

Consolidated Financial Results for the Year Ended March 31, 2022 [Japanese GAAP]



May 11, 2022

Company name: Toshiba Tec Corporation

Stock exchange listing: Tokyo

Code number: 6588

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

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President and CEO

Senior Manager of Corporate Communications Division

Scheduled date of Annual General Meeting of Shareholders: June 27, 2022

Scheduled date of commencing dividend payments: June 06, 2022

Scheduled date of filing annual securities report: June 27, 2022

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

I. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	445,317	9.8	11,566	40.0	10,197	41.8	5,381	(24.5)
March 31, 2021	405,694	(16.1)	8,263	(40.9)	7,193	(37.8)	7,126	91.0

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥ 8,473 million [(40.0)%]
Fiscal year ended March 31, 2021: ¥ 14,128 million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	97.68	97.65	5.0	3.4	2.6
March 31, 2021	129.55	129.46	7.5	2.5	2.0

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2022: ¥ - million
Fiscal year ended March 31, 2021: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	310,256	117,662	36.1	2,023.35
March 31, 2021	289,313	109,862	35.5	1,867.01

(Reference) Equity: As of March 31, 2022: ¥ 111,946 million
As of March 31, 2021: ¥ 102,710 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 the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	10,037	(14,184)	(5,496)	46,709
March 31, 2021	9,240	(9,573)	(4,309)	51,753

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	-	0.00	-	20.00	20.00	1,100	15.4	1.2
March 31, 2022	-	20.00	-	20.00	40.00	2,207	40.9	2.1
Fiscal year ending March 31, 2023 (Forecast)	-	20.00	-	30.00	50.00		34.4	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	450,000	1.1	18,000	55.6	15,500	52.0	8,000	48.7	145.21

(Note) For details of consolidated financial results forecast for the fiscal year ending March 31, 2023, please refer to “1. Summary of consolidated business results, etc. (4) Future Outlook” on page 4 of this report.

*Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)
 Exclusion: - (Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(Note) For details, please refer to “3. Consolidated Financial Statements and Notes (5) Notes to the consolidated financial statements (Changes in accounting policies)” on page 13 of this report.

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

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

March 31, 2022: 57,629,140 shares

March 31, 2021: 57,629,140 shares

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

March 31, 2022: 2,301,938 shares

March 31, 2021: 2,616,163 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2022: 55,091,175 shares

Fiscal year ended March 31, 2021: 55,006,249 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	232,428	7.4	778	-	3,622	179.1	471	(94.4)
March 31, 2021	216,332	(19.6)	(2,169)	-	1,297	(84.7)	8,437	-

Fiscal year ended	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
March 31, 2022	8.56		8.56	
March 31, 2021	153.38		153.27	

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2022	196,081	83,289	42.5	1,504.52
March 31, 2021	197,459	83,476	42.2	1,516.35

(Reference) Equity: As of March 31, 2022: ¥ 83,240 million
As of March 31, 2021: ¥ 83,419 million

*Financial results reports are exempt from the audit conducted by certified public accountants or an audit corporation.

*Proper use of earnings forecasts, and other special matters

(Explanation for the proper use of earnings forecasts)

Financial results forecasts are based on information currently available to the Company and certain assumptions deemed reasonable, and are not intended to be the Company's guarantee that they will be achieved. Actual results may significantly vary due to a variety of factors.

For the assumptions used as the basis for the earnings forecasts and precautions regarding the use of the earnings forecasts, please refer to "1. Summary of consolidated business results, etc. (4) Future Outlook" on page 4 of this report.

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1. Summary of consolidated business results, etc.

(1) Summary of consolidated business results etc. for the period under review

Consolidated business results for the fiscal year ended March 31, 2022

The world economy for the fiscal year ended March 31, 2022 continued to face severe circumstances. The economy did not fully recover under the impact of the resurgence of COVID-19, limitations on supply and other factors despite being on a recovery track owing mainly to the diffusion of COVID-19 vaccines and economic measures.

Amid such conditions, Toshiba Tec Corporation (the “Company”) and its subsidiaries (collectively, the “Group”) set forth the Basic Policy of the FY21-23 Mid-term Business Plan (MTBP), “After the structural reform and transformation, accelerate concentrated investment in the growth field to become a solutions partner by utilizing data effectively.” Under the basic policy, the Group has focused its energy on carrying out various measures to develop its business. At the same time, as a solutions partner that helps solve issues in the domains of stores, offices, logistics and manufacturing, the Group has promoted initiatives to achieve the Sustainable Development Goals (SDGs) together with customers and strived to contribute to realizing a sustainable society.

