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Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]



May 10, 2024

Company name: TENMA CORPORATION
Stock exchange listing: Tokyo Stock Exchange
Code number: 7958

URL: <https://www.tenmacorp.co.jp>

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Scheduled date of the annual general meeting of shareholders: June 26, 2024

Scheduled date of filing the annual securities report: June 26, 2024

Scheduled date of commencing dividend payments: June 10, 2024

Availability of supplementary briefing material on annual financial results: None

Schedule of annual financial results briefing session: Scheduled (for securities analysts and institutional investors)

(Amounts of less than one million yen are rounded off.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	92,931	(8.9)	1,362	(54.7)	3,985	4.8	3,091	10.4
March 31, 2023	102,053	23.4	3,007	52.6	3,801	56.4	2,800	164.6

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥6,522 million [(17.7) %]

Fiscal year ended March 31, 2023: ¥7,929 million [74.4 %]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2024	145.13	—	3.9	3.9	1.5
March 31, 2023	127.38	—	3.7	3.9	2.9

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended March 31, 2024: ¥67 million

Fiscal year ended March 31, 2023: ¥69 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	101,921	81,063	79.5	3,871.02
As of March 31, 2023	102,802	78,310	76.2	3,603.34

(Reference) Equity: As of March 31, 2024: ¥81,063 million

As of March 31, 2023: ¥78,310 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investment activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2024	5,898	1,263	(4,054)	26,600
March 31, 2023	7,514	1,306	(3,235)	22,403

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2023	–	40.00	–	42.00	82.00	1,795	64.4	2.3
March 31, 2024	–	40.00	–	42.00	82.00	1,752	56.5	2.2
Fiscal year ending March 31, 2025 (Forecast)	–	40.00	–	42.00	82.00		53.7	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2024	47,000	(0.6)	500	(46.6)	800	(54.1)	400	(71.1)	19.10
Full year	100,000	7.6	2,200	61.6	2,800	(29.7)	3,200	3.5	152.81

* Notes:

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2024 (changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2024: 24,313,026 shares

March 31, 2023: 25,313,026 shares

2) Total number of treasury shares at the end of the period:

March 31, 2024: 3,371,945 shares

March 31, 2023: 3,580,340 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2024: 21,298,137 shares

Fiscal year ended March 31, 2023: 21,982,503 shares

- * The Company's shares owned by the stock granting trust for Officers are included in the treasury shares to be deducted in the calculation of total number of treasury shares at the end of the period.

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2024	19,901	(0.6)	(734)	–	7,516	300.2	5,934	126.2
March 31, 2023	20,013	(2.7)	(1,355)	–	1,878	94.7	2,623	475.5

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended				
March 31, 2024	278.62		–	
March 31, 2023	119.32		–	

(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	59,746	52,411	87.7	2,502.76
As of March 31, 2023	54,777	50,422	92.0	2,320.08

(Reference) Equity: As of March 31, 2024: ¥52,411 million

As of March 31, 2023: ¥50,422 million

- * These consolidated financial results are outside the scope of audit by certified public accountants or audit firms.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to “1. Overview of Business Results, etc., (4) Future Outlook” on page 5 of the Attachments for the assumptions underlying the forecasts and precautions when using the forecasts.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Fiscal Year Under Review

The world economy during the fiscal year under review (from April 1, 2023 to March 31, 2024) remained uncertain due to sluggish demand in Europe against a backdrop of prolonged high inflation, heightened geopolitical risks in the Middle East, and a lack of strength in the recovery of the Chinese economy.

In the Japanese economy, a moderate recovery is expected, with improvements in corporate earnings due to price pass-throughs of increased costs and a weaker yen, as well as a recovery in personal consumption and expansion of inbound demand due to continued wage increases and a slowdown in the rate of price hikes.

In these circumstances, the Group promoted building a foundation for achievement of the mid- to long-term growth strategy based on the “Third Medium-term Management Plan” released in May 2021. Meanwhile, the Group has been working to optimize and streamline production systems.

As a result, net sales amounted to 92,931 million yen (down 8.9% year on year), and exceeded 87,000 million yen, the goal of the final year of the Third Medium-term Management Plan.

Profitability improved in household synthetic resin products and related products in Japan due to the effect of price revisions and a review of raw material procurement methods, but production efficiency deteriorated in the field of industrial synthetic resin products due to the factors such as many production adjustments by our business partners caused by excess inventory, which led to a decline in factory operating ratios of the Group. As a result, operating profit amounted to 1,362 million yen (down 54.7% year on year), well below the goal of the final year of the Third Medium-term Management Plan of 4,200 million yen. Ordinary profit amounted to 3,985 million yen (up 4.8% year on year) mainly due to gain on sales of securities for pure investment purposes, while profit attributable to owners of parent amounted to 3,091 million yen (up 10.4% year on year).

