

# Summary of Consolidated Financial Results

## For the Fiscal Year Ended March 2023 [Japan GAAP]

May 2, 2023

Name of Company: SPK CORPORATION  
 Stock Code: 7466 URL: <https://www.spk.co.jp/>  
 Stock Exchange Listing: Tokyo Stock Exchange, Prime Market  
 Representative Title: President and Representative Director Name: Kyoichiro Oki  
 Contact Person Title: Senior Managing Director and General Manager of Administration Division Name: Shuji Fujii  
 Phone: +81-(0)6-6454-2002  
 Date of regular general meeting of shareholders: June 22, 2023 (tentative)  
 Date of commencement of dividend payment: May 31, 2023 (tentative)  
 Date of filing of securities report: June 22, 2023 (tentative)  
 Supplementary explanatory documents: Yes  
 Earnings presentation: Yes

(Yen in millions, rounded down)

### 1. Financial results for the current fiscal year (April 1, 2022 – March 31, 2023)

#### (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 2023	54,695	14.7	2,720	33.7	2,910	27.3	2,059	26.7
Fiscal year ended March 2022	47,686	13.8	2,034	(0.4)	2,287	12.0	1,625	17.5

Note: Comprehensive income: FY3/23: 2,373 million yen [37.0%] FY3/22: 1,732 million yen [27.3%]

	Earnings per share	Earnings per share fully diluted	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 2023	205.13	-	9.7	9.0	5.0
Fiscal year ended March 2022	161.84	-	8.3	7.9	4.3

Reference: Equity in earnings of affiliates FY3/23: -million yen FY3/22: -million yen

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

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	34,351	22,175	64.6	2,208.26
As of March 31, 2022	30,014	20,223	67.4	2,013.91

Reference: Shareholders' equity: As of Mar. 31, 2023: 22,175 million yen As of Mar. 31, 2022: 20,223 million yen

#### (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 2023	838	(879)	426	6,513
Fiscal year ended March 2022	536	(592)	(1,194)	6,047

### 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	%	%
FY3/22	-	18.00	-	22.00	40.00	401	24.7	2.1
FY3/23	-	20.00	-	24.00	44.00	441	21.5	2.1
FY3/24 (forecast)	-	23.00	-	27.00	50.00		23.4	

### 3. Forecast for the fiscal year ending March 2024 (Consolidated, April 1, 2023 - March 31, 2024)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	28,800	11.8	1,320	25.7	1,410	19.0	1,010	23.6	100.58
Full year	60,000	9.7	2,750	1.1	2,950	1.3	2,150	4.4	214.10

#### \* 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: Yes

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

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

Note: For more information, please see "3. Consolidated Financial Statements and Important Notes, (5) Notes to consolidated financial statements, Change in accounting policy", on page 12 of Supplementary Information.

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

(b) Treasury shares

(c) Average number of shares outstanding during the year

End of FY3/23:	10,453,800	End of FY3/22:	10,453,800
End of FY3/23:	411,712	End of FY3/22:	411,712
FY3/23:	10,042,088	FY3/22:	10,042,088

#### (Reference) Non-consolidated Financial Results

##### Financial results for the fiscal year ended March 2023 (April 1, 2022 – March 31, 2023)

(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 2023	43,170	9.0	1,425	6.6	1,720	6.4	1,253	9.6
Fiscal year ended March 2022	39,603	10.9	1,336	(10.4)	1,616	(23.2)	1,143	(29.9)

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
Fiscal year ended March 2023	124.80		-	
Fiscal year ended March 2022	113.86		-	

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	26,450	17,948	67.9	1,787.31
As of March 31, 2022	23,960	17,114	71.4	1,704.27

Reference: Shareholders' equity

As of March 31, 2023: 17,948 million yen

As of March 31, 2022: 17,114 million yen

\* 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 4 of Supplementary Information.

