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



May 15, 2023

Company name: Glosel Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 9995
 URL: <https://www.glosel.co.jp/>
 Representative: Takefumi Ueno, President, Representative Director
 Contact: Tatsuya Takei, Senior Corporate Officer
 Phone: +81-3-6275-0600
 Scheduled date of annual general meeting of shareholders: June 28, 2023
 Scheduled date of commencing dividend payments: June 8, 2023
 Scheduled date of filing annual securities report: June 28, 2023
 Availability of supplementary explanatory materials on annual financial results: Available
 Schedule of annual financial results briefing session: Scheduled (for analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 - 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	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	68,295	1.5	1,260	32.2	1,080	(10.0)	872	—
March 31, 2022	67,259	12.4	953	—	1,199	—	(362)	—

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥1,321 million [-%]

Fiscal year ended March 31, 2022: ¥(50) million [-%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	34.18	—	3.7	2.8	1.8
March 31, 2022	(14.84)	—	(1.6)	3.3	1.4

(Reference) Equity in earnings 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	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	37,784	24,677	65.3	872.11
As of March 31, 2022	38,682	22,280	57.6	903.01

(Reference) Equity: As of March 31, 2023: ¥24,677 million

As of March 31, 2022: ¥22,280 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 year-end
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2023	3,858	43	(1,970)	4,840
March 31, 2022	(5,163)	333	3,761	2,625

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2022	–	0.00	–	12.00	12.00	312	–	1.3
Fiscal year ended March 31, 2023	–	0.00	–	12.00	12.00	354	35.1	1.4
Fiscal year ending March 31, 2024 (forecast)	–	0.00	–	12.00	12.00		38.3	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - 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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	34,000	1.3	410	(59.8)	390	(66.9)	280	(69.8)	10.97
Full year	71,000	4.0	1,000	(20.6)	950	(12.1)	700	(19.7)	27.43

* Notes:

- (1) Changes in significant subsidiaries during the fiscal year under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
- (2) Changes in accounting policies, changes in accounting estimates and restatement
- 1) Changes in accounting policies due to the revisions to accounting standards and other regulations: None
 - 2) Changes in accounting policies due to other reasons: None
 - 3) Changes in accounting estimates: None
 - 4) Restatement: None
- (3) Number of issued shares (common shares)
- 1) Total number of issued shares at the end of the year (including treasury shares):

March 31, 2023:	29,526,800 shares
March 31, 2022:	26,426,800 shares
 - 2) Total number of treasury shares at the end of the year:

March 31, 2023:	1,230,465 shares
March 31, 2022:	1,753,245 shares
 - 3) Average number of shares outstanding during the year:

Year ended March 31, 2023:	25,515,628 shares
Year ended March 31, 2022:	24,443,187 shares
- The total number of treasury shares at the end of the year indicated for March 31, 2023 includes a total of 1,207,010 shares held in the ESOP (Employee Stock Ownership Plan) trust and board benefit trust accounts.

(Reference) Summary of Non-consolidated Financial Results**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 - 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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	52,217	(2.0)	279	(14.9)	667	(18.4)	604	—
March 31, 2022	53,281	10.0	328	—	818	—	(569)	—

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	23.70	—
March 31, 2022	(23.31)	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	27,868	19,955	71.6	705.24
As of March 31, 2022	29,893	18,099	60.5	733.54

(Reference) Equity: As of March 31, 2023: ¥19,955 million

As of March 31, 2022: ¥18,099 million

* These consolidated financial results are exempt from audit by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Cautionary statement with respect to forward-looking statements)

Business results forecasts and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions that are deemed as reasonable, and the Company does not guarantee the realization of these statements.

Actual results may differ significantly from those statements due to various factors.

(Access to supplementary explanatory materials on annual financial results and details on annual financial results briefing session)

The Company is scheduled to hold a financial results briefing session for analysts on Wednesday, May 17, 2023. The briefing materials to be distributed at the session will be posted on the Company's website promptly after the event.

4. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	2,625	4,840
Notes receivable - trade	20	–
Accounts receivable - trade	14,329	12,876
Electronically recorded monetary claims - operating	1,731	1,315
Merchandise and finished goods	15,734	14,217
Raw materials	16	45
Work in process	14	42
Other	261	464
Total current assets	34,733	33,803
Non-current assets		
Property, plant and equipment		
Buildings and structures	726	598
Accumulated depreciation	(568)	(492)
Buildings and structures, net	157	105
Tools, furniture and fixtures	248	230
Accumulated depreciation	(215)	(197)
Tools, furniture and fixtures, net	32	32
Land	817	715
Leased assets	154	168
Accumulated depreciation	(97)	(133)
Leased assets, net	56	34
Other	0	0
Total property, plant and equipment	1,064	888
Intangible assets		
Software	94	155
Trademark right	15	13
Other	17	16
Total intangible assets	127	185
Investments and other assets		
Investment securities	1,908	2,178
Deferred tax assets	46	47
Other	822	701
Allowance for doubtful accounts	(21)	(21)
Total investments and other assets	2,755	2,907
Total non-current assets	3,948	3,981
Total assets	38,682	37,784

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	6,784	5,827
Short-term borrowings	6,916	4,414
Current portion of long-term borrowings	233	233
Lease liabilities	20	17
Income taxes payable	122	192
Other	1,097	1,359
Total current liabilities	15,175	12,043
Non-current liabilities		
Long-term borrowings	634	335
Lease liabilities	36	16
Retirement benefit liability	232	294
Provision for share awards	152	194
Deferred tax liabilities	62	175
Other	108	46
Total non-current liabilities	1,226	1,063
Total liabilities	16,401	13,107
Net assets		
Shareholders' equity		
Share capital	5,042	5,604
Capital surplus	4,720	5,282
Retained earnings	12,506	13,066
Treasury shares	(781)	(517)
Total shareholders' equity	21,487	23,435
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(14)	160
Foreign currency translation adjustment	789	1,114
Remeasurements of defined benefit plans	17	(32)
Total accumulated other comprehensive income	792	1,242
Total net assets	22,280	24,677
Total liabilities and net assets	38,682	37,784

(2) 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	67,259	68,295
Cost of sales	60,116	61,250
Gross profit	7,142	7,045
Selling, general and administrative expenses	6,189	5,785
Operating profit	953	1,260
Non-operating income		
Interest income	2	1
Dividend income	45	51
Sales commission	80	3
Receipt dispatch fee	27	51
Compensation income	38	28
Subsidies for employment adjustment	43	–
Foreign exchange gains	94	–
Other	46	52
Total non-operating income	379	188
Non-operating expenses		
Interest expenses	50	142
Share issuance costs	–	17
Compensation expenses	61	22
Loss on sale of receivables	15	16
Commission for syndicated loans	1	1
Foreign exchange losses	–	161
Other	4	5
Total non-operating expenses	133	368
Ordinary profit	1,199	1,080
Extraordinary income		
Gain on sale of non-current assets	44	74
Total extraordinary income	44	74
Extraordinary losses		
Loss on retirement of non-current assets	1	1
Business restructuring expenses	1,152	–
Loss on valuation of investment securities	179	–
Loss on sale of membership	–	0
Total extraordinary losses	1,333	1
Profit (loss) before income taxes	(88)	1,153
Income taxes - current	163	241
Income taxes - deferred	110	39
Total income taxes	273	280
Profit (loss)	(362)	872
Profit attributable to		
Profit (loss) attributable to owners of parent	(362)	872
Other comprehensive income		
Valuation difference on available-for-sale securities	(62)	175
Foreign currency translation adjustment	424	324
Remeasurements of defined benefit plans, net of tax	(49)	(50)
Total other comprehensive income	312	449
Comprehensive income	(50)	1,321
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(50)	1,321

(3) Consolidated Statements 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	5,042	4,720	13,184	(925)	22,021
Cumulative effects of changes in accounting policies			(1)		(1)
Restated balance	5,042	4,720	13,182	(925)	22,019
Changes during period					
Issuance of new shares					–
Dividends of surplus			(312)		(312)
Profit (loss) attributable to owners of parent			(362)		(362)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				143	143
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(675)	143	(531)
Balance at end of period	5,042	4,720	12,506	(781)	21,487

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	47	365	67	480	22,501
Cumulative effects of changes in accounting policies					(1)
Restated balance	47	365	67	480	22,499
Changes during period					
Issuance of new shares					–
Dividends of surplus					(312)
Profit (loss) attributable to owners of parent					(362)
Purchase of treasury shares					(0)
Disposal of treasury shares					143
Net changes in items other than shareholders' equity	(62)	424	(49)	312	312
Total changes during period	(62)	424	(49)	312	(219)
Balance at end of period	(14)	789	17	792	22,280

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	5,042	4,720	12,506	(781)	21,487
Cumulative effects of changes in accounting policies					–
Restated balance	5,042	4,720	12,506	(781)	21,487
Changes during period					
Issuance of new shares	561	561			1,123
Dividends of surplus			(312)		(312)
Profit (loss) attributable to owners of parent			872		872
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				264	264
Net changes in items other than shareholders' equity					
Total changes during period	561	561	559	264	1,947
Balance at end of period	5,604	5,282	13,066	(517)	23,435

