

# Summary of Consolidated Financial Results

## For the Fiscal Year Ended March 2020 [Japan GAAP]

April 27, 2020

Name of Company: SPK CORPORATION  
 Stock Code: 7466 URL: <http://www.spk.co.jp/>  
 Stock Exchange Listing: Tokyo Stock Exchange, First Section  
 Representative Title: President and Representative Director Name: Kyoichiro Oki  
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 Date of regular general meeting of shareholders: June 23, 2020 (tentative)  
 Date of commencement of dividend payment: June 1, 2020 (tentative)  
 Date of filing of securities report: June 23, 2020 (tentative)  
 Supplementary explanatory documents: None  
 Earnings presentation: None

(Yen in millions, rounded down)

### 1. Financial results for the current fiscal year (April 1, 2019 – March 31, 2020)

#### (1) Result of Operations (Consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2020	43,860	2.3	1,945	1.0	1,932	0.7	1,553	9.3
Fiscal year ended March 2019	42,885	1.0	1,925	4.9	1,918	2.4	1,421	11.7

Note: Comprehensive income: FY3/20: 1,504 million yen [8.5%] FY3/19: 1,386 million yen [3.0%]

	Earnings per share	Earnings per share fully diluted	Return on equity	Ratio of ordinary profit to assets	Ratio of Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 2020	154.68	-	9.0	7.6	4.4
Fiscal year ended March 2019	141.51	-	8.8	7.9	4.5

Reference: Equity in earnings of affiliates FY3/20: -million yen FY3/19: -million yen

Note: The company has split one share of common stock into two shares on April 1, 2020. The earnings per share of the previous fiscal year was accordingly adjusted assuming that the stock split had been effective from April 1, 2019.

#### (2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2020	25,832	17,888	69.2	1,781.31
As of March 31, 2019	25,085	16,725	66.7	1,665.50

Reference: Shareholders' equity: As of Mar. 31, 2020: 17,888 million yen As of Mar. 31, 2019: 16,725 million yen

Note: The company has split one share of common stock into two shares on April 1, 2020. The net assets per share of the previous fiscal year was accordingly adjusted assuming that the stock split had been effective from April 1, 2019.

#### (3) Cash flow position (Consolidated)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2020	1,082	207	(764)	5,374
Fiscal year ended March 2019	1,096	(93)	(260)	4,851

## 2. Dividends

	Dividend per share					Annual aggregate amount	Payout ratio (Consolidated)	Dividends/net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY3/19	-	33.00	-	34.00	67.00	336	23.7	2.1
FY3/20	-	34.00	-	38.00	72.00	361	23.3	2.1
FY3/21 (forecast)	-	-	-	-	-		-	

Notes: 1. The company has split one share of common stock into two shares on April 1, 2020. The dividends for FY3/19 and FY3/20 are the actual amount of before the split.

2. There is no dividend forecast for the fiscal year ending in March 2021 because it is difficult to make a reliable forecast of business performance at this time. The SPK Group plans to make an announcement when it becomes possible to establish a forecast. For more information about the forecasts, please see "1. Results of Operations (5) Basic policy concerning distribution of profit and dividends for the current and the next fiscal year" on page 4 of Supplementary Information.

## 3. Forecast for the fiscal year ending March 2021 (Consolidated, April 1, 2020 - March 31, 2021)

There is no forecast for the fiscal year ending in March 2021 because the COVID-19 pandemic makes it impossible to determine a reliable forecast of business performance at this time. SPK plans to make an announcement when it becomes possible to establish a forecast. For more information about the forecasts, please see "1. Results of Operations (4) Outlook" on page 3 of Supplementary Information.

### \* Notes

- (1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation):

None

- (2) Changes in accounting principles and estimates, and retrospective restatement

(a) Changes due to revision of accounting standards: None

(b) Changes other than in (a): None

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

- (3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

End of FY3/20:	10,453,800	End of FY3/19:	10,453,800
End of FY3/20:	411,712	End of FY3/19:	411,600
FY3/20:	10,042,105	FY3/19:	10,042,210

(b) Treasury shares

(c) Average number of shares outstanding during the year

Note: The company has split one share of common stock into two shares on April 1, 2020. The shares outstanding, treasury shares and average number of shares outstanding during the year of the previous fiscal year were adjusted assuming that the stock split had been effective from April 1, 2019.

