |
| Total current assets | 78,397 | 84,771 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 23,642 | 23,230 |
| Machinery, equipment and vehicles, net | 9,536 | 9,123 |
| Land | 13,633 | 11,732 |
| Leased assets, net | 821 | 869 |
| Construction in progress | 662 | 875 |
| Other, net | 1,388 | 1,345 |
| Total property, plant and equipment | 49,686 | 47,176 |
| Intangible assets | 1,378 | 1,447 |
| Investments and other assets | | |
| Investment securities | 33,975 | 36,868 |
| Deferred tax assets | 1,433 | 1,684 |
| Retirement benefit asset | 1,406 | 1,346 |
| Other | 1,220 | 1,028 |
| Allowance for doubtful accounts | (212) | (236) |
| Total investments and other assets | 37,823 | 40,690 |
| Total non-current assets | 88,888 | 89,315 |
| Total assets | 167,285 | 174,086 |

(Millions of yen)

| | As of March 31, 2022 | As of March 31, 2023 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 22,419 | 21,242 |
| Short-term borrowings | 8,864 | 13,002 |
| Lease liabilities | 123 | 148 |
| Accrued expenses | 2,755 | 2,832 |
| Income taxes payable | 1,630 | 1,636 |
| Provision for bonuses | 1,478 | 1,461 |
| Other | 5,490 | 5,706 |
| Total current liabilities | 42,761 | 46,030 |
| Non-current liabilities | | |
| Long-term borrowings | 3,499 | 1,555 |
| Lease liabilities | 710 | 708 |
| Deferred tax liabilities | 3,468 | 3,947 |
| Provision for retirement benefits for directors (and other officers) | 207 | 226 |
| Provision for share-based payments | 74 | 128 |
| Retirement benefit liability | 12,963 | 12,891 |
| Long-term leasehold and guarantee deposits received | 5,872 | 5,439 |
| Other | 312 | 253 |
| Total non-current liabilities | 27,109 | 25,149 |
| Total liabilities | 69,870 | 71,179 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 22,040 | 22,040 |
| Capital surplus | 15,210 | 15,210 |
| Retained earnings | 59,293 | 61,137 |
| Treasury shares | (2,082) | (2,477) |
| Total shareholders' equity | 94,461 | 95,910 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 10,410 | 13,193 |
| Deferred gains or losses on hedges | 52 | (43) |
| Foreign currency translation adjustment | (8,637) | (7,523) |
| Remeasurements of defined benefit plans | (270) | (202) |
| Total accumulated other comprehensive income | 1,555 | 5,424 |
| Non-controlling interests | 1,398 | 1,572 |
| Total net assets | 97,415 | 102,907 |
| Total liabilities and net assets | 167,285 | 174,086 |

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income

(Millions of yen)

| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|---|-------------------------------------|-------------------------------------|
| Net sales | 132,215 | 153,522 |
| Cost of sales | 104,863 | 124,077 |
| Gross profit | 27,351 | 29,445 |
| Selling, general and administrative expenses | 19,823 | 20,768 |
| Operating profit | 7,528 | 8,676 |
| Non-operating income | | |
| Interest income | 52 | 48 |
| Dividend income | 1,011 | 1,215 |
| Share of profit of entities accounted for using equity method | – | 21 |
| Foreign exchange gains | 397 | 532 |
| Refund income | 222 | – |
| Other | 404 | 440 |
| Total non-operating income | 2,088 | 2,259 |
| Non-operating expenses | | |
| Interest expenses | 188 | 351 |
| Share of loss of entities accounted for using equity method | 166 | – |
| Expenses on inactive non-current assets | 179 | 200 |
| Other | 298 | 358 |
| Total non-operating expenses | 833 | 910 |
| Ordinary profit | 8,783 | 10,024 |
| Extraordinary income | | |
| Gain on sale of investment securities | 402 | 464 |
| Gain on sale of non-current assets | 124 | 162 |
| Total extraordinary income | 526 | 627 |
| Extraordinary losses | | |
| Impairment losses | 341 | 2,432 |
| Losses on fire disaster | – | 295 |
| Loss on disposal of non-current assets | 7 | 294 |
| Loss on valuation of investment securities | 20 | 11 |
| Loss on valuation of shares of subsidiaries and associates | 217 | – |
| Factory transfer expenses | 174 | – |
| Business restructuring expenses | 129 | – |
| Other | 0 | 0 |
| Total extraordinary losses | 892 | 3,034 |
| Profit before income taxes | 8,418 | 7,618 |
| Income taxes - current | 2,662 | 3,075 |
| Income taxes - deferred | 249 | (1,028) |
| Total income taxes | 2,912 | 2,047 |
| Profit | 5,505 | 5,571 |
| Profit (loss) attributable to non-controlling interests | (96) | 54 |
| Profit attributable to owners of parent | 5,602 | 5,516 |