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(14)	789	17	792	22,280
Cumulative effects of changes in accounting policies					–
Restated balance	(14)	789	17	792	22,280
Changes during period					
Issuance of new shares					1,123
Dividends of surplus					(312)
Profit (loss) attributable to owners of parent					872
Purchase of treasury shares					(0)
Disposal of treasury shares					264
Net changes in items other than shareholders' equity	175	324	(50)	449	449
Total changes during period	175	324	(50)	449	2,397
Balance at end of period	160	1,114	(32)	1,242	24,677

(4) 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 (loss) before income taxes	(88)	1,153
Depreciation	179	127
Business restructuring expenses	73	–
Loss (gain) on sale of property, plant and equipment and intangible assets	(44)	(74)
Loss on retirement of property, plant and equipment	0	1
Loss on retirement of intangible assets	0	0
Increase (decrease) in allowance for doubtful accounts	(1)	–
Increase (decrease) in retirement benefit liability	(78)	(11)
Increase (decrease) in provision for share awards	(1)	42
Interest expenses	50	142
Interest and dividend income	(48)	(53)
Decrease (increase) in trade receivables	(1,424)	2,188
Decrease (increase) in inventories	(4,638)	1,751
Decrease (increase) in other current assets	167	(199)
Increase (decrease) in trade payables	643	(1,092)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(0)	–
Loss (gain) on valuation of investment securities	179	–
Increase (decrease) in other current liabilities	121	254
Other, net	(100)	(140)
Subtotal	(5,009)	4,090
Interest and dividends received	48	53
Interest paid	(49)	(142)
Income taxes refund (paid)	(151)	(143)
Net cash provided by (used in) operating activities	(5,163)	3,858
Cash flows from investing activities		
Purchase of investment securities	(27)	(6)
Purchase of property, plant and equipment	(62)	(58)
Proceeds from sale of property, plant and equipment	477	224
Purchase of intangible assets	(50)	(120)
Other, net	(3)	5
Net cash provided by (used in) investing activities	333	43
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,483	(2,682)
Proceeds from long-term borrowings	700	–
Repayments of long-term borrowings	(142)	(299)
Repayments of lease liabilities	(45)	(40)
Proceeds from issuance of shares	–	1,164
Dividends paid	(312)	(312)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	80	201
Other, net	(1)	(1)
Net cash provided by (used in) financing activities	3,761	(1,970)
Effect of exchange rate change on cash and cash equivalents	297	282
Net increase (decrease) in cash and cash equivalents	(770)	2,215
Cash and cash equivalents at beginning of period	3,395	2,625
Cash and cash equivalents at end of period	2,625	4,840

5. Non-consolidated Financial Statements and Principal Notes

(1) Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	844	2,288
Notes receivable - trade	20	–
Accounts receivable - trade	10,967	9,343
Electronically recorded monetary claims - operating	1,731	1,315
Merchandise	11,778	9,945
Raw materials	16	45
Work in process	14	42
Finished goods	80	300
Advance payments to suppliers	3	234
Prepaid expenses	92	96
Other	132	95
Total current assets	25,682	23,706
Non-current assets		
Property, plant and equipment		
Buildings	156	104
Structures	0	0
Tools, furniture and fixtures	26	24
Land	817	715
Leased assets	5	14
Other	0	0
Total property, plant and equipment	1,007	860
Intangible assets		
Software	87	150
Trademark right	15	13
Other	17	16
Total intangible assets	121	180
Investments and other assets		
Investment securities	1,890	2,162
Shares of subsidiaries and associates	239	239
Investments in capital	0	0
Long-term prepaid expenses	316	204
Deferred tax assets	170	59
Other	486	477
Allowance for doubtful accounts	(21)	(21)
Total investments and other assets	3,082	3,121
Total non-current assets	4,211	4,162
Total assets	29,893	27,868

