

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japan Standards] (Consolidated)

Company name:	MAX Co., Ltd.	Stock listing:	Tokyo Stock Exchange
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Date of annual shareholder meeting	June 28, 2023		
Date of filing of financial statements	June 28, 2023		
Date of commencement of dividend payment	June 29, 2023		
Supplementary explanation document for the accounts is created.	Yes		
Briefing for the accounts (for investment analysts and fund managers) is held.	Yes		

(Millions of yen rounded down)

1. Consolidated Operating Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results (Total)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parental Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2023	84,316	14.0	9,926	32.4	10,510	26.9	7,619	25.1
FY ended March 2022	73,958	15.5	7,498	12.2	8,282	21.3	6,090	18.2

(Note) Comprehensive income

FY ended March 31, 2023:	8,797 million yen (17.1%)
FY ended March 31, 2022:	7,512 million yen (8.1%)

	Net Income per Share	Net Income per Share after Dilution	ROE	ROA	Operating Margin
	Yen	Yen	%	%	%
FY ended March 2023	161.07	—	8.9	9.3	11.8
FY ended March 2022	128.40	—	7.5	7.8	10.1

(Reference) Equity in (earnings) losses of affiliates

FY ended March 31, 2023:	— million yen
FY ended March 31, 2022:	— million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	116,742	88,906	76.1	1,877.19
As of March 31, 2022	109,043	83,136	76.1	1,755.41

(Reference) Shareholders' equity

As of March 31, 2023:	88,795 million yen
As of March 31, 2022:	83,035 million yen

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financial Activities	Cash and Cash Equivalents at End of the Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended March 2023	8,248	(1,085)	(3,332)	26,987
FY ended March 2022	5,629	(2,442)	(3,274)	22,435

2. Dividends

	Dividends per Share					Total Dividends	Payout Ratio (Consolidated)	Dividend on Equity (Consolidated)
	End of Q1	End of Q2	End of Q3	End of Q4	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY ended March 2022	—	—	—	64.00	64.00	3,027	49.8	3.8
FY ended March 2023	—	—	—	78.00	78.00	3,689	48.4	4.3
FY ending March 2024 (Forecast)	—	—	—	78.00	78.00		47.9	

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half (Total)	42,850	2.1	4,950	11.6	4,900	(14.4)	3,590	(13.1)	75.90
Full year	87,800	4.1	10,700	7.8	10,600	0.8	7,700	1.1	162.78

* Notes

(1) Changes in material subsidiaries during the fiscal term under review (changes in specific subsidiaries affecting the scope of consolidation): None

New: — (Company name:) Excluded: — (Company name:)

(2) Changes in accounting principles, changes in accounting estimates and restatements

1) Changes due to revisions to accounting standards, etc.: Yes

2) Changes other than 1): None

3) Changes in accounting estimates: None

4) Restatements: None

(Note) For details, please refer to page 15 of the appendix, “3. Consolidated Financial Statement and Main Notes, (5) Notes Relating to the Consolidated Financial Statements, (Changes in Accounting Principles).”

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at term-end (including treasury stock)

As of March 31, 2023: 47,537,426 shares

As of March 31, 2022: 47,537,426 shares

2) Amount of treasury stock at term-end

As of March 31, 2023: 235,275 shares

As of March 31, 2022: 234,892 shares

3) Amount of average stock during term

Twelve months ended March 31, 2023: 47,302,336 shares

Twelve months ended March 31, 2022: 47,436,026 shares

(Reference) Non-consolidated Operating Results

Non-consolidated Operating Results for the Fiscal Year Ended March 31, 2023

(April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2023	75,063	15.4	8,378	76.9	8,997	65.2	6,459	64.7
FY ended March 2022	65,023	18.4	4,735	103.0	5,446	66.8	3,921	50.3

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
FY ended March 2023	136.56	—
FY ended March 2022	82.66	—

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	101,833	76,426	75.1	1,615.72
As of March 31, 2022	95,843	72,593	75.7	1,534.66

(Reference) Shareholders' equity

As of March 31, 2023: 76,426 million yen
As of March 31, 2022: 72,593 million yen

***This summary of financial results is not subject to audits of certified public accountants or auditing corporations.**

***Explanation and other special notes regarding the appropriate use of the earnings forecast**

Statements on the future of our business in these materials, including the earnings forecast, are based on information available at this moment and certain preconditions which we judge as rational and appropriate. Therefore, actual results and other achievements may differ from the above forecasts for various reasons. For the preconditions of our earnings forecast and matters to be noted when using the forecast, please refer to page 5 of the appendix, "1. Summary of Operating Results, (3) Future Prospects."

