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Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

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 Stock exchange listings: Tokyo
 Stock code: 7987 URL <https://www.nakabayashi.co.jp/>
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 Scheduled date of ordinary general meeting of shareholders: June 24, 2022
 Scheduled date to file Securities Report: June 24, 2022
 Scheduled date to commence divined payments: June 27, 2022
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated Operating Results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	63,118	(0.8)	1,818	(28.7)	2,336	(22.7)	1,018	(34.4)
Year ended March 31, 2021	63,644	(2.5)	2,550	8.7	3,023	10.5	1,552	(0.6)

(Note) Comprehensive income: Year ended March 31, 2022: ¥1,218million [(51.3%)]
 Year ended March 31, 2021: ¥2,502million [(85.4%)]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	39.26	-	3.9	4.1	2.9
Year ended March 31, 2021	60.20	-	6.2	5.4	4.0

(Reference) Equity in earnings of affiliates Year ended March 31, 2022 -million yen
 Year ended March 31, 2021 -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, 2022	58,225	28,504	46.1	981.29
As of March 31, 2021	57,113	28,046	45.2	1,000.80

(Reference) Equity: As of March 31, 2022 ¥26,861million
 As of March 31, 2021 ¥25,821million

(3) Consolidated Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cashequivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	2,226	(283)	(299)	8,076
Year ended March 31, 2021	2,407	(518)	(2,269)	6,426

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	-	10.00	-	12.00	22.00	567	36.5	2.3
Year ended March 31, 2022	-	10.00	-	12.00	22.00	586	56.0	2.2
Year ending March 31, 2023 (Forecast)	-	10.00	-	12.00	22.00		35.4	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	29,000	1.2	400	34.5	600	2.3	250	119.2	9.13
Full year	65,000	3.0	2,550	40.2	3,000	28.4	1,700	66.9	62.10

4. Notes

(1) Changes in significant subsidiaries during the nine months ended March 31, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2022	28,794,294 shares	As of March 31, 2021	28,794,294 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	1,420,245 shares	As of March 31, 2021	2,993,787 shares
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Average number of shares during the period

Year ended March 31, 2022	25,944,995 shares	Year ended March 31, 2021	25,789,510 shares
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※ This financial results report is not subject to the audit by a certificated public accountant or an auditing firm.

※ Explanation and other special notes concerning the appropriate use of business performance forecasts.

(Cautionary Statement with Respect to Forward-Looking Statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results, etc. may differ materially from the forecasts due to various factors. For notes on the assumptions underlying the earnings forecasts and the earnings forecasts, please refer to "1. Overview of Operating Results, (4) Future Outlook" on page 4.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

In the fiscal year under review, the Japanese economy saw a decline in the number of new infectious diseases and the resumption of socio-economic activities due to the cancellation of the declaration of an emergency, as a result of the prolonged vaccination of COVID-19. However, the outlook remains uncertain, including in the global economy, due to factors such as soaring crude oil prices, the situation in Russia and the Ukraine, and a shortage of semiconductors due to the stagnant supply chain.

In the environment surrounding our group, consumer spending and corporate activities have been stagnant for a prolonged period due to the impact of COVID-19.

The business environment remains challenging due to the consequent restraint on purchasing by individuals, cost reductions by companies, and rises in raw material prices and personnel costs.

Under these circumstances, we formulated our third medium-term management plan (April 1, 2021 to March 31, 2024), "add+venture 70" (Adventure 70). As conventional business models and processes change dramatically depending on the New normal and DX, we have set 70 new targets to increase corporate value and are working to achieve the targets. To this end, we are working to optimize the allocation of management resources and create synergies among business segments and Group companies as a whole. As a concrete policy required in the era of post-corona, our Group aims to become a leading company in the "Life-related industry" (Note), an industry field that will play a central role in the future, and will advance initiatives to strengthen existing businesses and enter new businesses. Specifically, it refers to the following five fields (1) health and medical care (2) environment (including renewable energy) (3) life and welfare (4) agriculture (5) culture.