In the fiscal year ended March 31, 2022, the impact of the COVID-19 pandemic continued, and the Group was affected by tight supply-demand balance and soaring prices in components and international cargo transportation. However, as economic activities showed more strength compared to the previous fiscal year, net sales recovered to ¥445,317 million (up 10% year on year). Meanwhile, on the profit front, the Group recorded operating profit of ¥11,566 million (up 40% year on year), ordinary profit of ¥10,197 million (up 42% year on year), and profit attributable to owners of parent of ¥5,381 million (down 25% year on year) as a result of Income taxes deferred (profit) accounted due to a partial release of valuation allowances on deferred tax assets in the previous fiscal year.

Regarding the year-end dividend for the fiscal year ended March 31, 2022, as a result of comprehensive consideration of the above business results, the business environment and other factors, the Company has decided to pay out a dividend of ¥20 per share, the same amount as the year-end dividend for the previous fiscal year. We would like to seek approval of shareholders.

Results of reportable segments for the fiscal year ended March 31, 2022 were as follows.

Retail Solutions Business Group

The Retail Solutions Business Group handles POS systems for domestic and overseas markets, auto ID systems for domestic market, and related products. Amid a severe business environment in which the impact of the spread of COVID-19 and intensifying competition with peers continue, the business group has worked on various initiatives under the basic policy of “Aim at becoming a global top solutions partner in the distribution industry.” These initiatives include concentrated investment in growth fields (data services, next generation stores, payment, and Supply Chain Management (SCM)), business expansion through strategic partnership, and the expansion of service business in overseas markets.

Sales of POS systems for domestic market rose as a result of efforts focused on expanding sales mainly of payment terminals, self-ordering systems, smart receipts by taking into account measures against COVID-19, amid a downturn in the investment appetite of retail and restaurant businesses.

Sales of POS systems for overseas markets increased as sales remained robust in each region.

Sales of auto ID systems for domestic market increased due to an increase in sales of barcode printers to specific customers.

As a result, net sales of the Retail Solutions Business Group were ¥266,964 million (up 7% year on year). Operating profit of the business group was ¥10,609 million (down 23% year on year) due in part to the impact of tight supply-demand balance of components despite the increase in net sales.

Workplace Solutions Business Group

The Workplace Solutions Business Group handles multifunction peripherals (MFPs) for domestic and overseas markets, auto ID systems for overseas markets, inkjet heads for domestic and overseas markets, and related products. Amid a severe business environment in which the impact of the spread of COVID-19 and intensifying competition with peers continue, the business group simultaneously reinforced “Customer

touch points functions” and “Overall business structure,” and built a robust and streamlined global operation structure to focus on achieving its targets. At the same time, the business group worked on strengthening Document Management System (DMS)/Enterprise Contents Management (ECM) solutions, the auto ID business, the cloud solutions platform, and other measures.

Sales of MFPs rose as a result of increased sales in the Americas, Europe, Asia and other overseas regions.

Sales of auto ID systems for overseas markets increased as a result of increased sales in the Americas, Europe, Asia and other overseas regions.

Sales of inkjet heads increased due to increased sales to domestic and overseas customers.

As a result, net sales in the Workplace Solutions Business Group were ¥182,129 million (up 15% year on year). Operating profit for the business group improved to ¥957 million (operating loss of ¥5,477 million in the previous fiscal year) due mainly to the increase in net sales and reduction of fixed costs despite being affected by tight supply-demand balance and soaring prices in components and international cargo transportation.

(Note) An auto ID system is a system that uses hardware and software devices to recognize and manage data content by automatically scanning barcode and RFID tag data.

(2) Financial condition

Status of Assets, Liabilities and Net Assets

Assets at the end of the fiscal year ended March 31, 2022 increased by ¥20,943 million from the end of the previous fiscal year to ¥310,256 million. This was mainly because notes and accounts receivable - trade, and contract assets increased by ¥6,918 million, merchandise and finished goods increased by ¥3,224 million, work in process increased by ¥1,259 million, raw materials and supplies increased by ¥7,103 million and investment securities in investments and other assets increased by ¥6,044 million, although cash and deposits declined by ¥3,534 million.

Liabilities increased by ¥13,144 million from the end of the previous fiscal year to ¥192,594 million. This was mainly because notes and accounts payable-trade increased by ¥4,832 million, accounts payable - other increased by ¥1,769 million, income tax payable increased by ¥1,471 million, unearned revenue increased by ¥2,174 million and “other” in current liabilities increased by ¥1,818 million.

Net assets rose by ¥7,800 million from the end of the previous fiscal year to ¥117,662 million. This was primarily due to an increase in retained earnings of ¥5,381 million owing to the recording of profit attributable to owners of parent, a decrease of ¥2,200 million due to payment of dividends, and an increase in foreign currency translation adjustment of ¥5,013 million.