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[Qualitative Information and Financial Statements]

1. Summary of Operating Results

(1) Summary of Operating Results for the Current Term

1) Business results of all companies during the consolidated fiscal year under review

(Millions of yen, %)

	FY 2022 (Ended March 2023)	FY 2021 (Ended March 2022)	Year-on-year Change	
			Increase (Decrease)	Rate of Increase (Decrease)
Net Sales	84,316	73,958	+10,358	+14.0
Operating Income	9,926	7,498	+2,427	+32.4
Ordinary Income	10,510	8,282	+2,228	+26.9
Net Income Attributable to Shareholders of Parental Company	7,619	6,090	+1,528	+25.1
Net Income per Share	161.07 yen	128.40 yen	+32.67 yen	—
Operating Margin	11.8	10.1	+1.7 points	
ROE	8.9	7.5	+1.4 points	

During the consolidated fiscal year under review (from April 1, 2022 to March 31, 2023), the global economy continued to proceed on a gradual recovery footing.

In the housing market, which affects the Group's Industrial Equipment segment, the number of new housing construction starts in Japan remained solid for rentals and unit sales, although the number of owner-occupied housing decreased year-on-year. In the United States, although housing starts slowed, construction investment trended firm in the non-housing construction market such as commercial buildings and expressways. The European market continued a gradual recovery due to economic measures in each country, despite some stagnation of economic recovery as the result of the prolonged Russia-Ukraine conflict and concerns regarding inflation.

Furthermore, corporate earnings continued to be impacted by increases in prices for raw materials and fluctuations in exchange rates.

Under such circumstances, net sales increased 14.0% from the previous fiscal year to ¥84,316 million, and operating income increased 32.4% from the previous fiscal year to ¥9,926 million. Ordinary income increased 26.9% from the previous fiscal year to ¥10,510 million, and net income attributable to shareholders of parental company also increased 25.1% from the previous fiscal year to ¥7,619 million.

2) Business results by segment for the consolidated fiscal year under review

(Millions of yen, %)

Segment		FY 2022 (Ended March 2023)	FY 2021 (Ended March 2022)	Year-on-year Change	
				Increase (Decrease)	Rate of Increase (Decrease)
Office Equipment	Net Sales	21,482	18,513	+2,969	+16.0
	Segment Profit	4,287	3,034	+1,253	+41.3
	Segment Profit Rate	20.0	16.4	+3.6 points	
Industrial Equipment	Net Sales	59,719	52,569	+7,150	+13.6
	Segment Profit	9,433	7,739	+1,693	+21.9
	Segment Profit Rate	15.8	14.7	+1.1 points	
HCR Equipment	Net Sales	3,113	2,875	+237	+8.3
	Segment Profit	(201)	(126)	(75)	—
	Segment Profit Rate	(6.5)	(4.4)	(2.1) points	
Adjustments	Segment Profit	(3,594)	(3,148)	(445)	—
Group-wide	Net Sales	84,316	73,958	+10,358	+14.0
	Operating Income	9,926	7,498	+2,427	+32.4
	Operating Margin	11.8	10.1	+1.7 points	

Office Equipment Segment

Business results for the Office Equipment segment were as follows: Net sales of ¥21,482 million (an increase of 16.0% from the previous fiscal year), segment profit of ¥4,287 million (an increase of 41.3% from the previous fiscal year), and segment profit rate of 20.0%.

In domestic office equipment product operations, net sales were ¥7,450 million (an increase of 2.3% from the previous fiscal year).

Sales of labelling and signage products increased (for example, sales of BEPOP label-making machines increased) due to proposal-based activities using online seminars and tradeshows.

In overseas office equipment product operations, net sales were ¥6,145 million (an increase of 32.3% from the previous fiscal year).

Sales of stationery-related products rose mainly in Southeast Asia, while sales of machinery and consumables for BEPOP label-making machines advanced thanks to strengthening of the Company's sales organization in Europe.

In auto-stapler product operations, net sales were ¥7,887 million (an increase of 19.8% from the previous fiscal year).