Consolidated statement of comprehensive income

(Millions of yen)

| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|--|-------------------------------------|-------------------------------------|
| Profit | 5,505 | 5,571 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (831) | 2,782 |
| Deferred gains or losses on hedges | 20 | (96) |
| Foreign currency translation adjustment | 304 | 1,222 |
| Remeasurements of defined benefit plans, net of tax | 314 | 68 |
| Share of other comprehensive income of entities accounted for using equity method | (0) | 34 |
| Total other comprehensive income | (193) | 4,010 |
| Comprehensive income | 5,312 | 9,582 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 5,372 | 9,386 |
| Comprehensive income attributable to non-controlling interests | (60) | 195 |

(3) Consolidated statement of changes in equity

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

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 22,040 | 15,219 | 58,589 | (4,228) | 91,620 |
| Cumulative effects of changes in accounting policies | | | 21 | | 21 |
| Restated balance | 22,040 | 15,219 | 58,611 | (4,228) | 91,642 |
| Changes during period | | | | | |
| Dividends of surplus | | | (1,241) | | (1,241) |
| Profit attributable to owners of parent | | | 5,602 | | 5,602 |
| Purchase of treasury shares | | | | (1,536) | (1,536) |
| Disposal of treasury shares | | | | 3 | 3 |
| Cancellation of treasury shares | | (3,678) | | 3,678 | – |
| Transfer from retained earnings to capital surplus | | 3,678 | (3,678) | | – |
| Change in ownership interest of parent due to transactions with non-controlling interests | | (8) | | | (8) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | (8) | 682 | 2,145 | 2,819 |
| Balance at end of period | 22,040 | 15,210 | 59,293 | (2,082) | 94,461 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|---|---|------------------------------------|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 11,241 | 32 | (8,904) | (584) | 1,784 | 1,599 | 95,004 |
| Cumulative effects of changes in accounting policies | | | | | | | 21 |
| Restated balance | 11,241 | 32 | (8,904) | (584) | 1,784 | 1,599 | 95,026 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | | (1,241) |
| Profit attributable to owners of parent | | | | | | | 5,602 |
| Purchase of treasury shares | | | | | | | (1,536) |
| Disposal of treasury shares | | | | | | | 3 |
| Cancellation of treasury shares | | | | | | | – |
| Transfer from retained earnings to capital surplus | | | | | | | – |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | (8) |
| Net changes in items other than shareholders' equity | (831) | 20 | 266 | 314 | (229) | (201) | (430) |
| Total changes during period | (831) | 20 | 266 | 314 | (229) | (201) | 2,388 |
| Balance at end of period | 10,410 | 52 | (8,637) | (270) | 1,555 | 1,398 | 97,415 |

