

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2023(J-GAAP)

May 15, 2023

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Code No.: 7236

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Scheduled date of the Ordinary General Meeting of Shareholders: June 27, 2023

Scheduled date of filing of securities report: June 27, 2023

Scheduled date of start of dividend payments: —

Supplemental materials prepared for consolidated financial results: None

Briefing on consolidated financial results: Yes

(Amounts less than one million yen have been truncated)

## 1. Consolidated Financial Performance for the Fiscal Year Ended March 31, 2023

(April 1, 2022 to March 31, 2023)

(1) Consolidated operating performance

(Percentage figures indicate year-on-year change)

|                                  | Net sales       |      | Operating income |       | Ordinary income |       | Profit attributable to owners of parent |   |
|----------------------------------|-----------------|------|------------------|-------|-----------------|-------|---|---|
|                                  | Millions of yen | %    | Millions of yen  | %     | Millions of yen | %     | Millions of yen                         | % |
| Fiscal year ended March 31, 2023 | 149,413         | 11.9 | 1,050            | -79.2 | 2,083           | -65.3 | (3,595)                                 | — |
| Fiscal year ended March 31, 2022 | 133,581         | 18.2 | 5,041            | 298.7 | 5,997           | 289.4 | 3,600                                   | — |

Note: Comprehensive income

Fiscal year ended March 31, 2023: ¥ -1,165 million (—%)

Fiscal year ended March 31, 2022: ¥ 6,163 million (—%)

|                                  | Net income per share | Diluted net income per share | Return on shareholders' equity | Ordinary income to total assets | Operating income to net sales |
|----------------------------------|----------------------|------------------------------|--------------------------------|---------------------------------|-------------------------------|
|                                  | Yen                  | Yen                          | %                              | %                               | %                             |
| Fiscal year ended March 31, 2023 | (550.88)             | —                            | -8.3                           | 2.2                             | 0.7                           |
| Fiscal year ended March 31, 2022 | 515.97               | —                            | 8.4                            | 6.6                             | 3.8                           |

Reference: Equity earnings (losses) of affiliates

Fiscal year ended March 31, 2023: ¥ 443 million

Fiscal year ended March 31, 2022: ¥ 435 million

(2) Consolidated financial position

|                                  | Total assets    | Net assets      | Equity ratio | Net assets per share |
|----------------------------------|-----------------|-----------------|--------------|----------------------|
|                                  | Millions of yen | Millions of yen | %            | Yen                  |
| Fiscal year ended March 31, 2023 | 94,098          | 43,851          | 44.9         | 6,479.13             |
| Fiscal year ended March 31, 2022 | 93,756          | 46,732          | 47.5         | 6,810.22             |

Reference: Shareholders' equity

As of March 31, 2023: ¥42,261 million

As of March 31, 2022: ¥44,504 million

(3) Consolidated cash flows

|                                  | Cash flows from operating activities | Cash flows from investment 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                            |
| Fiscal year ended March 31, 2023 | 4,376                                | (6,702)                               | (1,058)                              | 10,361                                     |
| Fiscal year ended March 31, 2022 | 7,262                                | (5,839)                               | (3,391)                              | 13,404                                     |

## 2. Dividends

|  | Dividends per Share |       |     |          |        | Total Dividends Paid (Annual) | Payout Ratio (Consolidated) | Dividends per Net Assets (Consolidated) |
|--|---------------------|-------|-----|----------|--------|-------------------------------|-----------------------------|---|
|  | 1Q                  | 2Q    | 3Q  | Year-End | Total  |                               |                             |   |
|  | Yen                 | Yen   | Yen | Yen      | Yen    | Millions of yen               | %                           | %                                       |
| Fiscal year ended March 31, 2022             | —                   | 40.00 | —   | 120.00   | 160.00 | 1,065                         | 31.0                        | 2.4                                     |
| Fiscal year ended March 31, 2023             | —                   | 80.00 | —   | 0.00     | 80.00  | 523                           | —                           | 1.2                                     |
| Fiscal year ending March 31, 2024 (Forecast) | —                   | 0.00  | —   | 10.00    | 10.00  |                               | 32.6                        |   |

## 3. Forecast of Consolidated Financial Performance for the Fiscal Year Ending March 31, 2024

(April 1, 2023 to March 31, 2024)

(Percentage figures indicate changes from the same period of the previous year)

|   | Net sales       |      | Operating income |       | Ordinary income |       | Profit attributable to owners of parent |       | Net income per share |
|---|-----------------|------|------------------|-------|-----------------|-------|---|-------|----------------------|
|   | Millions of yen | %    | Millions of yen  | %     | Millions of yen | %     | Millions of yen                         | %     | Yen                  |
| 2 <sup>nd</sup> Quarter ending September 30, 2023 | 73,000          | -1.4 | 200              | -75.7 | 300             | -84.4 | (400)                                   | —     | (61.32)              |
| Fiscal year ending March 31, 2024                 | 150,000         | 0.4  | 1,800            | 71.4  | 1,800           | -13.6 | 200                                     | 105.6 | 30.66                |

## 4. Other

(1) Changes in significant subsidiaries during the period

(changes in specific subsidiaries resulting in changes in the scope of consolidation): Yes

(Note) Excluded: 2, TRM LLC, TRM Corporation B.V.

(2) Changes in accounting principles, procedures, presentation methods

1) Changes associated with revision of accounting standards: None

2) Changes other than 1): None

3) Changes accounting estimation procedures: None

4) Changes in presentation methods: None

(3) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding at end of year (including treasury stock)

As of March 31, 2023: 6,712,411 shares

As of March 31, 2022: 6,712,411 shares

2) Number of shares of treasury stock at end of period

As of March 31, 2023: 189,621 shares

As of March 31, 2022: 177,519 shares

3) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023: 6,527,520 shares

Fiscal year ended March 31, 2022: 6,978,068 shares

**(Reference) Summary of Non-consolidated Financial Performance****1. Non-consolidated Financial Performance for Fiscal Year Ended March 31, 2023**

(April 1, 2022 to March 31, 2023)

**(1) Non-consolidated operating performance**

(Percentage figures indicate year-on-year change)

|                                  | Net sales       |      | Operating income |       | Ordinary income |      | Net income      |   |
|----------------------------------|-----------------|------|------------------|-------|-----------------|------|-----------------|---|
|                                  | Millions of yen | %    | Millions of yen  | %     | Millions of yen | %    | Millions of yen | % |
| Fiscal year ended March 31, 2023 | 72,783          | 6.6  | 1,136            | -22.9 | 6,220           | 13.2 | (1,731)         | — |
| Fiscal year ended March 31, 2022 | 68,308          | 21.4 | 1,473            | —     | 5,496           | 87.3 | 3,901           | — |

|                                  | Net income per share | Diluted net income per share |
|----------------------------------|----------------------|------------------------------|
|                                  | Yen                  | Yen                          |
| Fiscal year ended March 31, 2023 | (265.23)             | —                            |
| Fiscal year ended March 31, 2022 | 559.11               | —                            |

**(2) Non-consolidated Financial Position**

|                                  | Total assets    | Net assets      | Equity ratio | Net assets per share |
|----------------------------------|-----------------|-----------------|--------------|----------------------|
|                                  | Millions of yen | Millions of yen | %            | Yen                  |
| Fiscal year ended March 31, 2023 | 56,790          | 28,797          | 50.7         | 4,414.83             |
| Fiscal year ended March 31, 2022 | 58,587          | 31,854          | 54.4         | 4,874.54             |

Reference: Shareholders' equity

As of March 31, 2023: ¥28,797 million

As of March 31, 2022: ¥31,854 million

**2. Forecast of Non-Consolidated Financial Performance for the Fiscal Year Ending March 31, 2024**

(April 1, 2023 to March 31, 2024)

(Percentage figures indicate changes from the same period of the previous year)

|   | Net sales       |      | Operating income |   | Ordinary income |       | Net income      |        | Net income per share |
|---|-----------------|------|------------------|---|-----------------|-------|-----------------|--------|----------------------|
|   | Millions of yen | %    | Millions of yen  | % | Millions of yen | %     | Millions of yen | %      | Yen                  |
| 2 <sup>nd</sup> Quarter ending September 30, 2023 | 35,000          | -1.4 | (700)            | — | 1,300           | -58.7 | (500)           | —      | (76.65)              |
| Fiscal year ending March 31, 2024                 | 74,000          | 1.7  | (200)            | — | 4,000           | -35.7 | 400             | -123.1 | 61.32                |

\* The consolidated financial results presented herein are not subject to the audit procedures by certified public accountant or audit firm.

\* Explanations for proper use of forecasts and other specific affairs

The forward-looking statement such as forecast of financial performance etc. described in this report based on information currently available and certain assumptions judged to be reasonable. Actual performance may differ significantly from these projections due to various factors.

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# 1. Business Results and Qualitative Information for the Fiscal Year Ended March 31, 2023

## (1) General overview of financial performance

### General overview

The economic environment in the consolidated fiscal year showed signs of recovery from the COVID-19 disaster. However, conditions remained challenging due to the prolonged invasion of Ukraine and the impact of COVID-19 infection, which caused raw material and parts costs, logistics costs, and energy prices to soar.