Operating results by segment are as follows.

(Japan)

In the field of household synthetic resin products and related products, sales declined only slightly, despite a decrease in unit sales of products, due to the effect of price revisions, sales expansion of new products, and an increase in the handling of imported commercial products. In the field of industrial synthetic resin products, overall sales remained almost flat due to a drop in vehicle-related sales in the fourth quarter of the fiscal year under review, although sales had been higher than the same period of the previous year through the nine months ended December 31, 2023.

Profits improved significantly due in part to the effect of price revisions in the field of household synthetic resin products and related products, and the effect of new product sales, as well as a review of raw material procurement methods and improved logistics efficiency.

As a result, net sales for this segment amounted to 19,965 million yen (down 1.1% year on year), and segment profit (operating profit) amounted to 545 million yen (segment loss of 96 million yen in the previous fiscal year).

(China)

In the field of industrial synthetic resin products, despite efforts to expand business areas into fixtures, housing equipment and other areas, sales decreased significantly due to the effects of a shift in production to Southeast Asia and manufacturing adjustments by existing business partners. In the field of household synthetic resin products and related products, sales declined in both physical retail stores and online sales due to sluggish real estate market conditions and personal consumption.

Profits fell below those in the previous fiscal year due to significant decline in sales, despite efforts to improve profitability, including optimizing personnel and increasing operational efficiency.

As a result, net sales for this segment amounted to 20,985 million yen (down 19.8% year on year), and segment profit (operating profit) amounted to 673 million yen (down 55.5% year on year).

(Southeast Asia)

In the field of industrial synthetic resin products, overall sales decreased significantly due to expanded production adjustments at our business partners. In the field of household synthetic resin products and related products, we are working to solidify the foundation for future business expansion in the ASEAN region by starting full-scale production and sales in Indonesia and online sales in Thailand.

Profits fell below those in the previous fiscal year due in part to lower sales and a deterioration in manufacturing efficiency with the launch of new models at certain locations.

As a result, net sales for this segment amounted to 50,879 million yen (down 8.6% year on year), and segment profit (operating profit) amounted to 1,498 million yen (down 47.5% year on year).

(North America)

In May 2023, we acquired shares in Tenma Plastic Mexico, S.A. de C.V., which manufactures automobile parts, etc. in Mexico, as well as in its parent company Tenma America Corporation, which sells automobile parts, etc. in the United States of America, and began to record these companies in our consolidated statements of income from the third quarter of the fiscal year under review. In North America, the Group mainly manufactures and sells safety-related automobile parts. Net sales for this segment amounted to 1,102 million yen.

In terms of profits, North America produced a segment loss (operating loss) of 89 million yen due to continued strong appreciation of the Mexican peso against the U.S. dollar and rising wages in Mexico that acted to increase U.S. dollar-denominated payments costs.

(2) Overview of Financial Position for the Fiscal Year Under Review

(Assets)

The total assets at the end of the fiscal year under review decreased by 880 million yen compared to the end of the previous fiscal year, reaching 101,921 million yen. This was due to factors including decreases in notes and accounts receivable - trade by 2,434 million yen and available-for-sale securities under investment securities by 1,383 million yen, despite increases in construction in progress under property, plant and equipment by 1,024 million yen, construction in progress under other of intangible assets by 582 million yen, and retirement benefit asset by 849 million yen.

(Liabilities)

The total liabilities at the end of the fiscal year under review decreased by 3,633 million yen compared to the end of the previous fiscal year, reaching 20,858 million yen. This was due to factors including a decrease in notes and accounts payable - trade by 2,890 million yen.

(Net assets)

The total net assets at the end of the fiscal year under review increased by 2,753 million yen compared to the end of the previous fiscal year, reaching 81,063 million yen at the end of the fiscal year ended March 31, 2024. This was mainly due to an increase in foreign currency translation adjustment by 3,190 million yen and retained earnings by 1,315 million yen, despite a decrease in capital surplus by 1,872 million yen.

(3) Overview of Cash Flows for the Fiscal Year Under Review

Cash and cash equivalents at the end of the fiscal year under review increased by 4,196 million yen compared to the end of the previous fiscal year, reaching 26,600 million yen.

The following is a summary of cash flows for each activity and related causes.