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

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 22,040 | 15,210 | 59,293 | (2,082) | 94,461 |
| Cumulative effects of changes in accounting policies | | | | | – |
| Restated balance | 22,040 | 15,210 | 59,293 | (2,082) | 94,461 |
| Changes during period | | | | | |
| Dividends of surplus | | | (2,066) | | (2,066) |
| Profit attributable to owners of parent | | | 5,516 | | 5,516 |
| Purchase of treasury shares | | | | (2,002) | (2,002) |
| Disposal of treasury shares | | | | | – |
| Cancellation of treasury shares | | (1,607) | | 1,607 | – |
| Transfer from retained earnings to capital surplus | | 1,607 | (1,607) | | – |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | – |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | – | 1,843 | (394) | 1,448 |
| Balance at end of period | 22,040 | 15,210 | 61,137 | (2,477) | 95,910 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|---|---|------------------------------------|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 10,410 | 52 | (8,637) | (270) | 1,555 | 1,398 | 97,415 |
| Cumulative effects of changes in accounting policies | | | | | | | – |
| Restated balance | 10,410 | 52 | (8,637) | (270) | 1,555 | 1,398 | 97,415 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | | (2,066) |
| Profit attributable to owners of parent | | | | | | | 5,516 |
| Purchase of treasury shares | | | | | | | (2,002) |
| Disposal of treasury shares | | | | | | | – |
| Cancellation of treasury shares | | | | | | | – |
| Transfer from retained earnings to capital surplus | | | | | | | – |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | – |
| Net changes in items other than shareholders' equity | 2,782 | (96) | 1,114 | 68 | 3,869 | 173 | 4,043 |
| Total changes during period | 2,782 | (96) | 1,114 | 68 | 3,869 | 173 | 5,492 |
| Balance at end of period | 13,193 | (43) | (7,523) | (202) | 5,424 | 1,572 | 102,907 |

(4) Consolidated statement of cash flows

(Millions of yen)

| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 8,418 | 7,618 |
| Depreciation | 5,191 | 5,181 |
| Impairment losses | 341 | 2,432 |
| Increase (decrease) in retirement benefit liability | 241 | 9 |
| Increase (decrease) in provision for share-based payments | 31 | 53 |
| Increase (decrease) in allowance for doubtful accounts | (68) | (18) |
| Interest and dividend income | (1,064) | (1,264) |
| Interest expenses | 188 | 351 |
| Losses on fire disaster | – | 295 |
| Foreign exchange losses (gains) | (17) | (102) |
| Share of loss (profit) of entities accounted for using equity method | 166 | (21) |
| Loss (gain) on sale of property, plant and equipment and intangible assets | (141) | (162) |
| Loss on retirement of property, plant and equipment and intangible assets | 17 | 11 |
| Loss (gain) on sale of short-term and long-term investment securities | (401) | (464) |
| Loss (gain) on valuation of short-term and long-term investment securities | 20 | 11 |
| Loss on valuation of shares of subsidiaries and associates | 217 | – |
| Decrease (increase) in trade receivables and contract assets | (2,842) | (1,686) |
| Decrease (increase) in inventories | (3,682) | (6,931) |
| Increase (decrease) in trade payables | 4,251 | (1,652) |
| Other, net | (452) | 1,115 |
| Subtotal | 10,414 | 4,777 |
| Interest and dividends received | 1,072 | 1,276 |
| Interest paid | (178) | (325) |
| Subsidies received | 202 | 184 |
| Payments associated with losses on fire disaster | – | (293) |
| Income taxes paid | (2,264) | (3,103) |
| Net cash provided by (used in) operating activities | 9,246 | 2,516 |

(Millions of yen)

| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from investing activities | | |
| Decrease (increase) in time deposits | 19 | 9 |
| Purchase of property, plant and equipment and intangible assets | (3,486) | (4,536) |
| Proceeds from sale of property, plant and equipment and intangible assets | 176 | 232 |
| Purchase of investment securities | (14) | (14) |
| Proceeds from sale of investment securities | 444 | 1,604 |
| Loan advances | (168) | (26) |
| Proceeds from collection of loans receivable | 62 | 67 |
| Other, net | (375) | (306) |
| Net cash provided by (used in) investing activities | (3,341) | (2,969) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (9,480) | 2,032 |
| Proceeds from long-term borrowings | 617 | 100 |
| Repayments of long-term borrowings | (1,209) | (576) |
| Purchase of treasury shares | (1,536) | (2,002) |
| Repayments of lease liabilities | (183) | (168) |
| Dividends paid | (1,241) | (2,061) |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | (126) | – |
| Repayments of construction assistance fund | (882) | (882) |
| Other, net | (21) | (22) |
| Net cash provided by (used in) financing activities | (14,065) | (3,581) |
| Effect of exchange rate change on cash and cash equivalents | 174 | 321 |
| Net increase (decrease) in cash and cash equivalents | (7,985) | (3,713) |
| Cash and cash equivalents at beginning of period | 22,059 | 14,073 |
| Cash and cash equivalents at end of period | 14,073 | 10,360 |

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

Not applicable.