Sales of Auto Staplers and dedicated consumables increased in response to a shift of workers back to offices from remote work. On the other hand, sales of Auto Staplers and dedicated consumables stagnated in the fourth quarter.

Industrial Equipment Segment

Business results for the Industrial Equipment segment were as follows: Net sales of ¥59,719 million (an increase of 13.6% from the previous fiscal year), segment profit of ¥9,433 million (an increase of 21.9% from the previous fiscal year), and segment profit rate of 15.8%.

In domestic industrial equipment product operations, net sales were ¥21,312 million (an increase of 8.5% from the previous fiscal year).

Sales of TWINTIER rebar tying tools and their dedicated consumables increased, driven by the further promotion of proposal-based activities aimed at raising productivity and the development of organizational systems. Strong sales also continued for new air compressor products.

In overseas industrial equipment product operations, net sales were ¥27,241 million (an increase of 20.6% from the previous fiscal year).

Against a background of insufficient labor at construction sites and robust investment in the non-housing construction market, which includes commercial buildings and expressways, sales of consumables for TWINTIER rebar tying tools grew.

In residential environmental equipment operations, net sales were ¥11,165 million (an increase of 8.0% from the previous fiscal year).

Sales of DRYFAN bathroom heaters, ventilators and dehumidifiers, which are the mainstay of the business, increased in both the housing stock for renovation & replacement, which is a focus of the segment, and the new-built housing market.

HCR Equipment Segment

Business results for the HCR Equipment segment were as follows: Net sales of ¥3,113 million (an increase of 8.3% from the previous fiscal year) and a segment loss of ¥201 million.

As the result of proposals using tradeshows, etc., revenues increased as awareness grew about the WAVIT series, the segment's core product line, and as sales of wheelchairs to rental wholesalers were solid. However, profitability faltered under the impact of yen depreciation.

(2) Summary of Financial Position for the Current Term

1) Analysis of the Consolidated Balance Sheets

(Millions of yen, %)

	FY 2022 (As of March 31, 2023)	FY 2021 (As of March 31, 2022)	Comparison with Position at End of Previous Consolidated Fiscal Year	
			Increase (Decrease)	Rate of Increase (Decrease)
Total Assets	116,742	109,043	+7,699	+7.1
Net Assets	88,906	83,136	+5,769	+6.9
Equity Ratio	76.1	76.1	—	

Assets increased ¥7,699 million compared to the end of the previous consolidated fiscal year, to ¥116,742 million. Current assets increased ¥8,758 million mainly due to increases of ¥4,313 million in cash and deposits, ¥2,364 million in merchandise and finished goods, and ¥1,392 million in marketable securities. Non-current assets decreased ¥1,058 million mainly due to a fall of ¥3,065 million in investment securities, despite an increase of ¥1,054 million in property, plant and equipment.

Liabilities increased ¥1,929 million compared to the end of the previous consolidated fiscal year, to ¥27,836 million. Current liabilities increased ¥1,608 million primarily as a result of a rise of ¥787 million in provision for bonuses and an increase of ¥780 million in income taxes payable. Non-current liabilities increased ¥320 million due to factors such as a rise of ¥125 million in long-term loans payable.

Net assets increased ¥5,769 million compared to the end of the previous consolidated fiscal year, to ¥88,906 million. Shareholders' equity increased ¥4,590 million. One key factor was the ¥7,619 million net income attributable to shareholders of parental company, despite the ¥3,027 million paid out in cash dividends.

Accumulated other comprehensive income increased ¥1,168 million. This was due to factors including an increase in foreign currency translation adjustment of ¥1,081 million.

2) Analysis of Consolidated Cash Flows

Summary of Consolidated Cash Flows

(Millions of yen)

Category	FY 2021	FY 2022	Increase (Decrease)
Cash and cash equivalents at beginning of the year	21,421	22,435	+1,014
Funds provided by (used in) operating activities	5,629	8,248	+2,619
Funds provided by (used in) investment activities	(2,442)	(1,085)	+1,357
Funds provided by (used in) financing activities	(3,274)	(3,332)	(58)
Effect of exchange rate change on cash and cash equivalents	1,102	721	(380)
Net increase (decrease) in cash and cash equivalents	1,014	4,552	+3,538
Cash and cash equivalents at end of the year	22,435	26,987	+4,552

Analysis of Consolidated Cash Flows

The balance of cash and cash equivalents (“funds”) at the end of the consolidated fiscal year under review increased ¥4,552 million compared to the end of the previous consolidated fiscal year, to ¥26,987 million.

