

Summary of Consolidated Financial Results for the Fiscal Year Ended March 2024 [Japan GAAP]

May 7, 2024

Company name: SPK Corporation
 Stock exchange listing: Prime Market of the Tokyo Stock Exchange
 Stock code: 7466 URL: <https://www.spk.co.jp/english/>
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 Scheduled date of Annual General Meeting of Shareholders: June 25, 2024
 Scheduled date of commencement of dividend payment: May 31, 2024
 Scheduled date of filing of Annual Securities Report: June 25, 2024
 Supplementary materials for financial results: Yes
 Briefing on financial results: Yes

(Figures are rounded down to the nearest one million yen.)

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

(1) Consolidated results of operations (Percentages 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 2024	63,302	15.7	3,145	15.6	3,357	15.3	2,392	16.1
Fiscal year ended March 2023	54,695	14.7	2,720	33.7	2,910	27.3	2,059	26.7

(Note) Comprehensive income: FY3/24: 2,679 million yen [12.9%] FY3/23: 2,373 million yen [37.0%]

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 2024	238.20	-	10.3	9.2	5.0
Fiscal year ended March 2023	205.13	-	9.7	9.0	5.0

(Reference) Equity in earnings (losses) of affiliates: FY3/24: -million yen FY3/23: -million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	38,641	24,591	63.4	2,438.04
As of March 31, 2023	34,351	22,175	64.6	2,208.26

(Reference) Shareholders' equity: As of Mar. 31, 2024: 24,483 million yen As of Mar. 31, 2023: 22,175 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2024	1,835	(1,797)	167	6,852
Fiscal year ended March 2023	838	(879)	426	6,513

2. Dividends

	Dividend per share					Annual	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY3/23	-	20.00	-	24.00	44.00	441	21.5	2.1
FY3/24	-	23.00	-	27.00	50.00	502	21.0	2.2
FY3/25 (forecast)	-	28.00	-	32.00	60.00		25.1	

3. Consolidated forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	34,500	11.8	1,700	(4.2)	1,800	(6.8)	1,250	(5.4)	124.48
Full year	67,000	5.8	3,200	1.7	3,420	1.9	2,400	0.3	238.99

* **Notes**

(1) Changes in important subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): Yes

Newly included: one company (Company name) SPK Motorparts Co., Ltd. Excluded: - (Company name)

Note: For more information, please refer to Changes in significant subsidiaries during the period under review on page 12 of supplementary information, under 3. Consolidated financial statements and important notes (5) Notes to consolidated financial statements.

(2) Changes in accounting policies, accounting estimates and restatement

(i) Changes in accounting policies caused by revision of accounting standards: None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of shares outstanding (common shares):

(i) Number of shares outstanding at end of period (including treasury shares)

End of FY3/24:	10,453,800	End of FY3/23:	10,453,800
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(ii) Number of treasury shares at end of period

End of FY3/24:	411,712	End of FY3/23:	411,712
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(iii) Average number of shares outstanding during the period

FY3/24:	10,042,088	FY3/23:	10,042,088
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(Reference) Summary of non-consolidated financial results

Financial results for the fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2024	48,108	11.4	1,677	17.7	1,978	15.0	1,462	16.7
Fiscal year ended March 2023	43,170	9.0	1,425	6.6	1,720	6.4	1,253	9.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended March 2024	145.66		-	
Fiscal year ended March 2023	124.80		-	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of March 31, 2024	29,175		18,963		65.0		1,888.37	
As of March 31, 2023	26,450		17,948		67.9		1,787.31	

(Reference) Shareholders' equity:

As of March 31, 2024: 18,963 million yen

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

* This financial summary is not subject to the statutory review by a certified public accountant or an audit corporation.

* Explanations and other special notes concerning the appropriate use of business performance forecasts

The forward-looking statements in these materials, including financial prospects included in this report, are based on information available to the Company when this report was prepared and assumptions that the management considers reasonable, which do not guarantee the achievement of such projected results. Actual results may differ significantly from these statements for a number of reasons. For more information about these assumptions and other conditions that form the basis of these forecasts, please see page 4 of supplementary information, 1. Overview of results of operations, etc., (4) Future outlook.

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1. Overview of results of operations, etc.