## Index for Supplementary Information

1.	Results of Operations .....	2
(1)	Overview on consolidated business performance .....	2
(2)	Financial condition .....	3
(3)	Cash flows.....	3
(4)	Outlook.....	4
(5)	Basic policy concerning distribution of profit and dividends for the current and the next fiscal years.....	4
2.	Basic Position Concerning Selection of Accounting Standards .....	4
3.	Consolidated Financial Statements and Important Notes .....	5
(1)	Consolidated balance sheet.....	5
(2)	Consolidated statements of income and comprehensive income.....	7
	(Consolidated statement of income) .....	7
	(Consolidated statement of comprehensive income) .....	8
(3)	Consolidated statement of changes in equity.....	9
(4)	Consolidated statement of cash flows.....	11
(5)	Notes to consolidated financial statements .....	12
	(Notes on going concern assumptions) .....	12
	(Change in accounting policy) .....	12
	(Business combination) .....	12
	(Segment information, etc.) .....	13
	(Per share information) .....	16
	(Significant subsequent events).....	16

## 1. Results of Operations

### (1) Overview on consolidated business performance

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

(Million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022	Year-on-year (%)
Net sales	54,695	47,686	114.7
Operating profit	2,720	2,034	133.7
Ordinary profit	2,910	2,287	127.3
Profit attributable to owners of parent	2,059	1,625	126.7

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

(Million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022	Year-on-year (%)
Domestic Sales Division	27,287	24,835	109.9
Overseas Business Division	18,195	14,768	123.2
Machinery Equipment Division	6,001	5,410	110.9
CUSPA Division	3,210	2,672	120.1
Total	54,695	47,686	114.7

During the current fiscal year, Japanese economy slowly began to show signs of recovery amid the high level of the inflation and monetary tightening all over the world. However, under the circumstances living with the COVID-19, we will need to closely monitor the downside risks to the world economy caused by geopolitical risks, increasing prices and supply-side restrictions, fluctuations in the financial markets. On the other hand, although we partly had to face a hard battle because of higher input costs due to rapid depreciation of the yen and soaring raw materials, as well as higher transportation costs, our business performance has been steady in general since the second half of the current fiscal year, thanks to strong exports and the steadily realized positive impacts of sales price revisions.

Fiscal year sales of the SPK Group (SPK and its consolidated subsidiaries) were 54,695 million yen, up 14.7% from one year earlier. Ordinary profit increased 27.3% to 2,910 million yen and profit attributable to owners of parent increased 26.7% to 2,059 million yen.

Business segment performance was as follows.

#### (Domestic Sales Division)

Although we faced lingering impacts from higher input costs due to globally soaring raw material prices and supply shortages as well as higher transportation costs, our performance has been firm thanks to the revisions of sales prices all over the supply chain. Furthermore, demand for repair parts increased because of the longer ages of service of automobiles as a result of lingering shortages of new cars. The result was a 9.9% increase in net sales to 27,287 million yen. Although it is still difficult to forecast the global economic and political dynamics, we will continue work with our suppliers to prioritize the stable supply of spare parts. In addition, we will work on building the value chain by increasing synergies through strengthening our alignment with our suppliers and group companies, as well as aggressively working on the development of our branded products and sales of new products.

#### (Overseas Business Division)

Orders of this division were lower than the last year, mainly because orders have slowed in some parts of Asia, Middle and Near East and Africa, and Latin America. On the other hand, we were able to maintain the sales as the same level as the last year, because shipment to Middle and Near East has increased where the exports had been suspended temporarily due to the foreign currency shortages. However, order backlog is still on the rise because the lengthened delivery time by the suppliers has not been improved. Furthermore, suppliers continue to raise prices, which is a source of concern for the future orders. We will timely take necessary measures with resuming overseas business trips in addition to ongoing online meetings in order to cooperate with overseas key customers more closely. Our sales at overseas subsidiaries were steady and sales hit the record high. The result was a 23.2% increase in sales to 18,195 million yen.

#### (Machinery Equipment Division)

In this division, while productions at construction equipment, agricultural machinery and industrial vehicle companies, our main customers, were unstable because of the difficulty in components procurements and higher material and component costs, productions at our customers were recovering against a backdrop of order backlogs lingering from the last year. The result was a 10.9% increase in sales to 6,001 million yen. We will continue to contribute to decarbonation and autonomous driving society by working on product developments for electrification and advanced operation support system while keeping the stable procurement with close

cooperation with our clients, in order to meet the increasing demand from the market and customers for the higher environmental and safety performance.