Under the circumstances, the net sales of the T.RAD Group (on a foreign currency basis) increased from the same period of the previous year except Europe and China. However, operating income declined sharply except Asia.

As a result, net sales during the consolidated fiscal year under review increased by 15,832 million yen from the previous fiscal year, amounting to 149,413 million yen (up 11.9% year on year), operating income decreased by 3,991 million yen, amounting to 1,050 million yen (down 79.2% year on year), ordinary income decreased by 3,914 million yen, amounting to 2,083 million yen (down 65.3% year on year). Loss attributable to owners of parent of 3,595 million yen was posted, worsening by 7,196 million yen. This was due to an impairment loss on noncurrent assets of 3,467 million yen in the U.S. and an extraordinary loss of 401 million yen from the deconsolidation of Russian subsidiaries.

The segment results are as follows.

The book-closing date for the consolidated subsidiaries for the consolidated fiscal year under review is December 31. In preparing the consolidated financial statements, the financial statements as of, and for one year period ended on this date were used. With respect to important transactions conducted during the period between this date and the book-closing date for consolidated accounting, we have made adjustments as necessary for consolidated accounting. The segments relevant to such adjustments are the United States, Europe, Asia and China.

Domestic subsidiaries have the same settlement date that coincides with the last day of the consolidated fiscal year. The corresponding segment is Other.

|                              | Net Sales                        |                                  |                   |  | Operating Income (Loss)          |                                  |                   |  |
|------------------------------|----------------------------------|----------------------------------|-------------------|--|----------------------------------|----------------------------------|-------------------|--|
|                              | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 | Increase/Decrease | Percentage change (on a foreign currency basis)* | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 | Increase/Decrease | Percentage change (on a foreign currency basis)* |
|                              | (Millions of yen)                | (Millions of yen)                | (Millions of yen) | (%)  | (Millions of yen)                | (Millions of yen)                | (Millions of yen) | (%)  |
| Japan                        | 60,561                           | 65,885                           | 5,324             | 8.8  | 1,485                            | 1,184                            | -300              | -20.2  |
| United States                | 29,104                           | 37,540                           | 8,436             | 11.8   | (1,374)                          | (3,665)                          | -2,291            | —  |
| Europe                       | 4,432                            | 5,487                            | 1,055             | -1.3   | (101)                            | (540)                            | -440              | —  |
| Asia                         | 15,325                           | 19,269                           | 3,944             | 13.1   | 2,309                            | 2,948                            | 639               | 15.3   |
| China                        | 23,889                           | 20,998                           | -2,891            | -15.2  | 2,739                            | 1,104                            | -1,634            | -61.7  |
| Other(including elimination) | 270                              | 234                              | -36               | -13.5  | (15)                             | 20                               | 35                | —  |
| <b>Total</b>                 | <b>133,581</b>                   | <b>149,413</b>                   | <b>15,832</b>     | <b>—</b>   | <b>5,041</b>                     | <b>1,050</b>                     | <b>-3,991</b>     | <b>—</b>   |

\*The percentage changes (on a foreign currency basis) in the chart are the percentage changes after correcting for differences arising from fluctuations in the foreign exchange rates applicable to overseas net sales.

### (i) Japan

Net sales of products for automobile industry increased year on year despite the impact of semiconductor shortages. The net sales of products for construction industrial machines were generally strong through the third quarter. However, the sales decreased from the same period of the previous year due to inventory adjustments in the fourth quarter. As a result, the net sales in the Japan segment increased by 5,324 million yen, resulting in 65,885 million yen.

Operating income decreased by 300 million yen from the same period of the previous year to 1,184 million yen due to the soaring costs of materials, parts, and electricity etc.

### (ii) United States

Net sales of products for automotive industry increased from the same period of the previous year due to the commencement of mass production of models for which orders were newly received. As a result, the net sales in the United States segment increased by 8,436 million yen from the same period of the previous year, resulting in 37,540 million yen. On a foreign currency basis, it increased by 11.8%.

The operating income decreased by 2,291 million yen year-on-year, resulting in operating loss of 3,665 million yen due to the soaring costs of materials and parts and distribution expenses and an increase in labor etc. The costs of materials, parts, and distribution increased significantly. This increase was due in part to market price rises. In addition, there was a lockdown due to the COVID-19 pandemic in the countries from which parts are procured. The supply instability caused by the lockdown increased these costs due to temporary changes in suppliers and transportation methods. The labor costs increased, partly due to wage increases to resolve personnel shortages. In addition, the cost increase was not passed on to customers as planned, resulting in a significant decrease in profit.

### (iii) Europe

The net sales of products for automobile industry increased year-on-year mainly due to an increase in orders for heavy-duty trucks in the Czech Republic etc. The net sales in this segment increased by 1,055 million yen from the same period of the previous year, to 5,487 million yen. On a foreign currency basis, it decreased by 1.3% due to the effect of withdrawal from Russian business etc.

Operating income decreased by 440 million yen year-on-year, resulting in operating loss of 540 million yen due to soaring costs of materials, parts, and electricity etc.

#### <Withdrawal from Russian Business>

On April 5, 2022, we announced our intention to withdraw from the Russian market. In this connection, in September 2022, the procedure to make the Company's non-voting share conversion was completed. Therefore, we have excluded our Russian subsidiary TRM LLC and Dutch holding company TRM Corporation B.V. from the scope of consolidation as of the end of the second quarter of the current consolidated cumulative period. The second quarter income statement for both subsidiaries (for January 2022 through June 2022) is included in the consolidated income statement for the twelve months ending March 31, 2023. However, the income statements of those companies from the third quarter onward (after July 2022) will not be included in the current fiscal year's income statement. (YoY impact: net sales -294 million yen; operating income -40 million yen)

### (iv) Asia

The net sales of products for automobile industry increased from the same period of the previous year. This increase was due to the start of the mass production of newly ordered models in Thailand and the recovery of orders in Indonesia and Vietnam. As a result, the net sales in the Asia segment increased by 3,944 million yen from the same period of the previous year, resulting in 19,269 million yen. On a foreign currency basis, it increased by 13.1%.

Operating income increased by 639 million yen from the same period of the previous year, resulting in 2,948 million yen. On a foreign currency basis, it increased by 15.3%.

### (v) China

The net sales of products for automobile industry and construction industrial machines decreased from the same period of the previous year, due to a drop in demand caused by the expansion of COVID-19 infection following the lifting of the zero-COVID policy and the shortage of semiconductors. As a result, the net sales in this segment decreased by 2,891 million yen from the same period of the previous year, to 20,998 million yen. On a foreign currency basis, it decreased by 15.2%.

Operating income was 1,104 million yen. It decreased by 1,634 million yen from the same period of the previous year due to a significant decrease in sales of products for commercial vehicles to local customers at a subsidiary in Qingdao and the provision for product warranties recorded (673 million yen). On a foreign currency basis, it decreased by 61.7%.

#### Outlook for the fiscal year ending March 31, 2024

Regarding the outlook for the fiscal year, the consolidated sales in all regions are expected to remain at the same level as in the previous fiscal year due to concerns about the economic slowdown in the U.S., China, and other countries in the second half of the year. Our profit will increase in the U.S. due to improved productivity but will decrease in Japan due to higher labor, electricity, and depreciation expenses. Therefore, the operating income is expected to increase only slightly. The profit attributable to owners of parent is expected to improve due to the absence of the impairment loss on the U.S. subsidiary and the extraordinary loss associated with the withdrawal from the Russian business recorded in the previous period.

Therefore, we forecasts the following consolidated financial performance for the fiscal year ending March 31, 2024: net sales of 150,000 million yen (up 0.4% year on year), operating income of 1,800 million yen (up 71.4% year on year), ordinary income of 1,800 million yen (down 13.6% year on year), and profit attributable to owners of parent of 200 million yen (improvement of 3,795 million yen year on year).

As for the profit distribution for the fiscal year, we plan to pay out a year-end dividend of 10 yen.

## (2) General overview of consolidated financial position

### 1) Assets, liabilities and net assets

Total assets at the end of the consolidated fiscal year under review resulted in 94,098 million yen (up 341 million yen from the end of the previous fiscal year) due to the increase of inventories etc.

Liabilities resulted in 50,246 million yen (up 3,222 million yen) due to the increase of long-term loans payable etc.

Net assets resulted in 43,851 million yen (down 2,880 million yen) due to the decrease of retained earnings etc.

## 2) Cash flows

The increasing and decreasing factors of each cash flow in the consolidated fiscal year under review are as follows.

Net cash provided by operating activities was 4,376 million yen, a decrease of 2,885 million yen year on year due to the decrease of profit before income taxes and increase of income taxes etc.

Net cash used by investing activities was 6,702 million yen, a decrease of 862 million yen year on year due to the increase of capital investment etc.

As a result, free cash flow, the sum of net cash provided by operating activities and net cash used in investing activities, decreased by 3,748 million yen year-on-year. The result was a cash outflow of 2,325 million yen.

