

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

(URL: <https://www.ikont.co.jp/eg/>)

May 13, 2024

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2024
<Japanese GAAP>

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Scheduled Date of Ordinary General Meeting of Shareholders:	June 25, 2024
Scheduled Date to Submit Annual Securities Report:	June 25, 2024
Scheduled Date to Begin Dividend Payments:	June 26, 2024
Preparation of Supplementary Explanation Material for Financial Results:	Yes
Holding of Presentation Meeting for Financial Results:	Yes (Targeted at institutional investors and analysts)

Figures have been rounded down to eliminate amounts less than one million yen.

1. Consolidated Operating Performance for the Fiscal Year Ended March 31, 2024
(From April 1, 2023 to March 31, 2024)

(1) Results of Consolidated Operations

Years ended March 31, 2024 and 2023

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change	Profit attributable to owners of parent	Percentage change
2024	55,048	(19.4)	3,164	(66.6)	4,525	(56.8)	2,674	(64.2)
2023	68,260	9.6	9,459	60.4	10,479	39.9	7,469	80.7

Notes: Comprehensive income

Fiscal year ended March 31, 2024: 7,436 million yen (15.1)%

Fiscal year ended March 31, 2023: 8,763 million yen 68.1%

: Percentage change for net sales, operating profit, ordinary profit, and profit attributable to owners of parent indicate percentage increase/decrease compared to the same period in the previous year.

	Earnings per share (Yen)	Diluted earnings per share (Yen)	Return on equity (%)	Ordinary profit to total assets (%)	Operating profit to net sales (%)
2024	37.82	37.71	3.6	3.9	5.7
2023	104.92	104.57	11.0	9.5	13.9

Reference: Equity in earnings of affiliates

Fiscal year ended March 31, 2024: — million yen

Fiscal year ended March 31, 2023: — million yen

(2) Consolidated Financial Position

Years ended March 31, 2024 and 2023

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
2024	119,187	76,164	63.8	1,104.33
2023	114,347	71,662	62.6	1,003.28

Reference: shareholders' equity

Fiscal year ended March 31, 2024: 76,049 million yen

Fiscal year ended March 31, 2023: 71,541 million yen

(3) Consolidated Cash Flows

Years ended March 31, 2024 and 2023

(Millions of yen)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents
2024	(2,488)	(5,304)	7,566	18,980
2023	6,398	(2,702)	(3,351)	18,593

2. Dividends

Base date	Dividends per share				
	June 30 (Yen)	September 30 (Yen)	December 31 (Yen)	March 31 (Yen)	Full fiscal year (Yen)
2025(Forecast)	—	9.50	—	9.50	19.00
2024	—	9.50	—	9.50	19.00
2023	—	9.00	—	10.00	19.00

Base date	Total dividends (Full fiscal year)	Dividends payout ratio (Consolidated)	Dividends on net assets (Consolidated)
	(Millions of yen)	(%)	(%)
2025(Forecast)	—	42.3	—
2024	1,358	50.2	1.8
2023	1,378	18.1	2.0

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2025

Six-month period ending September 30, 2024, and the fiscal year ending March 31, 2025 (Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change
Year ending March 31, 2025	58,000	5.4	4,300	35.9	4,900	8.3
Six-month period ending September 30, 2024	27,000	(5.2)	1,500	(26.5)	1,800	(40.1)

	Profit attributable to owners of parent	Percentage change	Earnings per share (Yen)
Year ending March 31, 2025	3,100	15.9	44.91
Six-month period ending September 30, 2024	700	(55.9)	10.15

Note: Percentage change for net sales, operating profit, ordinary profit, and profit attributable to owners of parent indicate percentage increase/decrease compared to the same period in the previous year.

4. Others

- (1) Changes in the state of significant subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): None
- (2) Changes in accounting principles and accounting estimates, and restatements

Changes in accounting principles arising from revision of accounting standards:	None
Changes other than those in above:	None
Changes in accounting estimates:	Yes
Restatements:	None

Note: For further details, please refer on page 17.

