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MEMBERSHIP

May 15, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

Company name: IWATSU ELECTRIC CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 6704
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 Scheduled date of annual general meeting of shareholders: June 28, 2023
 Scheduled date to commence dividend payments: –
 Scheduled date to file annual securities report: June 28, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2023 (April 1, 2022-March 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2023	22,903	(1.2)	(983)	–	(905)	–	(1,181)	–
March 31, 2022	23,182	6.8	501	–	590	–	595	(88.6)

Note: Comprehensive income For the fiscal year ended March 31, 2023 ¥(957) million [–%]
 For the fiscal year ended March 31, 2022 ¥772 million [(86.0)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	(118.64)	–	(4.8)	(2.5)	(4.3)
March 31, 2022	59.96	–	2.4	1.6	2.2

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2023 ¥– million
 For the fiscal year ended March 31, 2022 ¥– million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	35,316	24,176	68.5	2,425.27
March 31, 2022	36,441	25,359	69.6	2,551.64

Reference: Equity

As of March 31, 2023

¥24,176 million

As of March 31, 2022

¥25,359 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	(439)	(467)	(211)	4,668
March 31, 2022	1,318	(549)	(409)	5,755

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	–	0.00	–	25.00	25.00	251	41.7	1.0
Fiscal year ended March 31, 2023	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending March 31, 2024 (Forecast)	–	0.00	–	25.00	25.00		49.9	

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2024 (April 1, 2023-March 31, 2024)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	23,600	3.0	500	–	600	–	500	–	50.15

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies other than (i): None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None
- (3) Number of issued shares (common shares)

- (i) Number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	10,080,344 shares
As of March 31, 2022	10,080,344 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2023	111,661 shares
As of March 31, 2022	141,711 shares

- (iii) Average number of shares during the period

Fiscal year ended March 31, 2023	9,958,449 shares
Fiscal year ended March 31, 2022	9,934,209 shares

[Reference] Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2023 (April 1, 2022-March 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2023	16,620	(2.6)	(1,158)	–	(936)	–	(847)	–
March 31, 2022	17,064	3.3	81	–	288	–	343	(93.4)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2023	(85.08)	–
March 31, 2022	34.54	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	33,741	21,375	63.4	2,144.31
March 31, 2022	34,068	22,269	65.4	2,240.71

Reference: Equity

As of March 31, 2023

¥21,375 million

As of March 31, 2022

¥22,269 million

* These financial statements are not subject to audit by a certified public accountant or an auditing firm.

* Explanation of appropriate use of earnings forecasts and other special notes

Forward-looking statements in this document, including earnings forecasts, are based on information currently available to the Company and certain assumptions that the Company considers reasonable, and are not intended to be a guarantee that it will achieve these forecasts. Actual results may differ significantly due to various factors. Please refer to “Overview of Operating Results, etc.” on page 2 of the attached materials for assumptions, etc. underlying the earnings forecasts.

Attached Materials

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1. Overview of operating results, etc.

(1) Overview of operating results, etc.

(i) Operating results

Although our country's economy during the current fiscal year showed progress in transitioning to the with-Corona era, and had signs of recovery in socioeconomic activities, the situation remains uncertain due to ongoing factors such as the prolonged Russia-Ukraine situation, the impact of depreciation of the yen leading to increased fuel prices, and the continued shortage of parts supply.

In such circumstances, the Group is actively promoting comprehensive management reforms to achieve thorough fixed cost reduction and accelerate the implementation of growth strategies, in accordance with the fundamental principles of our medium-term management plan, "REBORN."

As a specific initiative for revenue reform within the three-tier structure of our medium-term management plan, under the first tier "Thorough reduction of fixed costs," we established Iwatsu Chemical Cross Co., Ltd. in October 2022 to conduct a review of our printing business operations, aiming to reduce operational costs and expand into new businesses by applying chemical technologies developed through our printing business. Furthermore, to enhance profitability through improved production efficiency, we have decided to transfer all shares of our overseas production subsidiary, Iwatsu (Malaysia) Sdn. Bhd., to Silitech Technology Corporation in March of this year. This was part of our ongoing efforts to consolidate domestic production bases and explore opportunities for expanding electronic component adoption, stabilizing the supply chain, and seeking synergy through business collaboration with the Walsin Group to which the shares are being transferred.