(NOTE)"Life-related industries" is a concept advocated by Professor Yoshinori Hiroi of Kyoto University

On July 1, 2021, Sunlemon Co., Ltd., which manufactures and sells stuffed toys in the mid-to high-priced range, was made a subsidiary. As a result of the Company's efforts to expand its new product categories that will lead to mental comfort and health by leveraging its planning and design capabilities, results were favorable, including the synergy effect with Nakabayashi. In the future, we will further strengthen the (3) lifestyle and welfare fields of the life-related industry.

In addition, on April 4, 2022, we shifted to the "prime market" in the new market segment of the Tokyo Stock Exchange. The status of compliance with the listing maintenance standards of the prime market as of our transition record date does not satisfy the standards for the average daily trading value. However, we believe that moving to the prime market is essential to enhancing our business value, achieving sustainable growth and enhancing corporate value over the medium to long term. Based on this belief, we will take measures to satisfy the listing maintenance standards with respect to the average daily trading value.

As a result, Kokusai Chart Corporation which had been a consolidated subsidiary, became a wholly owned subsidiary through a share exchange with an effective date of March 1, 2022.

We will strive to increase corporate value by improving the efficiency of our production system, strengthening existing areas, developing new products, utilizing human resources, accelerating decision-making, and reducing listing maintenance costs.

Net sales remained unchanged from the previous fiscal year, but Operating profit and Ordinary profit declined due to a worsening cost of sales ratio caused by rising raw material prices and labor costs, as well as increased Selling, general and administrative expenses. Extraordinary income recorded 354 million yen, including Gain on sale of non-current assets, and Extraordinary losses recorded 639 million yen, including a loss related to the Anti-Monopoly Act.

As a result, net income attributable to owners of the parent was 1,018 million yen.

Our Group's operating results for the fiscal year under review are as follows.

Net sales	63,118 million yen	(Down 0.8% year on year)
Operating profit	1,818 million yen	(Down 28.7% year on year)
Ordinary profit	2,336 million yen	(Down 22.7% year on year)
Net profit attributable to owners of parent	1,018 million yen	(Down 34.4% year on year)

Operating results by segment are as follows.

① Business Process Solutions Business

In the BPO (business process outsourcing) business, orders recovered due to the resumption of various trial operations and active sales promotion campaigns following the cancellation of municipal grant operations and the declaration of an emergency situation related to COVID-19. Sales of packaging materials such as paper containers and packaging grew due to a recovery in consumer sentiment. In the library solutions business, outsourcing services, such as counter operations from public libraries, and materials digitization operations remained firm, but sales in the library binding business declined. In addition, orders for corporate notebooks and forms declined due to trends associated with the adoption of DX by companies and other entities.

The performance of Hiroda Shiko Co., Ltd., which became a consolidated subsidiary through an M&A in May 2021, contributed.

Consequently, Net sales in this project amounted to 32,791 million yen (down 0.6% year-on-year), while Operating profit amounted to 889 million yen (up 33.7% year-on-year).

② Consumer Communications Business

Sales of airborne-reduction products and remote work-related products have run their course. Stationaries such as files and notebooks remained strong. Olympic-related products underperformed the sales plan originally planned and we disposed of inventories.

In addition to planning and sales of products such as the Meguri-ing business the Group has begun initiatives as a new tourism support measure, and the Group's operating business is gradually showing results as the Emergency Declaration has been lifted. However, Operating profit declined due in part to rising raw material prices, the impact of a worldwide shortage of semiconductors, and the weak yen in foreign exchange rates.

The performance of Sunlemon Co., Ltd., which became a consolidated subsidiary through an M&A in July 2021, contributed.

Consequently, Net sales in this segment amounted to 21,247 million yen (down 0.2% year-on-year), and Operating profit amounted to 643 million yen (down 54.1% year-on-year).

③ Office Appliances Business

Demand for office shredders continued to be sluggish due to companies restraining capital investment and the shift to DX in the Corona disaster. However, maintenance and inspection operations recovered due to a recovery in the rate of employee attendance at offices. Sales of large shredders and crushers grew due to replacement demand.