(CUSPA Division)

Although impacts on our main products remain from component shortages mainly for the semiconductors, globally soaring raw material prices and soaring product prices due to the weaker yen, our continuous focus on our brand, as well as brands and merchandise which boast competitive strength through our total imports rights and sole agency rights contributed to the sales. In addition, we promoted “Manufacturing and Kotozukuri (making things happen) starting from Motor Sports” including cooperation with Daihatsu Motor around motor sports and maintaining the partnership agreement with TOYOTA Gazoo Racing of Toyota Motor. The result was a 20.1% increase in sales to 3,210 million yen.

(2) Financial condition

(Assets)

Current assets were 27,676 million yen at the end of the current fiscal year, 3,576 million yen more from the end of the previous fiscal year. This was mainly due to increases of 466 million yen in cash and deposits, 964 million yen in notes and accounts receivable-trade and 1,908 million yen in inventories. Non-current assets increased 760 million yen to 6,675 million yen. This was mainly due to increases of 373 million yen in construction in progress.

As a result, total assets were 34,351 million yen at the end of the fiscal year, 4,337 million yen more than at the end of the previous fiscal year.

(Liabilities)

Current liabilities increased 1,830 million yen to 9,750 million yen. This was mainly due to an increase of 353 million yen in notes and accounts payable-trade, 249 million yen in short-term borrowings and 333 million yen in current portion of long-term borrowings. Non-current liabilities increased 554 million yen to 2,425 million yen. This was mainly due to increase of 502 million yen in long-term borrowings.

As a result, total liabilities increased 2,385 million yen to 12,176 million yen.

(Net assets)

Net assets increased 1,951 million yen to 22,175 million yen. The increase was primarily the net result of profit attributable to owners of parent of 2,059 million yen and dividends of surplus of 421 million yen.

As a result, the equity ratio was 64.6% compared with 67.4% one year earlier.

(3) Cash flows

Cash and cash equivalents increased 466 million yen from the beginning of the current fiscal year to 6,513 million yen at the end of the fiscal year compared with a 1,207 million yen decrease in the previous fiscal year. The factors affecting each category of cash flows are explained below.

(Operating activities)

Net cash provided by operating activities was 838 million yen compared with 536 million yen provided in the previous fiscal year. Major components were profit before income taxes of 2,968 million yen, increase in inventories of 1,639 million yen, increase in notes and accounts payable – trade of 307 million yen and income taxes paid of 763 million yen.

(Investing activities)

Net cash used in investing activities was 879 million yen compared with 592 million yen used in the previous fiscal year. The main components were 509 million yen for purchase of property, plant and equipment, 168 million yen for purchase of intangible assets and 274 million yen for loan advances.

(Financing activities)

Net cash provided in financing activities was 426 million yen compared with 1,194 million yen used in the previous fiscal year. This was mainly attributable to proceeds from long-term borrowings of 1.3 billion yen, repayments of long-term borrowings of 464 million yen and dividends paid of 421 million yen.

Cash flow indicators

	FY 3/22	FY 3/23
Equity ratio (%)	67.4	64.6
Market capital equity ratio (%)	44.7	50.6
Debt to cash flow ratio (%)	493.4	458.2
Interest coverage ratio (times)	39.6	42.4

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

Business performance in overseas business division and overseas subsidiaries are trending above our plan against a backdrop of strong exports.

Given such circumstances and situations, our forecasts for the fiscal year ending March 2024 are as follows, which we have revised those included in our Medium Term Business Plan announced on May 21, 2021.

Sales	60,000 million yen	109.7% (Year-on-year)
Operating profit	2,750 million yen	101.1% (Year-on-year)
Ordinary profit	2,950 million yen	101.3% (Year-on-year)
Profit attributable to owners of parent	2,150 million yen	104.4% (Year-on-year)

(5) Basic policy concerning distribution of profit and dividends for the current and the next fiscal years

(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

We plan to pay a year-end dividend of 24 yen per share. With the interim dividend of 20 yen per share paid on December 1, 2022, this will result in annual dividend of 44 yen per share for the fiscal year ended March 2023 and a dividend payout ratio of 21.5%.