Cash flows from operating activities

Net cash provided by operating activities was 5,898 million yen (decreased by 1,616 million yen year on year). This was mainly due to 4,768 million yen of depreciation, 4,154 million yen of decrease in trade receivables, 3,881 million yen of profit before income taxes, and 1,161 million yen of decrease in inventories, in spite of 4,093 million yen of decrease in trade payables, 1,728 million yen of gain on sale of investment securities, and 1,105 million yen of income taxes paid.

Cash flows from investing activities

Net cash provided by investing activities was 1,263 million yen (decreased by 43 million yen year on year). This was mainly due to 12,248 million yen of withdrawal of time deposits, 2,912 million yen of proceeds from sale of investment securities, in spite of 6,963 million yen of payments into time deposits, and 4,831 million yen of purchase of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities was 4,054 million yen (decreased by 820 million yen year on year). This was mainly due to dividends paid of 1,776 million yen and increase in treasury shares of 1,472 million yen.

(Reference) Trends in cash flow indicators

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Equity ratio (%)	78.4	78.9	77.9	76.2	79.5
Equity ratio based on fair value (%)	41.1	55.7	57.1	49.6	46.4
Interest-bearing debt to cash flow ratio (years)	—	—	—	—	—
Interest coverage ratio	—	—	—	—	—

- (Notes) Equity ratio: Shareholders' equity / Total assets
Equity ratio based on fair value: Total market value of shares / Total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debts / Operating cash flow
Interest coverage ratio: Operating cash flow / Interest paid

1. The indicators were calculated using consolidated financial figures.
2. The total market value of shares was calculated by multiplying the closing price of the closing date by the total number of shares outstanding (less the treasury shares).
3. Operating cash flow is the figure of net cash provided by (used in) operating activities recorded in the Consolidated Statements of Cash Flows. Interest-bearing debts include all debts recorded on the Consolidated Balance Sheets for which interest is paid. Interest paid is a line item of Consolidated Statements of Cash Flows.
4. Interest-bearing debt to cash flow ratio and interest coverage ratio are omitted due to no interest-bearing debts or interest paid.

(4) Future Outlook

The global economy is expected to remain uncertain, as the situation in the Middle East and Ukraine remains unpredictable, China's real estate downturn shows no clear path out of the recession, and the overall growth rate is expected to remain at a low level. In the Japanese economy, although the labor shortage is likely to be a drag on growth, the economy as a whole is expected to be revitalized, with an expansion of capital investment and an increase in real wages.

Under these circumstances, following the Third Medium-term Management Plan that ended in the fiscal year ended March 31, 2024, the Group is now formulating the Fourth Medium-term Management Plan for the three-year period beginning in the fiscal year ending March 31, 2025 (77th fiscal year), which will be announced by the end of May this year.

We will continue to set a goal of realizing a "rich society in which people and plastics are in harmony" as a long-term vision, and strive to enhance our corporate value by promoting sustainable management.

For the consolidated full-year results for the fiscal year ending March 31, 2025, the Group expects 100,000 million yen in net sales, 2,200 million yen in operating profit, 2,800 million yen in ordinary profit, and 3,200 million yen in profit attributable to owners of parent, as a result of the gradual easing of production adjustments by our business partners, mainly in the field of industrial synthetic resin products, and aggressive cost reduction efforts, in addition to improved production efficiency due to higher factory operating ratios, etc.

(5) Profit Distribution Policy and Payments for the Fiscal Year Under Review and Next Fiscal Year

The Group regards striving to enhance the distribution of profits and the sustainable growth of corporate value as one of the important management issues, while aggressively investing for the achievement of the mid- to long-term growth strategy, and maintaining financial soundness.

Regarding dividends, the Group considers enhancing the return of profits as one of its major management issues, with the goal of maintaining a consolidated dividend on equity ratio (DOE) of 2.5% or more. In addition, continuing the stable provision of dividends has been set as its basic policy, with the aim of further improving the return of profits. Furthermore, the Company's basic policy includes the consideration of increasing dividends through improved performance and the achievement progress of management targets.

Regarding purchase of own shares, while considering changes in free cash flow and situations, the Company deliberates expeditiously and proactively on the option of distribution to the shareholders.

Based on the above dividend policy, we intend to pay a year-end dividend of 42 yen per share in order to make the annual dividend at the end of the fiscal year under review amount to 82 yen per share, which is 2.5% or higher in consolidated dividend on equity ratio (DOE).

In regard to the next fiscal year, we forecast an interim dividend of 40 yen per share and a year-end dividend of 42 yen per share, combined to make an annual dividend of 82 yen.