- (3) Number of shares issued (Common stock)

Number of shares outstanding at period-end (Including treasury stock)	
Fiscal year ended March 31, 2024:	73,501,425 shares
Fiscal year ended March 31, 2023:	73,501,425 shares
Number of treasury stock	
Fiscal year ended March 31, 2024:	4,636,377 shares
Fiscal year ended March 31, 2023:	2,193,912 shares
Average number of shares outstanding at period-end	
Fiscal year ended March 31, 2024:	70,714,066 shares
Fiscal year ended March 31, 2023:	71,195,717 shares

Note: The number of treasury stock as of the fiscal year-end includes Nippon Thompson shares held by the share-issuing trust account for executives and by the employee stock ownership plan (ESOP) trust account (1,527,800 shares as of March 31, 2024 and 1,250,000 shares as of March 31, 2023). In the calculation of the average number of shares during the fiscal year, Nippon Thompson shares held by the share-issuing trust account for executives and the ESOP trust account are included in excluded treasury stock (1,331,416 shares as of March 31, 2024 and 1,354,225 shares as of March 31, 2023).

Reference: Non-consolidated Operating Performance for the Fiscal Year Ended March 31, 2024
(From April 1, 2023 to March 31, 2024)

(1) Results of Non-consolidated Operations

Years ended March 31, 2024 and 2023

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change	Profit	Percentage change
2024	43,857	(25.4)	1,839	(79.5)	3,133	(69.8)	2,040	(72.2)
2023	58,797	12.0	8,970	84.0	10,361	54.2	7,327	696.0

Note: Percentage change for net sales, operating profit, ordinary profit, and profit indicate percentage increase/decrease compared to the same period in the previous year.

	Earnings per share (Yen)	Diluted earnings per share (Yen)
2024	28.85	28.77
2023	102.92	102.58

(2) Non-consolidated Financial Position

Years ended March 31, 2024 and 2023

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
2024	98,888	58,569	59.1	848.83
2023	96,261	57,633	59.7	806.54

Reference: shareholders' equity

Fiscal year ended March 31, 2024: 58,455 million yen

Fiscal year ended March 31, 2023: 57,512 million yen

These consolidated financial report are not subject to audit.

Explanations or Other Items Pertaining to Appropriate use of Operating Performance Forecasts

Performance forecasts presented herein are based on information available to the Nippon Thompson Group (the "Group") as of the date of this document, May 13, 2024. Accordingly, for a wide variety of reasons, there remains the possibility that actual performance results may differ from projections. For performance forecasts, please refer to "5. Operating Results and Financial Position (4) Outlook" on page 7.

5. Operating Results and Financial Position

(1) Analysis of Operating Results

In the consolidated fiscal year ended March 31, 2024, the economy appeared to gradually recover amid continued normalization in the aftermath of the COVID-19 pandemic. On the other hand, the outlook remained unclear due mainly to the emergence of new geopolitical risks and an expansion in the risk of economic downturn due to deceleration in the Chinese economy in addition to the impact of ongoing financial tightening policies around the world.

Under these circumstances, the Group has taken various measures with the aim of achieving stable profit and growth from a medium- to long-term perspective as outlined in “IKO Medium-term Business Plan 2023~Deepening, Expanding, Embracing Change~.” In addition, we disclose information based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and focus on promoting sustainable management, such as proactively introducing renewable energy to domestic and overseas bases.

From a sales perspective, the Group strove to ingrain the IKO brand in the market and cultivate demand by, for example, holding a private show in Kumamoto and enhancing customer convenience through the renewal of a website specifically for the Mechatronics series.

In terms of product development, we worked to create new innovative products by having our technical and development departments engage in direct dialogue with customers as well as by strengthening our market-in development approach, which strives to accurately identify market needs and issues. In particular, the Short Stud Type Cam Followers, which are at most 34% shorter than conventional products, have garnered acclaim as a high value added product that contributes to the higher productivity and compact designs sought by customers.