Furthermore, net cash used in financing activities was 1,058 million yen, improved by 2,332 million yen year on year due to the increase of loans payable and decrease of purchase of treasury stock etc.

As an above result, cash and cash equivalents at the end of the consolidated fiscal year under review totaled 10,361 million yen, decrease of 3,042 million yen from the end of the previous fiscal year.

## 2. Basic Concept Behind the Selection of Accounting Standards

In order to ensure comparability between companies and over time, the T.RAD Group, which consists of T.RAD Co., Ltd. (the “Company”), prepares the Company’s consolidated financial statements based on the “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (except Chapters 7 and 8)” (Ordinance of the Ministry of Finance No. 28 of 1976).

Please note that, in view of domestic and overseas circumstances, the Company intends to respond appropriately to the application of international accounting standards.

### 3. Consolidated Financial Statements and main notes

#### (1) Consolidated balance sheets

(Millions of yen)

|   | FY2021               | FY2022               |
|---|----------------------|----------------------|
|   | As of March 31, 2022 | As of March 31, 2023 |
|   | Amount               | Amount               |
| (Assets)  |                      |                      |
| Current assets                                    |                      |                      |
| Cash and deposits                                 | 13,264               | 10,225               |
| Notes receivable-trade                            | 2,004                | 772                  |
| Electronically recorded monetary claims-operating | 3,012                | 2,760                |
| Accounts receivable-trade                         | 23,832               | 25,527               |
| Short-term investment securities                  | 489                  | 489                  |
| Merchandise and finished goods                    | 3,805                | 4,356                |
| Work in process                                   | 902                  | 795                  |
| Raw materials and supplies                        | 8,152                | 10,718               |
| Others  | 2,542                | 2,738                |
| Allowance for doubtful accounts                   | (172)                | (246)                |
| Total current assets                              | 57,835               | 58,138               |
| Noncurrent assets                                 |                      |                      |
| Tangible fixed assets                             |                      |                      |
| Buildings and structures                          | 21,763               | 23,789               |
| Accumulated depreciation                          | (16,048)             | (17,127)             |
| Building and structures, net                      | 5,715                | 6,662                |
| Machinery, equipment and vehicles                 | 56,902               | 60,375               |
| Accumulated depreciation                          | (41,824)             | (46,592)             |
| Machinery, equipment and vehicles, net            | 15,077               | 13,783               |
| Land  | 2,384                | 2,444                |
| Lease assets                                      | 826                  | 2,233                |
| Accumulated depreciation                          | (462)                | (582)                |
| Lease assets, net                                 | 364                  | 1,650                |
| Construction in progress                          | 4,904                | 2,729                |
| Other tangible fixed assets                       | 31,592               | 32,717               |
| Accumulated depreciation                          | (29,838)             | (30,807)             |
| Other tangible fixed assets, net                  | 1,754                | 1,909                |
| Total tangible fixed assets                       | 30,200               | 29,179               |
| Intangible assets                                 |                      |                      |
| Other intangible assets                           | 1,613                | 2,153                |
| Total intangible assets                           | 1,613                | 2,153                |
| Investments and other assets                      |                      |                      |
| Investment securities                             | 2,392                | 2,967                |
| Net defined benefit asset                         | 1,020                | 895                  |
| Deferred tax assets                               | 149                  | 203                  |
| Others  | 549                  | 565                  |
| Allowance for doubtful accounts                   | (5)                  | (5)                  |
| Total investments and other assets                | 4,106                | 4,626                |
| Total noncurrent assets                           | 35,921               | 35,959               |
| Total assets                                      | 93,756               | 94,098               |



(Millions of yen)

|   | FY2021               | FY2022               |
|---|----------------------|----------------------|
|   | As of March 31, 2022 | As of March 31, 2023 |
|   | Amount               | Amount               |
|   |                      |                      |
| (Liabilities)   |                      |                      |
| Current liabilities                                   |                      |                      |
| Notes and accounts payable-trade                      | 13,994               | 13,886               |
| Electronically recorded obligations - operating       | 4,249                | 4,613                |
| Short-term loans payable                              | 10,390               | 11,045               |
| Lease obligations                                     | 495                  | 410                  |
| Income taxes payable                                  | 948                  | 544                  |
| Accrued expenses                                      | 3,081                | 3,528                |
| Provision for bonuses                                 | 1,421                | 1,355                |
| Provision for directors' bonuses                      | 72                   | 25                   |
| Provision for product warranties                      | 272                  | 661                  |
| Provision for loss on order received                  | 187                  | 209                  |
| Electronically recorded obligations - non-operating   | 474                  | 715                  |
| Others  | 1,788                | 961                  |
| Total current liabilities                             | 37,377               | 37,958               |
| Noncurrent liabilities                                |                      |                      |
| Long-term loans payable                               | 6,720                | 8,159                |
| Lease obligations                                     | 1,576                | 2,831                |
| Deferred tax liabilities                              | 867                  | 793                  |
| Net defined benefit liability                         | 287                  | 292                  |
| Provision for share awards                            | —                    | 29                   |
| Asset retirement obligations                          | 92                   | 92                   |
| Others  | 102                  | 88                   |
| Total noncurrent liabilities                          | 9,646                | 12,288               |
| Total liabilities                                     | 47,024               | 50,246               |
| (Net assets)  |                      |                      |
| Shareholders' equity                                  |                      |                      |
| Capital stock   | 8,570                | 8,570                |
| Capital surplus                                       | 7,352                | 7,353                |
| Retained earnings                                     | 27,004               | 22,100               |
| Treasury stock  | (421)                | (452)                |
| Total shareholders' equity                            | 42,505               | 37,571               |
| Valuation and translation adjustments                 |                      |                      |
| Valuation difference on available-for-sale securities | —                    | 11                   |
| Foreign currency translation adjustment               | 948                  | 3,700                |
| Remeasurements of defined benefit plans               | 1,049                | 977                  |
| Total accumulated other comprehensive income          | 1,998                | 4,690                |
| Non-controlling interests                             | 2,228                | 1,589                |
| Total net assets                                      | 46,732               | 43,851               |
| Total liabilities and net assets                      | 93,756               | 94,098               |

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

(Millions of yen)

|  | FY2021                       | FY2022                       |
|--|------------------------------|------------------------------|
|  | (Apr. 1, 2021–Mar. 31, 2022) | (Apr. 1, 2022–Mar. 31, 2023) |
|  | Amount                       | Amount                       |
| Net sales  | 133,581                      | 149,413                      |
| Cost of sales                                      | 118,478                      | 137,558                      |
| Gross profit                                       | 15,103                       | 11,855                       |
| Selling, general and administrative expenses       |                              |                              |
| Packing and delivery expenses                      | 1,780                        | 1,614                        |
| Provision for product warranties                   | 273                          | 709                          |
| Directors' compensations                           | 244                          | 207                          |
| Salaries and allowances                            | 2,308                        | 2,302                        |
| Provision for bonuses                              | 399                          | 429                          |
| Provision for directors' bonuses                   | 72                           | 25                           |
| Provision for directors' retirement benefits       | 98                           | 44                           |
| Retirement benefit expenses                        | —                            | 29                           |
| Welfare expenses                                   | 1,213                        | 1,457                        |
| Depreciation                                       | 356                          | 349                          |
| Rent expenses                                      | 443                          | 479                          |
| Transportation and communication expenses          | 337                          | 396                          |
| Research and development expenses                  | 1,127                        | 1,104                        |
| Entertainment expenses                             | 19                           | 22                           |
| Provision of allowance for doubtful accounts       | 4                            | 59                           |
| Commission Fee                                     | 295                          | 344                          |
| Amortization of goodwill                           | 13                           | —                            |
| Miscellaneous expenses                             | 1,073                        | 1,229                        |
| Total selling, general and administrative expenses | 10,061                       | 10,805                       |
| Operating income (loss)                            | 5,041                        | 1,050                        |
| Non-operating income                               |                              |                              |
| Interest income                                    | 156                          | 165                          |
| Dividends income                                   | 2                            | 5                            |
| Equity in earnings of affiliates                   | 435                          | 443                          |
| Foreign exchange gains                             | 315                          | 538                          |
| Others   | 294                          | 262                          |
| Total non-operating income                         | 1,204                        | 1,415                        |
| Non-operating expenses                             |                              |                              |
| Interest expenses                                  | 235                          | 363                          |
| Others   | 12                           | 18                           |
| Total non-operating expenses                       | 248                          | 382                          |
| Ordinary income                                    | 5,997                        | 2,083                        |