(Notes on consolidated balance sheet)

(Contingent liabilities)

On June 30, 2022, a fire broke out at the logistics facility Ami No. 2 Logistics Center of SBS Flec Co., Ltd. (location: 6-1 Hoshinosato, Ami-machi, Inashiki-gun, Ibaraki) at which the Company's Chemical Products Division had conducted heat-insulating work. The fire was extinguished on July 5, 2022.

During the fiscal year ended March 31, 2023, the Company recorded losses on fire disaster under extraordinary losses of ¥295 million to account for the Company's contribution as discussed and determined among the relevant companies at behest of SBS Flec Co., Ltd. and other expenses. The aforementioned disbursement is provisional given that proportional liability with respect to the fire and the overall amount of damages attributable to the fire have yet to be determined at this point in time. As such, the Company may incur additional damages pursuant to factors such as the overall amount of damages, which is to be determined based on findings of the currently ongoing investigation by fire authorities into the cause of the fire and also based on results of discussions with concerned parties.

(Changes in presentation)

(Consolidated statement of income)

"Subsidy income," which was presented separately under non-operating income in the previous fiscal year, has been included in "Other" under non-operating income from the fiscal year under review because it has become immaterial. In addition, "Loss on disposal of non-current assets," which was included in "Other" under extraordinary losses in the previous fiscal year, has been presented separately from the fiscal year under review due to its increasing materiality. To reflect these changes in presentation, the consolidated financial statements for the previous fiscal year have been restated.

As a result, ¥220 million that was presented in "Subsidy income" and ¥183 million that was presented in "Other" under non-operating income in the consolidated statement of income for the previous fiscal year was reclassified as ¥404 million of "Other" under non-operating income, and ¥7 million that was presented in "Other" under extraordinary losses was reclassified as ¥7 million of "Loss on disposal of non-current assets" and ¥0 million of "Other" under extraordinary losses.

(Consolidated statement of cash flows)

"Subsidy income" and "Increase (decrease) in leasehold and guarantee deposits received," which were presented separately under cash flows from operating activities in the previous fiscal year, have been included in "Other, net" under cash flows from operating activities from the fiscal year under review because they have become immaterial. To reflect these changes in presentation, the consolidated financial statements for the previous fiscal year have been restated.

As a result, negative ¥202 million that was presented in "Subsidy income," ¥5 million that was presented in "Increase (decrease) in leasehold and guarantee deposits received" and negative ¥255 million that was presented in "Other, net" under cash flows from operating activities in the consolidated statement of cash flows for the previous fiscal year were reclassified as negative ¥452 million of "Other, net" under cash flows from operating activities.

(Additional information)

(Fire accident)

Regarding the fire accident described in "Notes on consolidated balance sheet (Contingent liabilities)," the cause of the fire is still under investigation by fire authorities and we have not yet determined the details and the amount of additional damage to the Company resulting from the fire at this point in time. The Company will announce any specific impact on earnings in the future as soon as it becomes clear.

(Share-based compensation plan for directors and other officers)

The Company has introduced a share-based compensation plan using a trust (hereinafter the “Plan”) for directors (excluding outside directors, directors who are audit and supervisory committee members and residents outside Japan; the same shall apply hereinafter) and executive officers (excluding residents outside Japan; hereinafter collectively referred to as “Directors, etc.”) in order to raise their consciousness of contributing to improvement in business performance over the medium to long term and enhancement of corporate value by making the linkage between remuneration of Directors, etc. and the Company’s operating results and share value clearer and having Directors, etc. share gains and risks of stock price fluctuations with shareholders.

(1) Overview of the transaction

The Plan is a share-based compensation plan in which a trust established by the Company’s contribution of money (hereinafter the “Trust”) acquires the Company’s shares, and the Company’s shares are delivered to each Director, etc. through the Trust in the number corresponding to the number of points granted by the Company to each Director, etc. The timing when each Director, etc. receives delivered shares of the Company is the time of retirement of the Director, etc. from his or her position in principle.