2. Basic Stance Concerning Choice of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Group applies Japanese GAAP. Regarding application of IFRS (International Financial Reporting Standards), the Group will deliberate in consideration of the application trends of other companies in Japan.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	30,677,991	29,839,839
Notes and accounts receivable - trade	19,787,672	17,353,495
Merchandise and finished goods	3,669,068	3,516,965
Work in process	688,595	696,186
Raw materials and supplies	5,077,348	4,738,130
Other	1,688,442	1,746,516
Allowance for doubtful accounts	(1,258)	(9,229)
Total current assets	61,587,858	57,881,901
Non-current assets		
Property, plant and equipment		
Buildings and structures	29,611,485	31,516,374
Accumulated depreciation	(15,306,160)	(16,994,814)
Buildings and structures, net	14,305,325	14,521,560
Machinery, equipment and vehicles	40,463,755	44,855,152
Accumulated depreciation	(31,535,604)	(35,268,332)
Machinery, equipment and vehicles, net	8,928,151	9,586,821
Land	2,586,733	2,680,834
Right-of-use assets	5,205,541	5,840,440
Accumulated depreciation	(2,087,090)	(2,966,040)
Right-of-use assets, net	3,118,451	2,874,400
Construction in progress	178,228	1,201,919
Other	9,354,217	9,813,666
Accumulated depreciation	(8,444,269)	(8,942,892)
Other, net	909,948	870,775
Total property, plant and equipment	30,026,836	31,736,309
Intangible assets		
Other	2,736,059	3,415,789
Total intangible assets	2,736,059	3,415,789
Investments and other assets		
Investment securities	4,756,915	4,029,795
Retirement benefit asset	2,817,877	3,666,542
Deferred tax assets	177,474	370,794
Other	706,232	827,896
Allowance for doubtful accounts	(7,407)	(7,575)
Total investments and other assets	8,451,091	8,887,452
Total non-current assets	41,213,986	44,039,550
Total assets	102,801,844	101,921,451

(Thousand yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,791,252	8,901,655
Income taxes payable	608,039	348,194
Provision for bonuses	868,627	853,963
Provision for taxes related expenses	127,781	5,119
Provision for loss on business liquidation	32,840	–
Other	4,492,167	4,187,092
Total current liabilities	17,920,707	14,296,023
Non-current liabilities		
Long-term accounts payable - other	13,632	2,615
Provision for share awards for directors (and other officers)	108,326	131,778
Provision for share awards for employees	3,757	4,264
Retirement benefit liability	393,806	493,377
Lease liabilities	3,139,649	2,862,949
Asset retirement obligations	502,178	711,614
Deferred tax liabilities	2,344,388	2,290,912
Provision for business restructuring	64,994	64,584
Total non-current liabilities	6,570,730	6,562,093
Total liabilities	24,491,437	20,858,116
Net assets		
Shareholders' equity		
Share capital	19,225,350	19,225,350
Capital surplus	14,856,522	12,984,521
Retained earnings	40,582,374	41,897,599
Treasury shares	(6,592,755)	(6,713,659)
Total shareholders' equity	68,071,491	67,393,811
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,560,749	1,384,245
Foreign currency translation adjustment	7,636,873	10,826,530
Remeasurements of defined benefit plans	1,041,215	1,458,657
Total accumulated other comprehensive income	10,238,837	13,669,431
Non-controlling interests	79	94
Total net assets	78,310,407	81,063,335
Total liabilities and net assets	102,801,844	101,921,451

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	102,052,767	92,930,953
Cost of sales	87,278,001	79,821,753
Gross profit	14,774,765	13,109,200
Selling, general and administrative expenses		
Freight and packing costs	3,443,399	3,133,137
Salaries and allowances	3,012,054	3,178,327
Other	5,312,334	5,436,025
Total selling, general and administrative expenses	11,767,787	11,747,488
Operating profit	3,006,978	1,361,712
Non-operating income		
Interest income	249,013	478,345
Gain on sale of investment securities	–	1,727,539
Dividend income	136,051	151,389
Share of profit of entities accounted for using equity method	69,268	67,357
Foreign exchange gains	227,684	240,790
Other	281,055	182,498
Total non-operating income	963,071	2,847,918
Non-operating expenses		
Interest expenses	124,113	123,547
Depreciation	–	24,872
Other	45,106	76,255
Total non-operating expenses	169,219	224,674
Ordinary profit	3,800,830	3,984,956
Extraordinary income		
Gain on sale of non-current assets	40,939	92,172
Gain on liquidation of subsidiaries and associates	696,684	–
Settlement income	105,000	–
Gain on bargain purchase	–	136,876
Subsidy income	–	56,833
Reversal of provision for taxes related expenses	127,309	103,093
Total extraordinary income	969,932	388,975
Extraordinary losses		
Loss on sale of non-current assets	1,959	2,887
Loss on retirement of non-current assets	13,715	155,799
Loss on liquidation of subsidiaries and associates	5,331	–
Provision for loss on litigation	25,000	–
Provision for loss on business liquidation	51,000	2,700
Provision for taxes related expenses	120,909	–
Loss related to COVID-19	120,277	–
Loss on liquidation of business	–	4,300
Litigation settlement	–	43,860
Employee housing reserve contribution	–	283,445
Total extraordinary losses	338,191	492,991
Profit before income taxes	4,432,572	3,880,940
Income taxes - current	1,214,336	1,180,636
Income taxes - deferred	418,149	(390,633)
Total income taxes	1,632,485	790,003