Layout changes aimed at improving the office environment and taking measures to reduce spills have been brisk, and low-party sales have been favorable.

Consequently, Net sales in this segment amounted to 7,488 million yen (down 1.0% year-on-year), and Operating profit amounted to 544 million yen (down 4.2% year-on-year).

④ Energy Business

Sales and operating profit of wooden biomass power generation declined due to a decrease in unit selling prices with premiums. Solar power generation performed well.

As a result, net sales in this business amounted to 1.527 million yen (down 10.4% year on year) and operating profit amounted to 71 million yen (down 68.5% year on year).

⑤ Others

The Vegetable Plant Business and the Garlic Farm Business, etc. posted net sales of 63 million yen (down 34.0% year on year) and an operating loss of 41 million yen (an operating loss of 36 million yen for the previous year).

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

[Assets]

Current assets increased by 1,883 million yen from the end of the previous fiscal year to 30,199 million yen. This was mainly due to decreases of 796 million yen in Notes and accounts receivable - trade, which offset increases of 1,630 million yen in Cash and deposits, 420 million yen in Merchandise and finished goods, and 127 million yen in Raw materials and supplies.

Non-current assets decreased by 772 million yen from the end of the previous fiscal year to 28,025 million yen. This was mainly due to decreases of 526 million yen in machinery, equipment and vehicles, 268 million yen in buildings and structures, 178 million yen in Land and 146 million yen in Investment securities, despite an increase of Construction in progress by 400 million yen.

As a result, total assets increased 1,111 million yen from the end of the previous fiscal year to 58,225 million yen.

[Liabilities]

Current liabilities increased by 1,765 million yen from the end of the previous fiscal year to 19,139 million yen. This was mainly due to a decline of 556 million yen in Notes and accounts payable - trade, despite an increase of 2,102 million yen in Short-term borrowings.

Non-current liabilities decreased by 1,111 million yen from the end of the previous fiscal year to 10,581 million yen. This was mainly due to a decline of 1,042 million yen in Long-term borrowings.

Consequently, Total liabilities increased by 653 million yen from the end of the previous fiscal year to 29,720 million yen.

[Net assets]

Total net assets increased by 458 million yen from the end of the previous fiscal year to 28,504 million yen. This was mainly due to decreases of 582 million yen in Non-controlling interests and 245 million yen in Capital surplus, while Treasury shares decreased by 807 million yen and Retained earnings increased by 433 million yen.

As a result, the equity ratio was 46.1%, up 0.9 percentage points from the end of the previous fiscal year.

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

Net cash provided by operating activities amounted to 2,226 million yen, a decrease of 181 million yen from the previous fiscal year. The main components of cash inflows were income before income taxes and minority interests of 2,051 million yen and depreciation and amortization of 1,579 million yen. The main components of cash outflows were income taxes paid of 1,428 million.

Net cash used in investing activities amounted to 283 million yen, a decrease of 235 million yen from the previous fiscal year. Major inflows included proceeds from sales of Property, plant and equipment of 795 million yen, and payments for purchase of Property, plant and equipment of 1,185 million yen.

Net cash used in financing activities amounted to 299 million yen, a decrease of 1,969 million yen from the previous fiscal year. Major inflows included proceeds from long-term loans payable of 4,700 million yen, repayments of Long-term borrowings of 4,129 million yen, cash dividends paid of 566 million yen, and purchase of Treasury shares of 137 million yen.

As a result, cash and cash equivalents at the end of the fiscal year under review increased 1,650 million yen from the end of the previous fiscal year to 8,076 million yen.

(4) Future Outlook

In the future, the Japanese economy is expected to continue to recover toward normalization from the Corona crisis, although the impact of the new Corona contagious disease will remain. However, the outlook remains uncertain, as downward pressure on the growth rate may be exerted by factors such as a deterioration in consumer sentiment due to rising consumer prices, the situation in Russia and Ukraine, and soaring resource prices.