## (Reference) Non-consolidated Financial Results

### Financial results for the fiscal year ended March 2020 (April 1, 2019 – March 31, 2020)

- (1) Result of operations (Non-consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2020	37,523	0.4	1,369	1.8	1,519	1.6	1,215	3.6
Fiscal year ended March 2019	37,391	(2.1)	1,345	2.3	1,495	4.2	1,173	16.3

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
Fiscal year ended March 2020	121.07		-	
Fiscal year ended March 2019	116.86		-	

Note: The company has split one share of common stock into two shares on April 1, 2020. The earnings per share of the previous fiscal year was adjusted assuming that the stock split had been effective from April 1, 2019.

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2020	21,007	15,124	72.0	1,506.12
As of March 31, 2019	20,740	14,296	68.9	1,423.63

Reference: Shareholders' equity

As of March 31, 2020: 15,124 million yen

As of March 31, 2019: 14,296 million yen

Note: The company has split one share of common stock into two shares on April 1, 2020. The net assets per share of the previous fiscal year was adjusted assuming that the stock split had been effective from April 1, 2019.

\* This report is exempt from the audit procedure by certified public accountants or accounting firms.

\* Cautionary statement regarding forecasts of operating results and special notes

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. For information about the forecasts, please see "1. Results of Operations (4) Outlook" on page 3 of Supplementary Information.

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## 1. Results of Operations

### (1) Overview on consolidated business performance

#### (i) Result of operations (Consolidated)

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Year-on-year change (%)
Net sales	43,860	42,885	102.3
Operating profit	1,945	1,925	101.0
Ordinary profit	1,932	1,918	100.7
Profit attributable to owners of parent	1,553	1,421	109.3

#### (ii) Net sales (Consolidated)

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Year-on-year change (%)
Domestic Sales Division	25,943	24,924	104.1
International Trade Division	13,197	12,590	104.8
Machinery Equipment Division	4,719	5,369	87.9
Total	43,860	42,885	102.3

In the fiscal year that ended in March 2020, the Japanese economy continued to record an improvement in corporate earnings and to maintain a steady recovery, driven by domestic demand. However, there are concerns over the downturn in overseas economies due to US-China trade friction and other factors as well as, since the beginning of this year, increasing anxiety over a significant economic slowdown in both the domestic and global economy due to the impact of the increasing spread of the COVID-19. Hence, the development in these areas will have to be monitored closely. In the automobile aftermarket, construction and industrial machinery sectors, which are our main areas of business, it is also essential to continue to monitor political and economic trends both in Japan and overseas.

The SPK Group (the Company and its consolidated subsidiaries) recorded net sales of 43,860 million yen (2.3% increase year on year), ordinary profit of 1,932 million yen (0.7% increase), and profit attributable to owners of parent of 1,553 million yen (9.3% increase).

Business segment performance was as follows.

#### (Domestic Sales Division)

As in previous years, the Domestic Sales Division continued to work on developing and sales of new, environmentally friendly products while also selling conventional functional and replacement parts for automobiles. From the beginning of this year, however, the COVID-19 pandemic has caused consumer sentiment to deteriorate. Consequently, there has been a noticeable decline in the number of parts being replaced. In response to this situation, the SPK group focused on providing a stable supply of functional parts and replacement parts. The result was a 4.1% increase in net sales to 25,943 million yen.

#### (International Trade Division)

The International Trade Division, recorded strong sales at a local subsidiary in Singapore, significantly pushing up sales in Asia. Exports to Central and South America also increased slightly, but sales declined due to local inventory adjustments in Russia, which had been strong in the previous fiscal year. Sales in the Middle East and Africa were almost flat, although there were some variations on a country by country basis. The result was a 4.8% increase in sales to 13,197 million yen.

#### (Machinery Equipment Division)

Production in the Machinery Equipment Division dropped significantly in response to factors including a decline in demand for forklift trucks, mainly in the United States and China due to decline in the volume of cargo, falling production volume of construction vehicles due to the economic recession, and the decline in the production volume of construction, agricultural and industrial vehicles due to the impact of the COVID-19 pandemic. The result was a 12.1% decrease in sales to 4,719 million yen.

