

Five-year Consolidated Financial Summary

	2018	2019	2020	2021	2022	(FY)
(Unit: Million yen)						
Net sales	507,645	500,002	440,061	487,303	553,124	
Cost of sales	436,242	435,663	387,937	432,334	488,478	
Selling, general and administrative expenses	41,784	41,741	38,078	45,758	47,989	
Operating income	29,618	22,597	14,045	9,211	16,656	
Profit attributable to owners of parent	18,090	15,067	12,026	3,569	10,900	
Capital expenditures	25,307	23,065	12,210	14,401	19,190	
R&D expenses	25,856	28,119	26,976	30,470	29,080	
Cash flows from operating activities	37,919	40,346	34,682	14,677	26,755	
Cash flows from investing activities	-31,933	-22,289	-27,505	-26,005	-8,695	
Cash flows from financing activities	-8,033	-6,772	-4,525	-6,437	-6,078	
Profit per share (yen)	198.25	165.12	131.77	39.10	119.37	
Annual dividend (yen)	64.00	62.00	50.00	60.00	64.00	
Dividend payout ratio (%)	32.3	37.5	37.9	153.5	53.6	
Total assets	387,556	378,489	419,259	447,834	456,146	
Total equity	241,435	241,023	270,276	285,538	296,401	
Return on Equity (ROE) (%)	59.0	60.3	60.9	60.0	60.8	
Equity ratio (%)	8.1	6.6	5.0	1.4	4.0	
Price-book value ratio (PBR) (times)	0.75	0.54	0.67	0.51	0.54	

Financial Review

Analysis related to management performance
Business progress and results**I Economic situation**

During this fiscal year, the global economy has been on a recovery trend from the COVID-19 crisis in terms of both demand and supply. However, the economic outlook continues to be weighed down by rising energy costs due to issues such as the Russia-Ukraine conflict, global inflation, and monetary tightening mainly in the United States and Europe.

I Initiatives

Our group has set “thorough implementation of safety first and promotion of health,” “providing quality that customers continue to choose,” “developing human resources and improving job satisfaction,” “initiatives to strengthen competitiveness and expand new business based on our mid-term management plan,” “initiatives to strengthen the business base that supports future growth,” and “initiatives to meet the expectations of society as a corporate citizen” as the FY policies, and has continued to make concerted efforts.

[Development of new products]

In the automotive field, we have developed the world's first antibacterial seat belt. In addition, we jointly developed a safety device for school buses, the “support system to help prevent children from being left behind on vehicles,” with a vehicle manufacturer. Both have been adopted by customers. In addition, in terms of autonomous driving technology, we jointly developed a system for remotely monitoring and operating autonomous vehicles with Aisan Technology Co., Ltd., and conducted demonstration experiments of autonomous driving together with Aichi and Chiba prefectures. In the digitalkey field, we are developing new functions for the Uqey app that allows you to reserve, unlock, and return rental cars entirely on your smartphone, and aim to expand the number of stores where you can use it. Regarding the company-car management service “Bqey,” we have entered into a sales agency agreement with TD mobile and are aiming to further expand sales. Regarding our products in new fields, we have started selling the following: digital teaching materials that use vibrating touch pens to make learning more fun and effective, and pen cases and tote bags made from seatbelt scraps (from the upcycle brand “Think Scrap” that contributes to SDGs) and the new product “explorica pen” (from the lifestyle brand “explorica”).

[Environmental initiatives]

We have concluded an “agreement for off-site PPA service implementation” with Chubu Electric Power Miraiz Co., Inc., so that 12 Kyouryoku-kai companies can jointly procure electricity from renewable energy. Additionally, in order to contribute to reducing CO2 emissions, we have developed a new material, “Bamboo+” (co-developed with MIROKU TECHNO WOOD Co., Ltd., Kochi Prefecture) and “in-mold coating technology” (co-developed with Seikoh Giken Co., Ltd.). Regarding biodiversity initiatives, the entire Tokai Rika Group is working toward the realization of a

society where people and nature coexist, and has obtained the Aichi Biodiversity Company Certification.

[Promotion of diversity activities]

We have received the highest “Platinum Kurumin Certification” under the “Kurumin Certification System” (Ministry of Health, Labor and Welfare). Additionally, we received an award as an excellent company under the “Aichi Women's Shining Company” (Aichi Prefecture), a system that certifies companies that proactively promote women's active participation and advancement. We are working to create workplaces where employees mutually recognize diversity.