Factors in the status of each type of cash flow in the consolidated fiscal year under review were as follows.

Cash flows from operating activities

Funds provided by operating activities in the consolidated fiscal year under review amounted to ¥8,248 million. The key increases came from net income before income taxes of ¥10,300 million and depreciation of ¥3,022 million. On the other hand, the key decreases came from an increase of ¥2,329 million in inventories and ¥2,915 million paid as income taxes.

Cash flows from investment activities

Funds used in investment activities in the consolidated fiscal year under review amounted to ¥1,085 million. The key decreases came from purchase of property, plant and equipment of ¥3,387 million and purchase of short-term and long-term investment securities of ¥2,603 million. The key increase came from proceeds of ¥4,818 million from sales and redemption of short-term and long-term investment securities.

Cash flows from financing activities

Funds used in financing activities in the consolidated fiscal year under review amounted to ¥3,332 million. The key decrease came from ¥3,024 million in cash dividends paid.

The trend of the Group's cash flow indicators is as follows.

	FY 2019	FY 2020	FY 2021	FY 2022
Equity Ratio (%)	76.3	76.7	76.1	76.1
Market Value-Based Equity Ratio (%)	81.9	76.2	73.9	85.9
Cash Flow to Interest Bearing Debt Ratio (annual)	0.3	0.3	0.4	0.3
Interest Coverage Ratio (times)	211.0	199.6	89.8	204.0

- Equity Ratio: Shareholders' Equity ÷ Total Assets
- Market Value-Based Equity Ratio: Market Value of Shares ÷ Total Assets
- Cash Flow to Interest Bearing Debt Ratio: Interest-Bearing Debt ÷ Operating Cash Flows
- Interest Coverage Ratio: Operating Cash Flows ÷ Interest Payments

(Note 1) In each case, indices are calculated based on consolidated financial figures.

(Note 2) Market Value of Shares is based on the number of outstanding shares excluding treasury stock.

(Note 3) For Cash Flow, operating cash flow is used.

(Note 4) Interest-Bearing Debt includes all debt on the consolidated balance sheets that incur interest.

(3) Future Prospects

When examining the business environment surrounding the Group, a gradual economic recovery is expected as the result of relaxing restrictions on economic activities due to the COVID-19 pandemic. However, conditions are increasingly unpredictable due to factors such as rising global raw material prices, sluggish consumer behavior due to rising inflation, and the prolonged Russia-Ukraine conflict.

For the fiscal year ending March 31, 2024, we plan to have net sales of ¥87,800 million (up 4.1% from the previous fiscal year), operating income of ¥10,700 million (up 7.8%), ordinary income of ¥10,600 million (up 0.8%), and net income attributable to shareholders of parental company of ¥7,700 million (up 1.1%).

Management Indices

(Millions of yen, %)

	Results in FY under Review		Plan for Next FY	
	FY 2022		FY 2023	
	Results	Rate of Increase (Decrease)	Plan	Rate of Increase (Decrease)
Net Sales	84,316	+14.0	87,800	+4.1
Operating Income	9,926	+32.4	10,700	+7.8
Ordinary Income	10,510	+26.9	10,600	+0.8
Net Income Attributable to Shareholders of Parental Company	7,619	+25.1	7,700	+1.1
Operating Margin	11.8		12.2	
ROE	8.9		8.5	

(4) Basic Policy Relating to Distribution of Profits and Dividends for the Current and Coming Term

The Company has positioned returning profits to shareholders as one of the highest priority management policies. The Company's basic policy on profit distribution is to "expand profits from business activities through sustainable growth and distribute profits in a stable manner over the long term."

We have set our dividend policy to "maintain a minimum of 3.5% ratio of dividends to net assets with a target payout ratio of 50%, as based on consolidated financial results."

For the current fiscal year, we plan to pay an annual dividend of ¥78 per share, which is an increase of ¥14 yen from the previous fiscal year.

For the next fiscal year, we plan to pay an annual dividend of ¥78 per share, as based on our business outlook and dividend policy.

2. Basic Approach to Selection of Accounting Standards

For the time being, the Group will apply the Japanese standards to its consolidated financial statements, as we have no listing overseas scheduled and have only a limited number of operating locations overseas. However, considering the shift in foreign shareholders' percentage and trends of International Financial Reporting Standards (IFRS) adoption in other domestic companies, the Group is open to further consider the use of IFRS.