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	5,218	4,749
Short-term borrowings	4,200	800
Current portion of long-term borrowings	233	233
Lease liabilities	1	3
Accounts payable - other	470	323
Income taxes payable	58	131
Accrued expenses	444	423
Advances received	10	157
Deposits received	36	38
Other	5	265
Total current liabilities	10,680	7,125
Non-current liabilities		
Long-term borrowings	634	335
Lease liabilities	4	11
Provision for retirement benefits	215	199
Provision for share awards	152	194
Other	108	46
Total non-current liabilities	1,114	788
Total liabilities	11,794	7,913
Net assets		
Shareholders' equity		
Share capital	5,042	5,604
Capital surplus		
Legal capital surplus	3,652	4,214
Other capital surplus	1,067	1,067
Total capital surplus	4,720	5,282
Retained earnings		
Legal retained earnings	318	318
Other retained earnings	8,812	9,104
General reserve	5,900	5,900
Retained earnings brought forward	2,912	3,204
Total retained earnings	9,131	9,423
Treasury shares	(781)	(517)
Total shareholders' equity	18,112	19,792
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(13)	163
Total valuation and translation adjustments	(13)	163
Total net assets	18,099	19,955
Total liabilities and net assets	29,893	27,868

(2) Non-consolidated Statements of Income
Non-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	53,281	52,217
Cost of sales	47,407	46,902
Gross profit	5,873	5,315
Selling, general and administrative expenses	5,545	5,036
Operating profit	328	279
Non-operating income		
Interest income	0	0
Dividend income	185	240
Purchase discounts	1	2
Rental income	46	41
Sales commission	80	4
Receipt dispatch fee	27	51
Compensation income	38	28
Subsidies for employment adjustment	43	–
Foreign exchange gains	112	60
Reversal of allowance for doubtful accounts	1	–
Other	51	40
Total non-operating income	588	468
Non-operating expenses		
Interest expenses	25	25
Share issuance costs	–	17
Sales discounts	1	0
Loss on sale of receivables	15	16
Commission for syndicated loans	1	1
Compensation expenses	52	17
Other	2	1
Total non-operating expenses	98	80
Ordinary profit	818	667
Extraordinary income		
Gain on sale of non-current assets	44	74
Total extraordinary income	44	74
Extraordinary losses		
Loss on retirement of non-current assets	1	1
Business restructuring expenses	1,143	–
Loss on valuation of investment securities	179	–
Loss on sale of membership	–	0
Total extraordinary losses	1,324	1
Profit (loss) before income taxes	(461)	740
Income taxes - current	27	112
Income taxes - deferred	80	23
Total income taxes	108	135
Profit (loss)	(569)	604

(3) Non-consolidated Statements 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			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of period	5,042	3,652	1,067	4,720	318	5,900	3,796	10,014
Cumulative effects of changes in accounting policies							(1)	(1)
Restated balance	5,042	3,652	1,067	4,720	318	5,900	3,795	10,013
Changes during period								
Issuance of new shares								
Dividends of surplus							(312)	(312)
Profit (loss)							(569)	(569)
Purchase of treasury shares								
Disposal of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	–	–	–	–	–	–	(882)	(882)
Balance at end of period	5,042	3,652	1,067	4,720	318	5,900	2,912	9,131

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(925)	18,852	47	47	18,899
Cumulative effects of changes in accounting policies		(1)			(1)
Restated balance	(925)	18,851	47	47	18,898
Changes during period					
Issuance of new shares		–			–
Dividends of surplus		(312)			(312)
Profit (loss)		(569)			(569)
Purchase of treasury shares	(0)	(0)			(0)
Disposal of treasury shares	143	143			143
Net changes in items other than shareholders' equity			(60)	(60)	(60)
Total changes during period	143	(738)	(60)	(60)	(799)
Balance at end of period	(781)	18,112	(13)	(13)	18,099

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			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
	General reserve	Retained earnings brought forward						
Balance at beginning of period	5,042	3,652	1,067	4,720	318	5,900	2,912	9,131
Cumulative effects of changes in accounting policies								
Restated balance	5,042	3,652	1,067	4,720	318	5,900	2,912	9,131
Changes during period								
Issuance of new shares	561	561		561				
Dividends of surplus							(312)	(312)
Profit (loss) attributable to owners of parent							604	604
Purchase of treasury shares								
Disposal of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	561	561	–	561	–	–	292	292
Balance at end of period	5,604	4,214	1,067	5,282	318	5,900	3,204	9,423

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(781)	18,112	(13)	(13)	18,099
Cumulative effects of changes in accounting policies		–			–
Restated balance	(781)	18,112	(13)	(13)	18,099
Changes during period					
Issuance of new shares		1,123			1,123
Dividends of surplus		(312)			(312)
Profit (loss) attributable to owners of parent		604			604
Purchase of treasury shares	(0)	(0)			(0)
Disposal of treasury shares	264	264			264
Net changes in items other than shareholders' equity			176	176	176
Total changes during period	264	1,680	176	176	1,856
Balance at end of period	(517)	19,792	163	163	19,955