From a production standpoint, we reorganized domestic production departments for needle roller bearings and linear motion rolling guides by function and strove to clarify these products' roles while accelerating decision making, enhancing production efficiency, optimizing supply systems, and maintaining and enhancing quality. In addition, at the production subsidiary IKO THOMPSON VIETNAM CO., LTD., we acquired land use rights in the northern Vietnamese province of Quang Ninh as a part of efforts to expand production capacity.

Turning to the Group's operational results, in Japan, net sales declined as demand slowed for commercial application products and electronics-related devices, such as semiconductor manufacturing equipment, practical equipment, and electric machinery. In North America, net sales declined as demand slowed for electronics-related devices and general industrial machinery, such as precision machinery and various types of medical equipment. In Europe, net sales increased due mainly to yen depreciation effects and robust demand for general industrial machinery, such as various types of medical equipment, despite stagnant demand for machine tools. In China, net sales decreased due to such effects as a stagnant real estate market and sluggish domestic and overseas demand. Other regions, comprising mainly Singapore, Taiwan, and South Korea, also saw declines in net sales.

As a result, consolidated net sales for the fiscal year under review totaled ¥55,048 million, down 19.4% year on year. On the earnings front, due mainly to decrease in net sales and a decrease in production volume, operating profit came to ¥3,164 million, down 66.6% year on year, and ordinary profit came to ¥4,525 million, down 56.8% year on year. Profit attributable to

owners of the parent amounted to ¥2,674 million, down 64.2% year on year.

In the consolidated fiscal year under review, net production of Needle Roller Bearings and Linear Motion Rolling Guides was ¥50,231 million based on average sales price, down 23.8% year on year. And, net orders of Needle Roller Bearings, Linear Motion Rolling Guides and Machine Components were down 27.5% to ¥44,908 million.

Because the Group manufactures and sells Needle Roller Bearings, Linear Motion Rolling Guides and Machine Components on an integrated basis, disclosure of segment information has been omitted. Sales of Needle Roller Bearings and Linear Motion Rolling Guides totaled ¥48,469 million, 21.2% decrease compared with the corresponding period of the previous fiscal year. Sales of Machine Components down 2.2% to ¥6,579 million.

Business Segment Information

	March 31, 2024		March 31, 2023		Change	
	Millions of Yen	Component percentages	Millions of Yen	Component percentages	Millions of yen	Percentage change
Needle Roller Bearings, Linear Motion Rolling Guides	48,469	88.0	61,536	90.1	△13,067	△21.2
Machine Components	6,579	12.0	6,723	9.9	△144	△2.2
Total net sales	55,048	100.0	68,260	100.0	△13,212	△19.4

(2) Summary of Financial Position

Total assets as of March 31, 2024, totaled ¥119,187 million, an increase of ¥4,839 million compared with the end of the previous fiscal year. This mainly comprised increases in inventories of ¥3,620 million and tangible fixed assets of ¥1,472 million and investment securities of ¥2,713 million as well as decrease in notes and accounts receivable-trade of ¥3,837 million.

Total liabilities amounted to ¥43,022 million, an increase of ¥337 million compared with the end of the previous fiscal year. This mainly comprised increases in short-term borrowings of ¥5,000 million and long-term borrowings of ¥5,715 million as well as decrease in notes and accounts payable-trade of ¥7,005 million and income taxes payable of ¥2,451 million.

Total net assets amounted to ¥76,164 million, an increase of ¥4,501 million compared with the end of the previous fiscal year. This mainly comprised an increases in valuation difference on available-for-sale securities of ¥1,891 million and foreign currency translation adjustments of ¥2,632 million.

(3) Summary of Cash Flows

Cash and cash equivalents at the end of the fiscal year under review totaled ¥18,980 million, an increase of ¥387 million compared with the end of the previous fiscal year.