3. Consolidated Financial Statement and Main Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2021 (As of March 31, 2022)	FY 2022 (As of March 31, 2023)
ASSETS		
Current assets		
Cash and deposits	23,302	27,615
Notes receivable-trade	323	350
Electronically recorded monetary claims-operating	1,102	1,276
Accounts receivable-trade	12,358	13,094
Marketable securities	4,810	6,203
Merchandise and finished goods	8,705	11,070
Work in process	992	989
Raw materials	1,487	1,806
Other	1,851	1,287
Allowance for doubtful accounts	(4)	(4)
Total current assets	54,930	63,688
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,445	11,317
Machinery, equipment and vehicles, net	4,231	4,334
Land	7,193	7,191
Leased assets, net	634	670
Construction in progress	1,042	754
Other, net	1,415	1,749
Total property, plant and equipment	24,963	26,017
Intangible assets		
Other	440	454
Total intangible assets	440	454
Investments and other assets		
Investment securities	23,766	20,701
Long-term loans receivable	101	75
Deferred tax assets	3,974	4,721
Other	876	1,092
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	28,709	26,582
Total non-current assets	54,113	53,054
Total assets	109,043	116,742

(Millions of yen)

	FY 2021 (As of March 31, 2022)	FY 2022 (As of March 31, 2023)
LIABILITIES		
Current liabilities		
Accounts payable-trade	4,223	4,204
Short-term loans payable	2,000	1,850
Lease obligations	195	247
Accounts payable	2,058	2,032
Income taxes payable	1,597	2,378
Accrued consumption taxes	162	110
Provision for bonuses	1,834	2,622
Provision for directors' bonuses	49	80
Provision for product warranties	213	154
Other	1,715	1,979
Total current liabilities	14,051	15,660
Non-current liabilities		
Long-term loans payable	—	125
Lease obligations	438	426
Deferred tax liabilities	15	6
Deferred tax liabilities for land revaluation	474	474
Provision for product warranties	12	15
Net defined benefit liability	10,618	10,669
Asset retirement obligations	154	141
Other	142	318
Total non-current liabilities	11,855	12,176
Total liabilities	25,907	27,836
NET ASSETS		
Shareholders' equity		
Capital stock	12,367	12,367
Capital surplus	10,517	10,517
Retained earnings	58,929	63,521
Treasury stock	(413)	(414)
Total shareholders' equity	81,401	85,992
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,143	1,547
Revaluation reserve for land	(339)	(339)
Foreign currency translation adjustment	1,773	2,854
Remeasurements of defined benefit plans	(943)	(1,260)
Total accumulated other comprehensive income	1,633	2,802
Non-controlling interests	100	110
Total net assets	83,136	88,906
Total liabilities and net assets	109,043	116,742

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

	(Millions of yen)	
	FY 2021 (From April 1, 2021 to March 31, 2022)	FY 2022 (From April 1, 2022 to March 31, 2023)
Net sales	73,958	84,316
Cost of sales	42,569	48,187
Gross profit	31,388	36,129
Selling, general and administrative expenses	* 23,889	* 26,203
Operating income	7,498	9,926
Non-operating income		
Interest income	68	80
Dividend income	130	174
Rent income	19	20
Foreign exchange gains	486	244
Subsidy income	36	—
Other	133	148
Total non-operating income	874	669
Non-operating expenses		
Interest expenses	57	41
Taxes and dues	5	5
Other	27	37
Total non-operating expenses	90	84
Ordinary income	8,282	10,510
Extraordinary income		
Gain on sales of non-current assets	3	33
Gain on sales of investment securities	—	9
Total extraordinary income	3	42
Extraordinary loss		
Loss on sales of non-current assets	0	0
Loss on abandonment of non-current assets	36	48
Loss on valuation of investment securities	—	18
Impairment loss	—	185
Total extraordinary loss	36	253
Net income before income taxes	8,249	10,300
Income taxes-current	2,462	3,456
Income taxes-deferred	(298)	(780)
Total income taxes	2,164	2,675
Net income	6,085	7,624
Net income (loss) attributable to non-controlling interests	(5)	5
Net income attributable to shareholders of parental company	6,090	7,619