(Millions of yen)

|   | FY2021                       | FY2022                       |
|---|------------------------------|------------------------------|
|   | (Apr. 1, 2021–Mar. 31, 2022) | (Apr. 1, 2022–Mar. 31, 2023) |
|   | Amount                       | Amount                       |
| Extraordinary income  |                              |                              |
| Gain on sales of noncurrent assets                          | 36                           | 15                           |
| Gain on sales of golf memberships                           | 16                           | —                            |
| Total extraordinary income                                  | 52                           | 15                           |
| Extraordinary loss  |                              |                              |
| Loss on retirement of noncurrent assets                     | 128                          | 140                          |
| Loss on sales of noncurrent assets                          | 7                            | 20                           |
| Impairment loss   | # <sup>1</sup> 15            | # <sup>1</sup> 3,507         |
| Loss on reversal of foreign currency translation adjustment | —                            | 401                          |
| Total extraordinary loss                                    | 151                          | 4,069                        |
| Income (loss) before income taxes                           | 5,899                        | (1,970)                      |
| Income taxes-current  | 2,187                        | 2,140                        |
| Income taxes-deferred                                       | 71                           | (102)                        |
| Total income taxes  | 2,258                        | 2,038                        |
| Profit (loss)   | 3,640                        | (4,009)                      |
| Profit (loss) attributable to non-controlling interests     | 39                           | (413)                        |
| Profit (loss) attributable to owners of parent              | 3,600                        | (3,595)                      |

## (Consolidated statement of comprehensive income)

(Millions of yen)

|   | FY2021                       | FY2022                       |
|---|------------------------------|------------------------------|
|   | (Apr. 1, 2021–Mar. 31, 2022) | (Apr. 1, 2022–Mar. 31, 2023) |
|   | Amount                       | Amount                       |
| Profit (loss)   | 3,640                        | (4,009)                      |
| Other comprehensive income  |                              |                              |
| Valuation difference on available-for-sale securities                               | —                            | 11                           |
| Foreign currency translation adjustment   | 2,353                        | 2,741                        |
| Remeasurements of defined benefit plans, net of tax                                 | 128                          | (70)                         |
| Share of other comprehensive income of associates accounted for using equity method | 41                           | 161                          |
| Total other comprehensive income  | 2,523                        | 2,844                        |
| Comprehensive income  | 6,163                        | (1,165)                      |
| (Breakdown)   |                              |                              |
| Comprehensive income attributable to owners of parent                               | 5,849                        | (904)                        |
| Comprehensive income attributable to non-controlling interests                      | 314                          | (260)                        |

(3) Consolidated statements of changes in net assets  
Fiscal year ended March 31, 2022(April 1, 2021 to March 31, 2022)

(Millions of yen)

|   | Shareholders' Equity |                 |                   |                |                            |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
|   | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| As of April 1, 2021   | 8,570                | 7,521           | 27,466            | (2,258)        | 41,299                     |
| Cumulative effects of changes in accounting policies                                      |                      |                 | (1)               |                | (1)                        |
| As of April 1, 2021 reflecting changes in accounting policies                             | 8,570                | 7,521           | 27,464            | (2,258)        | 41,298                     |
| Changes of items during the period  |                      |                 |                   |                |                            |
| Dividends from surplus  |                      |                 | (281)             |                | (281)                      |
| Profit attributable to owners of parent   |                      |                 | 3,600             |                | 3,600                      |
| Purchase of treasury stock  |                      |                 |                   | (2,159)        | (2,159)                    |
| Disposal of treasury stock  |                      | 12              |                   | 36             | 49                         |
| Retirement of treasury stock  |                      | (179)           | (3,779)           | 3,959          | —                          |
| Change in ownership interest of parent due to transactions with non-controlling interests |                      | (1)             |                   |                | (1)                        |
| Net changes of items other than shareholders' equity                                      |                      |                 |                   |                |                            |
| Total changes of items during the period  | —                    | (169)           | (460)             | 1,837          | 1,207                      |
| As of March 31, 2022  | 8,570                | 7,352           | 27,004            | (421)          | 42,505                     |

|   | Valuation and translation adjustments                 |   |   |   | Non-controlling interests | Total net assets |
|---|---|---|---|---|---------------------------|------------------|
|   | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total valuation and translation adjustments |                           |                  |
| As of April 1, 2021   | —   | (1,171)                                 | 920                                     | (250)                                       | 2,169                     | 43,218           |
| Cumulative effects of changes in accounting policies                                      |   |   |   |   |                           | (1)              |
| As of April 1, 2021 reflecting changes in accounting policies                             | —   | (1,171)                                 | 920                                     | (250)                                       | 2,169                     | 43,216           |
| Changes of items during the period  |   |   |   |   |                           |                  |
| Dividends from surplus  |   |   |   |   |                           | (281)            |
| Profit attributable to owners of parent   |   |   |   |   |                           | 3,600            |
| Purchase of treasury stock  |   |   |   |   |                           | (2,159)          |
| Disposal of treasury stock  |   |   |   |   |                           | 49               |
| Retirement of treasury stock  |   |   |   |   |                           | —                |
| Change in ownership interest of parent due to transactions with non-controlling interests |   |   |   |   |                           | (1)              |
| Net changes of items other than shareholders' equity                                      | —   | 2,120                                   | 128                                     | 2,249                                       | 58                        | 2,308            |
| Total changes of items during the period  | —   | 2,120                                   | 128                                     | 2,249                                       | 58                        | 3,515            |
| As of March 31, 2022  | —   | 948                                     | 1,049                                   | 1,998                                       | 2,228                     | 46,732           |

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

(Millions of yen)

|   | Shareholders' Equity |                 |                   |                |                            |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
|   | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| As of April 1, 2022   | 8,570                | 7,352           | 27,004            | (421)          | 42,505                     |
| Cumulative effects of changes in accounting policies                                      |                      |                 |                   |                |                            |
| As of April 1, 2022 reflecting changes in accounting policies                             | 8,570                | 7,352           | 27,004            | (421)          | 42,505                     |
| Changes of items during the period  |                      |                 |                   |                |                            |
| Dividends from surplus  |                      |                 | (1,307)           |                | (1,307)                    |
| Profit(Loss) attributable to owners of parent   |                      |                 | (3,595)           |                | (3,595)                    |
| Purchase of treasury stock  |                      |                 |                   | (116)          | (116)                      |
| Disposal of treasury stock  |                      | 1               |                   | 85             | 86                         |
| Retirement of treasury stock  |                      |                 |                   |                |                            |
| Change in ownership interest of parent due to transactions with non-controlling interests |                      |                 |                   |                |                            |
| Net changes of items other than shareholders' equity                                      |                      |                 |                   |                |                            |
| Total changes of items during the period  | —                    | 1               | (4,903)           | (31)           | (4,933)                    |
| As of March 31, 2023  | 8,570                | 7,353           | 22,100            | (452)          | 37,571                     |

|   | Valuation and translation adjustments                 |   |   |   | Non-controlling interests | Total net assets |
|---|---|---|---|---|---------------------------|------------------|
|   | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total valuation and translation adjustments |                           |                  |
| As of April 1, 2022   | —   | 948                                     | 1,049                                   | 1,998                                       | 2,228                     | 46,732           |
| Cumulative effects of changes in accounting policies                                      |   |   |   |   |                           | —                |
| As of April 1, 2022 reflecting changes in accounting policies                             | —   | 948                                     | 1,049                                   | 1,998                                       | 2,228                     | 46,732           |
| Changes of items during the period  |   |   |   |   |                           |                  |
| Dividends from surplus  |   |   |   |   |                           | (1,307)          |
| Profit(Loss) attributable to owners of parent   |   |   |   |   |                           | (3,595)          |
| Purchase of treasury stock  |   |   |   |   |                           | (116)            |
| Disposal of treasury stock  |   |   |   |   |                           | 86               |
| Retirement of treasury stock  |   |   |   |   |                           | —                |
| Change in ownership interest of parent due to transactions with non-controlling interests |   |   |   |   |                           | —                |
| Net changes of items other than shareholders' equity                                      | 11  | 2,751                                   | (71)                                    | 2,691                                       | (638)                     | 2,052            |
| Total changes of items during the period  | 11  | 2,751                                   | (71)                                    | 2,691                                       | (638)                     | (2,880)          |
| As of March 31, 2023  | 11  | 3,700                                   | 977                                     | 4,690                                       | 1,589                     | 43,851           |

## (4) Consolidated statements of cash flows

(Millions of yen)

|   | FY2021                       | FY2022                       |
|---|------------------------------|------------------------------|
|   | (Apr. 1, 2021–Mar. 31, 2022) | (Apr. 1, 2022–Mar. 31, 2023) |
|   | Amount                       | Amount                       |
| Net cash provided by (used in) operating activities         |                              |                              |
| Income (loss) before income taxes                           | 5,899                        | (1,970)                      |
| Depreciation and amortization                               | 5,836                        | 6,349                        |
| Impairment loss   | 15                           | 3,507                        |
| Retirement benefit expenses                                 | (1)                          | (118)                        |
| Increase (decrease) in net defined benefit liability        | 60                           | 123                          |
| Increase (decrease) in allowance for doubtful accounts      | (22)                         | 59                           |
| Increase (decrease) in provision for bonuses                | 302                          | (67)                         |
| Increase (decrease) in provision for directors' bonuses     | 72                           | (46)                         |
| Increase (decrease) in provision for product warranties     | (330)                        | 370                          |
| Loss on retirement of noncurrent assets                     | 128                          | 140                          |
| Loss (gain) on sales of tangible fixed assets               | (29)                         | 4                            |
| Interests and dividends income                              | (158)                        | (171)                        |
| Interests expenses  | 235                          | 363                          |
| Foreign exchange losses (gains)                             | (85)                         | (57)                         |
| Equity in (earnings) losses of affiliates                   | (435)                        | (443)                        |
| Decrease (increase) in notes and accounts receivable-trade  | (66)                         | 1,050                        |
| Decrease (increase) in inventories                          | (3,322)                      | (2,500)                      |
| Increase (decrease) in notes and accounts payable-trade     | 780                          | (570)                        |
| Loss on reversal of foreign currency translation adjustment | —                            | 401                          |
| Decrease (increase) in other current assets                 | 147                          | (152)                        |
| Increase (decrease) in other current liabilities            | (42)                         | 772                          |
| Other, net  | (7)                          | 32                           |
| Subtotal  | 8,975                        | 7,077                        |
| Interest and dividends income received                      | 252                          | 200                          |
| Interest expenses paid                                      | (228)                        | (368)                        |
| Income taxes paid   | (1,737)                      | (2,533)                      |
| Net cash provided by (used in) operating activities         | 7,262                        | 4,376                        |