### (2) Financial condition

#### (Assets)

Current assets were 21,464 million yen at the end of the current fiscal year, 675 million yen more from the end of the previous fiscal year. This was mainly due to an increase in cash and deposits of 523 million yen and an increase in inventories of 206 million yen. Non-current assets increased 70 million yen compared to the end of the previous fiscal year to 4,367 million yen. This was mainly due to net increase in buildings and structures of 95 million yen.

As a result, total assets were 25,832 million yen at the end of the fiscal year, 746 million yen more than at the end of the previous fiscal year.

(Liabilities)

Current liabilities decreased 138 million yen to 6,995 million yen. This was mainly due to a decrease of notes and accounts payable - trade of 149 million yen. Non-current liabilities decreased 278 million yen to 948 million yen. This was mainly due to a 268 million yen decrease in long-term borrowings. As a result, total liabilities decreased 416 million yen to 7,944 million yen.

(Net assets)

Net assets increased 1,162 million yen to 17,888 million yen. The increase was primarily the net result of profit attributable to owners of parent of 1,553 million and dividends of surplus of 341 million yen. As a result, the equity ratio was 69.2% compared with 66.7% one year earlier.

(3) Cash flows

Cash and cash equivalents ("cash") increased 523 million yen from the beginning of the fiscal year compared with a 733 million yen increase in the prior fiscal year. The result was cash of 5,374 million yen at the end of the fiscal year. The factors affecting each type of cash flow are discussed below.

(Operating activities)

Net cash provided by operating activities was 1,082 million yen compared with 1,096 million yen provided in the prior fiscal year. Major components were profit before income taxes of 2,288 million yen and income taxes paid of 674 million yen.

(Investing activities)

Net cash provided by investing activities was 207 million yen compared with 93 million yen used in the prior fiscal year. The main components were 432 million yen from proceeds from sales of investment securities and 200 million yen of purchase of property, plant and equipment.

(Financing activities)

Net cash used by financing activities was 764 million yen compared with 260 million yen used in the prior fiscal year. This was mainly attributable to repayments of long-term borrowings of 406 million yen and dividends paid of 341 million yen.

Cash flow indicators

	FY 3/19	FY 3/20
Equity ratio (%)	66.7	69.2
Market capital equity ratio (%)	48.1	48.9
Debt to cash flow ratio (%)	187.3	160.8
Interest coverage ratio (times)	189.5	148.5

Notes: Equity ratio = Shareholders' equity/Total assets

Market capital equity ratio = Market capitalization/Total assets

Debt to cash flow ratio = Interest-bearing debt/Cash flows

Interest coverage ratio = Cash flows/Interest expenses

1. All figures are calculated based on consolidated financial data.
2. Market capitalization uses the number of shares outstanding less treasury shares.
3. Cash flows are operating cash flows.
4. Interest-bearing debt is the sum of all liabilities on the balance sheet on which the Group is obligated to pay interest.

(4) Outlook

The outlook remains uncertain due to the impact on the global economy of the spread of COVID-19 pandemic, in addition to the weakening of consumer sentiment due to the consumption tax hike implemented in October 2019. Due to the worldwide spread of the COVID-19 pandemic, there is a growing concern that orders will fall further due to the impact of restrictions on activity in exporting countries. In addition, imports of finished products and raw materials may also be restricted. In Japan, if the effects of the COVID-19 crisis are prolonged, corporate profits may be considerably affected. Furthermore, there might be large-scale employment adjustment, which could in turn trigger other issues including a decrease in vehicle ownership and successively demand for replacement parts in the automobile aftermarket. In addition, although the SPK Group possesses a system that can supply sufficient volume of products, shortages could also emerge due to disruption of the supply chain. The extent of the COVID-19 pandemic, which is spreading worldwide, remains uncertain at this time. Moreover, the situation is becoming progressively serious every day. There is no forecast for the fiscal year ending in March 2021 because the COVID-19 pandemic makes it impossible to determine a reliable and reasonable forecast at this time. The SPK Group plans to make an announcement when it becomes possible to establish a forecast.