(1) Overview of results of operations for the fiscal year under review

(i) Consolidated operating results (Million yen, %)

	Fiscal year under review	Previous fiscal year	YoY
Net sales	63,302	54,695	115.7
Operating profit	3,145	2,720	115.6
Ordinary profit	3,357	2,910	115.3
Profit attributable to owners of parent	2,392	2,059	116.1

(ii) Consolidated net sales (million yen, %)

	Fiscal year under review	Previous fiscal year	YoY
Domestic Sales Division	29,822	27,287	109.3
Overseas Business Division	22,336	18,195	122.8
Machinery Equipment Division	7,685	6,001	128.1
CUSPA Division	3,458	3,210	107.7
Consolidated net sales	63,302	54,695	115.7

During the fiscal year under review, Japan's economy recovered moderately as COVID-19 subsided and social and economic activity rebounded. There were signs that the Japanese economy was overcoming deflation as prices rose worldwide. The wage increases negotiated during the spring labor-management negotiations were the highest they have been in the past 30 years. The Bank of Japan ended its negative interest rate policy which had been in place for 17 years. However, the future of the economy remained uncertain due to disruptive events around the world, which led to increases in the cost of living and energy and raw materials prices, as well as the prolonged depreciation of the yen and unstable political situation.

In the fiscal year under review, the final year of the first cycle of the VISION 2030 management plan (2021-2023) in which the Group aims to become a global mobility trading company, the Group's results exceeded the initial plan. In the Domestic Sales Division, the core business, the Group captured strong demand and achieved stable results. The Overseas Business Division grew significantly by leveraging the weak yen. The Machinery Equipment Division also experienced significant growth due to core customers increasing production and the Group's product development initiatives to enhance environmental, security and safety performance. The Group's results also reflected the contributions of domestic and overseas consolidated subsidiaries.

Under these economic conditions, the operating results of the SPK Group (SPK and its consolidated subsidiaries) for the fiscal year ended March 2024 were net sales of 63,302 million yen (up 15.7% from a year earlier), operating profit of 3,145 million yen (up 15.6%), ordinary profit of 3,357 million yen (up 15.3%), and profit attributable to owners of parent of 2,392 million yen (up 16.1%).

Results of operations by business segment are as follows:

(Domestic Sales Division)

In the Domestic Sales Division, the Group received steady orders from core customers. Sales of main products were strong, including batteries, engine oil, undercarriage products, and consumable parts for imported vehicles. The domestic consolidated companies posted steady results. As a result, net sales increased 9.3% year on year, to 29,822 million yen. This division will transform its logistics system, reorganize its business areas, and enhance operational efficiency to address the rising costs, including increased purchase prices due to the weak yen, which leads to higher prices of imported goods. The division will prioritize the stable supply of replacement parts. It will strengthen cooperation with business partners, other divisions, and Group companies to develop its value chain.

(Overseas Business Division)

In the Overseas Business Division, orders were strong in nearly all regions, especially in the Middle East, due to the yen's continued weakness. However, local sales slowed down in certain markets, specifically in Asia and Latin America, leading to slightly excessive inventory in these regions. The rate at which suppliers increase prices decreased, but the anticipated reduction of delivery lead time, which was long, did not occur. Backorders remain high. Due to these reasons, exports slowed slightly in the fourth quarter, but they were strong in the fiscal year under review. The overseas consolidated companies, especially the Singaporean company, performed well and contributed significantly to consolidated results. As a result, net sales increased 22.8% year on year, to 22,336 million yen.

(Machinery Equipment Division)

In the Machinery Equipment Division, production of key customers who manufacture construction machinery, agricultural machinery, and industrial vehicles was strong. As a result, net sales increased 28.1% year on year, to 7,685 million yen. In Europe and China, demand was weak in the machinery and equipment markets and industries. Additionally, the future of the North American market, which has been driving demand, is uncertain. In this business environment, the Group will develop products that enhance environmental, security, and safety performance to capture increasing customer and market demand, thereby contributing to the creation of a carbon-free, safe, and secure society.

(CUSPA Division)

The CUSPA Division continued to be affected by external factors, including the rising prices of imported goods due to foreign exchange rates and surging raw materials costs. The Group reviewed their private brand product lineup and strived to acquire new customers to increase sales of new brands. It continually offered effective promotions, focusing on the media and motor sports events. As a result, net sales increased 7.7% year on year, to 3,458 million yen. The Group will remain flexible in its responses to changing raw materials prices and exchange rates to ensure a stable supply of its primary products.