(Millions of yen)

|   | FY2021                       | FY2022                       |
|---|------------------------------|------------------------------|
|   | (Apr. 1, 2021–Mar. 31, 2022) | (Apr. 1, 2022–Mar. 31, 2023) |
|   | Amount                       | Amount                       |
| Net cash provided by (used in) investing activities   |                              |                              |
| Proceeds from withdrawal of time deposits   | 1,314                        | 1,550                        |
| Payments into time deposits   | (1,356)                      | (1,522)                      |
| Purchase of tangible fixed assets   | (5,231)                      | (6,093)                      |
| Proceeds from sales of tangible fixed assets  | 88                           | 98                           |
| Purchase of intangible assets   | (581)                        | (753)                        |
| Proceeds from sales of investment securities  | 7                            | —                            |
| Payments for asset retirement obligations   | (100)                        | —                            |
| Other, net  | 19                           | 18                           |
| Net cash provided by (used in) investing activities   | (5,839)                      | (6,702)                      |
| Net cash provided by (used in) financing activities   |                              |                              |
| Net increase (decrease) in short-term loans payable   | 65                           | 228                          |
| Proceeds from long-term loans payable   | 3,820                        | 3,900                        |
| Repayment of long-term loans payable  | (4,138)                      | (3,031)                      |
| Purchase of treasury stock  | (2,159)                      | (116)                        |
| Cash dividends paid   | (281)                        | (1,307)                      |
| Cash dividends paid to non-controlling shareholders   | (211)                        | (224)                        |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | (42)                         | —                            |
| Others  | (444)                        | (506)                        |
| Net cash provided by (used in) financing activities   | (3,391)                      | (1,058)                      |
| Effect of exchange rate change on cash and cash equivalents   | 758                          | 522                          |
| Net increase (decrease) in cash and cash equivalents  | (1,210)                      | (2,861)                      |
| Cash and cash equivalents at beginning of period  | 14,614                       | 13,404                       |
| Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation                   | —                            | (180)                        |
| Cash and cash equivalents at end of period  | 13,404                       | 10,361                       |



(5) Notes concerning Consolidated Financial Statements

(Going concern assumptions)

Not applicable

(Consolidated statements of income)

#1 Impairment Loss:

Impairment losses were recorded in the following asset groups of the Group:

FY2021 (April 1, 2021–March 31, 2022)

| Place                              | Purpose of use                              | Type                              | Impairment loss<br>(Millions of yen) |
|------------------------------------|---|-----------------------------------|--------------------------------------|
| T.RAD Czech s.r.o<br>Unhost, Czech | Manufacture and sales of<br>heat exchangers | Machinery, equipment and vehicles | 15                                   |
|                                    |   | Subtotal                          | 15                                   |
|                                    |   | Total                             | 15                                   |

The asset groups are classified on the base of managerial accounting in consideration of company category and business category.

As a result of accounting for the impairment of assets based on the aforementioned grouping, as to manufacture and sales of heat exchangers in the Czech Republic, regarding aforementioned tangible fixed assets were no longer expected to recover the investment amount due to the decrease in profitability. Accordingly, their book values were written down to recoverable values, and the Company posted those losses as an impairment loss under extraordinary loss.

The amount listed as recoverable value by each asset group was calculated in accordance with the asset's value in usage. T.RAD Czech s.r.o. has no value in use based on future cash flows. Therefore, the recoverable amount is evaluated as zero, and no discount rate is applied.

FY2022 (April 1, 2022–March 31, 2023)

| Place   | Purpose of use                              | Type                              | Impairment loss<br>(Millions of yen) |
|---|---|-----------------------------------|--------------------------------------|
| The Company,<br>Head Quarter etc.<br>Shibuya-ku, Tokyo, Japan | Idle assets                                 | Machinery, equipment and vehicles | 9                                    |
|   |   | Construction in progress          | 29                                   |
|   |   | Subtotal                          | 38                                   |
| T.RAD North America, Inc.<br>Hopkinsville, Kentucky,<br>U.S.A | Manufacture and sales of<br>heat exchangers | Machinery, equipment and vehicles | 3,079                                |
|   |   | Tools, furniture and fixtures     | 308                                  |
|   |   | Construction in progress          | 79                                   |
|   |   | Subtotal                          | 3,467                                |
|   |   | Total                             | 3,507                                |

The asset groups are classified on the base of managerial accounting in consideration of company category and business category.

As a result of accounting for the impairment of assets based on the aforementioned grouping, regarding idle assets with no expected future use, its book value was written down to recoverable values, and the Company posted this loss as an impairment loss under extraordinary loss. The amount listed as recoverable value by each asset group have been appraised based on residual value.

As to manufacture and sales of heat exchangers in the United States, regarding aforementioned tangible fixed assets were no longer expected to recover the investment amount due to the decrease in profitability. Accordingly, their book values were written down to recoverable values, and the Company posted those losses as an impairment loss under extraordinary loss. The amount listed as recoverable value by each asset group was calculated in accordance with the asset's value in usage. This business has no value in use based on future cash flows. Therefore, the recoverable amount is evaluated as zero, and no discount rate is applied.

In addition, an impairment loss of less than one million yen was recorded for a portion of the Czech subsidiary's facilities.

(Additional information)

(About the accounting estimate associated with the spread of novel coronavirus infections)

The spread of the COVID-19 pandemic is an event that has a widespread impact on the economy and corporate activities. There is a possibility that the operation adjustments of customers will have a significant impact on the T.RAD Group. However, in the current consolidated fiscal year (fiscal year ended in March 2023), the impact almost disappeared. If we assume that this situation will continue in the next consolidated fiscal year (fiscal year ending in March 2024), we have made accounting estimates for the current consolidated fiscal year (fiscal year ended in March 2023).

(Transactions in which the Company's shares are issued to employees through a trust)

(1) Outline of transaction

At a meeting of the Board of Directors held on May 16, 2022, the Company resolved details of a new incentive plan called the Employee Stock Ownership Plan (J-ESOP, hereinafter referred to as the "Plan") for employees. The Plan is a system to provide the Company's shares to its employees who satisfy certain requirements under the Share Benefit Regulations to be established by the Company in advance.

The Company will grant points to its employees based on their position, performance, and other factors. The Company's shares equivalent to the points granted will be paid to the employees when they acquire the right of entitlement under certain conditions stipulated in the Share Benefit Regulations. The shares to be provided to employees shall be acquired following the amount set up in advance, including the future portion, and shall be segregated and managed as trust assets.

The introduction of the Plan will enable employees to share the economic benefits with shareholders by reflecting the benefits in the Company's stock price based on the Company's performance. As "working shareholders," the Company will increase its employees' sense of ownership and participation in management even more than before. At the same time, the Plan is intended to share the Company's vision and plans and contribute to the Company's sustainable growth through a high level of voluntary commitment and challenge.

(2) Shares of the Company remaining in the trust

The Company's shares remaining in the trust are recorded as treasury stock under net assets at their book value. The book value of the Company's shares at the end of the current consolidated cumulative period is 49 million yen, and the number of shares is 22,100.

(Transfers between retirement benefit plans)

On April 1, 2023, the Company transferred a portion of its defined benefit corporate pension plan to a defined contribution corporate pension plan. As a result, the Company adopted the Guidance on Accounting for Transfers between Retirement Benefit Plans (the Accounting Standards Board of Japan's Guidance No. 1, December 16, 2016) and the Practical Solution on Accounting for Transfers between Retirement Benefit Plans (the Practical Issues Task Force's No. 2, February 7, 2007). The transferred portion to the defined contribution pension plan will be treated as a partial termination of the retirement benefit plan, and there will be no gain or loss arising from this transition.

(Segment information)

1. General information of reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed at management meetings comprising directors and officers, whereby decisions are made regarding the allocation of resources to the segments and assessments are made concerning the segments' performance.

The Group's business involves the manufacture and sales of heat exchangers for the automobile and other industries. The Company covers the business in Japan. Overseas companies cover the business of each region such as the United States, Europe (the Czech Republic and Germany), Asia (Thailand, Indonesia and Vietnam) and China. Each of these overseas corporations is an independent business unit whose operations involve the manufacture of products that are marketed in each respective area.