Under such circumstances, as stated in the "Notice Regarding Revisions to the Medium-Term Management Plan" announced today (May 13, 2022), the consolidated financial results forecast for the fiscal year ending March 31, 2023 has been revised from the originally planned financial results forecast, and the forecasts are as follows: Net sales 65,000 million yen (up 3.0% year on year), Operating profit 2,550 million yen (up 40.2%), Ordinary profit 3,000 million yen (up 28.4%), and profit attributable to owners of parent 1,700 million yen (up 66.9%).

Cost of sales and SG&A expenses are expected to increase due to rising costs related to various manufacturing and transportation costs resulting from soaring prices for imported products due to the yen's depreciation since last year, soaring raw material costs, and rising crude oil and other resource prices. We will work to mitigate the impact on business performance through further improvements in production efficiency and other measures. However, if various expenses do not rise more than anticipated or pass through cost increases, our business performance may fluctuate.

Under these circumstances, in order to become a leading company in the life-related industry, our Group will continue to implement measures to achieve the medium-term numerical targets by working to strengthen profitability, promote growth potential, and increase shareholder value based on the policies of the Third Medium-Term Management Plan (April 1, 2021-March 31, 2024), "ad+ venture 70" (Adventure 70).

2. Basic Concept Regarding Selection of Accounting Standards

Our group intends to prepare consolidated financial statements under Japanese GAAP for the foreseeable future, considering the comparability of consolidated financial statements between periods and between companies.

With regard to the application of IFRS, the Company's policy is to respond appropriately, taking into account various domestic and overseas circumstances.

3. Consolidated Financial statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	6,467	8,097
Notes and accounts receivable - trade	11,660	10,864
Merchandise and finished goods	5,572	5,993
Work in process	757	851
Raw materials and supplies	1,510	1,637
Other	2,353	2,758
Allowance for doubtful accounts	(5)	(4)
Total current assets	28,315	30,199
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,592	7,323
Machinery, equipment and vehicles, net	5,034	4,508
Land	10,042	9,863
Construction in progress	28	428
Other, net	211	165
Total property, plant and equipment	22,910	22,290
Intangible assets		
Goodwill	498	427
Other	260	224
Total intangible assets	759	651
Investments and other assets		
Investment securities	2,876	2,729
Retirement benefit asset	783	950
Deferred tax assets	476	455
Other	1,000	954
Allowance for doubtful accounts	(9)	(7)
Total investments and other assets	5,128	5,083
Total non-current assets	28,797	28,025
Total assets	57,113	58,225

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,908	5,352
Short-term borrowings	4,753	6,855
Accounts payable - other	3,032	3,309
Accrued expenses	456	425
Income taxes payable	872	457
Provision for bonuses	854	628
Provision for loss on Anti-Monopoly Act	–	300
Other	1,495	1,809
Total current liabilities	17,373	19,139
Non-current liabilities		
Long-term borrowings	7,697	6,654
Retirement benefit liability	3,344	3,293
Deferred tax liabilities	345	348
Other	305	285
Total non-current liabilities	11,693	10,581
Total liabilities	29,067	29,720
Net assets		
Shareholders' equity		
Share capital	6,666	6,666
Capital surplus	8,761	8,515
Retained earnings	10,965	11,399
Treasury shares	(1,530)	(723)
Total shareholders' equity	24,863	25,858
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	763	730
Deferred gains or losses on hedges	27	10
Foreign currency translation adjustment	80	134
Remeasurements of defined benefit plans	86	127
Total accumulated other comprehensive income	957	1,003
Non-controlling interests	2,225	1,642
Total net assets	28,046	28,504
Total liabilities and net assets	57,113	58,225