(c) Dividends of surplus for the next fiscal year

Keeping in mind a consecutive dividend hike we expect to increase the dividend again in the next fiscal year while further expanding activities to distribute earnings to shareholders in line with results of operations. In addition, we will use retained earnings effectively to strengthen business operations and financial soundness.

## 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)

	Fiscal year ended March 31, 2022 (As of March 31, 2022)	Fiscal year ended March 31, 2023 (As of March 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	6,146,372	6,612,792
Notes and accounts receivable - trade	9,145,592	10,110,098
Electronically recorded monetary claims - operating	1,241,824	1,248,548
Inventories	6,570,380	8,478,687
Accounts receivable - other	543,465	560,577
Other	481,300	678,440
Allowance for doubtful accounts	(28,587)	(12,413)
<b>Total current assets</b>	<b>24,100,348</b>	<b>27,676,731</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,439,568	2,477,549
Accumulated depreciation	(1,018,050)	(1,092,134)
Buildings and structures, net	1,421,517	1,385,415
Machinery, equipment and vehicles	624,949	649,040
Accumulated depreciation	(490,651)	(526,310)
Machinery, equipment and vehicles, net	134,298	122,730
Land	2,235,369	2,235,369
Leased assets	391,392	640,408
Accumulated depreciation	(187,530)	(312,110)
Leased assets, net	203,862	328,298
Construction in progress	13,670	386,912
Other	547,550	617,261
Accumulated depreciation	(447,150)	(495,364)
Other, net	100,400	121,896
<b>Total property, plant and equipment</b>	<b>4,109,118</b>	<b>4,580,621</b>
Intangible assets		
Goodwill	400,294	335,300
Software	191,223	287,038
Leased assets	57,006	39,097
Other	16,785	16,323
<b>Total intangible assets</b>	<b>665,310</b>	<b>677,760</b>
Investments and other assets		
Investment securities	226,477	275,085
Deferred tax assets	263,139	332,583
Retirement benefit asset	24,689	12,637
Other	625,769	796,502
Allowance for doubtful accounts	(70)	(132)
<b>Total investments and other assets</b>	<b>1,140,005</b>	<b>1,416,677</b>
<b>Total non-current assets</b>	<b>5,914,434</b>	<b>6,675,058</b>
<b>Total assets</b>	<b>30,014,782</b>	<b>34,351,790</b>

(Thousand yen)

	Fiscal year ended March 31, 2022 (As of March 31, 2022)	Fiscal year ended March 31, 2023 (As of March 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,986,281	5,339,491
Electronically recorded obligations - operating	66,835	209,159
Short-term borrowings	763,536	1,013,323
Current portion of bonds payable	20,000	20,000
Current portion of long-term borrowings	447,972	781,191
Income taxes payable	419,355	666,361
Provision for bonuses	206,802	297,221
Other	1,009,120	1,424,028
Total current liabilities	7,919,904	9,750,776
Non-current liabilities		
Bonds payable	160,000	140,000
Long-term borrowings	898,084	1,400,816
Retirement benefit liability	476,930	470,596
Long-term guarantee deposits	98,760	114,691
Long-term accounts payable - other	30,776	26,046
Other	206,432	273,286
Total non-current liabilities	1,870,983	2,425,438
Total liabilities	9,790,888	12,176,214
<b>Net assets</b>		
Shareholders' equity		
Share capital	898,591	898,591
Capital surplus	961,044	961,044
Retained earnings	18,599,497	20,237,618
Treasury shares	(435,500)	(435,500)
Total shareholders' equity	20,023,632	21,661,752
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	74,372	75,466
Deferred gains or losses on hedges	(745)	671
Foreign currency translation adjustment	126,635	437,684
Total accumulated other comprehensive income	200,262	513,822
Total net assets	20,223,894	22,175,575
Total liabilities and net assets	30,014,782	34,351,790



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

(Consolidated statement of income)

(Thousand yen)

