

Disclaimer: This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



May 16, 2023

Company name: RIX CORPORATION
 Stock exchange listing: Tokyo Stock Exchange and Fukuoka Stock Exchange
 Code number: 7525
 URL: <https://www.rix.co.jp/en/>
 Representative: Takashi Yasui, Representative Director, President and Executive Officer
 Contact: Toru Karita, Director and Managing Executive Officer & Division Manager-Administration
 Phone: +81-92-472-7311
 Scheduled date of ordinary general meeting of shareholders: June 22, 2023
 Scheduled date of commencing dividend payments: June 23, 2023
 Scheduled date of filing annual securities report: June 23, 2023
 Availability of supplementary explanatory materials on financial results: Available
 Schedule of financial results briefing session: Scheduled (for institutional investors and analysts)

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

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

(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, 2023	45,223	13.1	3,326	28.9	3,748	25.5	2,763	34.7
March 31, 2022	39,969	–	2,580	44.5	2,985	42.8	2,051	50.3

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥3,110 million [49.7%]
 Fiscal year ended March 31, 2022: ¥2,077 million [15.9%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	340.03	–	13.7	10.5	7.4
March 31, 2022	251.13	–	11.2	9.3	6.5

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended March 31, 2023: ¥32 million

Fiscal year ended March 31, 2022: ¥33 million

(Note) The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the previous fiscal year. Therefore, the change in net sales for the fiscal year ended March 31, 2022 from the previous corresponding period is not shown in the table above.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	37,442	21,684	56.8	2,632.88
As of March 31, 2022	34,187	19,500	56.0	2,343.01

(Reference) Equity: As of March 31, 2023: ¥21,277 million
 As of March 31, 2022: ¥19,143 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 year-end
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2023	2,128	(1,569)	(1,083)	7,693
March 31, 2022	2,310	(764)	(496)	8,195

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of 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, 2022	–	25.00	–	40.00	65.00	531	25.9	2.9
March 31, 2023	–	50.00	–	85.00	135.00	1,095	39.7	5.4
March 31, 2024 (Forecast)	–	60.00	–	60.00	120.00		39.9	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023–March 31, 2024)

(% 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
First half	23,200	9.5	1,630	15.3	1,710	(1.4)	1,150	(2.2)	142.30
Full year	47,100	4.1	3,440	3.4	3,550	(5.3)	2,430	(12.1)	300.68

* Notes:

- (1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation):
Newly included: None; Excluded: None
- (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: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (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, 2023: 8,640,000 shares
March 31, 2022: 8,640,000 shares
 - 2) Total number of treasury shares at the end of the period:
March 31, 2023: 558,451 shares
March 31, 2022: 469,445 shares
 - 3) Average number of shares outstanding during the period:
Fiscal year ended March 31, 2023: 8,128,527 shares
Fiscal year ended March 31, 2022: 8,170,561 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022–March 31, 2023)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	36,402	12.9	2,556	17.3	2,957	15.3	2,182	23.7
March 31, 2022	32,233	–	2,179	52.6	2,564	42.2	1,764	48.3

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	268.10	–
March 31, 2022	215.65	–

(Note) The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the previous fiscal year. Therefore, the change in net sales for the fiscal year ended March 31, 2022 from the previous corresponding period is not shown in the table above.

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2023	30,278	16,839	55.6	2,080.68
March 31, 2022	28,243	15,421	54.6	1,884.76

(Reference) Equity: As of March 31, 2023: ¥16,839 million

As of March 31, 2022: ¥15,421 million

* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

(Cautionary statement regarding forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and the Company does not in any way guarantee the achievement of the forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to “1. Overview of Operating Results, Etc. (4) Future Outlook” on page 5 of the Attachments for the assumptions underlying the forecasts and precautions when using the forecasts.

(How to obtain supplementary explanatory materials on financial results and contents of the financial results briefing session)

The Company plans to hold a financial results briefing session for institutional investors and analysts on Tuesday, May 30, 2023. The presentation materials to be used at the session will be posted on the Company’s website promptly after the session.