(2) Consolidated statements of income and consolidated statements of comprehensive income
Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	63,644	63,118
Cost of sales	46,625	46,802
Gross profit	17,019	16,315
Selling, general and administrative expenses		
Freight and packing costs	2,853	2,750
Advertising and promotion expenses	968	893
Remuneration for directors (and other officers)	309	331
Salaries, allowances and bonuses	5,184	5,309
Provision for bonuses	476	341
Retirement benefit expenses	232	192
Welfare expenses	1,031	1,038
Travel and transportation expenses	154	165
Communication expenses	230	239
Rent expenses	512	570
Provision of allowance for doubtful accounts	4	–
Depreciation	280	286
Other	2,231	2,376
Total selling, general and administrative expenses	14,469	14,496
Operating profit	2,550	1,818
Non-operating income		
Rental income	170	180
Dividend income	65	65
Insurance claim income	114	229
Other	294	217
Total non-operating income	645	692
Non-operating expenses		
Interest expenses	76	66
Miscellaneous expenses of assets for rent	48	71
Other	47	36
Total non-operating expenses	172	174
Ordinary profit	3,023	2,336

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Extraordinary income		
Gain on sale of non-current assets	217	320
Gain on sale of investment securities	3	33
Subsidy income	–	0
Total extraordinary income	220	354
Extraordinary losses		
Loss on disposal of non-current assets	82	5
Impairment losses	318	15
Loss on sale of investment securities	–	1
Loss on valuation of investment securities	29	6
Loss on Anti-Monopoly Act	–	310
Provision for loss on Anti-Monopoly Act	–	300
Total extraordinary losses	429	639
Profit before income taxes	2,813	2,051
Income taxes - current	1,169	779
Income taxes - deferred	(78)	70
Total income taxes	1,090	849
Profit	1,723	1,201
Profit attributable to non-controlling interests	170	183
Profit attributable to owners of parent	1,552	1,018

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	1,723	1,201
Other comprehensive income		
Valuation difference on available-for-sale securities	507	(62)
Deferred gains or losses on hedges	6	(16)
Foreign currency translation adjustment	4	54
Remeasurements of defined benefit plans, net of tax	260	42
Total other comprehensive income	778	17
Comprehensive income	2,502	1,218
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,294	1,064
Comprehensive income attributable to non-controlling interests	207	154

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,666	8,759	9,980	(1,549)	23,856
Cumulative effects of changes in accounting policies					–
Restated balance	6,666	8,759	9,980	(1,549)	23,856
Changes during period					
Increase by share exchanges					–
Dividends of surplus			(567)		(567)
Profit attributable to owners of parent			1,552		1,552
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		2		19	21
Change in ownership interest of parent due to transactions with non-controlling interests					–
Net changes in items other than shareholders' equity					
Total changes during period	–	2	985	18	1,006
Balance at end of period	6,666	8,761	10,965	(1,530)	24,863

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	313	20	76	(193)	215	2,033	26,106
Cumulative effects of changes in accounting policies							–
Restated balance	313	20	76	(193)	215	2,033	26,106
Changes during period							
Increase by share exchanges							–
Dividends of surplus							(567)
Profit attributable to owners of parent							1,552
Purchase of treasury shares							(0)
Disposal of treasury shares							21
Change in ownership interest of parent due to transactions with non-controlling interests							–
Net changes in items other than shareholders' equity	450	6	4	280	742	191	933
Total changes during period	450	6	4	280	742	191	1,939
Balance at end of period	763	27	80	86	957	2,225	28,046

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,666	8,761	10,965	(1,530)	24,863
Cumulative effects of changes in accounting policies			(17)		(17)
Restated balance	6,666	8,761	10,948	(1,530)	24,846
Changes during period					
Increase by share exchanges		(251)		925	674
Dividends of surplus			(567)		(567)
Profit attributable to owners of parent			1,018		1,018
Purchase of treasury shares				(137)	(137)
Disposal of treasury shares		3		19	22
Change in ownership interest of parent due to transactions with non-controlling interests		2			2
Net changes in items other than shareholders' equity					
Total changes during period	–	(245)	450	807	1,012
Balance at end of period	6,666	8,515	11,399	(723)	25,858