	Fiscal year ended March 31, 2022 (Apr. 1, 2021 – Mar. 31, 2022)	Fiscal year ended March 31, 2023 (Apr. 1, 2022 – Mar. 31, 2023)
Net sales	47,686,656	54,695,637
Cost of sales	39,784,777	45,007,948
Gross profit	7,901,878	9,687,688
Selling, general and administrative expenses	5,867,065	6,967,545
Operating profit	2,034,813	2,720,143
Non-operating income		
Interest income	607	7,323
Dividend income	5,900	4,293
Purchase discounts	127,604	121,763
Foreign exchange gains	49,596	22,173
Sponsorship money income	-	25,620
Other	88,520	62,735
Total non-operating income	272,230	243,909
Non-operating expenses		
Interest expenses	13,555	19,787
Commission expenses	-	9,627
Compensation expenses	-	5,600
Other	6,108	18,194
Total non-operating expenses	19,663	53,210
Ordinary profit	2,287,380	2,910,842
Extraordinary income		
Gain on sale of investment securities	-	36,649
Gain on sale of shares of subsidiaries	-	25,728
Gain on sales of non-current assets	6,393	701
Gain on forgiveness of debts	53,583	-
Compensation for expropriation	9,478	-
Total extraordinary income	69,455	63,079
Extraordinary losses		
Office relocation expenses	4,254	4,100
Loss on sales and retirement of non-current assets	3,129	1,050
Total extraordinary losses	7,384	5,151
Profit before income taxes	2,349,451	2,968,770
Income taxes - current	713,438	966,375
Income taxes - deferred	10,759	(57,493)
Total income taxes	724,198	908,881
Profit	1,625,253	2,059,888
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,625,253	2,059,888

## (Consolidated statement of comprehensive income)

(Thousand yen)

	Fiscal year ended March 31, 2022 (Apr. 1, 2021 – Mar. 31, 2022)	Fiscal year ended March 31, 2023 (Apr. 1, 2022 – Mar. 31, 2023)
Profit	1,625,253	2,059,888
Other comprehensive income		
Valuation difference on available-for-sale securities	(59,988)	1,093
Deferred gains or losses on hedges	3,412	1,417
Foreign currency translation adjustment	163,342	311,048
Total other comprehensive income	106,766	313,560
Comprehensive income	1,732,019	2,373,448
Comprehensive income attributable to owners of parent	1,732,019	2,373,448
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated statement of changes in equity  
 Previous fiscal year (Apr. 1, 2021 – Mar. 31, 2022)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	898,591	961,044	17,380,009	(435,500)	18,804,143
Cumulative effects of changes in accounting policies			(14,123)		(14,123)
Restated balance	898,591	961,044	17,365,885	(435,500)	18,790,020
Changes during period					
Dividends of surplus			(391,641)		(391,641)
Profit attributable to owners of parent			1,625,253		1,625,253
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,233,611	-	1,233,611
Balance at end of period	898,591	961,044	18,599,497	(435,500)	20,023,632

	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	134,360	(4,158)	(36,706)	93,496	18,897,640
Cumulative effects of changes in accounting policies					(14,123)
Restated balance	134,360	(4,158)	(36,706)	93,496	18,883,516
Changes during period					
Dividends of surplus					(391,641)
Profit attributable to owners of parent					1,625,253
Net changes in items other than shareholders' equity	(59,988)	3,412	163,342	106,766	106,766
Total changes during period	(59,988)	3,412	163,342	106,766	1,340,378
Balance at end of period	74,372	(745)	126,635	200,262	20,223,894

Current fiscal year (Apr. 1, 2022 – Mar. 31, 2023)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	898,591	961,044	18,599,497	(435,500)	20,023,632
Cumulative effects of changes in accounting policies					
Restated balance	898,591	961,044	18,599,497	(435,500)	20,023,632
Changes during period					
Dividends of surplus			(421,767)		(421,767)
Profit attributable to owners of parent			2,059,888		2,059,888
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,638,120	-	1,638,120
Balance at end of period	898,591	961,044	20,237,618	(435,500)	21,661,752

