

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 9, 2024

Company name: CHUGOKU MARINE PAINTS, LTD.
 Stock exchange listing: Tokyo
 Stock code: 4617 URL <https://www.cmp.co.jp/>
 Representative: President Kenshi Date
 Director, Chief of Administration
 Inquiries: Katsunori Kobayashi TEL 03-3506-3951
 Headquarter
 Scheduled date of ordinary general meeting of shareholders: June 26, 2024
 Scheduled date to file Securities Report: June 26, 2024
 Scheduled date to commence dividend payments: June 27, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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	%
Year ended March 31, 2024	116,174	16.8	12,185	213.5	13,025	199.4	9,892	157.0
Year ended March 31, 2023	99,481	18.0	3,887	465.1	4,351	329.8	3,848	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	199.60	–	15.4	10.6	10.5
Year ended March 31, 2023	76.69	–	6.8	4.0	3.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	132,404	76,175	53.3	1,422.60
As of March 31, 2023	112,747	63,130	51.6	1,174.01

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	12,388	(1,625)	(1,980)	27,705
Year ended March 31, 2023	29	514	(654)	18,214

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	–	17.00	–	18.00	35.00	1,750	45.6	3.1
Year ended March 31, 2024	–	34.00	–	46.00	80.00	3,965	40.1	6.2
Year ending March 31, 2025 (Forecast)	–	40.00	–	41.00	81.00		40.2	

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	120,000	3.3	12,000	(1.5)	12,500	(4.0)	10,000	1.1	201.74

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2024	55,000,000 shares	As of March 31, 2023	55,000,000 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2024	5,431,781 shares	As of March 31, 2023	5,446,058 shares
----------------------	------------------	----------------------	------------------

Average number of shares during the period

Year ended March 31, 2024	49,564,167 shares	Year ended March 31, 2023	50,186,751 shares
---------------------------	-------------------	---------------------------	-------------------

These financial results are not subject to review by certified public accountants or auditing firms.

Explanation regarding the appropriate use of forecasts of business results and other special instructions

These forecasts are based on various assumptions made at the date of release of these materials, including the information available at the date of release of these materials and uncertain factors that may affect future results, and the Company makes no representations as to their achievability. Actual results may differ materially from these forecasts as a consequence of various factors.

1. Summary of Business Results

(1) Summary of Business Results for the Fiscal Year Ended March 31, 2024

(1) Operating results for the fiscal year under review

Operating results

(Millions of yen)

	Year ended March 31, 2023		Year ended March 31, 2024		Year-on-year change	
	Amount	% of net sales	Amount	% of net sales	Amount	%
Net sales	99,481	100	116,174	100	16,693	16.8
Operating profit	3,887	3.9	12,185	10.5	8,298	213.5
Ordinary profit	4,351	4.4	13,025	11.2	8,674	199.4
Profit before income taxes	5,228	5.3	12,601	10.8	7,373	141.0
Profit attributable to owners of parent	3,848	3.9	9,892	8.5	6,044	157.0

During the fiscal year under review, the outlook for the global economy remained uncertain despite the end of the COVID-19 pandemic and an upturn in economic activity, as concerns of an economic recession persisted owing to the impact of global monetary tightening triggered by inflation and rising resource prices stemming from heightened geopolitical risks, particularly in the US and Europe.

Against this backdrop, in the category of marine coatings, the Group's main product line, sales of new ship coatings increased substantially overall thanks to higher sales volumes, mainly in China and South Korea, as well as efforts to optimize selling prices to reflect higher manufacturing costs. Sales of ship repair coatings also remained strong as a result of optimizing selling prices and promoting sales of high-value-added products, mainly in Europe and Japan, amid growing global demand for high-performance antifoulings in response to the accelerating movement toward reducing CO₂ emissions from ships, including compliance with the fuel regulations implemented by the International Maritime Organization (IMO).

Sales of industrial coatings were flat as the steady sales of heavy duty coatings in Japan and Southeast Asia were not enough to offset the drop in sales of construction material coatings in Japan. Sales of container coatings fell sharply as we cut back on acquiring low-margin orders amid the ongoing contraction of the container market in China.