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	763	27	80	86	957	2,225	28,046
Cumulative effects of changes in accounting policies							(17)
Restated balance	763	27	80	86	957	2,225	28,028
Changes during period							
Increase by share exchanges							674
Dividends of surplus							(567)
Profit attributable to owners of parent							1,018
Purchase of treasury shares							(137)
Disposal of treasury shares							22
Change in ownership interest of parent due to transactions with non-controlling interests							2
Net changes in items other than shareholders' equity	(33)	(16)	54	41	45	(582)	(536)
Total changes during period	(33)	(16)	54	41	45	(582)	475
Balance at end of period	730	10	134	127	1,003	1,642	28,504

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,813	2,051
Depreciation	1,623	1,579
Impairment losses	318	15
Amortization of goodwill	247	233
Increase (decrease) in allowance for doubtful accounts	3	(2)
Increase (decrease) in provision for bonuses	195	(232)
Increase (decrease) in provision for loss on Anti-Monopoly Act	–	300
Increase (decrease) in retirement benefit liability	(102)	(180)
Loss (gain) on disposal of non-current assets	(135)	(314)
Loss (gain) on sale of investment securities	(3)	(31)
Loss (gain) on valuation of investment securities	29	6
Loss on Anti-Monopoly Act	–	310
Interest and dividend income	(71)	(69)
Interest expenses	76	66
Subsidy income	–	(0)
Decrease (increase) in trade receivables	(1,203)	1,058
Decrease (increase) in inventories	(73)	(516)
Increase (decrease) in trade payables	(681)	(537)
Increase (decrease) in accrued consumption taxes	66	(241)
Other, net	101	155
Subtotal	3,204	3,649
Interest and dividends received	71	69
Interest paid	(77)	(64)
Income taxes paid	(790)	(1,428)
Net cash provided by (used in) operating activities	2,407	2,226
Cash flows from investing activities		
Payments into time deposits	(41)	(21)
Proceeds from withdrawal of time deposits	41	419
Purchase of property, plant and equipment	(1,659)	(1,185)
Proceeds from sale of property, plant and equipment	1,383	795
Purchase of intangible assets	(53)	(47)
Purchase of investment securities	(17)	(15)
Proceeds from sale of investment securities	12	185
Net decrease (increase) in short-term loans receivable	17	(15)
Proceeds from collection of long-term loans receivable	15	15
Purchase of shares of subsidiaries	(38)	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(134)	(493)
Subsidy income	–	0
Other, net	(44)	79
Net cash provided by (used in) investing activities	(518)	(283)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,191)	(44)
Proceeds from long-term borrowings	3,525	4,700
Repayments of long-term borrowings	(3,956)	(4,129)
Purchase of treasury shares	(0)	(137)
Dividends paid	(565)	(566)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(45)
Other, net	(80)	(75)
Net cash provided by (used in) financing activities	(2,269)	(299)
Effect of exchange rate change on cash and cash equivalents	0	7
Net increase (decrease) in cash and cash equivalents	(380)	1,650
Cash and cash equivalents at beginning of period	6,806	6,426
Cash and cash equivalents at end of period	6,426	8,076

(5)Notes to Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition)

The Company adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Accounting Standard for Revenue Recognition") from the beginning of the fiscal year under review and recognized revenue when control of promised goods or services is transferred to customers in an amount that is expected to be received in exchange for those goods or services. As a result, for transactions where variable consideration is included in the consideration in the contract with the customer, variable consideration is included in the transaction price only to the extent that it is probable that a significant reduction in the recorded revenue will not occur by the time the uncertainty regarding the amount of the variable consideration is resolved.

In addition, freight, packing costs, and sales promotion expenses, which were previously recorded in Selling, general and administrative expenses, are deducted from Net sales.

With regard to the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional treatment stipulated in the provisions of paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospective application of a new accounting policy prior to the beginning of the fiscal year under review has been adjusted to Retained earnings at the beginning of the fiscal year under review, and a new accounting policy has been applied from the beginning of the fiscal year under review. However, the new accounting policy has not been applied retrospectively to contracts for which the method set forth in paragraph 86 of the Accounting Standard for Revenue Recognition has been applied and substantially all revenue amounts have been recognized in accordance with previous treatment prior to the beginning of the current fiscal year.