Table of Contents - Attachments

1. Overview of Operating Results, Etc.	2
(1) Overview of Operating Results for the Fiscal Year under Review	3
(2) Overview of Financial Position for the Fiscal Year under Review	4
(3) Overview of Cash Flows for the Fiscal Year under Review	4
(4) Future Outlook	5
2. Basic Policy on Selection of Accounting Standards	5
3. Consolidated Financial Statements and Principal Notes	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	8
Consolidated Statements of Income	8
Consolidated Statements of Comprehensive Income	9
(3) Consolidated Statements of Changes in Equity	10
(4) Consolidated Statements of Cash Flows	12
(5) Notes to Consolidated Financial Statements	14
(Notes on Going Concern Assumption)	14
(Notes in Case of Significant Changes in Shareholders' Equity)	14
(Changes in Accounting Policies)	14
(Changes in Presentation)	14
(Segment Information, Etc.)	15
(Per Share Information)	20
(Significant Subsequent Events)	20
4. Others	21
(1) Overview of Production, Orders Received and Sales	21
(2) Change of Directors and Officers	22

1. Overview of Operating Results, Etc.

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

The world economy showed a slowdown during the fiscal year under review due mainly to soaring energy prices (especially in Western European countries) and a continued spike in inflation. On the other hand, economic recovery was seen in the service industry, particularly due to the lifting of the zero-COVID policy in China.

As with the global trend, the Japanese economy saw accelerated capital investment by service industries and continued growth in investments related to decarbonization and digitalization. Investment momentum, however, varied by industry and sector, affected by the slowdown in overseas economies.

Under these economic circumstances, the Group implemented measures under its medium-term plan “GP2023.” As a result, as for the consolidated financial results for the fiscal year ended March 31, 2023, the Group recorded net sales totaling ¥45,223 million (up 13.1% year on year), operating profit totaling ¥3,326 million (up 28.9% year on year), ordinary profit totaling ¥3,748 million (up 25.5% year on year), and profit attributable to owners of parent totaling ¥2,763 million (up 34.7% year on year).

Operating results by reportable segment are as follows. The Group manages business performance by industry to which customers belong, and thus designates the following eight industries as reportable segments: “Steel and Iron,” “Automobile,” “Electronics and Semiconductor,” “Rubber and Tire,” “Machine Tools,” “High-performance Material,” “Environment,” and “Paper and Pulp.”

(Steel and Iron)

On the global level, the steel and iron industry experienced a slight year-on-year decline in production, despite regional differences. Meanwhile, production in China, the largest crude steel producer in the world, increased year on year. In Japan, crude steel production declined, partly due to delayed recovery in automobile production and lower demand for steel products overseas mainly caused by price and interest rate hikes.

The Group focused on sales activities not only in the maintenance sector but also in the operation sector, resulting in the growth of sales of special heavy machinery for steelmaking operations, fences and installation jigs for safety measures, and special valves for the hot-rolling process. Moreover, sales of equipment for restoration after typhoon damage at overseas steel plants contributed to the increase in overall net sales.

As a result, net sales for the steel and iron industry totaled ¥12,232 million (up 8.0% year on year).

(Automobile)

On the global level, the automobile industry saw a recovery trend in automobile production alongside a change in the production sector, as production in China was reduced for gasoline-powered vehicles but significantly boosted for new energy vehicles. In Japan, with the easing impact of the automotive semiconductor supply shortages, production was returning to near pre-pandemic levels.

The Group focused on sales and proposal activities in the battery and motor sectors, which are attracting attention in the CASE market. This resulted in increased sales of our original defoaming machines for the battery manufacturing process and orders for automation projects for the motor manufacturing process, contributing to the increase in overall net sales.

As a result, net sales for the automobile industry totaled ¥9,446 million (up 18.0% year on year).

(Electronics and Semiconductor)

On the global and domestic levels, the electronics and semiconductor industry saw contrasting trends in the demand sector in terms of investment, which was constrained in the memory semiconductor market but grew in power semiconductors for automobiles. Sales of products related to semiconductor manufacturing equipment were on a downward trend due to a slowing of demand compared to the growth seen in the previous year.

The Group focused on sales activities in the facilities and maintenance sectors. This resulted in increased sales of our original flux cleaning equipment for semiconductor back-end processes and increased orders for components for semiconductor etch systems, contributing to the increase in overall net sales.