(2) The Company’s own shares remaining in the trust

Shares of the Company remaining in the trust have been recorded as treasury shares in net assets at the carrying amount (excluding the amount of incidental costs) in the trust. The carrying amount and number of these treasury shares were ¥214 million and 103 thousand shares in the previous fiscal year, and ¥214 million and 103 thousand shares in the fiscal year under review.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Company's reportable segments are components of the Group's businesses on which separate financial information is available and which are examined regularly by the Board of Directors to decide allocation of managerial resources and assess business performance.

The Company has established a division (or responsible department) by product/service, and for the Food and Services segment, consolidated subsidiaries have been established. These divisions, etc. formulate domestic and overseas comprehensive strategies for products and services that they handle and conduct business activities.

Accordingly, the Group's businesses consist of segments classified by product/service based on divisions, etc., and five segments of "Textiles," "Chemical Products," "Advanced Technology," "Food and Services" and "Real Estate" are reportable segments.

The description of main businesses that belong to each reportable segment is as follows.

| Reportable segments | Description of business |
|---------------------|--|
| Textiles | Manufacturing and sales of yarns, fabrics and textile products (sewn products, etc.) |
| Chemical Products | Manufacturing, processing and sales of flexible polyurethane foam, functional resin products (functional films, and high-performance plastic products), housing construction products (synthetic wood, inorganic building materials, and rigid polyurethane foam), and others (nonwoven fabrics, and functional materials) |
| Advanced Technology | Manufacturing, sales and maintenance of electronics (information system equipment related to color/production control, etc., and inspection/measurement systems) Engineering (design, production, construction and sales of various plants related to environment and energy, etc., and biomass power generation business) Manufacturing and sales of others (bio-related products, machine tools, etc.) |
| Food and Services | Manufacturing and sales of freeze-dried foods Operation of hotels, driving schools, etc. |
| Real Estate | Real estate leasing |

2. Method of calculating the amounts of sales, profit or loss, assets and other items by reportable segment

The method of accounting for reported operating segments is basically the same as the method of accounting treatment employed to prepare the consolidated financial statements.

Profit of reportable segments represents figures based on operating profit.

Intersegment revenue and transfers are based on prevailing market prices.

3. Information on the amounts of sales, profit or loss, assets and other items by reportable segment

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

(Millions of yen)

| | Reportable segments | | | | | | Adjustments (Note 1) | Amount recorded in the consolidated financial statements (Note 2) |
|---|---------------------|----------------------|------------------------|----------------------|-------------|---------|-------------------------|---|
| | Textiles | Chemical Products | Advanced Technology | Food and Services | Real Estate | Total | | |
| Sales | | | | | | | | |
| Sales to outside customers | 44,669 | 51,695 | 23,593 | 8,461 | 3,795 | 132,215 | – | 132,215 |
| Intersegment sales or transfers | 43 | 85 | 386 | 36 | 499 | 1,052 | (1,052) | – |
| Total | 44,713 | 51,781 | 23,980 | 8,497 | 4,295 | 133,267 | (1,052) | 132,215 |
| Segment profit (loss) | (177) | 2,978 | 2,776 | 271 | 2,746 | 8,596 | (1,067) | 7,528 |
| Segment assets | 46,009 | 53,338 | 31,974 | 10,996 | 13,226 | 155,545 | 11,739 | 167,285 |
| Other items | | | | | | | | |
| Depreciation | 1,278 | 2,037 | 864 | 347 | 591 | 5,120 | 71 | 5,191 |
| Amortization of goodwill | – | – | 6 | – | – | 6 | – | 6 |
| Investments in entities accounted for using equity method | 312 | – | – | 449 | – | 762 | – | 762 |
| Increase in property, plant and equipment and intangible assets | 640 | 2,260 | 268 | 275 | 157 | 3,602 | 6 | 3,608 |