Cash Flows from Operating Activities

Net cash used in operating activities was ¥2,488 million. The major inflows were profit before income taxes of ¥5,032 million, depreciation and amortization of ¥3,325 million and decrease in trade receivables of ¥4,255 million, while the major outflows were an increase inventories of ¥1,728 million, decrease in trade payables of ¥7,406 million and income taxes paid of ¥4,338 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥5,304 million. The major outflows were purchase of property, plant and equipment of ¥4,305 million and purchase of intangible assets of ¥703 million.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥7,566 million. The major inflows were proceeds from short-term borrowings of ¥5,000 million and proceeds from long-term borrowings of ¥10,100 million, while the major outflows were repayments of long-term borrowings of ¥4,384 million, purchase of treasury shares of ¥1,595 million and dividends paid of ¥1,412 million.

The trend of cash flow indices is as follows:

	For the periods ended			
	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021
Equity ratio (%)	63.8	62.6	59.6	58.7
Equity ratio on market value basis (%)	37.1	36.2	35.9	46.5
Debt repayment period (Years)	—	3.5	2.2	5.0
Interest coverage ratio (Times)	—	63.9	86.8	49.3

Notes:

Equity ratio:	Total shareholders' equity / total assets
Equity ratio on market value basis:	Aggregate market value of common stock / total assets
Debt repayment period:	Interest-bearing liabilities / cash flows from operating activities
Interest coverage ratio:	Cash flows from operating activities / interest payments

- All indices based on consolidated financial figures.
- Aggregate market value of common stock:
Market price at the period-end x number of shares outstanding at the period-end (excluding treasury stock)
- Cash flows from operating activities corresponds to the cash flow from operating activities in the consolidated statement of cash flows. Interest-bearing liabilities include all liabilities reported on the consolidated balance sheet for which the Group is paying interest. Interest payments correspond to the interest paid in the consolidated statement of cash flows.

(4) Outlook

Looking ahead, we expect the outlook to remain highly uncertain due in part to risks associated with soaring resource prices, rising inflation, exchange rate volatility, and growing geopolitical uncertainty. In addition, although private capital investment demand, including for electronics-related devices, is currently weak, we expect a gradual recovery against the backdrop of rising demand for generative AI semiconductors as well as for automation and labor-saving measures that address labor shortages.

In light of these economic conditions, the Group is forecasting consolidated net sales of ¥58,000 million, operating profit of ¥4,300 million, ordinary profit of ¥4,900 million and profit attributable to owners of parent of ¥3,100 million for the year ending March 31, 2025.

(5) Fundamental Earnings Distribution Policy and Dividends for the Current and Next Fiscal Periods

With regard to the distribution of profits, Nippon Thompson Co., Ltd. (the “Company”) positions the return of profits to shareholders as one of its major management issues, having as its basic policy continuing stable dividends while taking performance levels into overall consideration.

In addition, while giving heed to such factors as the future business environment, the Group intends to retain sufficient internal reserves. Specifically in this regard, the Group works to strengthen its management base and improve earnings power to maximize corporate value. Simultaneously, it reviews production systems that respond to rapid technological innovation and fluctuating demand and makes such investments as new product development.

In keeping with the basic policy and as a result of a general review of, for example, the level of performance over the fiscal year and internal reserves, the Company plans a year-end dividend of ¥9.5 per share. Including the interim dividend of ¥9.5 per share, the planned full-year dividend payment ¥19.0 per share.

The Company is forecasting a dividend of ¥19.0 per share (including an interim dividend of ¥9.5 per share) for the fiscal year ending March 31, 2025.

6. Basic Stance on Selection of Accounting Methods

The Group applies “Japanese GAAP” to facilitate the comparison of consolidated financial statements with different reporting periods.

As for the adoption of “International Financial Reporting Standards (IFRS)”, the Group maintains a policy of continuing to appropriately respond to the situation going forward.

7. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of March 31, 2024 and 2023

ASSETS	Millions of yen	
	March 31, 2024	March 31, 2023
Current Assets:		
Cash and deposits	19,773	18,848
Notes and accounts receivable-trade	13,435	17,272
Finished products	20,262	17,477
Work in process	12,101	11,882
Raw material	9,439	8,823
Others	2,484	2,329
Less: Allowance for doubtful accounts	(10)	(10)
Total current assets	<u>77,486</u>	<u>76,624</u>
Non-Current Assets:		
Tangible fixed assets:		
Buildings and structures	7,081	6,743
Machinery and vehicles	10,804	9,849
Tools and fixtures	754	735
Land	2,850	2,873
Lease assets	392	418
Construction in progress	751	453
Others	1,291	1,378
Total tangible fixed assets	<u>23,926</u>	<u>22,453</u>
Intangible fixed assets:	<u>1,650</u>	<u>1,056</u>
Investments and other assets:		
Investment securities	11,826	9,113
Deferred tax assets	353	2,099
Others	3,970	3,026
Less: Allowance for doubtful accounts	(26)	(26)
Total investments and other assets	<u>16,122</u>	<u>14,212</u>
Total non-current assets	<u>41,700</u>	<u>37,723</u>
TOTAL ASSETS	<u>119,187</u>	<u>114,347</u>

		Millions of yen	
LIABILITIES		March 31, 2024	March 31, 2023
Current Liabilities:			
Notes and accounts payable-trade		4,590	11,595
Short-term borrowings		5,000	—
Current portion of bonds		5,000	—
Current portion of long-term borrowings		5,054	3,786
Lease obligations		399	364
Accrued expenses		2,981	3,174
Income taxes payable		361	2,813
Allowance for directors' and corporate auditors' bonuses		65	92
Others		1,932	2,511
Total current liabilities		25,383	24,337
Non-Current Liabilities:			
Corporate bonds		5,000	10,000
Long-term borrowings		11,166	6,718
Lease obligations		1,091	1,252
Deferred tax liabilities		47	126
Net defined benefit liabilities		32	30
Provision for share-based remuneration for directors		179	110
Others		122	109
Total non-current liabilities		17,639	18,348
TOTAL LIABILITIES		43,022	42,685
NET ASSETS			
Shareholders' Equity:			
Common stock		9,533	9,533
Capital surplus		12,886	12,886
Retained earnings		45,451	44,191
Treasury stock		(2,430)	(917)
Total shareholders' equity		65,440	65,693
Accumulated Other Comprehensive Income:			
Valuation difference on available-for-sale securities		5,007	3,115
Deferred gains or losses on hedges		(1)	(2)
Foreign currency translation adjustments		5,394	2,761
Remeasurements of defined benefit plans		208	(27)
Total accumulated other comprehensive income		10,609	5,847
Subscription rights to shares		114	121
TOTAL NET ASSETS		76,164	71,662
TOTAL LIABILITIES AND NET ASSETS		119,187	114,347

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

Consolidated Statements of Income

Years ended March 31, 2024 and 2023

	Millions of yen	
	March 31, 2024	March 31, 2023
Net Sales	55,048	68,260
Cost of Sales	37,045	43,782
Gross Profit	18,002	24,477
Selling, General and Administrative Expenses	14,838	15,017
Operating Profit	3,164	9,459
Non-Operating Income:		
Interest income	57	31
Dividend income	287	284
Foreign exchange gains	857	468
Insurance income	25	11
Others	295	363
	1,522	1,159
Non-Operating Expenses:		
Interest expenses	122	99
Loss on retirement of fixed assets	11	11
Others	26	28
	161	139
Ordinary Profit	4,525	10,479
Extraordinary income:		
Gain on sales of investment securities	507	31
	507	31
Extraordinary Losses:		
Impairment losses	—	21
	—	21
Profit Before Income Taxes	5,032	10,489
Income Taxes:		
Current	1,648	3,762
Deferred	709	(742)
	2,358	3,020
Profit	2,674	7,469
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	2,674	7,469