(2) Overview of financial position for the fiscal year under review

(Assets)

Current assets totaled 30,625 million yen at the end of the fiscal year, an increase of 2,948 million yen from the end of the previous fiscal year. This was mainly due to increases of 355 million yen in cash and deposits, 267 million yen in notes and accounts receivable-trade, 667 million yen in electronically recorded monetary claims-operating, and 1,579 million yen in inventories. Non-current assets stood at 8,016 million yen, an increase of 1,341 million yen from the end of the previous fiscal year. This was chiefly due to increases of 655 million yen in buildings and structures, net, 500 million yen in land, and 220 million yen in investment securities.

As a result, total net assets were 38,641 million yen, an increase of 4,290 million yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of fiscal year came to 10,733 million yen, an increase of 982 million yen from the end of the previous fiscal year. This chiefly reflected increases of 464 million yen in notes and accounts payable - trade and 260 million yen in the current portion of long-term borrowings. Non-current liabilities came to 3,316 million yen, an increase of 890 million yen from the end of the previous fiscal year. This was mainly due to an increase of 929 million yen in long-term borrowings.

Total liabilities were 14,050 million yen, an increase of 1,873 million yen from the end of the previous fiscal year.

(Net assets)

Total net assets at the end of the fiscal year were 24,591 million yen, an increase of 2,416 million yen from the end of the previous fiscal year. This was attributable principally to profit attributable to owners of parent amounting to 2,392 million yen and dividends of surplus of 471 million yen.

As a result, the equity ratio stood at 63.4% (compared to 64.6% at the end of the previous fiscal year).

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents ("cash") at the end of the fiscal year totaled 6,852 million yen, an increase of 264 million yen from the beginning of the fiscal year (compared to an increase of 466 million yen in the previous fiscal year). The following is a summary of cash flows and major factors.

(Cash flows from operating activities)

Net cash provided by operating activities was 1,835 million yen (compared with net cash provided by operating activities of 838 million yen in the previous fiscal year). This was mainly due to 3,341 million yen in profit before income taxes, an increase of 640 million yen in trade receivables, an increase of 870 million yen in inventories, an increase of 245 million yen in trade payables, and 1,157 million yen in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities was 1,797 million yen (compared with net cash used in investing activities of 879 million yen in the previous fiscal year). This is chiefly attributable to 198 million yen in purchase of shares of subsidiaries resulting in change in scope of consolidation, 290 million yen in purchase of shares of subsidiaries, 1,034 million yen in purchase of property, plant and equipment, and 131 million yen in purchase of intangible assets.

(Cash flows from financing activities)

Net cash provided by financing activities was 167 million yen (compared with net cash provided by operating activities of 426 million yen in the previous fiscal year). This chiefly reflect a decrease of 327 million yen in short-term borrowings, 2,100 million yen in proceeds from long-term borrowings, 1,019 million yen in repayments of long-term borrowings, and 471 million yen in dividends paid.

The table below shows the Group's cash flow-related data.

	FY3/23	FY3/24
Equity ratio (%)	64.6	63.4
Market cap equity ratio (%)	50.6	53.8
Cash flows to interest-bearing debt (%)	458.2	261.1
Interest coverage ratio (times)	42.4	95.0

(Notes) Equity ratio: Shareholders' equity / Total assets

Equity ratio based on fair value: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt / cash flows

Interest coverage ratio: Cash flows / Interest payments

1. Each indicator is calculated based on consolidated figures.

2. Total market capitalization is calculated on the basis of the total number of shares outstanding excluding treasury shares.

3. Cash flows mean cash provided by cash provided from operating activities.

4. Interest-bearing debt denotes all liabilities recorded on the Consolidated Balance Sheets for which interests are paid.

(4) Future outlook

The Company has formulated a new mid-term management plan and prioritizes the creation of a system to achieve the targets of VISION 2030. The Company forecasts that both sales and profit will continue to rise.

In the domestic business, the market is mature. The Group will strengthen the business based on its stable business foundation and aims to increase growth and productivity. In the overseas business, there are huge markets and many markets that the Group has not entered. The Group will strive to expand its existing business and launch new businesses, such as maintenance and after-sales services businesses. In the machinery equipment business, the Group will strengthen its organizational structure to meet customers' needs. The Group will anticipate the future and promote consultative selling. The CUSPA business involves publicity and it has significantly contributed to the Company's brands. The Group will continue to aggressively take on challenges to expand the business.

The Corporate Management Division works to strengthen the administration division and create systems to promote ESG management practices and develop a management base that will help maximize corporate value.

Based on its understanding of these circumstances and the business environment, the Company has made the following consolidated results forecasts for the fiscal year ending March 31, 2025.