(Thousand yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	2,800,087	3,090,937
Profit attributable to non-controlling interests	1	9
Profit attributable to owners of parent	2,800,086	3,090,928

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	2,800,087	3,090,937
Other comprehensive income		
Valuation difference on available-for-sale securities	563,780	(176,504)
Foreign currency translation adjustment	4,287,731	3,143,830
Remeasurements of defined benefit plans, net of tax	256,567	417,442
Share of other comprehensive income of entities accounted for using equity method	20,680	45,833
Total other comprehensive income	5,128,758	3,430,600
Comprehensive income	7,928,845	6,521,537
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,928,840	6,521,522
Comprehensive income attributable to non-controlling interests	5	15

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31, 2023

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,225,350	14,856,522	39,596,800	(5,591,856)	68,086,815
Changes during period					
Dividends of surplus			(1,814,512)		(1,814,512)
Profit attributable to owners of parent			2,800,086		2,800,086
Purchase of treasury shares				(1,000,898)	(1,000,898)
Disposal of treasury shares					-
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	985,575	(1,000,898)	(15,324)
Balance at end of period	19,225,350	14,856,522	40,582,374	(6,592,755)	68,071,491

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	996,970	3,328,466	784,648	5,110,083	74	73,196,972
Changes during period						
Dividends of surplus						(1,814,512)
Profit attributable to owners of parent						2,800,086
Purchase of treasury shares						(1,000,898)
Disposal of treasury shares						-
Cancellation of treasury shares						-
Net changes in items other than shareholders' equity	563,780	4,308,408	256,567	5,128,754	5	5,128,759
Total changes during period	563,780	4,308,408	256,567	5,128,754	5	5,113,435
Balance at end of period	1,560,749	7,636,873	1,041,215	10,238,837	79	78,310,407

For the fiscal year ended March 31, 2024

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,225,350	14,856,522	40,582,374	(6,592,755)	68,071,491
Changes during period					
Dividends of surplus			(1,775,703)		(1,775,703)
Profit attributable to owners of parent			3,090,928		3,090,928
Purchase of treasury shares				(2,522,315)	(2,522,315)
Disposal of treasury shares		89,623		439,787	529,410
Cancellation of treasury shares		(1,961,624)		1,961,624	–
Net changes in items other than shareholders' equity					–
Total changes during period	–	(1,872,001)	1,315,225	(120,904)	(677,680)
Balance at end of period	19,225,350	12,984,521	41,897,599	(6,713,659)	67,393,811

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,560,749	7,636,873	1,041,215	10,238,837	79	78,310,407
Changes during period						
Dividends of surplus						(1,775,703)
Profit attributable to owners of parent						3,090,928
Purchase of treasury shares						(2,522,315)
Disposal of treasury shares						529,410
Cancellation of treasury shares						–
Net changes in items other than shareholders' equity	(176,504)	3,189,656	417,442	3,430,594	15	3,430,609
Total changes during period	(176,504)	3,189,656	417,442	3,430,594	15	2,752,929
Balance at end of period	1,384,245	10,826,530	1,458,657	13,669,431	94	81,063,335