(3) Overview of Cash Flows

Status of Cash Flows

An overview of cash flows during the fiscal year ended March 31, 2022 is as follows.

Net cash provided by operating activities was ¥10,037 million (compared with an inflow of ¥9,240 million in the previous fiscal year), reflecting profit before income taxes of ¥9,124 million, an increase in inventories of ¥8,813 million and income taxes paid of ¥4,810 million, offset by depreciation and amortization totaling ¥15,469 million.

Net cash used in investing activities was ¥14,184 million (compared with an outflow of ¥9,573 million in the previous fiscal year), reflecting outlays for purchase of property, plant and equipment and intangible assets, purchase of investment securities and other outflows.

As a result of the above, free cash flow amounted to an outflow of ¥4,147 million (compared with an outflow of ¥333 million in the previous fiscal year).

Net cash used in financing activities was ¥5,496 million (compared an outflow of ¥4,309 million in the previous fiscal year), reflecting repayments of finance lease liabilities, dividends paid, and other factors.

As a result of the above, the balance of Group funding in the fiscal year ended March 31, 2022 (cash and cash equivalents in the consolidated statement of cash flows) declined by ¥5,043 million from the previous fiscal year to ¥46,709 million.

Source of Group capital and capital liquidity

Needed funding is secured internally by the Group from retained earnings, and basic liquidity is secured through autonomous funding generated by reduction of assets and increased rates of asset efficiency; funds are procured from financial institutions and other sources as needed.

Outlook for cash flows in the next fiscal year

In operating and investing activities, the Company will work to generate free cash flow mainly by increasing earnings and improving the efficiency of its cash conversion cycle (CCC) and of its investments.

Trends in cash flow indicators

Fiscal year ended	March 2018	March 2019	March 2020	March 2021	March 2022
Capital adequacy ratio	29.2%	33.0%	30.3%	35.5%	36.1%
Capital adequacy ratio based on market value	61.0%	61.4%	64.8%	77.1%	87.6%
Debt redemption years	0.4 years	0.5 years	1.3 years	2.9 years	2.5years
Interest Coverage Ratio	47.7	50.6	40.7	18.2	20.0

(Notes) Capital adequacy ratio: Equity / Total assets

Capital adequacy ratio based on market value: Market capitalization / Total assets

Market capitalization = Stock market price × (Total number of issued shares - Number of treasury shares)

Debt redemption years: Interest-bearing debt / Cash flows from operating activities

Interest Coverage Ratio: Cash flows from operating activities / Interest expense

*In all cases, calculations are based on consolidated-basis financial values.

*Interest-bearing debt refers to all of those obligations recorded in the consolidated balance sheets that are subject to interest payments.

Interest payments are stated as “interest expenses paid” in the consolidated statement of cash flows.

(4) Future Outlook

Despite the development and take-up of new COVID-19 vaccines and therapeutic drugs, and continuing recovery momentum on the back of economic stimulus measures around the world, there is no end in sight to the spread of COVID-19, supply shortages, the Russia-Ukraine conflict and other issues. Looking ahead, we expect prospects for the global economy to remain uncertain.

Against this backdrop, and in line with a basic policy of “accelerating concentrated investment in the growth field, after the structural reform and transformation, to become a solutions partner by utilizing data effectively,” the Group will work in concert to take a range of measures to develop its business in the future.

In order to reduce the impact on business operations of the spread of COVID-19, the Group is also working to further streamline operations, control indirect costs and reduce production and other costs, while ensuring continued benefits from structural reforms carried out so far. The Group will also take measures to expand sales in line with recovery in the global economy after the COVID-19 disaster.

Major policies for the reporting segments in the coming year ending March 31, 2023 are as follows.

Retail Solutions Business Group

In order to expand marketing of mainstay products, such as POS systems for domestic and overseas markets, auto ID systems for the domestic market and related products in these fields, and to provide total solutions through promotion of Digital Transformation (DX) products, the Group will accelerate the strengthening of cooperation of our global resources.

Specifically, the Group will create new value by developing and launching new products geared to market needs, tailoring sales and marketing to regional markets, strengthen service and supply businesses, optimizing marketing service networks, and strengthen global cooperation in each measure, so as to improve profitability, expand new business areas, and acquire new customers.

Workplace Solutions Business Group

We plan to expand sales of our mainstay MFPs in overseas and domestic markets, auto ID systems in overseas markets, and inkjet heads in domestic and overseas markets, as well as related products. We will likewise work to construct a robust, lean global operational network and bolster earnings structures by developing and launching strategic new products, tailoring sales and marketing to local regions, optimizing marketing service networks and strengthening businesses in emerging countries, to position us to provide total solutions leveraging a wide range of product groups and markets.