Net sales	67,000 million yen	(up 5.8% YoY)
Operating profit	3,200 million yen	(up 1.7% YoY)
Ordinary profit	3,420 million yen	(up 1.9% YoY)
Profit attributable to owners of parent	2,400 million yen	(up 0.3% YoY)

(5) Basic policy for dividends and dividends for the fiscal year under review and the next fiscal year

(i) Basic policy on profit allocation

The Group aims to maintain a stable management base and considers the return of profits to shareholders to be one of its management priorities. The Group actively returns profits to shareholders in line with its operating results and financial position.

(ii) Dividends for the fiscal year under review

The Company plans to pay a year-end dividend for the fiscal year under review of 27 yen per share. Combined with the interim dividend of 23 yen per share already paid on December 1, 2023, this will bring the annual dividend to 50 yen per share. Consequently, the consolidated payout ratio will be 21.0%.

(iii) Dividends for the next fiscal year

The Company considers the increase of dividends and will strive to return profits to shareholders more actively than it has done previously, in line with its results. The Company will use retained earnings effectively for business activities and to strengthen its management base.

2. Basic approach to selection of accounting standards

The Group will continue to use Japanese accounting standards. The Group is considering adopting the IFRS and is discussing the system for and the timing of doing so.

3. Consolidated financial statements and important notes

(1) Consolidated balance sheets

(Thousand yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	6,612,792	6,967,986
Notes and accounts receivable - trade	10,110,098	10,377,360
Electronically recorded monetary claims - operating	1,248,548	1,916,388
Inventories	8,478,687	10,057,746
Accounts receivable - other	560,577	511,619
Other	678,440	807,306
Allowance for doubtful accounts	(12,413)	(13,205)
Total current assets	27,676,731	30,625,201
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,477,549	3,308,703
Accumulated depreciation	(1,092,134)	(1,267,834)
Buildings and structures, net	1,385,415	2,040,868
Machinery, equipment and vehicles	649,040	770,629
Accumulated depreciation	(526,310)	(629,202)
Machinery, equipment and vehicles, net	122,730	141,426
Land	2,235,369	2,735,505
Leased assets	640,408	730,640
Accumulated depreciation	(312,110)	(408,130)
Leased assets, net	328,298	322,510
Construction in progress	386,912	175,973
Other	617,261	687,925
Accumulated depreciation	(495,364)	(541,592)
Other, net	121,896	146,332
Total property, plant and equipment	4,580,621	5,562,617
Intangible assets		
Goodwill	335,300	413,980
Leasehold interests in land	-	19,248
Software	287,038	349,750
Leased assets	39,097	22,514
Other	16,323	16,967
Total intangible assets	677,760	822,461
Investments and other assets		
Investment securities	275,085	495,658
Deferred tax assets	332,583	387,644
Retirement benefit asset	12,637	11,562
Other	796,502	736,762
Allowance for doubtful accounts	(132)	(84)
Total investments and other assets	1,416,677	1,631,544
Total non-current assets	6,675,058	8,016,623
Total assets	34,351,790	38,641,825

(Thousand yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,339,491	5,803,955
Electronically recorded obligations - operating	209,159	245,401
Short-term borrowings	1,013,323	820,817
Current portion of bonds payable	20,000	20,000
Current portion of long-term borrowings	781,191	1,041,795
Income taxes payable	666,361	550,342
Provision for bonuses	297,221	444,187
Other	1,424,028	1,807,246
Total current liabilities	9,750,776	10,733,744
Non-current liabilities		
Bonds payable	140,000	120,000
Long-term borrowings	1,400,816	2,330,252
Retirement benefit liability	470,596	482,917
Long-term guarantee deposits	114,691	108,643
Long-term accounts payable - other	26,046	26,880
Other	273,286	247,713
Total non-current liabilities	2,425,438	3,316,407
Total liabilities	12,176,214	14,050,152
Net assets		
Shareholders' equity		
Share capital	898,591	898,591
Capital surplus	961,044	961,044
Retained earnings	20,237,618	22,219,219
Treasury shares	(435,500)	(435,500)
Total shareholders' equity	21,661,752	23,643,354
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	75,466	118,087
Deferred gains or losses on hedges	671	(5,023)
Foreign currency translation adjustment	437,684	726,584
Total accumulated other comprehensive income	513,822	839,647
Non-controlling interests	-	108,670
Total net assets	22,175,575	24,591,672
Total liabilities and net assets	34,351,790	38,641,825