- (5) Basic policy concerning distribution of profit and dividends for the current and the next fiscal year
- (a) Basic policy concerning distribution of profit  
While striving to secure a stable management base, the SPK Group considers the return of profit to shareholders as one of the important elements of its management policy and, while making due consideration to business performance and financial conditions, strives to proactively return profits to shareholders.
  - (b) Dividends of surplus for the current fiscal year  
The year-end dividend for the fiscal year ended in March 2020 was 38 yen per share, an increase of 2 yen from the initial forecast of 36 yen per share. Combined with the interim dividend of 34 yen already paid on December 2, 2019, the annual dividend is 72 yen per share. As a result, the dividend pay-out ratio is 23.3%.
  - (c) Dividends of surplus for the next fiscal year  
With regard to the dividend forecast for the next fiscal year, the Group will continue to proactively return profits to shareholders in line with business performance. In addition, the SPK Group intends to make effective use of internal reserves in order to strengthen our business activities and management base in the future. There is no dividend forecast for the fiscal year ending in March 2021 because the impact of the COVID-19 crisis is uncertain and it is difficult to make a rational dividend forecast at this time. The interim dividend and year-end dividend forecast are therefore undecided at this stage.

## **2. Basic Position concerning Selection of Accounting Standards**

The SPK Group will continue to use Japanese accounting standards. However, a study is under way concerning the establishment of a framework for using International Financial Reporting Standards (IFRS) in the future and the timing of the application of IFRS.

### 3. Consolidated Financial Statements and Important Notes

#### (1) Consolidated balance sheet

(Thousand yen)

	As of March 31, 2019	As of March 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	4,950,528	5,473,857
Notes and accounts receivable - trade	8,594,572	8,744,819
Electronically recorded monetary claims - operating	1,499,607	1,319,870
Inventories	4,930,049	5,136,195
Accounts receivable - other	524,301	457,629
Other	302,733	347,435
Allowance for doubtful accounts	(13,331)	(15,591)
Total current assets	20,788,460	21,464,216
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,573,481	1,705,732
Accumulated depreciation	(708,067)	(744,555)
Buildings and structures, net	865,414	961,177
Machinery, equipment and vehicles	436,619	527,889
Accumulated depreciation	(362,489)	(381,098)
Machinery, equipment and vehicles, net	74,129	146,791
Land	1,893,072	1,893,072
Leased assets	109,548	185,588
Accumulated depreciation	(80,041)	(132,017)
Leased assets, net	29,506	53,570
Other	354,769	418,890
Accumulated depreciation	(306,179)	(330,281)
Other, net	48,590	88,608
Total property, plant and equipment	2,910,714	3,143,220
Intangible assets		
Software	25,111	30,627
Leased assets	135,969	103,152
Other	28,519	18,323
Total intangible assets	189,600	152,103
Investments and other assets		
Investment securities	425,709	256,433
Deferred tax assets	198,993	229,294
Other	582,531	597,406
Allowance for doubtful accounts	(10,095)	(10,511)
Total investments and other assets	1,197,138	1,072,622
Total non-current assets	4,297,453	4,367,946
Total asset	25,085,914	25,832,163



(Thousand yen)

	As of March 31, 2019	As of March 31, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	4,560,204	4,410,621
Short-term borrowings	870,061	845,532
Current portion of long-term borrowings	381,588	363,980
Income taxes payable	348,875	415,862
Provision for bonuses	219,194	205,000
Other	753,667	754,429
<b>Total current liabilities</b>	<b>7,133,592</b>	<b>6,995,425</b>
<b>Non-current liabilities</b>		
Retirement benefit liability	446,966	462,337
Long-term borrowings	554,070	285,312
Long-term guarantee deposits	80,009	87,099
Long-term accounts payable - other	23,528	19,236
Other	122,432	94,642
<b>Total non-current liabilities</b>	<b>1,227,006</b>	<b>948,628</b>
<b>Total liabilities</b>	<b>8,360,598</b>	<b>7,944,053</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	898,591	898,591
Capital surplus	961,044	961,044
Retained earnings	15,136,411	16,348,313
Treasury shares	(435,365)	(435,500)
<b>Total shareholders' equity</b>	<b>16,560,681</b>	<b>17,772,447</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	145,244	95,356
Deferred gains or losses on hedges	466	4,175
Foreign currency translation adjustment	18,923	16,130
<b>Total accumulated other comprehensive income</b>	<b>164,634</b>	<b>115,661</b>
<b>Total net assets</b>	<b>16,725,315</b>	<b>17,888,109</b>
<b>Total liabilities and net assets</b>	<b>25,085,914</b>	<b>25,832,163</b>