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	4,432,572	3,880,940
Depreciation	4,452,070	4,767,961
Settlement income	(105,000)	–
Litigation settlement	–	43,860
Loss on liquidation of business	–	4,300
Employee housing reserve contribution	–	283,445
Gain on bargain purchase	–	(136,876)
Subsidy income	–	(56,833)
Increase (decrease) in provision for bonuses	(18,704)	(44,469)
Increase (decrease) in allowance for doubtful accounts	(721)	7,918
Increase (decrease) in provision for share awards for directors (and other officers)	46,208	23,452
Increase (decrease) in provision for share awards for employees	3,757	507
Increase (decrease) in provision for taxes related expenses	(16,765)	(132,976)
Increase (decrease) in provision for business restructuring	(260)	(410)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(7,782)	–
Decrease (increase) in retirement benefit asset	(234,009)	(247,163)
Increase (decrease) in retirement benefit liability	37,425	47,636
Increase (decrease) in provision for loss on business liquidation	32,840	(32,840)
Interest and dividend income	(385,064)	(629,734)
Interest expenses	124,113	123,547
Loss (gain) on liquidation of subsidiaries and associates	(691,353)	–
Foreign exchange losses (gains)	234,620	12,488
Loss on retirement of non-current assets	13,715	155,799
Loss (gain) on sale of non-current assets	(38,981)	(89,286)
Loss (gain) on sale of investment securities	–	(1,727,539)
Loss (gain) on valuation of investments in capital	8,937	21,781
Decrease (increase) in trade receivables	(1,176,245)	4,153,918
Decrease (increase) in inventories	205,123	1,161,065
Increase (decrease) in trade payables	1,258,599	(4,093,019)
Share of loss (profit) of entities accounted for using equity method	(69,268)	(67,357)
Other, net	74	(775,023)
Subtotal	8,105,900	6,655,092
Interest and dividends received	316,782	675,234
Settlement received	105,000	–
Settlement paid	–	(43,860)
Payments for loss on litigation	(25,000)	–
Payments for employee housing reserve contribution	–	(283,445)
Income taxes paid	(989,012)	(1,104,899)
Net cash provided by (used in) operating activities	7,513,670	5,898,122

(Thousand yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from investing activities		
Payments into time deposits	(17,760,192)	(6,963,442)
Proceeds from withdrawal of time deposits	22,076,866	12,247,669
Purchase of property, plant and equipment	(2,941,394)	(4,830,808)
Proceeds from sale of property, plant and equipment	76,137	152,250
Payments for retirement of property, plant and equipment	(2,052)	(139,246)
Purchase of intangible assets	(58,842)	(688,904)
Subsidies received	–	56,833
Purchase of investment securities	(1,718)	(2,075)
Proceeds from sale of investment securities	–	2,911,872
Purchase of shares of unconsolidated subsidiaries	(85,820)	(542,561)
Proceeds from liquidation of unconsolidated subsidiaries	23,803	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(693,696)
Payments for investments in investment partnerships	(18,750)	(25,000)
Proceeds from collection of loans receivable	1,162	1,767
Loan advances	(3,376)	(221,677)
Net cash provided by (used in) investing activities	1,305,825	1,262,984
Cash flows from financing activities		
Net decrease (increase) in treasury shares	(1,000,898)	(1,471,725)
Dividends paid	(1,814,226)	(1,776,280)
Payments for lease obligations	(419,435)	(806,337)
Net cash provided by (used in) financing activities	(3,234,560)	(4,054,342)
Effect of exchange rate change on cash and cash equivalents	1,537,659	1,089,641
Net increase (decrease) in cash and cash equivalents	7,122,594	4,196,405
Cash and cash equivalents at beginning of period	15,280,877	22,403,471
Cash and cash equivalents at end of period	22,403,471	26,599,876

(5) Notes to Consolidated Financial Statements
(Notes on going concern assumption)
Not applicable.

(Changes in accounting policies)
Not applicable.

(Additional information)

(Share granting trust for Officers)

The Company implemented the “share-based remuneration plan for Officers” for Directors (excluding Outside Directors and Directors who are members of the Audit and Supervisory Committee, hereinafter the same) and Corporate Executive Officers (hereinafter collectively referred to as the “Directors, etc.”) with the aim of achieving the targets by boosting the motivation of Directors, etc., to contribute to the improvement of the Company’s mid- to long-term business performance and enhancement of its corporate value.

(1) Description of the transaction

The Plan is a share-based remuneration plan whereby a trust funded and created by the Company (hereinafter referred to as “Share granting trust for Officers”) shall acquire the Company’s shares and provide each Director the equivalent number of the Company’s shares to the number of points that each Director is granted by the Company through the Share granting trust for Officers. The timing that Directors, etc. are provided the Company’s shares shall be at the time of their retirements in principle.

(2) Company’s shares remaining in the Trust

The Company’s shares remaining in the Trust are recorded in net assets as treasury shares with the book value of the Trust (excluding the amount of incidental cost). The book value and the number of shares for the previous fiscal year were 77,615 thousand yen and 33,997 shares, and for the fiscal year under review 559,769 thousand yen and 237,504 shares.