Regarding the second tier, "Promotion of growth strategy through business selection, concentration, and alliances," we have entered into a capital and business alliance with Nextgen Inc. in December 2022 to strengthen our subscription business, and in April of this year, we released our in-house communication platform-based cloud service called "Blue Commpaas." With the aim of enhancing the profitability of our real estate business, we executed a silent partnership investment in a special purpose company in March of this year to purchase three rental apartment properties in the next fiscal year, leading to its consolidation as a subsidiary. As stated above, the initiatives for the first year of the medium-term management plan are progressing steadily.

For the current fiscal year, due to one-time expenses incurred for the implementation of the medium-term management plan, the impact of the depreciation of the yen, and the increase in inventory resulting from advanced arrangement of parts to address long-term supply difficulties, there was an increase in inventory valuation loss. As a result, the revenue for the current fiscal year amounted to ¥22,903 million (a decrease of 1.2% from the end of the previous fiscal year), with an operating loss of ¥983 million (compared to an operating profit of ¥501 million in the previous fiscal year) and an ordinary loss of ¥905 million (compared to an ordinary profit of ¥590 million in the previous fiscal year). As a result of recording an extraordinary loss of ¥270 million due to the decision to transfer shares of Iwatsu (Malaysia) Sdn. Bhd., the loss attributable to owners of parent amounted to ¥1,181 million (compared to a profit of ¥595 million attributable to owners of parent in the previous fiscal year).

The following is a breakdown by segment.

Business communication systems

In business communication systems, revenue increased mainly due to an increase in orders for cloud services in contact center solutions and large-scale contract projects by subsidiaries. However, revenue from contract manufacturing in the production subsidiary and sales of business phones decreased due to difficulties in procuring parts and project postponement or cancellation. As a result, the overall revenue amounted to ¥17,632 million (a decrease of 1.6% from the end of the previous fiscal year), and segment profit/loss was a profit of ¥758 million (a decrease of 52.5% from the end of the previous fiscal year), primarily due to an increase in valuation and disposal of inventories resulting from the advanced arrangement of parts to prepare for rising raw material sourcing costs and procurement difficulties and the streamlining of sales inventory.

Printing systems

In the printing system business, amidst a stagnant overall market, domestic consumables decreased due to the backlash of pre-price revision rush demand from the previous period. As a result, revenue amounted to ¥1,532 million (a decrease of 17.1% from the end of the previous fiscal year), and segment profit/loss resulted in a loss of ¥166 million (a profit of ¥20 million in the previous fiscal year), primarily due to increased disposal of inventories associated with business restructuring.

Test and measurement equipment

In the test and measurement equipment business, overall revenue amounted to ¥3,189 million (an increase of 8.0% from the end of the previous fiscal year) as sales were influenced by the previous year's backlog of orders for electronic components, which increased as a result of global difficulties in procuring parts. However, the segment profit/loss recorded a profit of ¥121 million (a decrease of 43.4% from the end of the previous fiscal year) primarily due to the increased valuation and disposal of inventories resulting from advanced procurement of parts to prepare for supply difficulties and the consolidation of sales inventory to align with market convergence.

Property leasing

In the property leasing business, revenue increased as a result of improved occupancy rates in rental properties. As a result, sales revenue amounted to ¥549 million (an increase of 19.2% from the end of the previous fiscal year), and the segment profit/loss recorded a profit of ¥158 million (an increase of 52.8% from the end of the previous fiscal year), primarily driven by the increase in revenue.