The consolidated financial results forecast for the fiscal year ending March 31, 2023, based on the above policies, is as follows.

Consolidated	Net sales	450.0	billion yen
	Operating profit	18.0	billion yen
	Ordinary profit	15.5	billion yen
	Profit attributable to owners of parent	8.0	billion yen

The above performance forecasts assume average exchange rates of ¥120 to the dollar and ¥135 to the euro for the fiscal year ending March 31, 2023.

*Financial results forecasts are based on information currently available to the Company and certain assumptions deemed reasonable, and are not intended to be the Company's guarantee that they will be achieved. Actual results may significantly vary due to a variety of factors.

2. Basic approach to selection of accounting standards

To ensure creative growth, the Group has set a basic policy for rigorous financial discipline and will work to centralize operational administration and information disclosure based on unified global rules as well as strengthen financial governance. To speed up these activities, and to further facilitate cross-border comparisons of financial information in capital markets, the Group plans to voluntarily adopt the International Financial Reporting Standards (IFRS); the timing of this transition is now under discussion.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Million yen)

	As of March 31,2021	As of March 31,2022
Assets		
Current assets		
Cash and deposits	42,179	38,645
Group deposits paid	10,064	8,073
Notes and accounts receivable - trade	63,928	-
Notes and accounts receivable - trade, and contract assets	-	70,846
Merchandise and finished goods	31,582	34,806
Work in process	4,376	5,635
Raw materials and supplies	6,944	14,047
Other	24,115	23,363
Allowance for doubtful accounts	(1,394)	(1,414)
Total current assets	181,797	194,004
Non-current assets		
Property, plant and equipment		
Buildings and structures	24,554	25,712
Accumulated depreciation	(18,480)	(19,523)
Buildings and structures, net	6,074	6,189
Machinery, equipment and vehicles	49,532	53,582
Accumulated depreciation	(39,399)	(43,902)
Machinery, equipment and vehicles, net	10,133	9,680
Tools, furniture and fixtures	40,983	40,322
Accumulated depreciation	(35,856)	(35,760)
Tools, furniture and fixtures, net	5,126	4,562
Land	1,270	1,272
Leased assets	33,981	37,285
Accumulated depreciation	(12,814)	(17,456)
Leased assets, net	21,167	19,829
Construction in progress	1,395	2,231
Total property, plant and equipment	45,168	43,764
Intangible assets		
Goodwill	1,633	1,026
Customer relationship assets	355	301
Other	9,521	9,894
Total intangible assets	11,510	11,223
Investments and other assets		
Investment securities	5,170	11,214
Retirement benefit asset	4,621	9,534
Deferred tax assets	27,367	28,006
Other	13,768	12,595
Allowance for doubtful accounts	(91)	(87)
Total investments and other assets	50,837	61,264
Total non-current assets	107,516	116,252
Total assets	289,313	310,256

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	48,509	53,341
Short-term borrowings	542	859
Lease liabilities	7,178	6,464
Accounts payable - other	20,809	22,578
Income taxes payable	1,375	2,846
Unearned revenue	15,014	17,188
Other	31,917	33,735
Total current liabilities	125,346	137,014
Non-current liabilities		
Long-term borrowings	1,019	1,043
Lease liabilities	18,484	17,121
Retirement benefit liability	26,624	29,565
Other	7,976	7,848
Total non-current liabilities	54,104	55,579
Total liabilities	179,450	192,594
Net assets		
Shareholders' equity		
Share capital	39,970	39,970
Capital surplus	57	854
Retained earnings	52,616	55,977
Treasury shares	(5,372)	(4,733)
Total shareholders' equity	87,273	92,068
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,681	1,626
Deferred gains or losses on hedges	(16)	12
Foreign currency translation adjustment	10,805	15,819
Minimum pension liability adjustments	(832)	(694)
Remeasurements of defined benefit plans	3,799	3,114
Total accumulated other comprehensive income	15,436	19,877
Share acquisition rights	57	48
Non-controlling interests	7,094	5,667
Total net assets	109,862	117,662
Total liabilities and net assets	289,313	310,256