## (2) Consolidated statements of income and comprehensive income

(Consolidated statement of income)

(Thousand yen)

	Fiscal year ended March 31, 2019 (Apr. 1, 2018 – Mar. 31, 2019)	Fiscal year ended March 31, 2020 (Apr. 1, 2019 – Mar. 31, 2020)
Net sales	42,885,129	43,860,058
Cost of sales	35,752,353	36,657,225
Gross profit	7,132,775	7,202,832
Selling, general and administrative expenses	5,207,266	5,257,758
Operating profit	1,925,509	1,945,074
Non-operating income		
Interest income	470	1,410
Dividend income	7,331	32,677
Purchase discounts	124,392	129,213
Other	49,844	48,290
Total non-operating income	182,038	211,591
Non-operating expenses		
Interest expenses	5,784	7,293
Sales discounts	146,816	162,441
Foreign exchange losses	22,759	37,152
Other	13,564	17,315
Total non-operating expenses	188,924	224,202
Ordinary profit	1,918,623	1,932,462
Extraordinary income		
Gain on sales of non-current assets	177,561	142
Gain on sales of investment securities	-	356,537
Total extraordinary income	177,561	356,680
Extraordinary losses		
Office relocation expenses	7,624	402
Loss on sales and retirement of non-current assets	17	177
Total extraordinary losses	7,642	579
Profit before income taxes	2,088,542	2,288,563
Income taxes - current	657,379	744,395
Income taxes - deferred	10,130	(9,166)
Total income taxes	667,510	735,228
Profit	1,421,031	1,553,334
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,421,031	1,553,334

(Consolidated Statement of Comprehensive Income)

(Thousand yen)

	Fiscal year ended March 31, 2019 (Apr. 1, 2018 – Mar. 31, 2019)	Fiscal year ended March 31, 2020 (Apr. 1, 2019 – Mar. 31, 2020)
Profit	1,421,031	1,553,334
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,276)	(49,887)
Deferred gains or losses on hedges	1,567	3,709
Foreign currency translation adjustment	(30,180)	(2,793)
Total other comprehensive income	(34,890)	(48,972)
Comprehensive income	1,386,141	1,504,362
Comprehensive income attributable to owners of parent	1,386,141	1,504,362
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated statement of changes in equity  
 Previous fiscal year (Apr. 1, 2018 – Mar. 31, 2019)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	898,591	961,044	14,087,763	(435,339)	15,512,059
Changes during period					
Dividends of surplus	-	-	(331,392)	-	(331,392)
Reversal of reserve for special depreciation	-	-	2,022	-	2,022
Transfer from legal capital surplus to other capital surplus	-	-	(2,022)	-	(2,022)
Profit attributable to owners of parent	-	-	1,421,031	-	1,421,031
Change in scope of consolidation	-	-	(40,990)	-	(40,990)
Purchase of treasury shares	-	-	-	(25)	(25)
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	-	1,048,647	(25)	1,048,622
Balance at end of period	898,591	961,044	15,136,411	(435,365)	16,560,681

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	151,520	(1,101)	51,552	201,972	15,714,032
Changes during period					
Dividends of surplus	-	-	-	-	(331,392)
Reversal of reserve for special depreciation	-	-	-	-	2,022
Transfer from legal capital surplus to other capital surplus	-	-	-	-	(2,022)
Profit attributable to owners of parent	-	-	-	-	1,421,031
Change in scope of consolidation	-	-	-	-	(40,990)
Purchase of treasury shares	-	-	-	-	(25)
Net changes in items other than shareholders' equity	(6,276)	1,567	(32,628)	(37,338)	(37,338)
Total changes during period	(6,276)	1,567	(32,628)	(37,338)	1,011,283
Balance at end of period	145,244	466	18,923	164,634	16,725,315