Consequently, Net sales decreased by 207 million yen and Selling, general and administrative expenses decreased by 206 million yen and Operating profit, Ordinary profit and income before income taxes and minority interests decreased by 0 million yen for the current fiscal year, respectively.

Due to the reflection of the cumulative effect on net assets at the beginning of the fiscal year under review, Retained earnings' balance at the beginning of the consolidated statement of changes in Shareholders' equity decreased by 17 million yen.

The effect of this change on net assets per share and net income per share for the fiscal year under review is insignificant.

(Application of Accounting Standard for Calculation of Fair Value)

The Accounting Standard for Calculation of Fair Value (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Accounting Standard for Calculation of Fair Value") and other standards have been applied from the beginning of the current fiscal year, and in accordance with the transitional treatment stipulated in paragraph 19 of the Accounting Standard for Calculation of Fair Value and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policy stipulated by the Accounting Standard for Calculation of Fair Value will be applied in the future. This change did not have a material impact on the consolidated financial statements.

(Segment Information)

1 The outline of any Reporting Segment

The Reportable segments of the Company are components of the Company for which separate financial information is available and which are regularly reviewed by the Board of Directors for the purpose of deciding how to allocate resources and assessing performance.

We have established in-house companies and consolidated subsidiaries for each product and service, and each in-house company and consolidated subsidiary formulates comprehensive domestic and overseas strategies for the products and services it handles and conducts business activities.

Accordingly, we have four Reportable segments: Business Process Solutions, Consumer Communication, Office Appliances, and Energy, which are segments by product and service based on in-house companies and consolidated subsidiaries.

The Business Process Solutions segment manufactures and sells BPO businesses such as printing, data printing, and binding, library solutions, data printing services, and notebooks, as well as temporary staffing. The Consumer Communications segment manufactures and sells notebooks, alums, files, storage consolidation supplies, gadget peripheral goods, printer paper, child car seats, and other products. The Office Appliances segment manufactures and sells shredders, bookbinding machines, electronic medical record wagons, drip stands and other products, sells office furniture, wooden furniture and other products, and recycles wastepaper. The Energy Business is engaged in wooden biomass power generation and solar power generation.

2 Calculation methods for Net sales, income (loss), assets, liabilities, and other items by Reportable segment

Inter-segment sales and transfers of reportable segments are based on prevailing market prices.

3 Net sales, Income (Loss), Assets, Liabilities and Other Items by Reportable Segment

Previous fiscal year (April 1, 2020, to March 31, 2021)

(Millions of yen)

	Reportable segments					Other (NOTE)1	Total	Adjusted amount (NOTE) 2・3	Consolidated Financial Statements Amount recorded (NOTE)4
	Business Process Solutions business	Consumer Communications Business	Offices Appliances Business	Energy Business	Total				
Net sales									
Net sales to External Customers	32,996	21,280	7,566	1,705	63,548	96	63,644	-	63,644
Inter-segment Net sales or transfers	1,406	1,281	937	-	3,625	43	3,668	(3,668)	-
Total	34,402	22,562	8,504	1,705	67,174	139	67,313	(3,668)	63,644
Segment profit (loss)	665	1,402	568	228	2,864	(36)	2,827	(277)	2,550
Segment assets	26,391	18,765	4,819	3,341	53,317	82	53,400	3,713	57,113
Other Fields									
Depreciation and amortization	915	245	48	251	1,460	3	1,463	159	1,623
Amortized amount of Goodwill	159	87	-	-	247	-	247	-	247
Increased amount of Property, plant and equipment and Intangible assets	1,121	451	68	96	1,738	12	1,750	19	1,769

(NOTE) 1 "Other" is a business segment that is not included in the Reportable segments, and includes the vegetable plant business and the Garlic farm business, etc.