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	FY 2021 (From April 1, 2021 to March 31, 2022)	FY 2022 (From April 1, 2022 to March 31, 2023)
Net income	6,085	7,624
Other comprehensive income		
Valuation difference on available-for-sale securities	(115)	404
Foreign currency translation adjustment	1,546	1,084
Adjustments relating to retirement benefits	(3)	(316)
Total other comprehensive income	1,426	1,172
Comprehensive income	7,512	8,797
(Breakdown)		
Comprehensive income attributable to shareholders of parental company	7,508	8,788
Comprehensive income attributable to non-controlling interest	3	9

(3) Consolidated Statements of Changes in Net Assets
Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at beginning of the year	12,367	10,517	55,872	(373)	78,384
Cumulative effects of changes in accounting policies			(39)		(39)
Restated balance	12,367	10,517	55,832	(373)	78,344
Changes of items during the period					
Dividends of surplus			(2,289)		(2,289)
Net income attributable to shareholders of parental company			6,090		6,090
Purchase of treasury shares				(743)	(743)
Retirement of treasury shares			(704)	704	—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	3,096	(39)	3,057
Balance at end of the year	12,367	10,517	58,929	(413)	81,401

(Millions of yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	1,259	(339)	236	(940)	215	97	78,696
Cumulative effects of changes in accounting policies							(39)
Restated balance	1,259	(339)	236	(940)	215	97	78,657
Changes of items during the period							
Dividends of surplus							(2,289)
Net income attributable to shareholders of parental company							6,090
Purchase of treasury shares							(743)
Retirement of treasury shares							—
Net changes of items other than shareholders' equity	(115)	—	1,537	(3)	1,418	3	1,421
Total changes of items during the period	(115)	—	1,537	(3)	1,418	3	4,479
Balance at end of the year	1,143	(339)	1,773	(943)	1,633	100	83,136

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	12,367	10,517	58,929	(413)	81,401
Changes of items during the period					
Dividends of surplus			(3,027)		(3,027)
Net income attributable to shareholders of parental company			7,619		7,619
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	4,591	(0)	4,590
Balance at end of the year	12,367	10,517	63,521	(414)	85,992

(Millions of yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	1,143	(339)	1,773	(943)	1,633	100	83,136
Changes of items during the period							
Dividends of surplus							(3,027)
Net income attributable to shareholders of parental company							7,619
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	404	—	1,081	(316)	1,168	9	1,178
Total changes of items during the period	404	—	1,081	(316)	1,168	9	5,769
Balance at end of the year	1,547	(339)	2,854	(1,260)	2,802	110	88,906

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY 2021 (From April 1, 2021 to March 31, 2022)	FY 2022 (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Net income before income taxes	8,249	10,300
Depreciation	2,811	3,022
Impairment loss	—	185
Increase (decrease) in allowance for doubtful accounts	2	(0)
Increase (decrease) in provision for bonuses	(1)	787
Increase (decrease) in provision for directors' bonuses	(8)	30
Increase (decrease) in provision for product warranties	88	(55)
Increase (decrease) in net defined benefit liability	(174)	(404)
Interest and dividend income	(198)	(255)
Interest expenses	57	41
Foreign exchange losses (gains)	(391)	(321)
Loss on abandonment of non-current assets	36	48
Loss (gain) on sales of non-current assets	(3)	(33)
Loss (gain) on sales of investment securities	—	(9)
Loss (gain) on valuation of investment securities	—	18
Increase (decrease) in deposits received from employees	(1)	0
Decrease (increase) in notes and accounts receivable-trade	(940)	(714)
Decrease (increase) in inventories	(2,230)	(2,329)
Increase (decrease) in notes and accounts payable-trade	523	(70)
Decrease (increase) in consumption taxes refund receivable	(778)	665
Increase (decrease) in accrued consumption taxes	(90)	(66)
Decrease (increase) in other assets	(26)	(115)
Increase (decrease) in other liabilities	229	199
Subtotal	7,154	10,924
Interest and dividend income received	240	280
Interest expenses paid	(62)	(40)
Income taxes (paid) refund	(1,703)	(2,915)
Cash flows from operating activities	5,629	8,248

(Millions of yen)