Profitability improved due to successful efforts to optimize selling prices in response to higher manufacturing costs and to expand sales of high-value-added products and environmentally friendly products, while the softening raw material prices in overseas markets provided an additional tailwind.

As a result of the above, the Group posted net sales of ¥116,174 million (up 16.8% year on year), operating profit of ¥12,185 million (up 213.5%), ordinary profit of ¥13,025 million (up 199.4%), and profit attributable to owners of parent of ¥9,892 million (up 157.0%) for the fiscal year under review.

Segment results

(Millions of yen)

Reportable segment	Net sales				Segment profit or Segment loss (Δ)			
	Year ended March 31, 2023	Year ended March 31, 2024	Change	% Change	Year ended March 31, 2023	Year ended March 31, 2024	Change	% Change
Japan	37,153	40,580	3,427	9.2	Δ418	1,957	2,375	-
China	16,259	19,950	3,691	22.7	340	3,107	2,767	812.6
South Korea	7,976	11,876	3,900	48.9	Δ137	780	918	-
Southeast Asia	15,636	17,081	1,445	9.2	2,179	2,984	804	36.9
Europe and the US	22,456	26,685	4,229	18.8	663	1,661	997	150.3
Adjustments (Note 1)	-	-	-	-	1,259	1,694	435	34.6
Total	99,481	116,174	16,693	16.8	3,887	12,185	8,298	213.5

(Note 1) Adjustments refer to company-wide expenses and intersegment eliminations.

(Note 2) Reportable segment profit is based on operating profit.

Japan

Sales of marine coatings increased, driven by firm demand for coatings for new ships and ship repairs, as well as efforts to optimize selling prices to reflect higher manufacturing costs. In the industrial coatings category, while sales of heavy duty coatings remained strong, sales of construction material coatings fell and earnings deteriorated, resulting in lower overall sales. As a result, segment sales increased 9.2% year on year to ¥40,580 million. Segment profit came to ¥1,957 million (versus a segment loss of ¥418 million in the previous fiscal year) despite limited improvement in profitability for new ship coatings, thanks to overall efforts to optimize selling prices in response to higher manufacturing costs and to expand sales of high-value-added products.

China

Sales of marine coatings grew on the back of strong demand for coatings for new ships and ship repairs. This growth was attributed to a substantial increase in sales volumes of new ship coatings, the optimization of selling prices of ship repair coatings—which were adjusted in addition to the prices of new ship coatings—to offset higher manufacturing costs, and the impact of a weaker yen. In the industrial coatings category, sales of heavy duty coatings remained sluggish, and sales of container coatings also fell as we reduced the acceptance of low-margin orders. As a result, segment sales amounted to ¥19,950 million (up 22.7% year on year). Segment profit surged to ¥3,107 million (up 812.6% year on year), reflecting optimized selling prices in response to higher manufacturing costs and the impact of higher sales.

South Korea

In the marine coatings category, higher sales of new ship coatings, which rebounded from the slump in sales volume stemming from operational delays in the previous year, coupled with efforts to optimize selling prices to reflect higher manufacturing costs, offset the drop in sales of ship repair coatings. As a result, segment sales rose 48.9% year on year to ¥11,876 million. Meanwhile, segment profit came in at ¥780 million (versus a segment loss of ¥137 million in the previous fiscal year), reflecting optimized selling prices in response to higher manufacturing costs and the impact of increased sales.

Southeast Asia

We optimized selling prices of marine coatings and heavy duty coatings, particularly for ship repairs, to reflect higher manufacturing costs. Along with the impact of a weaker yen, segment sales amounted to ¥17,081 million (up 9.2% year on year). Segment profit amounted to ¥2,984 million (up 36.9% year on year), reflecting the adjustment of selling prices and other factors.

Europe and the US

Amid continued strong demand, sales of marine coatings, particularly ship repair coatings, increased. This rise was primarily due to efforts to optimize selling prices in response to higher manufacturing costs and to expand sales of high-value-added products, as well as the impact of a weaker yen. Consequently, segment sales reached ¥26,685 million (up 18.8% year on year). Segment profit amounted to ¥1,661 million (up 150.3% year on year), due to the adjustment of selling prices and other factors.