- (Notes) 1. (1) The segment profit or loss adjustment of negative ¥1,067 million includes company-wide expenses of negative ¥1,058 million and other adjustments of negative ¥9 million. Company-wide expenses are mainly R&D expenses not attributable to the reportable segment.
- (2) The segment assets adjustment of ¥11,739 million includes corporate assets of ¥25,477 million and other adjustments of negative ¥13,737 million. Corporate assets are mainly surplus operating funds (cash and deposits) and long-term investment funds (investment securities) at the parent company.
- (3) The depreciation adjustment of ¥71 million in other items includes company-wide expenses of ¥73 million and other adjustments of negative ¥2 million. Company-wide expenses are mainly depreciation of corporate assets not attributable to the reportable segment.
- (4) The adjustment of increase in property, plant and equipment and intangible assets of ¥6 million in other items includes an increase in corporate assets of ¥18 million and other adjustments of negative ¥12 million. The increase in corporate assets represents the amount of capital investment not attributable to the reportable segment.
2. Segment profit or loss is adjusted with operating profit in the consolidated financial statements.

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

(Millions of yen)

| | Reportable segments | | | | | | Adjustments (Note 1) | Amount recorded in the consolidated financial statements (Note 2) |
|---|---------------------|----------------------|------------------------|----------------------|-------------|---------|-------------------------|---|
| | Textiles | Chemical Products | Advanced Technology | Food and Services | Real Estate | Total | | |
| Sales | | | | | | | | |
| Sales to outside customers | 56,507 | 59,726 | 24,271 | 9,292 | 3,724 | 153,522 | – | 153,522 |
| Intersegment sales or transfers | 41 | 90 | 537 | 42 | 440 | 1,151 | (1,151) | – |
| Total | 56,548 | 59,817 | 24,808 | 9,334 | 4,164 | 154,674 | (1,151) | 153,522 |
| Segment profit | 308 | 3,712 | 2,834 | 463 | 2,433 | 9,753 | (1,076) | 8,676 |
| Segment assets | 52,262 | 56,685 | 29,165 | 11,299 | 12,877 | 162,290 | 11,796 | 174,086 |
| Other items | | | | | | | | |
| Depreciation | 1,260 | 2,067 | 827 | 377 | 584 | 5,117 | 64 | 5,181 |
| Amortization of goodwill | – | – | 6 | – | – | 6 | – | 6 |
| Investments in entities accounted for using equity method | 361 | – | – | 454 | – | 816 | – | 816 |
| Increase in property, plant and equipment and intangible assets | 1,067 | 2,073 | 610 | 781 | 129 | 4,662 | (15) | 4,647 |

- (Notes) 1. (1) The segment profit adjustment of negative ¥1,076 million includes company-wide expenses of negative ¥1,032 million and other adjustments of negative ¥44 million. Company-wide expenses are mainly R&D expenses not attributable to the reportable segment.
- (2) The segment assets adjustment of ¥11,796 million includes corporate assets of ¥23,101 million and other adjustments of negative ¥11,304 million. Corporate assets are mainly surplus operating funds (cash and deposits) and long-term investment funds (investment securities) at the parent company.
- (3) The depreciation adjustment of ¥64 million in other items includes company-wide expenses of ¥67 million and other adjustments of negative ¥3 million. Company-wide expenses are mainly depreciation of corporate assets that is not attributable to the reportable segment.
- (4) The adjustment of increase in property, plant and equipment and intangible assets of negative ¥15 million in other items includes an increase in corporate assets of ¥19 million and other adjustments of negative ¥34 million. The increase in corporate assets represents the amount of capital investment not attributable to the reportable segment.
2. Segment profit is adjusted with operating profit in the consolidated financial statements.

[Information about impairment losses of non-current assets by reportable segment]

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

(Millions of yen)

| | Reportable segments | | | | | | Adjustments | Total |
|-------------------|---------------------|-------------------|---------------------|-------------------|-------------|-------|-------------|-------|
| | Textiles | Chemical Products | Advanced Technology | Food and Services | Real Estate | Total | | |
| Impairment losses | 4 | 309 | 2 | – | 24 | 341 | – | 341 |

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

(Millions of yen)

| | Reportable segments | | | | | | Adjustments | Total |
|-------------------|---------------------|-------------------|---------------------|-------------------|-------------|-------|-------------|-------|
| | Textiles | Chemical Products | Advanced Technology | Food and Services | Real Estate | Total | | |
| Impairment losses | – | – | 2,432 | – | – | 2,432 | – | 2,432 |

[Information about amortization and unamortized balance of goodwill by reportable segment]

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

The information is omitted as it is immaterial.