	FY 2021 (From April 1, 2021 to March 31, 2022)	FY 2022 (From April 1, 2022 to March 31, 2023)
Cash flows from investment activities		
Payments into time deposits	(791)	(727)
Proceeds from withdrawal of time deposits	—	976
Purchase of short-term and long-term investment securities	(1,204)	(2,603)
Proceeds from sales and redemption of short-term and long-term investment securities	3,900	4,818
Purchase of property, plant and equipment	(4,160)	(3,387)
Payments for retirement of property, plant and equipment	—	(32)
Proceeds from sales of property, plant and equipment	10	39
Purchase of intangible assets	(227)	(186)
Payments of loans receivable	(1)	(1)
Collection of loans receivable	36	31
Payments for asset retirement obligations	(4)	(14)
Cash flows from investment activities	(2,442)	(1,085)
Cash flows from financing activities		
Proceeds from loans payable	—	125
Repayments of loans payable	—	(150)
Purchase of treasury shares	(744)	(0)
Cash dividends paid	(2,290)	(3,024)
Repayments of lease obligations	(238)	(282)
Cash flows from financing activities	(3,274)	(3,332)
Effect of exchange rate change on cash and cash equivalents	1,102	721
Net increase (decrease) in cash and cash equivalents	1,014	4,552
Balance of cash and cash equivalents, beginning of the period	21,421	22,435
Balance of cash and cash equivalents, end of the period	22,435	26,987

(5) Notes Relating to the Consolidated Financial Statements

(Notes Relating to the Assumption of Going Concern)

None.

(Changes in Accounting Principles)

(Application of the United States Financial Accounting Standards Board's Accounting Standards Codification (ASC) No. 842 on Leasing)

Some of our overseas consolidated subsidiaries that have adopted US GAAP have applied ASC No. 842 on leasing since the beginning of the consolidated fiscal year under review.

As a result, in principle, all leases of the lessee's lease transactions at the overseas consolidated subsidiary will be recorded as assets and liabilities on the balance sheet.

In applying ASC No. 842, we have adopted the method of recognizing the cumulative impact of the application of the accounting standards on the date of starting application, as permitted in the transitional measures.

As a result, at the beginning of the consolidated fiscal year under review, "Other" for investments and other assets increased by ¥268 million, "Other" for current liabilities increased by ¥36 million, and "Other" for non-current liabilities increased by ¥232 million.

There will be no impact on profit or loss for the consolidated fiscal year under review.

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

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31; June 17, 2021; hereinafter, "Fair Value Measurement Implementation Guidance") since the beginning of the consolidated fiscal year under review. In accordance with the transitional treatment defined in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance, the Company has decided to henceforward apply the new accounting principles stipulated by the Fair Value Measurement Implementation Guidance.

This will not impact the consolidated financial statements.

(Matter Related to the Consolidated Statement of Income)

The main expense items and amount from selling, general and administrative expenses are listed below.

	(Millions of yen)	
	FY 2021 (From April 1, 2021 to March 31, 2022)	FY 2022 (From April 1, 2022 to March 31, 2023)
Salaries	5,927	6,055
Packing and delivery expenses	4,207	4,697
Promotion expenses	1,299	1,415
Provision of allowance for doubtful accounts	2	—
Depreciation	1,014	1,123
Provision for bonuses	1,105	1,590
Provision for directors' bonuses	49	80
Provision for product warranties	94	10
Retirement benefit expenses	743	667

(Segment Information)

1) Summary of reported segments

The reported segments of the Group are those of the constituent units of the Company for which separate financial statements are available and are subject to regular review by the board of directors for decisions on allocation of management resources and to assess business performance.

The Group has a manufacturing and sales organization with products and services and with respect to the products and services handled formulates comprehensive domestic and overseas strategies and engage in business activities.

Therefore, the Group is constituted by segments by products and services based on the manufacturing and sales organization and have 3 reported segments of “Office Equipment,” “Industrial Equipment” and “HCR Equipment.”

“Office Equipment” segment is engaged in the manufacture and sale of office equipment and stationery related products. “Industrial Equipment” segment is engaged in the manufacture and sale of construction machinery and tools as well as residential equipment. “HCR Equipment” is engaged in the manufacture and sale of welfare and nursing care products.

2) Method of calculating the amounts of segment sales, profit or loss, assets and other items

The method of accounts processing used for the reported business segments is generally consistent with the method used in creation of consolidated financial statement.