	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	74,372	(745)	126,635	200,262	20,223,894
Cumulative effects of changes in accounting policies					
Restated balance	74,372	(745)	126,635	200,262	20,223,894
Changes during period					
Dividends of surplus					(421,767)
Profit attributable to owners of parent					2,059,888
Net changes in items other than shareholders' equity	1,093	1,417	311,048	313,560	313,560
Total changes during period	1,093	1,417	311,048	313,560	1,951,680
Balance at end of period	75,466	671	437,684	513,822	22,175,575

## (4) Consolidated statement of cash flows

	(Thousand yen)	
	Fiscal year ended March 2022 (Apr. 1, 2021 – Mar. 31, 2022)	Fiscal year ended March 2023 (Apr. 1, 2022 – Mar. 31, 2023)
Cash flows from operating activities		
Profit before income taxes	2,349,451	2,968,770
Depreciation	233,301	326,460
Amortization of goodwill	79,379	108,577
Amortization of long-term prepaid expenses	2,760	3,847
Increase (decrease) in allowance for doubtful accounts	(26,445)	(18,728)
Increase (decrease) in provision for bonuses	(4,018)	90,418
Increase (decrease) in retirement benefit liability	2,639	5,718
Interest and dividend income	(6,508)	(11,617)
Interest expenses	13,555	19,787
Foreign exchange losses (gains)	(2,170)	(4,601)
Loss (gain) on sale of investment securities	-	(36,649)
Loss (gain) on sale of shares of subsidiaries	-	(25,728)
Loss (gain) on sales and retirement of property, plant and equipment	(3,264)	348
Gain on forgiveness of debts	(53,583)	-
Decrease (increase) in trade receivables	(357,562)	(618,635)
Decrease (increase) in inventories	(1,162,299)	(1,639,685)
Increase (decrease) in trade payables	425,196	307,289
Decrease (increase) in consumption taxes refund receivable	(103,766)	(109)
Increase (decrease) in accrued consumption taxes	(23,865)	38,346
Other	(69,205)	102,556
Subtotal	1,293,595	1,616,365
Interest and dividend received	6,387	4,917
Interest paid	(13,753)	(19,775)
Income taxes paid	(749,746)	(763,127)
Net cash provided by (used in) operating activities	536,482	838,380
Cash flows from investing activities		
Purchase of investment securities	-	(50,800)
Proceeds from sale of investment securities	-	40,406
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(89,152)	-
Proceeds from sale of shares of subsidiaries	-	90,588
Purchase of property, plant and equipment	(384,660)	(509,119)
Proceeds from sales of property, plant and equipment	10,677	1,008
Purchase of intangible assets	(140,984)	(168,905)
Loan advances	(3,476)	(274,956)
Proceeds from collection of loans receivable	2,233	1,626
Other	12,833	(9,354)
Net cash provided by (used in) investing activities	(592,529)	(879,507)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(220,756)	114,930
Proceeds from long-term borrowings	3,367	1,300,000
Repayments of long-term borrowings	(484,251)	(464,049)
Redemption of bonds	(20,000)	(20,000)
Repayments of lease obligations	(80,906)	(82,725)
Dividends paid	(391,641)	(421,767)
Net cash provided by (used in) financing activities	(1,194,188)	426,388
Effect of exchange rate change on cash and cash equivalents	43,234	81,157
Net increase (decrease) in cash and cash equivalents	(1,207,001)	466,417
Cash and cash equivalents at beginning of period	7,254,216	6,047,214
Cash and cash equivalents at end of period	6,047,214	6,513,632

(5) Notes to consolidated financial statements

(Notes on going concern assumptions)

None

(Change in accounting policy)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

Effective from the beginning of the current fiscal year, the Group applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021). In accordance with the transitional treatment stipulated in Paragraph 27-2 of this guidance, the Group has decided to adopt the new accounting policy stipulated by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively from the date of the change. There is no impact for the consolidated financial statements.

(Business combination)

Determination of the provisional accounting treatment pertaining to the business combination

(1) Car Beauty Pro Co., Ltd.

A provisional accounting treatment was used in the previous fiscal year for the SPK Corporation's acquisition of Car Beauty Pro Co., Ltd. on July 15, 2021, in the fiscal year ended March 31, 2022. The accounting treatment was determined in the current fiscal year. There are no changes in figures, following the determination of the provisional accounting.