② Outlook for the fiscal year ending March 31, 2025

In the mainstay marine coatings product category, we expect sales to continue rising for the entire Group, with demand for coatings for both ship repairs and new ships remaining firm, especially overseas. We believe sales of industrial coatings will return to an upward trajectory on the back of expanding sales of heavy duty coatings, mainly in Southeast Asia. Meanwhile, we expect sales of container coatings to decline as the challenging business environment continues.

In terms of profitability, raw material prices are currently on an upward trend, and average annual procurement costs may increase from the fiscal year ended March 31, 2024. However, we will continue striving to maintain and improve profitability by optimizing selling prices to offset higher manufacturing costs and expanding sales of high-value-added products. As disclosed on December 25, 2023, we plan to record an extraordinary gain (gain on sale of non-current assets) of approximately ¥2,450 million in the first quarter associated with the sale of the Shanghai No. 2 Factory.

Based on the above circumstances, our forecast for the consolidated financial results for the fiscal year ending March 31, 2025, is as follows.

(Millions of yen)

	Consolidated forecast
Net sales	120,000
Operating profit	12,000
Ordinary profit	12,500
Profit attributable to owners of parent	10,000

(Notes) 1. Exchange rates are assumed to be at March 2024 levels.

2. The above forecasts are based on the Company's assumptions and beliefs in light of the information currently available and are subject to risks and uncertainties. Actual results may differ materially from the forecasts due to various factors.

(2) Summary of Financial Position

(1) Assets, liabilities, and net assets

Financial position

	Year ended March 31, 2023	Year ended March 31, 2024	Change
Total assets (Millions of yen)	112,747	132,404	19,656
Net assets (Millions of yen)	63,130	76,175	13,044
Equity ratio (%)	51.6	53.3	1.7
Net assets per shar (yen)	1,174.01	1,422.60	248.59

Assets

Current assets amounted to ¥97,379 million, up ¥16,290 million from March 31, 2023. This was mainly attributed to an ¥11,713 million increase in cash and deposits and a ¥5,161 million increase in notes and accounts receivable–trade.

Non-current assets totaled ¥35,025 million, up ¥3,366 million from March 31, 2023. This primarily reflected a ¥2,716 million increase in investment securities and a ¥384 million increase in deferred tax assets.

As a result, total assets at March 31, 2024 stood at ¥132,404 million, up ¥19,656 million from March 31, 2023.

Liabilities

Current liabilities came to ¥47,520 million, up ¥5,304 million from March 31, 2023. This was mainly due to a ¥1,580 million increase in short-term borrowings, a ¥1,003 million increase in notes and accounts payable–trade, and a ¥627 million increase in income taxes payable.

Non-current liabilities amounted to ¥8,708 million, up ¥1,307 million from March 31, 2023. This was primarily attributed to a ¥1,018 million increase in deferred tax liabilities and a ¥700 million increase in long-term borrowings, partially offset by a ¥492 million decrease in retirement benefit liability.

As a result, total liabilities at March 31, 2024 stood at ¥56,229 million, up ¥6,612 million from March 31, 2023.

Net assets

Net assets reached ¥76,175 million, up ¥13,044 million from March 31, 2023. This primarily reflected a ¥7,315 million increase in retained earnings, a ¥2,810 million increase in foreign currency translation adjustment, and a ¥1,926 million increase in valuation difference on available-for-sale securities.

As a result, equity ratio reached 53.3%, up from 51.6% at March 31, 2023.

② Cash flows

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024	Change
Cash flows from operating activities	29	12,388	12,358
Cash flows from investing activities	514	△1,625	△2,139
Cash flows from financing activities	△654	△1,980	△1,326
Effect of exchange rate change on cash and cash equivalents	1,175	709	△466
Net increase (decrease) in cash and cash equivalents	1,065	9,491	8,426
Cash and cash equivalents at beginning of period	17,148	18,214	1,065
Cash and cash equivalents at end of period	18,214	27,705	9,491

Cash and cash equivalents totaled ¥27,705 million at March 31, 2024, an increase of ¥9,491 million from March 31, 2023. The status of each cash flow category and their contributing factors during the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥12,388 million. Sources of cash consisted primarily of ¥12,601 million in profit before income taxes, a ¥2,128 million increase in inventories, and ¥1,641 million in depreciation, partially offset by a ¥3,551 million decrease in trade receivables and other uses of cash.