3) Information on the amounts of segment sales, profit or loss, assets and other items

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reported segments			Adjustments	Total
	Office Equipment	Industrial Equipment	HCR Equipment		
Net sales					
Net sales to outside customers	18,513	52,569	2,875	—	73,958
Inter-segments sales or transfers	—	—	—	—	—
Total	18,513	52,569	2,875	—	73,958
Segment profit (loss)	3,034	7,739	(126)	(3,148)	7,498
Segment assets	22,125	41,523	3,076	42,318	109,043
Other items					
Depreciation	771	1,942	97	—	2,811
Increase in property, plant and equipment and intangible assets	1,120	3,242	23	—	4,387

(Notes) 1. Segment profit is consistent with operating income in consolidated statement of income.

2. The adjustment amounts are as follows.

- (1) The segment profit adjustment of negative ¥3,148 million includes the negative ¥3,148 million of the Group-wide expenses, which are not allocated to the individual reported segments. Group-wide expenses are mainly comprised of general and administrative expenses not attributable to the reported segment.
- (2) The segment assets adjustment of ¥42,318 million includes the ¥42,318 million of the Group-wide assets, which are not allocated to the individual reported segments. Group-wide assets are mainly comprised of investment securities and cash and deposits not attributable to the reported segment.

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reported segments			Adjustments	Total
	Office Equipment	Industrial Equipment	HCR Equipment		
Net sales					
Net sales to outside customers	21,482	59,719	3,113	—	84,316
Inter-segments sales or transfers	—	—	—	—	—
Total	21,482	59,719	3,113	—	84,316
Segment profit (loss)	4,287	9,433	(201)	(3,594)	9,926
Segment assets	22,728	45,469	2,732	45,811	116,742
Other items					
Depreciation	693	2,235	94	—	3,022
Impairment loss	0	184	—	—	185
Increase in property, plant and equipment and intangible assets	737	2,761	42	—	3,541

(Notes) 1. Segment profit is consistent with operating income in consolidated statement of income.

2. The adjustment amounts are as follows.

- (1) The segment profit adjustment of negative ¥3,594 million includes the negative ¥3,594 million of the Group-wide expenses, which are not allocated to the individual reported segments. Group-wide expenses are mainly comprised of general and administrative expenses not attributable to the reported segment.
- (2) The segment assets adjustment of ¥45,811 million includes the ¥45,811 million of the Group-wide assets, which are not allocated to the individual reported segments. Group-wide assets are mainly comprised of investment securities, cash and deposits, and marketable securities not attributable to the reported segment.

4) Information on impairment loss on non-current assets, goodwill, etc., by reported segment
(Significant impairment loss on non-current assets)

The Company groups assets based on management accounting classifications as the minimum units for generating cash flow. As a result, we reduced the book values of the Yoshii Factory, Suzhou Factory, and idle assets to their recoverable amounts, and recorded the reduced amounts as an impairment loss under extraordinary loss.

We measure the recoverable amounts of the Yoshii Factory and Suzhou Factory by the net selling price. We calculate the net selling price based on information such as the real estate appraisal value.

We measure the recoverable amount of idle assets by the net selling price. We set the net selling price to the amount calculated by reasonably adjusting the non-current asset tax assessment value, or we set the recoverable amount to zero.

(Per Share Information)

(Yen)

	FY 2021 (From April 1, 2021 to March 31, 2022)	FY 2022 (From April 1, 2022 to March 31, 2023)
Net assets per share	1,755.41	1,877.19
Net income per share	128.40	161.07

(Notes) 1. With respect to the net income per share after dilution, as no latent shares exist, no inclusion has been made.

2. The basis for the calculation of the net income per share is as follows.

	FY 2021 (From April 1, 2021 to March 31, 2022)	FY 2022 (From April 1, 2022 to March 31, 2023)
Net income attributable to shareholders of parental company (¥ million)	6,090	7,619
Amount not relating to common shares (¥ million)	—	—
Net income attributable to shareholders of parental company relating to common shares (¥ million)	6,090	7,619
Average number of common shares outstanding during the term (shares)	47,436,026	47,302,336

3. The basis for the calculation of net assets per share is as follows.

	FY 2021 (As of March 31, 2022)	FY 2022 (As of March 31, 2023)
Total of net assets (¥ million)	83,136	88,906
Amount to be deducted from the total of net assets (¥ million)	100	110
(Of which non-controlling interests (¥ million))	(100)	(110)
Closing net assets relating to common shares (¥ million)	83,035	88,795
Number of common shares as of end of term used in the calculation of net assets per share (shares)	47,302,534	47,302,151

(Significant Subsequent Events)

None.