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

(Consolidated statements of income)

(Thousand yen)

	Fiscal year ended March 31, 2023 (Apr. 1, 2022 – Mar. 31, 2023)	Fiscal year ended March 31, 2024 (Apr. 1, 2023 – Mar. 31, 2024)
Net sales	54,695,637	63,302,401
Cost of sales	45,007,948	51,639,757
Gross profit	9,687,688	11,662,643
Selling, general and administrative expenses	6,967,545	8,517,350
Operating profit	2,720,143	3,145,292
Non-operating income		
Interest income	7,323	4,143
Dividend income	4,293	3,485
Purchase discounts	121,763	120,525
Rental income from real estate	13,912	28,289
Foreign exchange gains	22,173	61,906
Sponsorship money income	25,620	-
Other	48,823	51,669
Total non-operating income	243,909	270,019
Non-operating expenses		
Interest expenses	19,787	19,315
Commission expenses	9,627	-
Rental expenses on real estate	735	14,093
Loss on disposal of inventories	-	15,361
Compensation expenses	5,600	-
Other	17,459	9,456
Total non-operating expenses	53,210	58,227
Ordinary profit	2,910,842	3,357,085
Extraordinary income		
Gain on sale of investment securities	36,649	-
Gain on sale of shares of subsidiaries	25,728	-
Gain on sale of non-current assets	701	2,833
Total extraordinary income	63,079	2,833
Extraordinary losses		
Office relocation expenses	4,100	4,392
Loss on sale and retirement of non-current assets	1,050	5,260
Loss on valuation of investment securities	-	9,240
Total extraordinary losses	5,151	18,893
Profit before income taxes	2,968,770	3,341,024
Income taxes - current	966,375	994,654
Income taxes - deferred	(57,493)	(51,308)
Total income taxes	908,881	943,345
Profit	2,059,888	2,397,679
Profit attributable to non-controlling interests	-	5,650
Profit attributable to owners of parent	2,059,888	2,392,028

(Consolidated statements of comprehensive income)

(Thousand yen)

	Fiscal year ended March 31, 2023 (Apr. 1, 2022 – Mar. 31, 2023)	Fiscal year ended March 31, 2024 (Apr. 1, 2023 – Mar. 31, 2024)
Profit	2,059,888	2,397,679
Other comprehensive income		
Valuation difference on available-for-sale securities	1,093	42,620
Deferred gains or losses on hedges	1,417	(5,695)
Foreign currency translation adjustment	311,048	244,907
Total other comprehensive income	313,560	281,833
Comprehensive income	2,373,448	2,679,512
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,373,448	2,665,605
Comprehensive income attributable to non-controlling interests	-	13,907

(3) Consolidated statements of changes in equity
 Previous 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
Changes during period					
Dividends of surplus			(421,767)		(421,767)
Profit attributable to owners of parent			2,059,888		2,059,888
Change in scope of consolidation					
Change in scope of consolidation - foreign currency translation adjustment					
Increase in consolidated subsidiaries - non-controlling interests					
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				Non-controlling interests	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
Changes during period						
Dividends of surplus						(421,767)
Profit attributable to owners of parent						2,059,888
Change in scope of consolidation						
Change in scope of consolidation - foreign currency translation adjustment						
Increase in consolidated subsidiaries - non-controlling interests						
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

Current fiscal year (Apr. 1, 2023 – Mar. 31, 2024)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	898,591	961,044	20,237,618	(435,500)	21,661,752
Changes during period					
Dividends of surplus			(471,978)		(471,978)
Profit attributable to owners of parent			2,392,028		2,392,028
Change in scope of consolidation			61,551		61,551
Change in scope of consolidation - foreign currency translation adjustment					
Increase in consolidated subsidiaries - non-controlling interests					
Net changes in items other than shareholders' equity					
Total changes during period			1,981,601		1,981,601
Balance at end of period	898,591	961,044	22,219,219	(435,500)	23,643,354

	Accumulated other comprehensive income				Non-controlling interests	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	75,466	671	437,684	513,822		22,175,575
Changes during period						
Dividends of surplus						(471,978)
Profit attributable to owners of parent						2,392,028
Change in scope of consolidation						61,551
Change in scope of consolidation - foreign currency translation adjustment			52,248	52,248		52,248
Increase in consolidated subsidiaries - non-controlling interests					94,763	94,763
Net changes in items other than shareholders' equity	42,620	(5,695)	236,651	273,576	13,907	287,483
Total changes during period	42,620	(5,695)	288,899	325,825	108,670	2,416,097
Balance at end of period	118,087	(5,023)	726,584	839,647	108,670	24,591,672