(Cash flows from investing activities)

Net cash used in investing activities totaled ¥1,625 million. Uses of cash consisted primarily of ¥5,557 million in payments into time deposits and ¥1,532 million in purchase of non-current assets. Partially offsetting these outflows were ¥3,641 million in proceeds from withdrawal of time deposits, ¥1,524 million in proceeds from deposits for sales of property, plant and equipment, and ¥243 million in proceeds from sale of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities totaled ¥1,980 million. Uses of cash consisted primarily of ¥2,940 million in dividends paid, including dividends paid to non-controlling interests, partially offset by a net increase of ¥1,185 million in short-term borrowings and other sources of cash.

(Reference) Cash flow-related indicators

	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2024
Equity ratio (%)	54.2	54.6	52.9	51.6	53.3
Equity ratio based on market value (%)	48.2	51.7	43.9	48.1	84.9
Ratio of interest-bearing debt to cash flow (years)	4.5	2.8	-	743.9	2.0
Interest coverage ratio (times)	11.4	19.5	-	0.1	24.0

Equity ratio: shareholders' equity / total assets

Equity ratio based on market value: market capitalization / total assets

Ratio of interest-bearing debt to cash flow: interest-bearing debt / cash flow

Interest coverage ratio: cash flow / interest payments

(Note 1) All indicators are calculated based on consolidated financial figures.

(Note 2) Market capitalization is calculated based on the number of outstanding shares.

(Note 3) Cash flow is based on operating cash flow.

(Note 4) Interest-bearing debt includes all liabilities on the consolidated balance sheet for which interest is paid.

(Note 5) The ratio of interest-bearing debt to cash flow and the interest coverage ratio for the fiscal year ended March 31, 2022 are not shown as operating cash flow was negative.

(3) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

We view shareholder returns to be an important management priority and have continued to pay dividends since 1953. In addition, in the medium-term management plan covering the period from April 2021 to March 2026, we set the total return on consolidated shareholders' equity (the ratio of the total amount of dividends and share buybacks to shareholders' equity) to at least 5% on average during the medium-term management plan period, as a standard for ensuring proactive shareholder returns, and set the consolidated dividend payout ratio to at least 40%, with a minimum annual dividend of ¥35 per share. Based on this shareholder return policy, we plan to pay a year-end dividend of ¥46 per share for the fiscal year ended March 31, 2024. Together with the interim dividend of ¥34 per share paid on December 4, 2023, the annual dividend will amount to ¥80 per share.

In accordance with the shareholder return policy outlined above, we plan to pay an interim dividend of ¥40 per share and a year-end dividend of ¥41 per share for the fiscal year ending March 31, 2025, for an annual dividend of ¥81 per share, an increase of ¥1 per share compared to the fiscal year ended March 31, 2024.

2. Basic Approach to Selecting Accounting Standards

The Group has adopted the Japanese Generally Accepted Accounting Principles (Japanese GAAP) as its accounting standard, taking into consideration the comparability of consolidated financial statements across fiscal periods as well as the comparability with other companies.