2 Adjusted amount of (277) million yen for Segment profit (loss) includes 167 million yen for the elimination of intersegment transactions, an adjustment of 2 million yen for inventories, and (447) million yen for corporate expenses that are not allocated to each Reportable segment. Corporate expenses are mainly Selling, general and administrative expenses not attributable to Reportable segments

3 Adjusted amount of 3,713 million yen to Segment assets includes an elimination of (4,385) million yen for intersegment transactions, 8,101 million yen for corporate assets not allocated to each Reportable segment, and an adjustment of (2) million yen for inventories. Corporate assets mainly consist of surplus operating funds (cash and short-term loans receivable), long-term invested funds (Investment securities) and assets related to administrative divisions that are not attributable to Reportable segments.

4 Segment profit (loss) is adjusted with Operating profit in the Consolidated statements of income.

Current fiscal year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segments					Other (NOTE)1	Total	Adjusted amount (NOTE) 2・3	Consolidated Financial Statements Amount recorded (NOTE)4
	Business Process Solutions business	Consumer Communications Business	Offices Appliances Business	Energy Business	Total				
Net sales									
Net sales to External Customers	32,791	21,247	7,488	1,527	63,054	63	63,118	-	63,118
Inter-segment Net sales or transfers	1,480	1,073	779	-	3,333	49	3,382	(3,382)	-
Total	34,272	22,320	8,268	1,527	66,388	112	66,500	(3,382)	63,118
Segment profit (loss)	889	643	544	71	2,149	(41)	2,108	(289)	1,818
Segment assets	26,741	19,188	5,047	3,142	54,120	96	54,216	4,009	58,225
Other Fields									
Depreciation and amortization	877	235	49	255	1,417	2	1,420	159	1,579
Amortized amount of Goodwill	141	92	-	-	233	-	233	-	233
Increased amount of Property, plant and equipment and Intangible assets	838	140	37	116	1,133	0	1,133	12	1,146

(NOTE)1. "Other" is a business segment that is not included in the Reportable segments, and includes the vegetable plant business and the Garlic farm business, etc.

- Adjusted amount of (289) million yen for Segment profit (loss) includes 170 million yen for the elimination of intersegment transactions, (2) million yen for the adjustment of inventories, and (456) million yen for corporate expenses that are not allocated to each Reportable segment. Corporate expenses are mainly Selling, general and administrative expenses not attributable to Reportable segments.
- Adjusted amount of 4,009 million yen to Segment assets includes an elimination of (4,195) million yen for intersegment transactions, (8,209) million yen for corporate assets not allocated to each Reportable segment, and an adjustment of (5) million yen for inventories. Corporate assets mainly consist of surplus operating funds (cash and short-term loans receivable), long-term invested funds (Investment securities) and assets related to administrative divisions that are not attributable to Reportable segments.
- Segment profit (loss) is adjusted with Operating profit in the Consolidated statements of income.

(Per Share Information)

	End of previous fiscal year (April 1, 2020 To March 31, 2021)	Current Consolidated Fiscal Year (April 1, 2021 From March 31, 2022)
Net assets per share	1,000.80 yen	981.29 yen
Earnings per share	60.20 yen	39.26 yen

(NOTE) 1. Diluted Earnings per share is not presented because there were no dilutive shares.

2. The basis for calculating Earnings per share is as follows.

	End of previous fiscal year (April 1, 2020 To March 31, 2021)	Current Consolidated Fiscal Year (April 1, 2021 From March 31, 2022)
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	1,552	1,018
Amounts not attributable to common stock (Millions of yen)	-	-
Profit attributable to owners of parent attributable to common stock (Millions of yen)	1,552	1,018
Average number of shares of common stock outstanding during the period (thousands of shares)	25,789	25,944

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

	End of previous fiscal year (As of March 31, 2021)	Current Consolidated Fiscal Year (As of March 31, 2022)
Total Net assets (Millions of yen)	28,046	28,504
Amount deducted from the sum of Net assets (million yen)	2,225	1,642
(Non-controlling interests) (Millions of yen)	(2,225)	(1,642)
Net assets attributable to common stock at end of year (millions of yen)	25,821	26,861
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share (thousand shares)	25,800	27,374

(Significant Subsequent Events)

Not applicable.

4. Others

Not applicable.