(Share-based remuneration plan for Employees)

The Company has introduced a share-based remuneration plan for some employees (hereinafter referred to as “Employees”) for the purpose of striving to increase the Company’s mid- to long-term corporate value by enhancing the welfare and benefits system for employees, while fostering a team spirit among employees, instilling an awareness of management participation, and increasing awareness of the Company’s performance and share price.

(1) Description of the transaction

The Plan is a share-based remuneration plan whereby a trust funded and created by the Company (hereinafter referred to as “Share granting trust for Employees”) shall acquire the Company’s shares and provide employees who meet certain criteria the equivalent number of the Company’s shares to the number of points that such employees are granted by the Company through the Share granting trust for Employees.

(2) Company’s shares remaining in the Trust

The Company’s shares remaining in the Trust are recorded in net assets as treasury shares with the book value of the Trust (excluding the amount of incidental cost). The book value and the number of treasury shares of the Company for the fiscal year under review were 30,797 thousand yen and 13,000 shares.

(Segment information, etc.)
[Segment information]

1. Description of reportable segments

The Group's reportable segments shall be part of its organizational units whose financial information is individually available, and shall be subject to regular review by its Board of Directors for the purpose of deciding the allocation of its managerial resources and evaluating its business performance.

The Group mainly operates in the manufacture and sales of synthetic resin products. The Company is responsible for businesses in Japan, and overseas subsidiaries of China (including Hong Kong) and Southeast Asia (Indonesia, Thailand, and Vietnam) are responsible for each area. Furthermore, Tenma America Corporation and Tenma Plastic Mexico, S.A. de C.V. have been included in the scope of consolidation since the first quarter ended June 30, 2023, so the "North America" segment was added. Each subsidiary is an independent management unit, and engages in its business activities by comprehensively developing strategies.

Therefore, the Group is composed of the segments based on the Company and consolidated subsidiaries. In order to provide appropriate information regarding business activities and business environment, the Group consolidated four segments whose areas of manufacture/sale or elements of products are generally similar, defined as "Japan," "China," "Southeast Asia," and "North America" as reportable segments.

Furthermore, segment information for the previous fiscal year has been created and disclosed according to the reportable segments following the changes.

2. Method of measurement for the amounts of net sales, profits/losses, assets, liabilities, and other items for each reportable segment

The accounting method for the operating segments that are reportable is the same as described in "Basis of preparation of consolidated financial statements." Reportable segment profit figures are based on operating profit. Inter-segment net sales and transfers are mainly based on market prices.

3. Information on net sales and profit (loss) by reportable segment

For the fiscal year ended March 31, 2023

(Thousand yen)

	Reportable segment				Total
	Japan	China	Southeast Asia	North America	
Net sales					
Net sales to outside customers	20,184,793	26,177,605	55,690,369	–	102,052,767
Inter-segment net sales or transfers	87,159	380,050	39,191	–	506,400
Total	20,271,952	26,557,655	55,729,560	–	102,559,167
Segment profit (loss)	(95,516)	1,511,679	2,849,979	–	4,266,142
Segment assets	28,591,105	26,891,426	41,884,761	–	97,367,292
Other					
Depreciation	1,096,133	1,127,321	2,217,570	–	4,441,024
Increase in property, plant and equipment and intangible assets	810,302	339,053	1,910,900	–	3,060,255

For the fiscal year ended March 31, 2024

(Thousand yen)

	Reportable segment				Total
	Japan	China	Southeast Asia	North America	
Net sales					
Net sales to outside customers	19,964,639	20,984,766	50,879,279	1,102,269	92,930,953
Inter-segment net sales or transfers	202,017	346,007	110,470	–	658,494
Total	20,166,656	21,330,773	50,989,749	1,102,269	93,589,447
Segment profit (loss)	544,881	672,703	1,497,538	(88,609)	2,626,513
Segment assets	32,794,702	21,713,678	42,191,668	1,248,721	97,948,769
Other					
Depreciation	1,164,994	1,153,191	2,358,800	61,766	4,738,751
Increase in property, plant and equipment and intangible assets	2,434,631	344,885	2,504,627	10,457	5,294,599

4. Difference between the total of reportable segments and the amount recorded in consolidated financial statements, and description of said difference (comparability adjustment)

(Thousand yen)

Net sales	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Total of reportable segments	102,559,167	93,589,447
Inter-segment eliminations	(506,400)	(658,494)
Net sales in Consolidated Financial Statements	102,052,767	92,930,953

(Thousand yen)

Profit	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Total of reportable segments	4,266,142	2,626,513
Inter-segment eliminations	10,200	36,748
Corporate expenses*	(1,269,364)	(1,301,549)
Operating profit in Consolidated Financial Statements	3,006,978	1,361,712

* Corporate expenses are mainly the expenses of the parent company's management department which does not belong to a reportable segment.