With regard to the implementation of International Financial Reporting Standards (IFRS), our policy is to respond appropriately while considering various conditions in Japan and overseas.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	21,177	32,890
Notes and accounts receivable - trade	31,667	36,828
Electronically recorded monetary claims - operating	2,218	3,037
Merchandise and finished goods	12,864	13,283
Work in process	630	646
Raw materials and supplies	10,781	9,481
Other	2,240	1,815
Allowance for doubtful accounts	(490)	(601)
Total current assets	81,089	97,379
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,605	20,691
Accumulated depreciation	(14,652)	(15,400)
Buildings and structures, net	4,953	5,290
Machinery, equipment and vehicles	18,632	18,906
Accumulated depreciation	(15,294)	(15,194)
Machinery, equipment and vehicles, net	3,337	3,712
Tools, furniture and fixtures	5,240	5,463
Accumulated depreciation	(4,648)	(4,818)
Tools, furniture and fixtures, net	592	645
Land	13,136	13,504
Leased assets	2,702	2,622
Accumulated depreciation	(974)	(950)
Leased assets, net	1,728	1,672
Construction in progress	1,039	174
Total property, plant and equipment	24,788	25,000
Intangible assets	332	331
Investments and other assets		
Investment securities	5,324	8,040
Retirement benefit asset	275	329
Deferred tax assets	476	860
Other	1,864	1,050
Allowance for doubtful accounts	(1,402)	(587)
Total investments and other assets	6,537	9,693
Total non-current assets	31,658	35,025
Total assets	112,747	132,404

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,428	12,432
Electronically recorded obligations - operating	1,730	2,197
Short-term borrowings	20,437	22,017
Current portion of long-term borrowings	1,700	1,000
Lease liabilities	177	217
Accounts payable - other	2,676	2,969
Accrued expenses	2,674	2,992
Income taxes payable	719	1,347
Provision for bonuses	140	194
Provision for product warranties	157	151
Other	373	2,001
Total current liabilities	42,216	47,520
Non-current liabilities		
Long-term borrowings	1,000	1,700
Lease liabilities	591	651
Long-term accounts payable - other	16	16
Deferred tax liabilities	1,286	2,305
Deferred tax liabilities for land revaluation	2,223	2,223
Retirement benefit liability	1,855	1,363
Other	427	448
Total non-current liabilities	7,401	8,708
Total liabilities	49,617	56,229
Net assets		
Shareholders' equity		
Share capital	11,626	11,626
Capital surplus	–	6
Retained earnings	41,536	48,852
Treasury shares	(4,918)	(4,902)
Total shareholders' equity	48,244	55,582
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,868	3,795
Revaluation reserve for land	3,798	3,798
Foreign currency translation adjustment	4,131	6,941
Remeasurements of defined benefit plans	133	398
Total accumulated other comprehensive income	9,932	14,933
Non-controlling interests	4,953	5,659
Total net assets	63,130	76,175
Total liabilities and net assets	112,747	132,404

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	99,481	116,174
Cost of sales	74,750	80,830
Gross profit	24,730	35,343
Selling, general and administrative expenses	20,843	23,158
Operating profit	3,887	12,185
Non-operating income		
Interest income	123	372
Dividend income	346	296
Royalty income	141	123
Technical advisory fee income	53	68
Foreign exchange gains	34	345
Rental income from real estate	99	96
Other	230	242
Total non-operating income	1,030	1,545
Non-operating expenses		
Interest expenses	425	518
Commission expenses	14	–
Other	126	187
Total non-operating expenses	565	705
Ordinary profit	4,351	13,025
Extraordinary income		
Gain on sale of non-current assets	6	77
Gain on sale of investment securities	1,145	144
Total extraordinary income	1,151	222
Extraordinary losses		
Loss on sale of non-current assets	2	0
Impairment losses	46	644
Loss on sale of investment securities	–	0
Loss related to COVID-19	225	–
Total extraordinary losses	274	646
Profit before income taxes	5,228	12,601
Income taxes - current	1,430	2,345
Income taxes - deferred	(284)	(346)
Total income taxes	1,146	1,998
Profit	4,082	10,602
Profit attributable to non-controlling interests	233	709
Profit attributable to owners of parent	3,848	9,892

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	4,082	10,602
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,254)	1,925
Foreign currency translation adjustment	3,556	3,168
Remeasurements of defined benefit plans, net of tax	71	252
Total other comprehensive income	2,372	5,346
Comprehensive income	6,455	15,949
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,858	14,893
Comprehensive income attributable to non-controlling interests	596	1,055