Therefore, our Group consists of the Company and these overseas corporations which are based on a manufacturing and sales structure. As such, "Japan," "the United States," "Europe," "Asia" and "China" are our five reportable segments.

In each reportable segment, heat exchangers for automobiles, construction, industrial machinery, air conditioners and others are manufactured and sold.

2. Calculation method for net sales, profit (loss), assets and other items by reportable segment

The accounting method for the Group's reportable segments is generally the same as described in "Basis for preparation of consolidated financial statements."

Net sales for reportable segments are for each production region.

Segment income is based on operating income.

Intersegment income and transfer amount are calculated based on arm's length price.

3. Net sales, profit (loss), assets and other items by reportable segments

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

(Millions of yen)

|   | Reportable segment |               |        |        |        |         | Other | Total   |
|---|--------------------|---------------|--------|--------|--------|---------|-------|---------|
|   | Japan              | United States | Europe | Asia   | China  | Total   |       |         |
| Net Sales:  |                    |               |        |        |        |         |       |         |
| Sales to outside customers                              | 60,560             | 29,104        | 4,432  | 15,325 | 23,888 | 133,311 | 270   | 133,581 |
| Intersegment sales or transfers                         | 7,747              | 120           | 336    | 206    | 2,001  | 10,412  | 1,915 | 12,328  |
| Total   | 68,308             | 29,224        | 4,769  | 15,531 | 25,890 | 143,723 | 2,186 | 145,909 |
| Segment income (loss)                                   | 1,484              | (1,374)       | (101)  | 2,308  | 2,738  | 5,056   | 64    | 5,120   |
| Segment assets  | 65,174             | 19,317        | 3,132  | 10,100 | 19,173 | 116,898 | 928   | 117,826 |
| Other items   |                    |               |        |        |        |         |       |         |
| Depreciation  | 2,844              | 1,265         | 105    | 745    | 804    | 5,765   | 69    | 5,835   |
| Investment amount in equity-method affiliate            | 531                | -             | -      | -      | -      | 531     | -     | 531     |
| Increase of tangible fixed assets and intangible assets | 2,940              | 1,427         | 231    | 512    | 1,132  | 6,244   | 26    | 6,271   |

Note: "Other" comprises business operations that are not categorized as reportable segments and includes the business activities of domestic subsidiaries, such as the transportation business.

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

(Millions of yen)

|   | Reportable segment |               |        |        |        |         | Other | Total   |
|---|--------------------|---------------|--------|--------|--------|---------|-------|---------|
|   | Japan              | Unites States | Europe | Asia   | China  | Total   |       |         |
| Net Sales:  |                    |               |        |        |        |         |       |         |
| Sales to outside customers                              | 65,885             | 37,540        | 5,487  | 19,269 | 20,998 | 149,180 | 233   | 149,413 |
| Intersegment sales or transfers                         | 6,897              | 85            | 128    | 425    | 2,137  | 9,674   | 2,007 | 11,682  |
| Total   | 72,783             | 37,626        | 5,615  | 19,694 | 23,135 | 158,855 | 2,241 | 161,096 |
| Segment income (loss)                                   | 1,184              | (3,665)       | (540)  | 2,948  | 1,104  | 1,030   | 52    | 1,082   |
| Segment assets  | 57,197             | 22,288        | 3,953  | 11,250 | 17,541 | 112,230 | 918   | 113,149 |
| Other items   |                    |               |        |        |        |         |       |         |
| Depreciation  | 2,776              | 1,653         | 109    | 783    | 914    | 6,236   | 62    | 6,298   |
| Investment amount in equity-method affiliate            | 531                | -             | -      | -      | -      | 531     | -     | 531     |
| Increase of tangible fixed assets and intangible assets | 3,489              | 559           | 382    | 540    | 631    | 5,604   | 33    | 5,638   |

Note: "Other" comprises business operations that are not categorized as reportable segments and includes the business activities of domestic subsidiaries, such as the transportation business.

4. Difference amount between the total amount of reportable segments and the posted amounts in the consolidated financial statements and the main contents of the difference amount (the adjustment of difference)

(Millions of yen)

| Net sales  | FY2021   | FY2022   |
|--|----------|----------|
| Total of reportable segments                       | 143,723  | 158,855  |
| Net sales of the classification "Others"           | 2,186    | 2,241    |
| Elimination of trades among segments               | (12,328) | (11,682) |
| Net sales in the consolidated financial statements | 133,581  | 149,413  |

(Millions of yen)

| Profit  | FY2021 | FY2022 |
|---|--------|--------|
| Total of reportable segments                              | 5,056  | 1,030  |
| Profit of the classification "Others"                     | 64     | 52     |
| Elimination of trades among segments                      | (78)   | (32)   |
| Operating income in the consolidated financial statements | 5,041  | 1,050  |

(Millions of yen)

| Assets  | FY2021   | FY2022   |
|---|----------|----------|
| Total of reportable segments                          | 116,898  | 112,230  |
| Assets of the classification "Others"                 | 928      | 918      |
| Elimination of trades among segments                  | (24,069) | (19,050) |
| Total assets in the consolidated financial statements | 93,756   | 94,098   |

(Millions of yen)

| Other items   | Total of reportable segments |        | Other  |        | Adjustments(Note) |        | Posted amounts in the consolidated financial statements |        |
|---|------------------------------|--------|--------|--------|-------------------|--------|---|--------|
|   | FY2021                       | FY2022 | FY2021 | FY2022 | FY2021            | FY2022 | FY2021  | FY2022 |
| Depreciation  | 5,765                        | 6,236  | 69     | 62     | 0                 | 51     | 5,836   | 6,349  |
| Investment amount to equity-method affiliate            | 531                          | 531    | —      | —      | 1,818             | 2,393  | 2,349   | 2,924  |
| Increase of tangible fixed assets and intangible assets | 6,244                        | 5,604  | 26     | 33     | (98)              | 723    | 6,173   | 6,361  |

Note: Adjustments are as follows.

1. The adjustment of depreciation cost derives from the elimination of unrealized losses and gains related to non-current assets.
2. The adjustment of investment amount to the entities accounted for using equity method derives from investment profit on equity method.
3. The adjustment of increased amounts of tangible fixed assets and intangible assets are as follows.  
Elimination of unrealized losses and gains related to non-current assets: (262) million yen

(Supplementary information)  
Sales states (consolidated)

(Millions of yen)

|  | FY2021<br>(April 1, 2021 to March 31, 2022) |       | FY2022<br>(April 1, 2022 to March 31, 2023) |       | Increase/Decrease |      |
|--|---|-------|---|-------|-------------------|------|
|  | Amount                                      | %     | Amount                                      | %     | Amount            | %    |
| For Automobile                           | 97,452                                      | 73.0  | 114,417                                     | 76.5  | 16,964            | 17.4 |
| For construction &<br>industrial machine | 31,814                                      | 23.8  | 30,283                                      | 20.3  | -1,531            | -4.8 |
| For Air conditioner                      | 2,128                                       | 1.6   | 2,090                                       | 1.4   | -37               | -1.8 |
| Other                                    | 2,186                                       | 1.6   | 2,622                                       | 1.8   | 436               | 19.9 |
| Total                                    | 133,581                                     | 100.0 | 149,413                                     | 100.0 | 15,832            | 11.9 |

Notes: Amounts less than one million yen have been truncated.

(Per share information)

|                             | FY2021<br>(April 1, 2021–March 31, 2022) | FY2022<br>(April 1, 2022–March 31, 2023) |
|-----------------------------|--|--|
| Net assets per share:       | ¥6,810.22                                | ¥6,479.13                                |
| Net income(loss) per share: | ¥515.97                                  | ¥(550.88)                                |

(Note) 1. Diluted net income per share is not listed for the consolidated fiscal year under review, as there are no potential shares that have dilutive effects on per-share net income.

2. The number of shares outstanding at the end of the consolidated fiscal year includes 22,100 shares of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of the Employee Stock Ownership Plan (J-ESOP). These shares are excluded from calculating the increase or decrease in the number of shares.

3. Basis for calculation of net income(loss) per share as follows.

|   | FY2021<br>(April 1, 2021–March 31, 2022) | FY2022<br>(April 1, 2022–March 31, 2023) |
|---|--|--|
| Net income(loss) per share  |  |  |
| Profit(Loss) attributable to owners of parent (Millions of yen)                                   | 3,600                                    | (3,595)                                  |
| Amount that is not attributable to shares of common stock (Millions of yen)                       | —  | —  |
| Profit(Loss) attributable to owners of parent related to shares of common stock (Millions of yen) | 3,600                                    | (3,595)                                  |
| Average number of shares of common stock during the period (Thousands)                            | 6,978                                    | 6,527                                    |

(Omitted disclosure)

Disclosure of the statement of comprehensive income, lease transactions, information on related parties, financial products, securities, derivative transactions, retirement benefits, stock options, tax-effect accounting, asset retirement obligations, and notes related to the rental property are omitted because disclosure of such information is deemed to be insignificant.