(ii) Financial position

Total assets at the end of the fiscal year under review were ¥35,586 million, a decrease of ¥854 million from the end of the previous fiscal year. Current assets were ¥16,878 million, down of ¥354 million from the end of the previous fiscal year, mainly due to an increase of ¥647 million in raw materials and supplies and ¥371 million in work in process, while cash and deposits decreased by ¥1,036 million, and accounts receivable-trade decreased by ¥440 million.

Non-current assets were ¥18,708 million, down ¥499 million from the end of the previous fiscal year, due to decreases in intangible assets by ¥408 million and tangible fixed assets by ¥281 million, in spite of an increase of ¥190 million in investments and other assets.

Total liabilities at the end of the fiscal year under review were ¥11,139 million, an increase of ¥58 million from the end of the previous fiscal year.

Current liabilities were ¥4,129 million, down ¥146 million from the end of the previous fiscal year, mainly due to decreases of ¥223 million in accounts payable and ¥181 million in notes and accounts payable-trade, despite of an increase of ¥259 million in contract liabilities.

Non-current liabilities were ¥7,010 million, up ¥204 million from the end of the previous fiscal year, mainly due to increases of ¥130 million in retirement benefit liability and ¥48 million in deferred tax liabilities.

Net assets at the end of the fiscal year under review were ¥24,446 million, a decrease of ¥912 million from the end of the previous fiscal year, mainly due to a decrease of ¥911 million in loss attributable to owners of parent and a decrease of ¥1,159 million in retained earnings due to the dividends surplus of ¥248 million, and an increase of ¥179 million in valuation difference on available-for-sale securities.

(iii) Cash flows

Cash and cash equivalents at the end of the fiscal year under review were ¥4,668 million, a decrease of ¥1,086 million from the previous fiscal year.

Cash flows from operating activities

Net cash used in operating activities was ¥439 million, a decrease of ¥1,758 million from the previous fiscal year. This was mainly due to expenses of ¥1,157 million for loss before income taxes and an

increase of ¥1,039 million in inventories for ¥1,061 million from depreciation and a decrease of ¥603 million in accounts receivable.

Cash flows from investing activities

Net cash used in investing activities was ¥467 million, an increase of ¥82 million from the previous fiscal year. This was mainly due to ¥293 million for the purchase of property, plant and equipment and ¥190 million for time deposits.

Cash flows from financing activities

Net cash used in financing activities was ¥211 million, an increase of ¥197 million from the previous fiscal year. This was mainly due to dividends paid of ¥247 million.

(2) Future outlook

The Group has formulated a four-year medium-term management plan, “REBORN,” with fiscal 2022 as the starting point, and is promoting with unwavering resolve bold cost structure reforms with no reservations, growth strategies that contribute to the realization of a carbon-neutral society through energy conservation and efficiency improvements, and ESG management.

With regard to future outlook, while it is anticipated that there will be further recovery in socioeconomic activities, as the COVID-19 pandemic transitions to the fifth category, concerns over geopolitical risks such as the situation between Russia and Ukraine, as well as the impact on production activities due to difficulties in obtaining parts, are expected to continue, and there are concerns about the impact on business activities in FY2023 and beyond.

In light of such conditions, for the next consolidated fiscal year, we forecast revenue of ¥23,600 million, operating profit of ¥500 million, ordinary profit of ¥600 million, and profit attributable to owners of parent of ¥500 million, as we expect to produce and sell inventories that incurred valuation losses in the current period in terms of profit.

2. Basic approach to selection of accounting standards

For the time being, the Group intends to prepare its consolidated financial statements in accordance with Japanese GAAP, taking into account the comparability of the consolidated financial statements between periods and between companies.