Analysis Related to Financial Status
Assets, liabilities, and total equity status**I Assets**

Assets were 456,146 million yen, an 8,312-million-yen increase from the end of the previous consolidated accounting year. This is mainly due to an increase in cash and deposits and construction in progress.

I Liabilities

Liabilities were 159,744 million yen, a 2,552-million-yen decrease from the end of the previous consolidated accounting year. This is mainly due to a decrease in accrued expenses.

I Total equity

Total equity was 296,401 million yen, a 10,863-million-yen increase from the end of the previous consolidated accounting year. This is mainly due to an increase in foreign currency translation adjustments. As a result, the equity ratio changed from 60.0% at the end of the previous consolidated accounting year to 60.8%.

Cash flows status

Cash and cash equivalents (hereinafter referred to as “funds”) for the consolidated base at the end of this consolidated accounting year were 66,494 million yen, which was a 12,640-million-yen increase from the end of the previous consolidated accounting year.

I Cash flows from operating activities

Funds acquired as a result of operating activities were 26,755 million yen, an increase of 12,078 million yen compared to the previous consolidated accounting year. This is mainly the result of the income before income taxes having increased by 9,276 million yen.

I Cash flows from investing activities

Funds acquired as a result of investing activities were 8,695 million yen, a decrease of 17,310 million yen compared to the previous consolidated accounting year. This is the result of a decrease of 10,202 million yen in expenditures for the acquisition of investment securities.

I Cash flows from financing activities

Funds acquired as a result of financing activities were 6,078 million yen, a decrease of 359 million yen compared to the previous consolidated accounting year. This is mainly the result of an increase of 461 million yen in proceeds from payments from non-controlling interests.

Consolidated Balance Sheet

	(Unit: Million yen)	
	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	57,977	69,728
Notes and accounts receivable	81,137	83,904
Electronically recorded monetary claims-operating	11,451	12,930
Marketable securities	4,801	299
Finished goods	25,898	26,120
Work-in-process	36,493	36,436
Raw materials and supplies	8,449	9,242
Other current assets	11,580	12,978
Less: Allowance for doubtful accounts	-55	-46
Total current assets	237,732	251,595
Noncurrent assets		
Tangible noncurrent assets		
Buildings and structures	98,966	104,375
Accumulated depreciation	-64,801	-69,153
Buildings and structures (net)	34,164	35,222
Machinery and vehicles	173,978	180,314
Accumulated depreciation	-141,548	-148,925
Machinery and vehicles (net)	32,429	31,388
Tools and furniture	133,660	135,802
Accumulated depreciation	-124,722	-126,481
Tools and furniture (net)	8,937	9,320
Land	13,417	14,543
Tangible lease assets	2,384	2,802
Accumulated depreciation	-1,312	-1,652
Tangible lease assets (net)	1,071	1,150
Construction in progress	7,336	13,207
Total tangible noncurrent assets	97,357	104,833
Intangible noncurrent assets		
Software	2,425	2,552
Others	83	1,014
Total intangible noncurrent assets	2,509	3,567
Investments and other assets		
Investments securities	63,084	51,749
Long-term loans	323	327
Net defined benefit assets	35,032	32,916
Deferred tax assets	4,302	3,254
Others	7,598	8,008
Less: Allowance for doubtful accounts	-105	-106
Total investments and other assets	110,235	96,150
Total noncurrent assets	210,102	204,550
Total	447,834	456,146

	(Unit: Million yen)	
	As of March 31, 2022	As of March 31, 2023
Liabilities and Equity		
Current liabilities		
Notes and accounts payable	51,651	53,374
Electronically recorded obligations-operating	10,631	10,815
Short-term lease liabilities	288	397
Accrued expenses	33,736	27,373
Income taxes payable	2,871	3,296
Accrued bonuses to employees	9,021	8,811
Accrued bonuses to directors	192	177
Provision for accrued product warranty	1,060	2,511
Others	10,057	11,867
Total current liabilities	119,513	118,624
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term lease liabilities	604	592
Deferred tax liabilities	7,939	7,532
Retirement allowances for directors and corporate auditors	296	300
Net defined benefit liabilities	23,793	22,496
Long-term asset retirement obligations	72	72
Others	77	126
Total noncurrent liabilities	42,783	41,120
Total liabilities	162,296	159,744
Equity		
Shareholders' equity		
Capital	22,856	22,856
Capital surplus	25,872	25,613
Retained earnings	196,514	201,936
Treasury common stock at cost	△5,285	△5,238
Total shareholders' equity	239,957	245,167
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	8,389	7,700
Foreign currency translation adjustments	8,173	14,468
Remeasurements of defined benefit plans	12,191	10,038
Total accumulated other comprehensive income	28,755	32,208
Non-controlling interests	16,825	19,026
Total equity	285,538	296,401
Total	447,834	456,146