(Significant subsequent events)

Not applicable

#### 4. Non-Consolidated Financial Statements and main notes

##### (1) Non-consolidated balance sheets

(Millions of yen)

|   | FY2021               | FY2022               |
|---|----------------------|----------------------|
|   | As of March 31, 2022 | As of March 31, 2023 |
|   | Amount               | Amount               |
| (Assets)  |                      |                      |
| Current assets                                    |                      |                      |
| Cash and deposits                                 | 3,860                | 1,779                |
| Notes receivable-trade                            | 308                  | 37                   |
| Electronically recorded monetary claims-operating | 3,012                | 2,760                |
| Accounts receivable-trade                         | 15,482               | 16,857               |
| Short-term investment securities                  | 489                  | 489                  |
| Merchandise and finished goods                    | 1,561                | 1,570                |
| Work in process                                   | 937                  | 1,003                |
| Raw materials and supplies                        | 671                  | 1,521                |
| Prepaid expenses                                  | 129                  | 127                  |
| Accounts receivable-other                         | 2,060                | 2,438                |
| Other current assets                              | 6                    | 8                    |
| Total current assets                              | 28,520               | 28,594               |
| Noncurrent assets                                 |                      |                      |
| Tangible Fixed Assets                             |                      |                      |
| Buildings   | 12,792               | 13,995               |
| Accumulated depreciation                          | (10,332)             | (10,655)             |
| Buildings, net                                    | 2,460                | 3,339                |
| Structures  | 1,566                | 1,654                |
| Accumulated depreciation                          | (1,331)              | (1,371)              |
| Structures, net                                   | 235                  | 283                  |
| Machinery and equipment                           | 26,410               | 27,304               |
| Accumulated depreciation                          | (20,625)             | (21,386)             |
| Machinery and equipment, net                      | 5,785                | 5,918                |
| Vehicles  | 110                  | 116                  |
| Accumulated depreciation                          | (100)                | (106)                |
| Vehicles, net                                     | 9                    | 10                   |
| Tools, furniture and fixtures                     | 25,494               | 25,806               |
| Accumulated depreciation                          | (24,813)             | (24,833)             |
| Tools, furniture and fixtures, net                | 681                  | 973                  |
| Land  | 1,771                | 1,771                |
| Lease assets                                      | 25                   | 6                    |
| Accumulated depreciation                          | (19)                 | (2)                  |
| Lease assets, net                                 | 6                    | 4                    |
| Construction in progress                          | 2,048                | 1,497                |
| Other, net  | 0                    | 0                    |
| Total Tangible Fixed Assets                       | 12,997               | 13,798               |
| Intangible assets                                 |                      |                      |
| Software  | 262                  | 325                  |
| Other intangible assets                           | 878                  | 1,377                |
| Total intangible assets                           | 1,140                | 1,703                |





(Millions of yen)

|  | FY2021               | FY2022               |
|--|----------------------|----------------------|
|  | As of March 31, 2022 | As of March 31, 2023 |
|  | Amount               | Amount               |
| (Net assets)   |                      |                      |
| Shareholders' equity   |                      |                      |
| Capital stock  | 8,570                | 8,570                |
| Capital surplus  |                      |                      |
| Legal capital surplus  | 7,331                | 7,331                |
| Other capital surplus  | —                    | 1                    |
| Total capital surplus  | 7,331                | 7,332                |
| Retained earnings  |                      |                      |
| Legal retained earnings  | 1,097                | 1,097                |
| Other retained earnings  |                      |                      |
| Reserve for dividends  | 500                  | 500                  |
| Reserve for special account for advanced depreciation of noncurrent assets | 110                  | 110                  |
| General reserve  | 8,130                | 8,130                |
| Retained earnings brought forward  | 6,535                | 3,496                |
| Total retained earnings  | 16,374               | 13,334               |
| Treasury stock   | (421)                | (452)                |
| Total shareholders' equity   | 31,854               | 28,785               |
| Valuation and translation adjustments                                      |                      |                      |
| Valuation difference on available-for-sale securities                      | —                    | 11                   |
| Total valuation and translation adjustments                                | —                    | 11                   |
| Total net assets   | 31,854               | 28,797               |
| Total liabilities and net assets   | 58,587               | 56,790               |

## (2) Non-consolidated statements of income

(Millions of yen)

|   | FY2021                       | FY2022                       |
|---|------------------------------|------------------------------|
|   | (Apr. 1, 2021–Mar. 31, 2022) | (Apr. 1, 2022–Mar. 31, 2023) |
|   | Amount                       | Amount                       |
| Net sales   | 68,308                       | 72,783                       |
| Cost of sales                                     |                              |                              |
| Beginning finished goods                          | 1,362                        | 1,435                        |
| Cost of products manufactured                     | 54,023                       | 59,202                       |
| Purchase of finished goods                        | 2,046                        | 1,394                        |
| Transfer from other account                       | 3,636                        | 4,040                        |
| Total   | 61,068                       | 66,072                       |
| Finished goods transfer to other account          | 167                          | 189                          |
| Ending finished goods                             | 1,435                        | 1,440                        |
| Cost of finished goods sold                       | 59,465                       | 64,443                       |
| Gross profit                                      | 8,842                        | 8,339                        |
| Selling, general and administrative expenses      |                              |                              |
| Packing and delivery expenses                     | 2,692                        | 2,640                        |
| Advertising expenses                              | 36                           | 24                           |
| Provision for product warranties                  | 32                           | 45                           |
| Directors' compensations                          | 220                          | 179                          |
| Salaries and allowances                           | 1,086                        | 1,051                        |
| Provision for bonuses                             | 345                          | 310                          |
| Provision for directors' bonuses                  | 72                           | 25                           |
| Provision for retirement benefits                 | 73                           | 68                           |
| Welfare expenses                                  | 433                          | 439                          |
| Depreciation                                      | 176                          | 183                          |
| Repair expenses                                   | 125                          | 122                          |
| Taxes and dues                                    | 98                           | 101                          |
| Rent expenses                                     | 336                          | 340                          |
| Transportation and communication expenses         | 204                          | 249                          |
| Provision for share awards                        | —                            | 28                           |
| Research and development expenses                 | 1,035                        | 1,008                        |
| Insurance expenses                                | 19                           | 10                           |
| Stationery expenses                               | 81                           | 33                           |
| Entertainment expenses                            | 5                            | 8                            |
| Commission Fee                                    | 196                          | 216                          |
| Miscellaneous expenses                            | 97                           | 113                          |
| Total selling, general and administrative expense | 7,369                        | 7,203                        |
| Operating income (loss)                           | 1,473                        | 1,136                        |
| Non-operating income                              |                              |                              |
| Interest income                                   | 1                            | —                            |
| Interest on securities                            | 1                            | 1                            |
| Dividends income                                  | 3,616                        | 4,641                        |
| Foreign exchange gains                            | 283                          | 324                          |
| Others  | 160                          | 166                          |
| Total non-operating income                        | 4,064                        | 5,133                        |

(Millions of yen)

|  | FY2021                       | FY2022                       |
|--|------------------------------|------------------------------|
|  | (Apr. 1, 2021–Mar. 31, 2022) | (Apr. 1, 2022–Mar. 31, 2023) |
|  | Amount                       | Amount                       |
| Non-operating expenses   |                              |                              |
| Interest expenses  | 39                           | 45                           |
| Others   | 2                            | 4                            |
| Total non-operating expenses   | 41                           | 49                           |
| Ordinary income  | 5,496                        | 6,220                        |
| Extraordinary income   |                              |                              |
| Gain on sales of noncurrent assets   | 0                            | 0                            |
| Gain on sales of golf memberships  | 16                           | —                            |
| Total extraordinary income   | 16                           | 0                            |
| Extraordinary Loss   |                              |                              |
| Loss on sales of noncurrent assets   | 5                            | 2                            |
| Loss on retirement of noncurrent assets                                    | 114                          | 119                          |
| Impairment loss  | —                            | 38                           |
| Provision of allowance for investment loss                                 | 103                          | —                            |
| Loss on valuation of shares of subsidiaries and associates                 | 590                          | 6,362                        |
| Loss on valuation of investments in capital of subsidiaries and affiliates | —                            | 692                          |
| Total extraordinary loss   | 813                          | 7,215                        |
| Income before income taxes   | 4,699                        | (994)                        |
| Income taxes-current   | 817                          | 770                          |
| Income taxes-deferred  | (20)                         | (33)                         |
| Total income taxes   | 797                          | 737                          |
| Net income(loss)   | 3,901                        | (1,731)                      |