Amount of goodwill, reason for goodwill and amortization method and period

- a. Amount of goodwill  
62,240 thousand yen
- b. Reason for goodwill  
The business activities of Car Beauty Pro are expected to generate surplus earnings in the future.
- c. Amortization method and period  
Goodwill will be amortized in equal installments over the five years.

(2) Del Auto Co.,Ltd.

A provisional accounting treatment was used in the previous fiscal year for the SPK Corporation's acquisition of Del Auto Co.,Ltd. on December 22, 2021, in the fiscal year ended March 31, 2022. The accounting treatment was determined in the current fiscal year. There are no changes in figures, following the determination of the provisional accounting.

Amount of goodwill, reason for goodwill and amortization method and period

- a. Amount of goodwill  
61,243 thousand yen
- b. Reason for goodwill  
The business activities of Del Auto are expected to generate surplus earnings in the future.
- c. Amortization method and period  
Goodwill will be amortized in equal installments over the five years.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segment information

Segments used for financial reporting are the constituent units of SPK and subsidiaries for which separate financial information is available and for which the board of directors performs regular reviews for the purposes of determining the distribution of resources and evaluating results of operations.

The major business activities of the SPK Group are the sale in Japan and import/export of automobile parts and supplies, the planning and sales of industrial vehicle parts, and the planning and sale of customized parts. The Domestic Sales Division sells automobile parts and supplies and replacement parts for forklifts in Japan. The Overseas Business Division handles overseas transactions for automobile parts. The Machinery Equipment Division handles planning and sales of parts for industrial vehicles. The CUSPA Division plans and sells customized parts.

Consequently, these four divisions, which are the units of the SPK Group's sales operations, are also the reportable segments: Domestic Sales Division, Overseas Business Division, Machinery Equipment Division and CUSPA Division.

2. Method for determining sales, earnings/losses, assets, liabilities and other items for reportable segments

The method of accounting for the reported business segments is in accordance with the accounting policies adopted for the preparation of the consolidated financial statements.

Segment profits are reported on the ordinary profit basis.

Inter-segment sales and transfers are reported on the market price basis.

Assets are not allocated to business divisions.

3. Information on the amounts of sales, profits or losses, assets, liabilities, and other items by reportable segment.

Previous fiscal year (April 1, 2021 – March 31, 2022)

(Thousand yen)

	Domestic Sales Division	Overseas Business Division	Machinery Equipment Division	CUSPA Division	Total
Net sales (of which to outside customers)	24,835,043	14,768,690	5,410,546	2,672,376	47,686,656
(of which inter-segment /transfer)	121,680	21,051	49,991	1,241	193,964
Total	24,956,724	14,789,741	5,460,538	2,673,618	47,880,621
Segment profit	1,075,539	431,553	381,427	168,997	2,057,518
Other items Depreciation	109,035	54,005	16,466	11,850	191,358

Current fiscal year (April 1, 2022 – March 31, 2023)

(Thousand yen)

	Domestic Sales Division	Overseas Business Division	Machinery Equipment Division	CUSPA Division	Total
Net sales (of which to outside customers)	27,287,372	18,195,978	6,001,918	3,210,367	54,695,637
(of which inter-segment /transfer)	106,493	22,108	73,932	10,216	212,750
Total	27,393,865	18,218,086	6,075,851	3,220,584	54,908,388
Segment profit	1,454,297	681,535	349,846	209,383	2,695,061
Other items Depreciation	126,834	82,258	36,088	14,443	259,625

4. Information on the difference between total amounts of reportable segment and consolidated statement of income

(Thousand yen)

Net sales	Previous fiscal year	Current fiscal year
Total of reportable segment	47,880,621	54,908,388
Intersegment transaction eliminations	(193,964)	(212,750)
Net sales on the consolidated statement of income	47,686,656	54,695,637

(Thousand yen)

Profit	Previous fiscal year	Current fiscal year
Total of reportable segment	2,057,518	2,695,061
Adjustments of SG&A expenses (1)	55,712	22,566
Corporate non-operating income (2)	22,261	(11,631)
Adjustments of non-operating expenses (3)	151,887	204,845
Ordinary profit on the consolidated statement of income	2,287,380	2,910,842

Notes:

- (1) and (3) refer to difference in allocation of SG&A expenses and non-operating expenses to each division.  
 (2) mainly refers to non-operating income of the administration division not attributable to reportable segments.