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

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net sales	405,694	445,317
Cost of sales	243,421	269,369
Gross profit	162,272	175,948
Selling, general and administrative expenses	154,009	164,381
Operating profit	8,263	11,566
Non-operating income		
Interest income	272	375
Dividend income	46	46
Gain on valuation of derivatives	-	413
Foreign exchange gains	832	-
Other	484	331
Total non-operating income	1,635	1,167
Non-operating expenses		
Interest expenses	506	488
Loss on valuation of derivatives	673	-
Foreign exchange losses	-	691
Loss on sale and retirement of non-current assets	48	39
Other	1,476	1,316
Total non-operating expenses	2,705	2,536
Ordinary profit	7,193	10,197
Extraordinary income		
Gain on sale of investment securities	-	286
Reversal of environmental expenses	284	-
Total extraordinary income	284	286
Extraordinary losses		
Impairment loss of noncurrent assets	-	23
Loss on sale of investment securities	-	1
Loss on valuation of investment securities	25	-
Restructuring cost	7,628	1,333
Total extraordinary losses	7,653	1,359
Profit (loss) before income taxes	(176)	9,124
Income taxes - current	1,212	4,462
Income taxes - deferred	(6,614)	1,234
Total income taxes	(5,402)	5,696
Profit	5,225	3,428
Loss attributable to non-controlling interests	(1,900)	(1,953)
Profit attributable to owners of parent	7,126	5,381

Consolidated Statement of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit	5,225	3,428
Other comprehensive income		
Valuation difference on available-for-sale securities	473	(54)
Deferred gains or losses on hedges	(12)	29
Foreign currency translation adjustment	3,263	5,617
Minimum pension liability adjustment	(311)	137
Remeasurements of defined benefit plans, net of tax	5,490	(684)
Total other comprehensive income	8,902	5,045
Comprehensive income	14,128	8,473
Comprehensive income attributable to		
Owners of parent	15,776	9,822
Non-controlling interests	(1,648)	(1,348)

(3) Consolidated Statement of Changes in Net Assets
For the fiscal year ended March 31, 2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	39,970	24	46,040	(5,422)	80,612
Cumulative effects of changes in accounting policies					-
Restated balance	39,970	24	46,040	(5,422)	80,612
Changes during period					
Dividends of surplus			(549)		(549)
Profit attributable to owners of parent			7,126		7,126
Purchase of treasury shares				(12)	(12)
Disposal of treasury shares		33		62	95
Net changes in items other than shareholders' equity					
Total changes during period	-	33	6,576	50	6,660
Balance at end of period	39,970	57	52,616	(5,372)	87,273

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Minimum pension liability adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,208	(4)	7,795	(521)	(1,691)	6,786	110	8,873	96,384
Cumulative effects of changes in accounting policies									-
Restated balance	1,208	(4)	7,795	(521)	(1,691)	6,786	110	8,873	96,384
Changes during period									
Dividends of surplus									(549)
Profit attributable to owners of parent									7,126
Purchase of treasury shares									(12)
Disposal of treasury shares									95
Net changes in items other than shareholders' equity	473	(12)	3,010	(311)	5,490	8,650	(53)	(1,779)	6,817
Total changes during period	473	(12)	3,010	(311)	5,490	8,650	(53)	(1,779)	13,478
Balance at end of period	1,681	(16)	10,805	(832)	3,799	15,436	57	7,094	109,862

For the fiscal year ended March 31, 2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	39,970	57	52,616	(5,372)	87,273
Cumulative effects of changes in accounting policies			179		179
Restated balance	39,970	57	52,796	(5,372)	87,452
Changes during period					
Dividends of surplus			(2,200)		(2,200)
Profit attributable to owners of parent			5,381		5,381
Purchase of treasury shares				(12)	(12)
Disposal of treasury shares		796		651	1,448
Net changes in items other than shareholders' equity					
Total changes during period	-	796	3,180	638	4,616
Balance at end of period	39,970	854	55,977	(4,733)	92,068

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Minimum pension liability adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,681	(16)	10,805	(832)	3,799	15,436	57	7,094	109,862
Cumulative effects of changes in accounting policies									179
Restated balance	1,681	(16)	10,805	(832)	3,799	15,436	57	7,094	110,042
Changes during period									
Dividends of surplus									(2,200)
Profit attributable to owners of parent									5,381
Purchase of treasury shares									(12)
Disposal of treasury shares									1,448
Net changes in items other than shareholders' equity	(54)	29	5,013	137	(684)	4,440	(8)	(1,427)	3,004
Total changes during period	(54)	29	5,013	137	(684)	4,440	(8)	(1,427)	7,620
Balance at end of period	1,626	12	15,819	(694)	3,114	19,877	48	5,667	117,662