With regard to the adoption of IFRS, the Group will take appropriate action after considering the situation in Japan and overseas.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	5,927	4,890
Notes receivable - trade	514	386
Electronically recorded monetary claims - operating	578	567
Accounts receivable - trade	4,555	4,115
Merchandise and finished goods	1,732	1,796
Work in process	725	1,097
Raw materials and supplies	3,044	3,692
Other	154	333
Allowance for doubtful accounts	(0)	(1)
Total current assets	17,232	16,878
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,377	5,052
Machinery, equipment and vehicles, net	615	485
Tools, furniture and fixtures, net	562	544
Land	10,032	9,963
Other, net	15	5
Total property, plant and equipment	16,603	16,051
Intangible assets		
Software	911	502
Other	45	45
Total intangible assets	956	548
Investments and other assets		
Investment securities	1,149	1,456
Other	533	414
Allowance for doubtful accounts	(34)	(31)
Total investments and other assets	1,648	1,838
Total non-current assets	19,208	18,438
Total assets	36,441	35,316

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,764	1,582
Short-term borrowings	75	80
Accounts payable - other	933	710
Contract liabilities	375	635
Income taxes payable	95	77
Provision for bonuses	520	540
Provision for product warranties	65	76
Other	444	426
Total current liabilities	4,275	4,129
Non-current liabilities		
Deferred tax liabilities	3,226	3,274
Provision for share awards	56	42
Retirement benefit liability	2,966	3,097
Other	557	596
Total non-current liabilities	6,805	7,010
Total liabilities	11,081	11,139
Net assets		
Shareholders' equity		
Share capital	6,025	6,025
Capital surplus	6,948	6,948
Retained earnings	11,977	10,547
Treasury shares	(135)	(112)
Total shareholders' equity	24,815	23,408
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	304	483
Foreign currency translation adjustment	0	124
Remeasurements of defined benefit plans	239	160
Total accumulated other comprehensive income	544	768
Total net assets	25,359	24,176
Total liabilities and net assets	36,441	35,316

(2) Consolidated statements of income and comprehensive Income
(Consolidated statement of income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Revenue	23,182	22,903
Cost of sales	15,217	16,098
Gross profit	7,964	6,805
Selling, general and administrative expenses	7,463	7,788
Operating profit (loss)	501	(983)
Non-operating income		
Interest income	5	20
Dividend income	42	48
Gain on investments in capital	20	–
Rental income from land and buildings	36	36
Insurance claim income	4	27
Other	25	34
Total non-operating income	135	167
Non-operating expenses		
Interest expenses	2	3
Foreign exchange losses	15	41
Loss on retirement of non-current assets	21	23
Other	6	21
Total non-operating expenses	45	90
Ordinary profit (loss)	590	(905)
Extraordinary income		
Gain on sale of investment securities	87	3
Subsidy income	102	15
Total extraordinary income	189	18
Extraordinary losses		
Impairment losses	–	270
Loss on valuation of investment securities	112	–
Loss on disaster	15	–
Total extraordinary losses	127	270
Profit (loss) before income taxes	652	(1,157)
Income taxes - current	105	67
Income taxes - deferred	(48)	(43)
Total income taxes	56	23
Profit (loss)	595	(1,181)
Profit (loss) attributable to owners of parent	595	(1,181)

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	595	(1,181)
Other comprehensive income		
Valuation difference on available-for-sale securities	35	179
Foreign currency translation adjustment	130	124
Remeasurements of defined benefit plans, net of tax	10	(79)
Total other comprehensive income	176	223
Comprehensive income	772	(957)
Comprehensive income attributable to		
Owners of parent	772	(957)

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,025	6,948	11,776	(147)	24,603
Cumulative effects of changes in accounting policies			1		1
Restated balance	6,025	6,948	11,778	(147)	24,604
Changes during period					
Profit attributable to owners of parent			595		595
Dividends of surplus			(396)		(396)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				12	12
Net changes in items other than shareholders' equity					
Total changes during period	-	-	198	11	210
Balance at end of period	6,025	6,948	11,977	(135)	24,815

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans, net of tax	Total accumulated other comprehensive income	
Balance at beginning of period	268	(130)	229	367	24,971
Cumulative effects of changes in accounting policies					1
Restated balance	268	(130)	229	367	24,972
Changes during period					
Profit attributable to owners of parent					595
Dividends of surplus					(396)
Purchase of treasury shares					(0)
Disposal of treasury shares					12
Net changes in items other than shareholders' equity	35	130	10	176	176
Total changes during period	35	130	10	176	387
Balance at end of period	304	0	239	544	25,359