Consolidated Statements of Comprehensive Income

Years ended March 31, 2024 and 2023

	Millions of yen	
	March 31, 2024	March 31, 2023
Profit	2,674	7,469
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	1,891	98
Deferred gains or losses on hedges	1	(2)
Foreign currency translation adjustments	2,632	1,291
Remeasurements of defined benefit plans	235	(92)
Total Other Comprehensive Income	4,761	1,294
Comprehensive Income	7,436	8,763
Breakdown:		
Comprehensive income attributable to owners of the parent	7,436	8,763
Comprehensive income attributable to non-controlling interests	—	—

(3) Statement of Changes in Consolidated Shareholders' Equity

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2023	9,533	12,886	44,191	(917)	65,693
Changes during the period					
Cash dividends	—	—	(1,414)	—	(1,414)
Profit attributable to owners of parent	—	—	2,674	—	2,674
Acquisition of treasury stock	—	—	—	(1,595)	(1,595)
Disposal of treasury stock	—	—	0	82	82
Net changes in items other than shareholders' capital	—	—	—	—	—
Total changes during the period	—	—	1,259	(1,513)	(253)
As of March 31, 2024	9,533	12,886	45,451	(2,430)	65,440

	Accumulated other comprehensive income					Subscription rights to shares	Total net assets
	Net unrealized holding gains on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income		
As of April 1, 2023	3,115	(2)	2,761	(27)	5,847	121	71,662
Changes during the period							
Cash dividends	—	—	—	—	—	—	(1,414)
Profit attributable to owners of parent	—	—	—	—	—	—	2,674
Acquisition of treasury stock	—	—	—	—	—	—	(1,595)
Disposal of treasury stock	—	—	—	—	—	—	82
Net changes in items other than shareholders' capital	1,891	1	2,632	235	4,761	(6)	4,755
Total changes during the period	1,891	1	2,632	235	4,761	(6)	4,501
As of March 31, 2024	5,007	(1)	5,394	208	10,609	114	76,164

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2022	9,533	12,886	37,881	(1,024)	59,276
Changes during the period					
Cash dividends	—	—	(1,160)	—	(1,160)
Profit attributable to owners of parent	—	—	7,469	—	7,469
Acquisition of treasury stock	—	—	—	(0)	(0)
Disposal of treasury stock	—	—	1	106	108
Net changes in items other than shareholders' capital	—	—	—	—	—
Total changes during the period	—	—	6,310	106	6,416
As of March 31, 2023	9,533	12,886	44,191	(917)	65,693

	Accumulated other comprehensive income					Subscription rights to shares	Total net assets
	Net unrealized holding gains on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income		
As of April 1, 2022	3,017	—	1,470	65	4,552	144	63,974
Changes during the period							
Cash dividends	—	—	—	—	—	—	(1,160)
Profit attributable to owners of parent	—	—	—	—	—	—	7,469
Acquisition of treasury stock	—	—	—	—	—	—	(0)
Disposal of treasury stock	—	—	—	—	—	—	108
Net changes in items other than shareholders' capital	98	(2)	1,291	(92)	1,294	(23)	1,270
Total changes during the period	98	(2)	1,291	(92)	1,294	(23)	7,687
As of March 31, 2023	3,115	(2)	2,761	(27)	5,847	121	71,662

(4) Consolidated Statements of Cash Flows

Years ended March 31, 2024 and 2023

	Millions of yen	
	March 31, 2024	March 31, 2023
Cash Flows from Operating Activities:		
Profit before income taxes	5,032	10,489
Depreciation and amortization	3,325	3,423
Increase (Decrease) in allowance for doubtful accounts	(0)	(6)
Impairment losses	—	21
Increase (Decrease) in net defined benefit liabilities	(62)	(53)
Interest and dividend income	(344)	(316)
Interest expenses	122	99
Foreign exchange losses (gains)	(360)	(337)
Loss on retirement of fixed assets	11	11
Loss (gain) on sales of investment securities	(507)	(31)
Decrease (Increase) in trade receivables	4,255	78
Decrease (Increase) in inventories	(1,728)	(3,596)
Decrease (Increase) in other accounts receivable	52	(277)
Increase (Decrease) in trade payables	(7,406)	(476)
Increase (Decrease) in accrued expenses	(240)	227
Others-net	(522)	346
Subtotal	<u>1,627</u>	<u>9,602</u>
Interest and dividend income received	344	316
Interest expenses paid	(122)	(100)
Income taxes paid	(4,338)	(3,419)
Net cash provided by (used in) operating activities	<u>(2,488)</u>	<u>6,398</u>