Current fiscal year (Apr. 1, 2019 – Mar. 31, 2020)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	898,591	961,044	15,136,411	(435,365)	16,560,681
Changes during period					
Dividends of surplus	-	-	(341,432)	-	(341,432)
Reversal of reserve for special depreciation	-	-	-	-	-
Transfer from legal capital surplus to other capital surplus	-	-	-	-	-
Profit attributable to owners of parent	-	-	1,553,334	-	1,553,334
Change in scope of consolidation	-	-	-	-	-
Purchase of treasury shares	-	-	-	(135)	(135)
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	-	1,211,901	(135)	1,211,765
Balance at end of period	898,591	961,044	16,348,313	(435,500)	17,772,447

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	145,244	466	18,923	164,634	16,725,315
Changes during period					
Dividends of surplus	-	-	-	-	(341,432)
Reversal of reserve for special depreciation	-	-	-	-	-
Transfer from legal capital surplus to other capital surplus	-	-	-	-	-
Profit attributable to owners of parent	-	-	-	-	1,553,334
Change in scope of consolidation	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	(135)
Net changes in items other than shareholders' equity	(49,887)	3,709	(2,793)	(48,972)	(48,972)
Total changes during period	(49,887)	3,709	(2,793)	(48,972)	1,162,793
Balance at end of period	95,356	4,175	16,130	115,661	17,888,109

## (4) Consolidated statement of cash flows

	Fiscal year ended March 2019 (Apr. 1, 2018 – Mar. 31, 2019)	(Thousand yen) Fiscal year ended March 2020 (Apr. 1, 2019 – Mar. 31, 2020)
Cash flows from operating activities		
Profit before income taxes	2,088,542	2,288,563
Depreciation	163,098	222,350
Amortization of long-term prepaid expenses	2,650	3,339
Increase (decrease) in allowance for doubtful accounts	517	2,623
Increase (decrease) in provision for bonuses	(7,426)	(14,194)
Increase (decrease) in retirement benefit liability	8,034	41,086
Interest and dividend income	(7,801)	(34,087)
Interest expenses	5,784	7,293
Foreign exchange losses (gains)	(4,060)	2,310
Loss (gain) on sales and retirement of property, plant and equipment	(177,543)	34
Loss (gain) on sales of investment securities	-	(356,537)
Decrease (increase) in trade receivables	(439,749)	8,789
Decrease (increase) in inventories	(265,602)	(209,424)
Increase (decrease) in trade payables	454,352	(229,384)
Decrease (increase) in consumption taxes refund receivable	997	(44,576)
Increase (decrease) in accrued consumption taxes	(13,500)	203
Other	(47,186)	42,388
Subtotal	<u>1,761,106</u>	<u>1,730,778</u>
Interest and dividend received	7,612	33,886
Interest paid	(5,803)	(7,293)
Income taxes paid	(666,525)	(674,484)
Net cash provided by (used in) operating activities	<u>1,096,389</u>	<u>1,082,887</u>
Cash flows from investing activities		
Payments into time deposits	(59,000)	-
Proceeds from withdrawal of time deposits	200,000	-
Proceeds from sales of investment securities	-	432,352
Purchase of shares of subsidiaries	-	(30,000)
Purchase of property, plant and equipment	(505,805)	(200,571)
Proceeds from sales of property, plant and equipment	288,462	142
Purchase of intangible assets	(6,748)	(11,704)
Loan advances	(3,000)	-
Collection of loans receivable	6,289	1,631
Other	(13,472)	15,742
Net cash provided by (used in) investing activities	<u>(93,275)</u>	<u>207,593</u>
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	325,508	(25,173)
Proceeds from long-term borrowings	200,000	120,000
Repayments of long-term borrowings	(388,778)	(406,366)
Repayments of lease obligations	(66,028)	(111,880)
Dividends paid	(331,392)	(341,432)
Purchase of treasury shares	(25)	(135)
Net cash provided by (used in) financing activities	<u>(260,717)</u>	<u>(764,988)</u>
Effect of exchange rate change on cash and cash equivalents	<u>(8,750)</u>	<u>(2,171)</u>
Net increase (decrease) in cash and cash equivalents	<u>733,646</u>	<u>523,321</u>
Cash and cash equivalents at beginning of period	<u>3,972,475</u>	<u>4,851,391</u>
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	145,269	-
Cash and cash equivalents at end of period	<u>4,851,391</u>	<u>5,374,713</u>