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,025	6,948	11,977	(135)	24,815
Changes during period					
Loss attributable to owners of parent			(1,181)		(1,181)
Dividends of surplus			(248)		(248)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				23	23
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(1,429)	23	(1,406)
Balance at end of period	6,025	6,948	10,547	(112)	23,408

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans, net of tax	Total accumulated other comprehensive income	
Balance at beginning of period	304	0	239	544	25,359
Changes during period					
Loss attributable to owners of parent					(1,181)
Dividends of surplus					(248)
Purchase of treasury shares					(0)
Disposal of treasury shares					23
Net changes in items other than shareholders' equity	179	124	(79)	223	223
Total changes during period	179	124	(79)	223	(1,183)
Balance at end of period	483	124	160	768	24,176

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	652	(1,157)
Depreciation	1,081	1,061
Impairment losses	–	270
Interest and dividend income	(48)	(69)
Interest expenses	2	3
Decrease (increase) in trade receivables	109	603
Decrease (increase) in inventories	(852)	(1,039)
Increase (decrease) in trade payables	(168)	(202)
Other, net	591	136
Subtotal	1,368	(392)
Interest and dividends received	48	69
Interest paid	(2)	(2)
Income taxes paid	(195)	(129)
Other, net	99	15
Net cash provided by (used in) operating activities	1,318	(439)
Cash flows from investing activities		
Purchase of property, plant and equipment	(526)	(293)
Payments into time deposits	(120)	(190)
Proceeds from withdrawal of time deposits	120	140
Other, net	(22)	(123)
Net cash provided by (used in) investing activities	(549)	(467)
Cash flows from financing activities		
Dividends paid	(394)	(247)
Other, net	(15)	35
Net cash provided by (used in) financing activities	(409)	(211)
Effect of exchange rate change on cash and cash equivalents	30	31
Net increase (decrease) in cash and cash equivalents	390	(1,086)
Cash and cash equivalents at beginning of period	5,364	5,755
Cash and cash equivalents at end of period	5,755	4,668

(5) Notes to consolidated financial statements

Notes on going concern assumption

Not applicable.

Segment information

a. Reportable segments

1. Method of determining reportable segments

Reportable segments of the Company are determined as segments which separate financial information is accessible from among the constituent units of the Company and are subject to periodic examinations to enable the Company's Board of Directors to decide how to allocate management resources and assess performance.

The Company has business divisions or business subsidiaries for each product or service, formulates comprehensive strategies for products and services that they handle in domestic and overseas, and conducts business activities.

Accordingly, the Company consists of segments based on product and service, and are divided into four reportable segments: "Business communication systems," "Printing systems," "Test and measurement equipment," and "Property leasing."

2. Types of products and services that belong to each reportable segment

"Business communication systems" manufactures and sells communication equipment.

"Printing systems" manufactures and sells printing and plate-making equipment. "Test and measurement equipment" manufactures and sells electronic measurement equipment. "Property leasing" engages in the leasing, etc. of real estate.

b. Method for calculating revenue, profit or loss, assets, liabilities and other items by reportable segment

The accounting methods for the reportable segments are, in general, the same as those used to prepare consolidated financial statements.

c. Information on revenue, profit or loss, assets, liabilities and other items by reportable segment

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment				Adjustment	Carrying amount
	Business communication systems	Printing systems	Test and measurement equipment	Property leasing		
Revenue						
Revenues from external customers	17,917	1,849	2,953	460	–	23,182
Transactions with other segments	–	–	–	–	–	–
Total	17,917	1,849	2,953	460	–	23,182
Segment profit (loss)	1,596	20	215	103	(1,434)	501
Segment assets	13,985	1,418	2,163	12,651	6,222	36,441
Other items						
Depreciation	722	46	68	155	87	1,081
Increase in property, plant and equipment and intangible assets	287	28	41	31	183	572

Notes: 1. Adjustments made are as follows:

- (1) Adjustments of ¥(1,434) million in segment profit (loss) include ¥(1,434) million in corporate expenses not allocated to reportable segments. Corporate expenses are mainly general administrative expenses that are not attributable to reportable segments.
- (2) Adjustments of ¥6,222 million in segment assets include ¥6,222 million in corporate assets not allocated to reportable segments. Corporate assets are mainly surplus funds that are not attributable to reportable segments.
- (3) Adjustments of ¥183 million in increase in property, plant and equipment and intangible assets are capital investments for headquarter departments.
2. Segment profit (loss) is adjusted with operating profit (loss) in the consolidated statement of income.

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment				Adjustment	Carrying amount
	Business communication systems	Printing systems	Test and measurement equipment	Property leasing		
Revenue						
Revenues from external customers	17,632	1,532	3,189	549	–	22,903
Transactions with other segments	–	–	–	–	–	–
Total	17,632	1,532	3,189	549	–	22,903
Segment profit (loss)	758	(166)	121	158	(1,855)	(983)
Segment assets	13,516	1,432	2,459	12,493	5,414	35,316
Other items						
Depreciation	714	38	61	157	87	1,059
Increase in property, plant and equipment and intangible assets	239	11	34	0	78	364

Notes: 1. Adjustments made are as follows:

- (1) Adjustments of ¥(1,855) million in segment profit (loss) include ¥(1,855) million in corporate expenses not allocated to reportable segments. Corporate expenses are mainly general administrative expenses that are not attributable to reportable segments.
- (2) Adjustments of ¥5,414 million in segment assets include ¥5,414 million in corporate assets not allocated to reportable segments. Corporate assets are mainly surplus funds that are not attributable to reportable segments.
- (3) Adjustments of ¥78 million in increase in property, plant and equipment and intangible assets are capital investments for headquarter departments.
2. Segment profit (loss) is adjusted with operating profit (loss) in the consolidated statement of income.

Notes on per share information

a. Net assets per share

(Yen)

Item	As of March 31, 2022	As of March 31, 2023
Net assets per share	2,551.64	2,425.27

Note: The Company's own shares that remain in the stock-granting ESOP trust and are recorded as treasury shares in shareholders' equity are included in the number of treasury shares deducted from the total number of issued shares at the end of the fiscal year for the purpose of calculating net assets per share. The number of treasury shares at the end of the fiscal year was 103,900 shares for the previous fiscal year and 72,900 shares for the current fiscal year.

b. Basic earnings (loss) per share

Item	As of March 31, 2022	As of March 31, 2023
Basic earnings (loss) per share	59.96	(118.64)
(Basis of calculation)		
Profit (loss) attributable to owners of parent (Millions of yen)	595	(1,181)
Amount not attributable to common shareholders (Millions of yen)	–	–
Profit (loss) attributable to owners of parent related to common share (Millions of yen)	595	(1,181)
Average number of common shares during the period (Shares)	9,934,209	9,958,449

- Notes: 1. Diluted earnings per share is not presented because there are no potential shares.
2. The Company's own shares that remain in the stock-granting ESOP trust and are recorded 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 for the purpose of calculating basic earnings per share. The average number of treasury shares during the fiscal year was 108,650 shares for the previous fiscal year and 83,600 shares for the current fiscal year.

Notes on significant subsequent events

Significant capital expenditures

The silent partnerships, operated by KRO Investment LLC, acquired non-current assets (beneficial interests in trust) on April 6, 2023.

(1) Purpose of acquisition

To further strengthen the property leasing business.

(2) Details of acquired assets

Type of acquired assets The beneficial interests in trust consist of three rental apartment properties as subject assets.

Names and locations Land and buildings of three rental apartments located in the 23 wards of Tokyo

Acquisition cost ¥8,770 million

Financing method Investments in silent partnerships, including the Company, and borrowings from external parties

(3) Impact on consolidated financial statements

The impact on performance due to this capital expenditure is forecasted to be effective from the fiscal year ending in March 2024 onwards.