(4) Consolidated statement of cash flows

(Thousand yen)

	Fiscal year ended March 31, 2023 (Apr. 1, 2022 – Mar. 31, 2023)	Fiscal year ended March 31, 2024 (Apr. 1, 2023 – Mar. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	2,968,770	3,341,024
Depreciation	326,460	399,762
Amortization of goodwill	108,577	176,498
Amortization of long-term prepaid expenses	3,847	6,183
Increase (decrease) in allowance for doubtful accounts	(18,728)	(71)
Increase (decrease) in provision for bonuses	90,418	136,108
Increase (decrease) in retirement benefit liability	5,718	(9,923)
Interest and dividend income	(11,617)	(7,629)
Interest expenses	19,787	19,315
Foreign exchange losses (gains)	(4,601)	(36,052)
Loss (gain) on sales of investment securities	(36,649)	-
Loss (gain) on valuation of investment securities	-	9,240
Loss (gain) on sale of shares of subsidiaries	(25,728)	-
Loss (gain) on sale and retirement of property, plant and equipment	348	2,427
Decrease (increase) in trade receivables	(618,635)	(640,141)
Decrease (increase) in inventories	(1,639,685)	(870,184)
Increase (decrease) in trade payables	307,289	245,619
Decrease (increase) in consumption taxes refund receivable	(109)	(52,583)
Increase (decrease) in accrued consumption taxes	38,346	(46,699)
Other	102,556	328,982
Subtotal	1,616,365	3,001,876
Interest and dividends received	4,917	8,289
Interest paid	(19,775)	(17,016)
Income taxes paid	(763,127)	(1,157,589)
Net cash provided by (used in) operating activities	838,380	1,835,561
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	-	1,200
Purchase of investment securities	(50,800)	(122,234)
Proceeds from sale of investment securities	40,406	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(198,444)
Purchase of shares of subsidiaries	-	(290,929)
Proceeds from sale of shares of subsidiaries	90,588	-
Purchase of property, plant and equipment	(509,119)	(1,034,690)
Proceeds from sales of property, plant and equipment	1,008	3,976
Purchase of intangible assets	(168,905)	(131,470)
Loan advances	(274,956)	(1,218)
Proceeds from collection of loans receivable	1,626	2,824
Other	(9,354)	(26,476)
Net cash provided by (used in) investing activities	(879,507)	(1,797,461)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	114,930	(327,659)
Proceeds from long-term borrowings	1,300,000	2,100,000
Repayments of long-term borrowings	(464,049)	(1,019,796)
Redemption of bonds	(20,000)	(20,000)
Repayments of lease obligations	(82,725)	(93,107)
Dividends paid	(421,767)	(471,978)
Net cash provided by (used in) financing activities	426,388	167,459
Effect of exchange rate change on cash and cash equivalents	81,157	58,549
Net increase (decrease) in cash and cash equivalents	466,417	264,108
Cash and cash equivalents at beginning of period	6,047,214	6,513,632
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	75,147
Cash and cash equivalents at end of period	6,513,632	6,852,888

(5) Notes to consolidated financial statements

(Note to going concern assumptions)

None

(Changes in accounting policies)

None

(Changes in significant subsidiaries during the period under review)

Starting from the first quarter of the current fiscal year, SPK Motorparts Co., Ltd. is included in the scope of consolidation due to an increase in materiality. SPK Motorparts Co., Ltd. is a specified subsidiary of the Company. In addition, although it is not categorized as a change in a specified subsidiary, Hokkosha, K.K. has been included in the scope of consolidation after Hokkosha K.K. became a subsidiary of the Company through the acquisition of all its shares in the first quarter of the current fiscal year. Since June 30, 2023 is the deemed date of acquisition, only the balance sheet has been consolidated for the first quarter and the statement of income has been consolidated from the second quarter.

(Business combination, etc.)

Business combination through acquisition

(1) Outline of the business combination

(i) Name and business of acquired company

Name of acquired company: Hokkosha K.K.

Business: Distribution of auto parts and motorcycle parts

(ii) Main reason for the business combination

Hokkosha K.K. is a distributor of auto parts and other products. It was established in 1951 and is firmly established in Tokushima prefecture.