(Thousand yen)

Other items	Previous fiscal year	Current fiscal year
Total of reportable segment	191,358	259,625
Adjustments	41,943	66,834
Depreciation on the consolidated statement of income	233,301	326,460

Note: Adjustment amount are mainly the depreciation of the administration division not attributable to reportable segments.

[Supplementary information]

Previous fiscal year (April 1, 2021 – March 31, 2022)

1. Information about individual products and services

This information is not presented because the SPK Group is engaged in the sale of parts for automobiles and industrial vehicles and a single category of products and services accounts for more than 90% of sales to external customers in the consolidated statement of income.

2. Information by region

(1) Net sales

(Thousand yen)

Japan	Asia/Oceania	Latin America	Others	Total
31,507,363	5,870,918	3,841,138	6,467,236	47,686,656

Note: Sales are reported by country or region based on the location of the customer.

(2) Property, plant and equipment

The amount of property, plant and equipment by region are not presented because the amount of property, plant, and equipment located in Japan exceeds 90% of those on the consolidated balance sheet.

3. Information by major customer

Information by major customer is not presented because there is no customer account exceeding 10% of the total sales reported in the consolidated statement of statement.



Current fiscal year (April 1, 2022 – March 31, 2023)

1. Information about individual products and services

This information is not presented because the SPK Group is engaged in the sale of parts for automobiles and industrial vehicles and a single category of products and services accounts for more than 90% of sales to external customers in the consolidated statement of income.

2. Information by region

(1) Net sales

(Thousand yen)

Japan	Asia/Oceania	Latin America	Others	Total
34,960,171	7,679,547	4,253,834	7,802,083	54,695,637

Note: Sales are reported by country or region based on the location of the customer.

(2) Property, plant and equipment

The amount of property, plant and equipment by region are not presented because the amount of property, plant, and equipment located in Japan exceeds 90% of those on the consolidated balance sheet.

3. Information by major customer

Information by major customer is not presented because there is no customer account exceeding 10% of the total sales reported in the consolidated statement of income.

[Impairment losses in non-current assets by reportable segment]

None

[Amortization of goodwill and unamortized balance by reportable segment]

Previous fiscal year (April 1, 2021 – March 31, 2022)

(Thousand yen)

	Domestic Sales Division	Overseas Business Division	Machinery Equipment Division	CUSPA Division	Total
Amortization of goodwill	3,062	70,092	-	6,224	79,379
Unamortized balance at the end of the fiscal year	58,181	286,097	-	56,016	400,294

Current fiscal year (April 1, 2022 – March 31, 2023)

(Thousand yen)

	Domestic Sales Division	Overseas Business Division	Machinery Equipment Division	CUSPA Division	Total
Amortization of goodwill	12,248	83,880	-	12,448	108,577
Unamortized balance at the end of the fiscal year	45,932	245,799	-	43,568	335,300

[Gain on bargain purchase by reportable segment]

None

(Per share information)

(yen)

	Previous fiscal year (April 1, 2021 – March 31, 2022)	Current fiscal year (April 1, 2022 – March 31, 2023)
Net assets per share	2,013.91	2,208.26
Earnings per share	161.84	205.13

Notes: 1. Diluted earnings per share is not shown because there were no common share equivalents.

2. The basis for computing the earnings per share is as follows.

	Previous fiscal year (April 1, 2021 – March 31, 2022)	Current fiscal year (April 1, 2022 – March 31, 2023)
Earnings per share		
Profit attributable to owners of parent (thousand yen)	1,625,253	2,059,888
Profit not attributable to common shareholders (thousand yen)	-	-
Profit attributable to owners of parent available to common shares (thousand yen)	1,625,253	2,059,888
Average number of shares outstanding during the year (1,000 shares)	10,042	10,042

(Significant subsequent events)

None