Consolidated Income Statement

(Unit: Million yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Net sales	487,303	553,124
Cost of sales	432,334	488,478
Gross profit	54,969	64,646
Selling, general and administrative expenses	45,758	47,989
Operating income	9,211	16,656
Non-operating income		
Interest income	264	599
Dividend income	490	526
Share of profit of entities accounted for using equity method	419	467
Foreign exchange gain	4,257	4,312
Other	1,135	1,725
Total non-operating income	6,567	7,632
Non-operating expenses		
Interest expenses	74	79
Other	146	146
Total non-operating expenses	221	225
Ordinary income	15,557	24,063
Extraordinary income		
Loss on sales and retirement of non-current assets	-	25
Impairment loss	1,700	1,100
Loss on valuation of investment securities	195	-
Total extraordinary loss	1,896	1,125
Income before income taxes	13,661	22,937
Income taxes current	6,796	8,821
Income taxes deferred	1,529	1,307
Total income taxes	8,326	10,128
Profit	5,334	12,808
Profit attributable to non-controlling interests	1,765	1,908
Profit attributable to owners of parent	3,569	10,900

Consolidated Statement of Comprehensive Income

(Unit: Million yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Profit	5,334	12,808
Other comprehensive Income		
Net unrealized gain on available-for-sale securities	791	-708
Foreign currency translation adjustments	9,644	6,450
Remeasurements of defined benefit plans	5,501	-2,129
Share of other comprehensive income of entities accounted for using equity method	106	1
Total other comprehensive income	16,044	3,613
Comprehensive income	21,379	16,421
(Breakdown)		
Comprehensive income attributable to owners of parent	18,896	14,353
Comprehensive income attributable to non-controlling interests	2,483	2,068

Consolidated Statement of Changes in Net Assets

(Unit: Million yen)

Year ended March 31, 2022	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total equity
	Capital	Capital surplus	Retained earnings	Treasury common stock at cost	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	22,856	25,872	198,421	-5,326	241,824	7,599	-847	6,676	13,428	15,023	270,276
Changes during the period											
Dividend of surplus			-5,477		-5,477					-	-5,477
Profit attributable to owners of parent			3,569		3,569					-	3,569
Purchases of treasury stock				-0	-0					-	-0
Disposal of treasury stock		-0		41	41					-	41
Changes (net) during the period for items other than shareholders' equity					-	790	9,021	5,515	15,326	1,802	17,128
Total changes during the period	-	-0	-1,907	40	-1,866	790	9,021	5,515	15,326	1,802	15,262
Balance at the end of the period	22,856	25,872	196,514	-5,285	239,957	8,389	8,173	12,191	28,755	16,825	285,538

(Unit: Million yen)

Year ended March 31, 2023	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total equity
	Capital	Capital surplus	Retained earnings	Treasury common stock at cost	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	22,856	25,872	196,514	-5,285	239,957	8,389	8,173	12,191	28,755	16,825	285,538
Changes during the period											
Dividend of surplus			-5,478		-5,478					-	-5,478
Profit attributable to owners of parent			10,900		10,900					-	10,900
Purchases of treasury stock				-0	-0					-	-0
Disposal of treasury stock		-9		47	38					-	38
Equity changes by share purchase of consolidated subsidiaries		-250			-250					-	-250
Changes (net) during the period for items other than shareholders' equity					-	-688	6,295	-2,152	3,453	2,200	5,653
Total changes during the period	-	-259	5,421	47	5,209	-688	6,295	-2,152	3,453	2,200	10,863
Balance at the end of the period	22,856	25,613	201,936	-5,238	245,167	7,700	14,468	10,038	32,208	19,026	296,401