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

The information is omitted as it is immaterial.

[Information about gain on bargain purchase by reportable segment]

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

Not applicable.

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

Not applicable.

(Relationship to revenue recognition)

Information on disaggregation of revenue from contracts with customers

[Breakdown by type of goods or services]

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

(Millions of yen)

| | Reportable segments | | | | | Total |
|---|---------------------|-------------------|---------------------|-------------------|-------------|----------|
| | Textiles | Chemical Products | Advanced Technology | Food and Services | Real Estate | |
| Yarns | 13,715 | – | – | – | – | 13,715 |
| Fabrics | 21,392 | – | – | – | – | 21,392 |
| Textile products (Sewn products, etc.) | 15,091 | – | – | – | – | 15,091 |
| Flexible polyurethane foam | – | 17,468 | – | – | – | 17,468 |
| Functional resin products | – | 20,247 | – | – | – | 20,247 |
| Housing construction products | – | 8,968 | – | – | – | 8,968 |
| Electronics businesses | – | – | 11,461 | – | – | 11,461 |
| Engineering businesses | – | – | 6,530 | – | – | 6,530 |
| Freeze-dried foods | – | – | – | 6,816 | – | 6,816 |
| Services | – | – | – | 1,681 | – | 1,681 |
| Others | – | 8,747 | 7,097 | – | – | 15,844 |
| Intersegment sales | (5,529) | (3,734) | (1,494) | (36) | – | (10,796) |
| Revenue from contracts with customers | 44,669 | 51,695 | 23,593 | 8,461 | – | 128,419 |
| Other revenue | – | – | – | – | 3,795 | 3,795 |
| Sales to outside customers | 44,669 | 51,695 | 23,593 | 8,461 | 3,795 | 132,215 |

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

(Millions of yen)

| | Reportable segments | | | | | Total |
|---|---------------------|-------------------|---------------------|-------------------|-------------|----------|
| | Textiles | Chemical Products | Advanced Technology | Food and Services | Real Estate | |
| Yarns | 18,451 | – | – | – | – | 18,451 |
| Fabrics | 25,619 | – | – | – | – | 25,619 |
| Textile products (Sewn products, etc.) | 19,831 | – | – | – | – | 19,831 |
| Flexible polyurethane foam | – | 21,369 | – | – | – | 21,369 |
| Functional resin products | – | 23,246 | – | – | – | 23,246 |
| Housing construction products | – | 10,437 | – | – | – | 10,437 |
| Electronics businesses | – | – | 12,284 | – | – | 12,284 |
| Engineering businesses | – | – | 5,446 | – | – | 5,446 |
| Freeze-dried foods | – | – | – | 6,946 | – | 6,946 |
| Services | – | – | – | 2,388 | – | 2,388 |
| Others | – | 8,848 | 8,072 | – | – | 16,921 |
| Intersegment sales | (7,395) | (4,175) | (1,532) | (42) | – | (13,146) |
| Revenue from contracts with customers | 56,507 | 59,726 | 24,271 | 9,292 | – | 149,798 |
| Other revenue | – | – | – | – | 3,724 | 3,724 |
| Sales to outside customers | 56,507 | 59,726 | 24,271 | 9,292 | 3,724 | 153,522 |

(Per share information)

| | Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022) | Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023) |
|--------------------------|--|--|
| Net assets per share | ¥4,853.12 | ¥5,386.20 |
| Basic earnings per share | ¥280.35 | ¥287.08 |

(Notes) 1. The amount of diluted earnings per share is not presented because there are no shares with dilutive effect.