(Thousand yen)

Assets	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Total of reportable segments	97,367,292	97,948,769
Corporate assets *1	13,678,754	13,182,044
Other adjustment *2	(8,244,202)	(9,209,362)
Total assets in Consolidated Financial Statements	102,801,844	101,921,451

*1 Corporate assets are mainly the assets of the parent company's management department which does not belong to a reportable segment.

*2 Other adjustment is mainly the amount of transaction elimination.

(Thousand yen)

Other	Total of reportable segments		Adjustment		Amount recorded in consolidated financial statements	
	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Depreciation	4,441,024	4,738,751	11,046	29,210	4,452,070	4,767,961
Increase in property, plant and equipment and intangible assets	3,060,255	5,294,599	9,753	1,855	3,070,008	5,296,454

* The adjustment of increase in property, plant and equipment and intangible assets is mainly the capital expenditure and the transaction elimination of the parent company's management department which does not belong to a reportable segment.

(Per share information)

Item	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net assets per share	3,603.34 yen	3,871.02 yen
Basic earnings per share	127.38 yen	145.13 yen

(Notes) 1. Diluted earnings per share is not described as dilutive shares do not exist.

2. For the purpose of calculating the basic earnings per share, the treasury shares remaining in trust posted as treasury shares in shareholders' equity are included in the treasury shares deducted in the calculation of the average number of shares during the fiscal year under review. For the purpose of calculating the net assets per share, the treasury shares so remaining in trust are included in the treasury shares deducted from the total number of shares issued at the end of the fiscal year under review.

For the purpose of calculating the basic earnings per share, the average number of treasury shares, so deducted, during the previous fiscal year was 33,997 shares, and during the fiscal year under review was 217,917 shares. For the purpose of calculating the net assets per share, the number of treasury shares, so deducted, as of the end of the previous fiscal year was 33,997 shares, and as of the end of the fiscal year under review was 250,504 shares.

3. The basis for the calculation of basic earnings per share is as follows.

Item	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Basic earnings per share		
Profit attributable to owners of parent (Thousand yen)	2,800,086	3,090,928
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit attributable to owners of parent relevant to common shares (Thousand yen)	2,800,086	3,090,928
Average number of common shares during period (Shares)	21,982,503	21,298,137

4. Calculation basis for net assets per share is as follows.

Item	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net assets per share		
Total of net assets (Thousand Yen)	78,310,407	81,063,335
Main items of the difference (Thousand yen) (Of which Non-controlling interests)	79 (79)	94 (94)
Net assets relevant to common shares (Thousand yen)	78,310,328	81,063,242
Total number of issued common shares (Shares)	25,313,026	24,313,026
Total number of treasury shares of common shares (Shares)	3,580,340	3,371,945
Number of common shares used to calculate net asset per share (Shares)	21,732,686	20,941,081

(Significant subsequent events)

(Purchase of the Company's own shares)

The Company resolved matters pertaining to the acquisition of treasury shares based on the provisions of Article 156 of the Companies Act as applied by replacing the terms and phrases pursuant to the provisions of Article 165, Paragraph 3 of the same act at the Board of Directors meeting held on May 10, 2024 as follows.

- | | |
|---|--|
| 1. Reason for purchase of treasury shares | In order to enable expeditious capital policy corresponding to changes in the business environment, along with improving capital efficiency. |
| 2. Class of shares for purchase | Common shares of the Company |
| 3. Total shares for purchase | 1,400,000 shares (upper limit) (6.61% of total shares outstanding, excluding treasury shares) |
| 4. Total purchase cost of the shares | 2,700,000,000 yen (Maximum) |
| 5. Purchase period | May 13, 2024 to March 31, 2025 |
| 6. The method of acquisition | Market buying in the Tokyo Stock Exchange |

(Cancellation of treasury shares)

The Company resolved to cancel treasury shares based on the provisions of Article 178 of the Companies Act at the Board of Directors meeting held on May 10, 2024 as follows.

- | | |
|--|--|
| 1. Class of shares for cancellation | Common shares of the Company |
| 2. Total number of shares to be cancelled | 2,000,000 shares (8.23% of total shares outstanding before cancellation) |
| 3. Total shares outstanding after cancellation | 22,313,026 shares |
| 4. Scheduled date of cancellation | May 31, 2024 |