(4) Consolidated Statement of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(176)	9,124
Depreciation and amortization	15,884	15,469
Loss (gain) on sales of investment securities	-	(284)
Reversal of environmental expenses	(284)	-
Impairment loss of noncurrent assets	-	23
Loss (gain) on valuation of investment securities	25	-
Restructuring cost	7,628	1,333
Interest and dividend income	(318)	(422)
Interest expenses	506	488
Loss (gain) on sale and retirement of non-current assets	48	39
Increase (decrease) in allowance for doubtful accounts	22	(67)
Increase (decrease) in retirement benefit liability	(4,106)	(3,210)
Decrease (increase) in trade receivables	(1,046)	1,179
Decrease (increase) in inventories	4,989	(8,813)
Increase (decrease) in trade payables	(8,788)	(1,314)
Other, net	8,776	187
Subtotal	23,161	13,733
Interest and dividends received	346	435
Interest paid	(508)	(501)
Payment for extra retirement payments	(7,505)	(843)
Income taxes paid	(6,319)	(4,810)
Income taxes refund	66	2,023
Net cash provided by (used in) operating activities	9,240	10,037
Cash flows from investing activities		
Payments into time deposits	(450)	-
Proceeds from withdrawal of time deposits	-	477
Purchase of property, plant and equipment	(6,986)	(6,846)
Proceeds from sale of property, plant and equipment	383	201
Purchase of intangible assets	(2,128)	(2,619)
Purchase of investment securities	(316)	(6,255)
Proceeds from sale of investment securities	11	358
Net decrease (increase) in short-term loans receivable	57	11
Long-term loan advances	(3)	(0)
Proceeds from collection of long-term loans receivable	7	4
Payments for acquisition of businesses	(124)	(29)
Other, net	(23)	511
Net cash provided by (used in) investing activities	(9,573)	(14,184)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(291)	(598)
Repayments of finance lease liabilities	(3,932)	(4,793)
Proceeds from long-term borrowings	609	825
Repayments of long-term borrowings	-	(76)
Purchase of treasury shares	(12)	(12)
Proceeds from sale of treasury shares	-	1,439
Dividends paid	(552)	(2,200)
Dividends paid to non-controlling interests	(130)	(79)
Net cash provided by (used in) financing activities	(4,309)	(5,496)
Effect of exchange rate change on cash and cash equivalents	3,093	4,601
Net increase (decrease) in cash and cash equivalents	(1,549)	(5,043)
Cash and cash equivalents at beginning of period	53,302	51,753
Cash and cash equivalents at end of period	51,753	46,709

(5) Notes to the consolidated financial statements

Notes on going concern assumption

Not applicable

Changes in accounting policies

Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter, the “Revenue Recognition Standard”) and other standards from the beginning of the fiscal year ended March 31, 2022. Under the standard, the Company recognizes revenue when control over promised goods or services are transferred to customers at an amount expected to be received in exchange for the goods or services.

Major changes resulting from the application of the Revenue Recognition Standard, etc. are as follows:

- For contracts for commissioned software, etc. specified by the customer, to which the completed contract method was previously applied, we have changed to a new method regarding the contracts for which performance obligations are fulfilled over a certain period of time. Under the new method, we estimate the progress status of fulfilment of performance obligations and recognize revenue over a certain period of time based on the progress status.
- Regarding some of the transactions of consumables and transactions with the Company’s agents, for which revenue was previously recognized at the time of shipment, we have changed to a new method. Under the new method, we recognize revenue when control over merchandise and finished goods are transferred, or primarily at the point of the delivery of merchandise and finished goods.
- While we previously applied the method of processing sales rebates and other types of consideration paid to the Company’s agents or customers as selling, general and administrative expenses, we have changed to a new method to deduct the amount from net sales.

The Company applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Standard, etc. The cumulative impact of retrospectively applying the new accounting policy before the beginning of the fiscal year ended March 31, 2022 has been added to or subtracted from retained earnings at the beginning of the fiscal year, and the new accounting policy is applied from the balance at the beginning of the fiscal year.

As a result, retained earnings at the beginning of the period increased by ¥179 million by reflecting the cumulative impact in net assets at the beginning of the fiscal year ended March 31, 2022.

Compared to the previous method, for the fiscal year ended March 31, 2022, net sales decreased by ¥205 million, cost of sales increased by ¥313million, and selling, general and administrative expenses decreased by ¥330 million. Operating profit, ordinary profit and profit before income taxes decreased by ¥187 million, respectively and basic earnings per share decreased by ¥2.36.

Due to the application of the Revenue Recognition Standard, etc., notes and accounts receivable – trade, which had been presented under current assets in the consolidated balance sheet for the previous fiscal year, are included in notes and accounts receivable - trade, and contract assets from the fiscal year ended March 31, 2022.

In line with the transitional treatment provided in Paragraph 89-2 of the Revenue Recognition Standard, figures for the previous consolidated fiscal year have not been reclassified by the new presentation method.

Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter, the “Fair Value Measurement Standard”) and other standards from the beginning of the fiscal year ended March 31, 2022. In line with the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Company will apply the new accounting policy provided by the Fair Value Measurement Standard, etc. prospectively. This does not affect the consolidated financial statements.