2. The basis for calculation of basic earnings per share is as follows:

| | Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022) | Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023) |
|---|--|--|
| Profit attributable to owners of parent (Millions of yen) | 5,602 | 5,516 |
| Profit not attributable to common shareholders (Millions of yen) | – | – |
| Profit attributable to owners of parent pertaining to common shares (Millions of yen) | 5,602 | 5,516 |
| Average number of common shares outstanding during the period (Thousands of shares) | 19,983 | 19,217 |

3. The basis for calculation of net assets per share is as follows:

| | As of March 31, 2022 | As of March 31, 2023 |
|---|----------------------|----------------------|
| Total net assets (Millions of yen) | 97,415 | 102,907 |
| Amounts deducted from total net assets (Millions of yen) | 1,398 | 1,572 |
| [Of the above, non-controlling interests (Millions of yen)] | [1,398] | [1,572] |
| Net assets pertaining to common shares at the end of the period (Millions of yen) | 96,016 | 101,334 |
| Number of common shares at the end of the period used to calculate net assets per share (Thousands of shares) | 19,784 | 18,813 |

4. The Company has introduced the Board Benefit Trust, a share-based compensation plan for directors, etc. using a trust. For the calculation of net assets per share, the Company's shares held by the trust account are included in the number of treasury shares deducted in the calculation of the total number of shares outstanding at the end of the period. (103 thousand shares in the previous fiscal year; 103 thousand shares in the fiscal year under review)
In addition, for the calculation of basic earnings per share, these shares are included in treasury shares deducted in the calculation of the average number of shares outstanding during the period. (103 thousand shares in the previous fiscal year; 103 thousand shares in the fiscal year under review)

(Subsequent events)

Not applicable.

4. Others

(1) Changes of officers (scheduled as of June 29, 2023)

The information was separately disclosed in the “Notification on Changes of Directors and Executive Officers” as of May 11, 2023.

(2) Reference information

i) Changes in the number of employees (consolidated)

| (Persons) | |
|---------------------|-------|
| As of Mar. 31, 2021 | 4,313 |
| As of Mar. 31, 2022 | 4,164 |
| As of Mar. 31, 2023 | 4,189 |

Note: In addition to the above, there are also temporary employees and part-timers (957 as of Mar. 31, 2023).

ii) Changes in the balance of interest-bearing debt (consolidated)

| (Millions of yen) | |
|---------------------|--------|
| As of Mar. 31, 2021 | 22,154 |
| As of Mar. 31, 2022 | 12,364 |
| As of Mar. 31, 2023 | 14,557 |

Note: Total amount of long-term and short-term borrowings.

iii) Trends in amount of capital investment and depreciation (consolidated)

| (Millions of yen) | | |
|--|------------------------------|--------------|
| | Amount of capital investment | Depreciation |
| Fiscal year ended Mar. 31, 2021 | 4,718 | 5,115 |
| Fiscal year ended Mar. 31, 2022 | 3,608 | 5,191 |
| Fiscal year ended Mar. 31, 2023 | 4,647 | 5,181 |
| Fiscal year ending Mar. 31, 2024 (Forecast) | 7,400 | 5,400 |

iv) Forecast of full-year financial results for the fiscal year ending March 31, 2024 (consolidated)

(Millions of yen)

| | | Fiscal year ended Mar. 31, 2023 | Fiscal year ending Mar. 31, 2024 (Forecast) |
|---|----------------------------|------------------------------------|---|
| Net sales | Textiles | 56,507 | 52,000 |
| | Chemical Products | 59,726 | 62,000 |
| | Advanced Technology | 24,271 | 26,200 |
| | Food and Services | 9,292 | 10,000 |
| | Real Estate | 3,724 | 3,800 |
| | Total | 153,522 | 154,000 |
| Operating profit | Textiles | 308 | 400 |
| | Chemical Products | 3,712 | 3,300 |
| | Advanced Technology | 2,834 | 2,500 |
| | Food and Services | 463 | 500 |
| | Real Estate | 2,433 | 2,300 |
| | Eliminations and corporate | (1,076) | (1,100) |
| | Total | 8,676 | 7,900 |
| Ordinary profit | | 10,024 | 8,500 |
| Profit attributable to owners of parent | | 5,516 | 5,800 |