Consolidated statements of changes in equity

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	11,626	1,504	44,244	(10,006)	47,367
Changes during period					
Dividends of surplus			(1,772)		(1,772)
Profit attributable to owners of parent			3,848		3,848
Purchase of treasury shares				(1,261)	(1,261)
Disposal of treasury shares		(0)		61	61
Cancellation of treasury shares		(6,288)		6,288	–
Transfer from retained earnings to capital surplus		4,784	(4,784)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	(1,504)	(2,707)	5,088	876
Balance at end of period	11,626	–	41,536	(4,918)	48,244

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,123	3,798	932	68	7,923	4,748	60,039
Changes during period							
Dividends of surplus							(1,772)
Profit attributable to owners of parent							3,848
Purchase of treasury shares							(1,261)
Disposal of treasury shares							61
Cancellation of treasury shares							–
Transfer from retained earnings to capital surplus							–
Net changes in items other than shareholders' equity	(1,254)	–	3,198	65	2,009	204	2,214
Total changes during period	(1,254)	–	3,198	65	2,009	204	3,090
Balance at end of period	1,868	3,798	4,131	133	9,932	4,953	63,130

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,626	–	41,536	(4,918)	48,244
Changes during period					
Dividends of surplus			(2,577)		(2,577)
Profit attributable to owners of parent			9,892		9,892
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		6		16	22
Net changes in items other than shareholders' equity					
Total changes during period	–	6	7,315	16	7,338
Balance at end of period	11,626	6	48,852	(4,902)	55,582

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,868	3,798	4,131	133	9,932	4,953	63,130
Changes during period							
Dividends of surplus							(2,577)
Profit attributable to owners of parent							9,892
Purchase of treasury shares							(0)
Disposal of treasury shares							22
Net changes in items other than shareholders' equity	1,926	–	2,810	264	5,000	705	5,706
Total changes during period	1,926	–	2,810	264	5,000	705	13,044
Balance at end of period	3,795	3,798	6,941	398	14,933	5,659	76,175

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	5,228	12,601
Depreciation	1,603	1,641
Impairment losses	46	644
Increase (decrease) in allowance for doubtful accounts	(53)	(809)
Increase (decrease) in other provisions	14	36
Decrease (increase) in retirement benefit asset	(87)	(44)
Increase (decrease) in retirement benefit liability	19	(176)
Interest and dividend income	(470)	(669)
Interest expenses	425	518
Foreign exchange losses (gains)	82	(59)
Loss (gain) on sale of investment securities	(1,145)	(143)
Loss (gain) on sale and retirement of non-current assets	3	(26)
Decrease (increase) in trade receivables	(3,469)	(3,551)
Decrease (increase) in inventories	(2,373)	2,128
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(268)	386
Increase (decrease) in trade payables	866	933
Other, net	472	659
Subtotal	893	14,071
Interest and dividends received	457	617
Interest paid	(423)	(515)
Income taxes paid	(897)	(1,786)
Net cash provided by (used in) operating activities	29	12,388
Cash flows from investing activities		
Payments into time deposits	(3,094)	(5,557)
Proceeds from withdrawal of time deposits	3,386	3,641
Net decrease (increase) in short-term loans receivable	20	18
Purchase of non-current assets	(1,518)	(1,532)
Proceeds from sale of non-current assets	34	101
Proceeds from deposits for sales of property, plant and equipment	–	1,524
Purchase of investment securities	(28)	(54)
Proceeds from sale of investment securities	1,734	243
Other, net	(20)	(10)
Net cash provided by (used in) investing activities	514	(1,625)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,941	1,185
Proceeds from long-term borrowings	–	1,700
Repayments of long-term borrowings	(2)	(1,700)
Proceeds from sale of treasury shares	61	22
Purchase of treasury shares	(1,261)	(0)
Dividends paid	(1,771)	(2,573)
Dividends paid to non-controlling interests	(402)	(366)
Other, net	(217)	(247)
Net cash provided by (used in) financing activities	(654)	(1,980)
Effect of exchange rate change on cash and cash equivalents	1,175	709
Net increase (decrease) in cash and cash equivalents	1,065	9,491
Cash and cash equivalents at beginning of period	17,148	18,214
Cash and cash equivalents at end of period	18,214	27,705