Segment information

1. Outline of reportable segments

(1) Determination of reportable segments

The Company's reportable segments are the business units for which the Company is able to obtain respective financial information separately for the Board of Directors to conduct periodic investigations to determine distribution of management resources and evaluate the Group's business results.

In order to take a leading role in the business environment and enable the Company to provide all customers with solutions that are one step ahead, the Group has decided to add two new reporting segments, the "Retail Solutions Business Group" and the "Workplace Solutions Business Group," through a separated classification of business management structure by products and services.

(2) Type of products and services belonging to each reportable segments

The Retail Solutions Business Group develops, manufactures, sells, and maintains POS systems for domestic and overseas markets, auto ID systems for domestic market, and related products.

The Workplace Solutions Business Group develops, manufactures, sells, and maintains multifunction peripherals (MFPs) for domestic and overseas markets, auto ID systems for overseas markets, inkjet heads for domestic and overseas markets, and related products.

(3) Changes in reportable segment, etc.

From the fiscal year ended March 31, 2022, the Company has renamed the Printing Solutions Business Group as the Workplace Solutions Business Group. The MFP business for the Japanese market formerly included in the Retail Solutions Business Group has been transferred to the Workplace Solutions Business Group.

Segment information for the fiscal year ended March 31, 2021 disclosed above have been prepared based on the reportable segment categories for the fiscal year ended March 31, 2022.

2. Method of calculation of the amounts of net sales, profit or loss, assets and others by reportable segment

The accounting treatment methods used for reportable business segments are generally the same as the accounting treatment methods used in the compilation of the consolidated financial statements.

Intersegment sales and transfers are based on actual market prices.

As stated in "Changes in accounting policies" above, the Company has applied the Revenue Recognition Standard, etc. from the beginning of the fiscal year ended March 31, 2022 and changed the accounting method of revenue recognition. Accordingly, the method of calculating profit or loss by reportable segment has been changed in the same manner.

Due to the change, compared to the previous method, net sales of the Retail Solutions Business Group for the fiscal year ended March 31, 2022 decreased by ¥311 million and its segment profit decreased by ¥211 million, while net sales of the Workplace Solutions Business Group increased by ¥105 million and its segment profit increased by ¥24 million.

3. Amounts of net sales, profit or loss, assets and others by reportable segment

I Fiscal year ended March 31, 2021

(Million yen)

	Reportable segments			Adjustment (Note) 1	Consolidated amount (Notes) 2
	Retail Solutions	Workplace Solutions	Total		
Net sales					
Sales to external customers	248,395	157,298	405,694	—	405,694
Intersegment sales and transfers	74	1,626	1,701	(1,701)	—
Total	248,470	158,925	407,395	(1,701)	405,694
Segment profit (loss)	13,741	(5,477)	8,263	—	8,263
Segment assets	125,571	140,093	265,664	23,648	289,313
Other items					
Depreciation and amortization	3,893	11,170	15,063	—	15,063
Amortization of goodwill	—	820	820	—	820
Increase in property, plant and equipment and intangible assets	5,456	9,364	14,820	—	14,820

(Notes) 1. Adjustments totaling ¥23,648 million in segment assets chiefly comprise surplus operating funds (cash) and long-term investment funding (investment securities, etc.) at companies submitting reports.

2. Segment profit (loss) corresponds with operating profit in the consolidated statement of income.

II Fiscal year ended March 31, 2022

(Million yen)

	Reportable segments			Adjustment (Note) 1	Consolidated amount (Note) 2
	Retail Solutions	Workplace Solutions	Total		
Net sales					
Sales to external customers	266,884	178,433	445,317	—	445,317
Intersegment sales and transfers	79	3,696	3,776	(3,776)	—
Total	266,964	182,129	449,094	(3,776)	445,317
Segment profit	10,609	957	11,566	—	11,566
Segment assets	143,794	148,296	292,091	18,165	310,256
Other items					
Depreciation and amortization	3,626	11,176	14,802	—	14,802
Amortization of goodwill	—	666	666	—	666
Increase in property, plant and equipment and intangible assets	4,370	10,508	14,879	—	14,879

(Notes) 1. Adjustments totaling ¥18,165 million in segment assets chiefly comprise surplus operating funds (cash) and long-term investment funding (investment securities, etc.) at companies submitting reports.

2. Segment profit corresponds with operating profit in the consolidated statement of income.

Per share Information

For the fiscal year ended March 31, 2021		For the fiscal year ended March 31, 2022	
Net assets per share	1,867.01 yen	Net assets per share	2,023.35 yen
Basic earnings per share	129.55 yen	Basic earnings per share	97.68 yen
Diluted earnings per share	129.46 yen	Diluted earnings per share	97.65 yen

(Note) The bases for calculation of earnings per share and diluted earnings per share are as follows.