	Millions of yen	
	March 31, 2024	March 31, 2023
Cash Flows from Investing Activities:		
Payments for purchase of property, plant and equipment	(4,305)	(2,187)
Payments for purchase of intangible assets	(703)	(147)
Payments for purchase of insurance funds	(322)	(342)
Proceeds from cancellation of insurance funds	74	—
Others-net	(48)	(23)
Net cash provided by (used in) investing activities	(5,304)	(2,702)
Cash Flows from Financing Activities:		
Net increase (decrease) in short-term borrowings	5,000	(2,200)
Proceeds from long-term borrowings	10,100	4,000
Repayments of long-term borrowings	(4,384)	(3,879)
Cash dividends paid	(1,412)	(1,155)
Payments for purchase of treasury stock	(1,595)	(0)
Others-net	(140)	(116)
Net cash provided by (used in) financing activities	7,566	(3,351)
Effect of exchange rate change on cash and cash equivalents	613	401
Net increase (decrease) in cash and cash equivalents	387	746
Cash and cash equivalents at beginning of year	18,593	17,847
Cash and cash equivalents at end of year	18,980	18,593

(5) Notes

(Notes on the Premise of a Going Concern)

There are no applicable articles.

(Changes in accounting estimates)

Evaluation of Inventory Assets

To determine the value of inventory assets, the Company formulates evaluation rates based on the inventory storage periods for each product, as well as past sales and consumption records. Based on these rates, the value of stagnant inventory is written down accordingly.

Five years have passed since a mission-critical system was introduced in the 69th fiscal period, so we conducted a survey based on accumulated detailed data to reassess the status of any stagnation within categories of inventory, categories of products, and multiple categories of standards and special types. We also conducted a study of the future consumption probability in light of past sales and consumption conditions. In line with the current status, we revised the evaluation rates for stagnation. From the first quarter of the fiscal year under review, stagnant inventory is now written down based on the new evaluation rates to more appropriately reflect the declining profitability related to inventory assets in the financial position and operating results.

As a result, in comparison with previous methods, cost of sales in the fiscal year under review increased ¥786 million while operating income, ordinary income, and income before income taxes each decreased by a similar amount.

(Segment Information)

Because the Group manufactures and sells Needle Roller Bearings, Linear Motion Rolling Guides and Machine Components on an integrated basis, the disclosure of segment information has been omitted.

(Per Share Information)

	Yen	
	March 31, 2024	March 31, 2023
Net assets per share	1,104.33	1,003.28
Earnings per share	37.82	104.92
Diluted earnings per share	37.71	104.57

Notes: 1. Basis for calculations of earnings per share and diluted earnings per share is as follows.

	Millions of yen	
	March 31, 2024	March 31, 2023
Earnings per share		
Profit attributable to owners of parent	2,674	7,469
Value not attributed to common stock	—	—
Profit attributable to owners of parent pertaining to common stock	2,674	7,469
Average number of shares outstanding at period-end	70,714,066shares	71,195,717shares
Diluted earnings per share		
Adjustment value of profit attributable to owners of parent	—	—
Increase in number of shares outstanding (of which subscription rights to shares)	217,115 shares (217,115 shares)	237,235 shares (237,235 shares)
Residual shares not included in the calculation of diluted earnings income per share because they have no dilutive effect	—	—

2. With regard to the computation of the number of shares outstanding at period-end, which is used to determine net assets per share, and the average number of shares outstanding at period-end, which is used to determine earnings per share for the period, the shares held by the share-issuing trust for executives and the ESOP trust are included in treasury stock.

(Important Subsequent Events)

There are no applicable articles.