The Group engages in the distribution of auto parts in Japan and overseas. The primary focus of the business is the distribution of maintenance and repair parts for the aftermarket automotive industry. The Company decided to acquire the shares of Hokkosha to achieve regional synergy.

(iii) Date of business combination

May 31, 2023 (date of share acquisition)

June 30, 2023 (deemed acquisition date)

(iv) Legal form of business combination

Share acquisition

(v) Name of company after the business combination

No change

(vi) Percentage share of voting rights acquired

100%

(vii) Main reason for the decision to acquire the company

Availability to the Company of the method of share acquisition in exchange for cash

(2) Period for the operating results of acquired company that are included in the consolidated financial statements

From July 1, 2023 to March 31, 2024

(3) Cost of acquisition of the acquired company and a breakdown of the cost by type of consideration

Consideration for acquisition	Cash	350,000 thousand yen
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Acquisition cost		350,000 thousand yen
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(4) Major acquisition-related costs and amounts of costs

Advisory fees, commission and others 8,800 thousand yen

(5) Amount of goodwill, reason for goodwill, and method and period of amortization

(i) Amount of goodwill

178,919 thousand yen

(ii) Reason for goodwill

The reason is future additional earnings power that is expected from future business development.

(iii) Method and period of amortization

Straight line method over five years

(6) Assets accepted and liabilities assumed on the date of business combination and a breakdown of them

Current assets	468,360 thousand yen
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Non-current assets	256,862 thousand yen
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Total assets	725,222 thousand yen
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Current liabilities	437,085 thousand yen
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Non-current liabilities	117,057 thousand yen
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Total liabilities	554,142 thousand yen
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- (7) Approximate amount and calculation method of the business combination on the consolidated statements of income for the current consolidated fiscal year assuming that the acquisition was completed on the first day of the current consolidated fiscal year

Net sales	431,428 thousand yen
Operating profit	-1,060 thousand yen
Ordinary profit	114,235 thousand yen
Profit before income taxes	74,482 thousand yen

(Method of calculating estimated amounts)

The estimated impact is the difference between net sales and profit calculated based on the assumption that the business combination was completed at the beginning of the fiscal year and the net sales and on profit figures stated in the consolidated statement of income of the acquiring company.

This note has not been subject to audit certification.

(Segment information)

[Segment information]

1. Description of reporting segments

Reporting segments of the Company and its subsidiaries are individual units for which separate financial information is available and that are subject to a periodic review by the Board of Directors for the purposes of evaluating performance and determining the allocation of resources.

The Group primarily engages in the domestic sales and exports and imports of auto parts and supplies, the planning and sale of parts for industrial vehicles, and the planning and sale of customized parts. The Domestic Sales Division is responsible for selling auto parts and supplies and repair parts for forklifts in Japan. The Overseas Business Division is responsible for handling international auto parts transactions. The Machinery Equipment Division is responsible for planning and selling parts for industrial vehicles. The CUSPA Division is responsible for planning and selling customized parts.

The Group is divided into segments based on these business divisions, which have different sales systems. The Group has four reporting segments: the Domestic Sales Division, the Overseas Business Division, the Machinery Equipment Division and the CUSPA Division.

2. Methods for calculating sales, profit (loss), assets, liabilities and other items by reportable segment

The accounting method of reported business segments complies with the accounting policy adopted for preparing consolidated financial statements.

Reportable segment profit is presented based on ordinary profit.

Intersegment sales or transfers of funds are presented based on actual market prices.

No assets are allocated to business segments.

3. Information regarding sales, profit (loss), assets, liabilities and other items for each reportable business segment

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

(Thousand yen)

	Domestic Sales Division	Overseas Business Division	Machinery Equipment Division	CUSPA Division	Total
Net sales					
Sales to external customers	27,287,372	18,195,978	6,001,918	3,210,367	54,695,637
Intersegment internal sales and transfers	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

Current fiscal year (April 1, 2023 – March 31, 2024)

(Thousand yen)

	Domestic Sales Division	Overseas Business Division	Machinery Equipment Division	CUSPA Division	Total
Net sales					
Sales to external customers	29,822,124	22,336,160	7,685,900	3,458,215	63,302,401
Intersegment internal sales and transfers	125,267	24,482	97,257	4,785	251,791
Total	29,947,391	22,360,642	7,783,157	3,463,000	63,554,192
Segment profit	1,377,392	963,454	691,896	152,833	3,185,577
Other items					
Depreciation	167,540	103,049	47,760	27,006	345,356