(3) Non-consolidated statements of changes in net assets  
Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

|  | Shareholders' Equity |                       |                       |                       |                         |                         |   |                 |                                   |                         |
|--|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|---|-----------------|-----------------------------------|-------------------------|
|  | Capital stock        | Capital Surplus       |                       |                       | Retained Earnings       |                         |   |                 |                                   |                         |
|  |                      | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings |   |                 |                                   | Total retained earnings |
|  |                      |                       |                       |                       |                         | Reserve for dividends   | Reserve for advanced depreciation of non-current assets | General reserve | Retained earnings brought forward |                         |
| As of April 1, 2021  | 8,570                | 7,331                 | 167                   | 7,498                 | 1,097                   | 500                     | 96  | 8,130           | 6,709                             | 16,533                  |
| Changes of items during the period                                   |                      |                       |                       |                       |                         |                         |   |                 |                                   |                         |
| Provision of reserve for advanced depreciation of non-current assets |                      |                       |                       |                       |                         |                         | 16  |                 | (16)                              | —                       |
| Reversal of reserve for advanced depreciation of non-current assets  |                      |                       |                       |                       |                         |                         | (2)   |                 | 2                                 | —                       |
| Dividends from surplus   |                      |                       |                       |                       |                         |                         |   |                 | (281)                             | (281)                   |
| Net income   |                      |                       |                       |                       |                         |                         |   |                 | 3,901                             | 3,901                   |
| Purchase of treasury stock   |                      |                       |                       |                       |                         |                         |   |                 |                                   |                         |
| Disposal of treasury stock   |                      |                       | 12                    | 12                    |                         |                         |   |                 |                                   |                         |
| Retirement of treasury stock   |                      |                       | (179)                 | (179)                 |                         |                         |   |                 | (3,779)                           | (3,779)                 |
| Net changes of items other than shareholders' equity                 |                      |                       |                       |                       |                         |                         |   |                 |                                   |                         |
| Total changes of items during the period                             | —                    | —                     | (167)                 | (167)                 | —                       | —                       | 14  | —               | (173)                             | (159)                   |
| As of March 31, 2022   | 8,570                | 7,331                 | —                     | 7,331                 | 1,097                   | 500                     | 110   | 8,130           | 6,535                             | 16,374                  |

|  | Shareholders' Equity |                            | Valuation and translation adjustments                 |   | Total net assets |
|--|----------------------|----------------------------|---|---|------------------|
|  | Treasury stock       | Total Shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments |                  |
| As of April 1, 2021  | (2,258)              | 30,344                     | —   | —   | 30,344           |
| Changes of items during the period                                   |                      |                            |   |   |                  |
| Provision of reserve for advanced depreciation of non-current assets |                      | —                          |   |   | —                |
| Reversal of reserve for advanced depreciation of non-current assets  |                      | —                          |   |   | —                |
| Dividends from surplus   |                      | (281)                      |   |   | (281)            |
| Net income   |                      | 3,901                      |   |   | 3,901            |
| Purchase of treasury stock   | (2,159)              | (2,159)                    |   |   | (2,159)          |
| Disposal of treasury stock   | 36                   | 49                         |   |   | 49               |
| Retirement of treasury stock   | 3,959                | —                          |   |   | —                |
| Net changes of items other than shareholders' equity                 |                      |                            | —   | —   | —                |
| Total changes of items during the period                             | 1,837                | 1,510                      | —   | —   | 1,510            |
| As of March 31, 2022   | (421)                | 31,854                     | —   | —   | 31,854           |

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

(Millions of yen)

|  | Shareholders' Equity |                       |                       |                       |                         |   |                 |                                   |         |                         |
|--|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|---|-----------------|-----------------------------------|---------|-------------------------|
|  | Capital stock        | Capital Surplus       |                       |                       | Legal retained earnings | Retained Earnings                                       |                 |                                   |         |                         |
|  |                      | Legal capital surplus | Other capital surplus | Total capital surplus |                         | Other retained earnings                                 |                 |                                   |         | Total retained earnings |
|  |                      |                       |                       |                       | Reserve for dividends   | Reserve for advanced depreciation of non-current assets | General reserve | Retained earnings brought forward |         |                         |
| As of April 1, 2022  | 8,570                | 7,331                 | —                     | 7,331                 | 1,097                   | 500   | 110             | 8,130                             | 6,535   | 16,374                  |
| Changes of items during the period                                   |                      |                       |                       |                       |                         |   |                 |                                   |         |                         |
| Provision of reserve for advanced depreciation of non-current assets |                      |                       |                       |                       |                         |   |                 |                                   |         | —                       |
| Reversal of reserve for advanced depreciation of non-current assets  |                      |                       |                       |                       |                         |   |                 |                                   |         | —                       |
| Dividends from surplus   |                      |                       |                       |                       |                         |   |                 |                                   | (1,307) | (1,307)                 |
| Net income(loss)   |                      |                       |                       |                       |                         |   |                 |                                   | (1,731) | (1,731)                 |
| Purchase of treasury stock   |                      |                       |                       |                       |                         |   |                 |                                   |         |                         |
| Disposal of treasury stock   |                      |                       | 1                     | 1                     |                         |   |                 |                                   |         |                         |
| Retirement of treasury stock   |                      |                       |                       |                       |                         |   |                 |                                   |         |                         |
| Net changes of items other than shareholders' equity                 |                      |                       |                       |                       |                         |   |                 |                                   |         |                         |
| Total changes of items during the period                             | —                    | —                     | 1                     | 1                     | —                       | —   | —               | —                                 | (3,039) | (3,039)                 |
| As of March 31, 2023   | 8,570                | 7,331                 | 1                     | 7,332                 | 1,097                   | 500   | 110             | 8,130                             | 3,496   | 13,334                  |

|  | Shareholders' Equity |                            | Valuation and translation adjustments                 |   | Total net assets |
|--|----------------------|----------------------------|---|---|------------------|
|  | Treasury stock       | Total Shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments |                  |
| As of April 1, 2022  | (421)                | 31,854                     | —   | —   | 31,854           |
| Changes of items during the period                                   |                      |                            |   |   |                  |
| Provision of reserve for advanced depreciation of non-current assets |                      | —                          |   |   | —                |
| Reversal of reserve for advanced depreciation of non-current assets  |                      | —                          |   |   | —                |
| Dividends from surplus   |                      | (1,307)                    |   |   | (1,307)          |
| Net income(loss)   |                      | (1,731)                    |   |   | (1,731)          |
| Purchase of treasury stock   | (116)                | (116)                      |   |   | (116)            |
| Disposal of treasury stock   | 85                   | 86                         |   |   | 86               |
| Retirement of treasury stock   |                      | —                          |   |   | —                |
| Net changes of items other than shareholders' equity                 |                      |                            | 11  | 11  | 11               |
| Total changes of items during the period                             | (31)                 | (3,069)                    | 11  | 11  | (3,057)          |
| As of March 31, 2023   | (452)                | 28,785                     | 11  | 11  | 28,797           |

(4) Notes concerning non-consolidated financial statement  
(Going concern assumptions)  
Not applicable

(Additional information)

(About the accounting estimate associated with the spread of novel coronavirus infections)

The spread of the COVID-19 pandemic is an event that has a widespread impact on the economy and corporate activities. There is a possibility that the operation adjustments of customers will have a significant impact on the T.RAD Group. However, in the current consolidated fiscal year (fiscal year ended in March 2023), the impact almost disappeared. If we assume that this situation will continue in the next consolidated fiscal year (fiscal year ending in March 2024), we have made accounting estimates for the current consolidated fiscal year (fiscal year ended in March 2023).

(Transactions in which the Company's shares are issued to employees through a trust)

(1) Outline of transaction

At a meeting of the Board of Directors held on May 16, 2022, the Company resolved details of a new incentive plan called the Employee Stock Ownership Plan (J-ESOP, hereinafter referred to as the "Plan") for employees. The Plan is a system to provide the Company's shares to its employees who satisfy certain requirements under the Share Benefit Regulations to be established by the Company in advance.

The Company will grant points to its employees based on their position, performance, and other factors. The Company's shares equivalent to the points granted will be paid to the employees when they acquire the right of entitlement under certain conditions stipulated in the Share Benefit Regulations. The shares to be provided to employees shall be acquired following the amount set up in advance, including the future portion, and shall be segregated and managed as trust assets.

The introduction of the Plan will enable employees to share the economic benefits with shareholders by reflecting the benefits in the Company's stock price based on the Company's performance. As "working shareholders," the Company will increase its employees' sense of ownership and participation in management even more than before. At the same time, the Plan is intended to share the Company's vision and plans and contribute to the Company's sustainable growth through a high level of voluntary commitment and challenge.

(2) Shares of the Company remaining in the trust

The Company's shares remaining in the trust are recorded as treasury stock under net assets at their book value. The book value of the Company's shares at the end of the current consolidated fiscal year is 49 million yen, and the number of shares is 22,100.

(Transfers between retirement benefit plans)

On April 1, 2023, the Company transferred a portion of its defined benefit corporate pension plan to a defined contribution corporate pension plan. As a result, the Company adopted the Guidance on Accounting for Transfers between Retirement Benefit Plans (the Accounting Standards Board of Japan's Guidance No. 1, December 16, 2016) and the Practical Solution on Accounting for Transfers between Retirement Benefit Plans (the Practical Issues Task Force's No. 2, February 7, 2007). The transferred portion to the defined contribution pension plan will be treated as a partial termination of the retirement benefit plan, and there will be no gain or loss arising from this transition.

(Significant subsequent events)

Not applicable