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Basic earnings per share		
Profit attributable to owners of parent (million yen)	7,126	5,381
Amount not attributable to common stockholders (million yen)	—	—
Profit attributable to owners of parent related to common stock (million yen)	7,126	5,381
Weighted average number of common shares outstanding during the period (thousands of shares)	55,006	55,091
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (million yen)	—	—
Increase in common shares (thousands of shares)	39	16
(Share acquisition rights (thousands of shares))	(39)	(16)
Overview of dilutive stock not included in calculations of dilutive earnings per share due to the absence of dilutive effect	—	—

Significant subsequent events

Not applicable

*Notes considered immaterial to presentation of financial results statements have been omitted in disclosures.

4. Supplementary information

(1) Changes in information about financial results

[Consolidated]

(Million yen)

Description	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022	For the fiscal year ending March 31, 2023 (Forecast)
Net sales	405,694	445,317	450,000
Year-on-year change	84%	110%	101%
Operating profit	8,263	11,566	18,000
Year-on-year change	59%	140%	156%
Ordinary profit	7,193	10,197	15,500
Year-on-year change	62%	142%	152%
Profit attributable to owners of parent	7,126	5,381	8,000
Year-on-year change	191%	75%	149%
Basic earnings per share (yen)	129.55	97.68	145.21
Number of consolidated subsidiaries	72	69	undecided

Average exchange rate (Yen to the US dollar)	105.79	112.05	120.00
Average exchange rate (Yen to the euro)	123.21	130.54	135.00

[Non-consolidated]

(Million yen)

Description	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Net sales	216,332	232,428
Year-on-year change	80%	107%
Operating profit (loss)	(2,169)	778
Year-on-year change	—	—
Ordinary profit	1,297	3,622
Year-on-year change	15%	279%
Profit	8,437	471
Year-on-year change	—	6%
Annual dividend per share (yen)	20.00	40.00
Basic earnings per share (yen)	153.38	8.56

(2) Changes in reportable segment information

[Consolidated net sales]

(Million yen)

Description	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022	For the fiscal year ending March 31, 2023 (Forecast)
Retail Solutions Business Group	248,470	266,964	265,000
Year-on-year change	—	107%	99%
Workplace Solutions Business Group	158,925	182,129	195,000
Year-on-year change	—	115%	107%
Subtotal	407,395	449,094	460,000
Elimination	(1,701)	(3,776)	(10,000)
Total	405,694	445,317	450,000
Year-on-year change	84%	110%	101%

(Note) 1 Net sales for each business are included in “Intersegment sales and transfers.”

2 Segment information for the fiscal year ended March 31, 2021 disclosed have been reclassified on the reportable segment categories after the fiscal year ended March 31, 2022.

[Consolidated operating profit]

(Million yen)

Description	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022	For the fiscal year ending March 31, 2023 (Forecast)
Retail Solutions Business Group	13,741	10,609	11,500
Operating profit margin	5.5%	4.0%	4.3%
Workplace Solutions Business Group	(5,477)	957	6,500
Operating profit margin	(3.4)%	0.5%	3.3%
Total	8,263	11,566	18,000
Operating profit margin	2.0%	2.6%	4.0%

(Note) Segment information for the fiscal year ended March 31, 2021 disclosed have been reclassified on the reportable segment categories after the fiscal year ended March 31, 2022.

(3) Changes in net sales by destination market

[Changes in net sales by destination market / Consolidated] (Million yen)

Description	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Japan	176,103	178,906
Percentage of consolidated net sales	44%	40%
Americas	115,201	137,114
Percentage of consolidated net sales	28%	31%
Europe	76,798	84,539
Percentage of consolidated net sales	19%	19%
Other	37,591	44,757
Percentage of consolidated net sales	9%	10%
Total	405,694	445,317
Percentage of consolidated net sales	100%	100%

(4) Changes in proportion of overseas production by value

[Changes in proportion of overseas production by value / Consolidated]

Description	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Overseas ratio	73%	77%

(5) Changes in resource inputs

[Increase in property, plant and equipment and intangible assets / Consolidated] (Million yen)

Description	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022	For the fiscal year ending March 31, 2023 (Forecast)
Consolidated	14,820	14,879	18,500
Year-on-year change	66%	100%	124%

[Research and development expenses / Consolidated]

(Million yen)

Description	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022	For the fiscal year ending March 31, 2023 (Forecast)
Consolidated	21,818	21,949	25,500
Net sales ratio	5.4%	4.9%	5.7%
Year-on-year change	81%	101%	116%

[Number of employees at the end of the fiscal year / Consolidated]

Description	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022	For the fiscal year ending March 31, 2023 (Forecast)
Consolidated	18,511	18,539	18,700
Year-on-year change	(1,503)	28	161