4. The difference between the total amount of profit or loss in the reportable segments and the consolidated statements of income, and the details of the difference (matters relating to reconciliation)

(Thousand yen)

Net sales	Previous fiscal year	Current fiscal year
Total reportable segment	54,908,388	63,554,192
Elimination of inter-segment transactions	(212,750)	(251,791)
Net sales in consolidated statements of income	54,695,637	63,302,401

(Thousand yen)

Profit	Previous fiscal year	Current fiscal year
Total reportable segment	2,695,061	3,185,577
Adjustments of General and administrative expenses (1)	22,566	(58,401)
Company-wide non-operating income (2)	(11,631)	52,135
Adjustments of non-operating expenses (3)	204,845	177,773
Ordinary profit on the consolidated statement of income	2,910,842	3,357,085

(Note) (1) and (3) are a difference related to general and administrative expenses and non-operating expenses allocated to each business division.

(2) is primarily non-operating expenses allocated to the administration division, which does not belong to any reporting segments.

(Thousand yen)

Other items	Previous fiscal year	Current fiscal year
Total reportable segment	259,625	345,356
Adjustment	66,834	64,944
Depreciation on the consolidated statement of income	326,460	410,301

(Note) The adjustment is the depreciation of the administration division that do not belong to the segment.

[Related information]

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

1. Information by products and services

The Group sells parts for automobiles and industrial vehicles. Net sales to external customers for a single classification of products and services exceed 90% of net sales stated in the consolidated statement of income, so this information is omitted.

2. Information by geographical areas

(1) Net sales

(Thousand yen)

Japan	Asia/Oceania	Central and South America	Other	Total
34,960,171	7,679,547	4,253,834	7,802,083	54,695,637

(Note) Net sales are based on the locations of customers and categorized in accordance with countries or regions.

(2) Property, plant and equipment

Description is omitted because the amount of property, plant and equipment in Japan exceed 90% of the amount of property plant and equipment indicated in the consolidated balance sheet.

3. Information on a major customer

The said information is omitted because there is no customer whose purchases account for 10% or more of the Group's net sales in the income statement.

Current fiscal year (April 1, 2023 – March 31, 2024)

1. Information by products and services

The Group sells parts for automobiles and industrial vehicles. Net sales to external customers for a single classification of products and services exceed 90% of net sales stated in the consolidated statement of income, so this information is omitted.

2. Information by geographical areas

(1) Net sales (Thousand yen)

Japan	Asia/Oceania	Central and South America	Other	Total
39,296,207	10,217,949	5,151,676	8,636,567	63,302,401

(Note) Net sales are based on the locations of customers and categorized in accordance with countries or regions

(2) Property, plant and equipment

Description is omitted because the amount of property, plant and equipment in Japan exceed 90% of the amount of property plant and equipment indicated in the consolidated balance sheet.

3. Information on a major customer

The said information is omitted because there is no customer whose purchases account for 10% or more of the Group's net sales in the income statement.

[Segment information for impairment of non-current assets]

None

[Information on amortization of goodwill and unamortized balance by reportable segment]

Previous 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
Balance at end of period	45,932	245,799	-	43,568	335,300

Current fiscal year (April 1, 2023 – March 31, 2024)

(Thousand yen)

	Domestic Sales Division	Overseas Business Division	Machinery Equipment Division	CUSPA Division	Total
Amortization of goodwill	39,086	124,963	-	12,448	176,498
Balance at end of period	185,765	197,095	-	31,120	413,980

[Information on gain on bargain purchase by reportable segment]

None

(Per-share information)

(Yen)

	Previous fiscal year (April 1, 2022 – March 31, 2023)	Current fiscal year (April 1, 2023 – March 31, 2024)
Net assets per share	2,208.26	2,438.04
Earnings per share	205.13	238.20

(Notes) 1. Diluted earnings per share is not stated because there is no dilutive share.

2. The basis for calculation of earnings per share is as stated below.

	Previous fiscal year (April 1, 2022 – March 31, 2023)	Current fiscal year (April 1, 2023 – March 31, 2024)
Earnings per share		
Profit attributable to owners of parent (Thousand yen)	2,059,888	2,392,028
Amount not attributable to common shareholders (Thousand yen)	-	-
Profit attributable to owners of parent pertaining to common stock (Thousand yen)	2,059,888	2,392,028
Average number of shares of common stock outstanding during the period (Thousand shares)	10,042	10,042

(Significant events after the reporting period)

None