As a result, net sales for the electronics and semiconductor industry totaled ¥6,877 million (up 17.7% year on year).

(Rubber and Tire)

On the global level, the rubber and tire industry saw a decrease in demand due to automobile production cuts in China as well as lower demand for replacement tires attributable to the warm winter in Europe.

The Group continued to follow up on development projects and focus on sales activities related to new projects and capital investment, as in the previous fiscal year. This resulted in strong sales both in Japan and

overseas of valves and tire-related equipment and heat-insulating plates originally produced by Group companies, contributing to the increase in overall net sales.

As a result, net sales for the rubber and tire industry totaled ¥3,394 million (up 26.9% year on year).

(Machine Tools)

In the machine tools industry, while orders remained strong in the industrial world due to recovery from the COVID-19 pandemic, demand was on a declining trend as capital investment was slowed by high interest rates worldwide and other factors.

The Group focused on sales and development to cater to requests for the integration and automation of machine tools. This resulted in a continued increase in overall net sales of our original rotary joints and growth in demand for peripheral equipment. In addition, sales of pumps to filtration equipment and processing machine manufacturers increased.

As a result, net sales for the machine tools industry totaled ¥2,436 million (up 30.0% year on year).

(High-performance Material)

The high-performance material industry was impacted by the global economic slowdown and declining demand, as the production of ethylene, a basic product, showed a downward trend.

The Group focused on making further inroads into the high-performance film industry and pharmaceutical and cosmetic sectors, resulting in the winning of projects to construct new tanks for supplying raw materials, accompanied by associated orders for pumps, contributing to the increase in overall net sales.

As a result, net sales for the high-performance material industry totaled ¥1,973 million (up 13.6% year on year).

(Environment)

The environment industry continued to see growth in the water business for new and expanded plants in Japan as well as projects against global warming, which served as a driver of the entire environmental industry.

The Group focused on increasing its presence in the environment industry and water business, which are regarded as important in recent years. This resulted in sales of equipment such as pumps for water treatment plants, inverters related to energy conservation, and environmental products for incineration facilities, contributing to the increase in overall net sales.

As a result, net sales for the environmental industry totaled ¥2,094 million (up 7.7% year on year).

(Paper and Pulp)

The paper and pulp industry saw a decline in demand due to cost control amid inflation, leading to a lingering slump in production and shipments of paper and paper boards.

The Group focused on product development in the cutting-edge biomass material CNF, chemical materials, and energy sectors. This resulted in the increase in overall net sales due mainly to orders for equipment for CNF, but this did not offset the decline caused by the fact that prime mover renewals were not scheduled for the period under review, among other factors.

As a result, net sales for the paper and pulp industry totaled ¥789 million (down 8.6% year on year).

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

(Assets)

Current assets increased 6.7% from the end of the previous fiscal year to ¥29,009 million. Primary factors for the increase include an increase of ¥1,423 million in trade receivables, an increase of ¥731 million in inventories, and a decrease of ¥408 million in cash and deposits.

Non-current assets increased 20.4% from the end of the previous fiscal year to ¥8,432 million. Primary factors for the increase include an increase of ¥567 million in construction in progress and an increase of ¥630 million in investment securities.

As a result, total assets increased 9.5% from the end of the previous fiscal year to ¥37,442 million.

(Liabilities)

Current liabilities increased 8.6% from the end of the previous fiscal year to ¥14,397 million. Primary factors for the increase include an increase of ¥1,106 million in trade payables, an increase of ¥216 million in accrued expenses, and a decrease of ¥227 million in income taxes payable.

Non-current liabilities decreased 4.9% from the end of the previous fiscal year to ¥1,360 million. Primary

factors for the decrease include an increase of ¥124 million in other and a decrease of ¥207 million in provision for retirement benefits for directors (and other officers).

As a result, total liabilities increased 7.3% from the end of the previous fiscal year to ¥15,757 million.

(Net Assets)

Net assets increased 11.2% from the end of the previous fiscal year to ¥21,684 million. Primary factors for the increase include an increase of ¥2,028 million in retained earnings, an increase of ¥210 million in valuation difference on available-for-sale securities, and an increase of ¥202 million in treasury shares.

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

Cash and cash equivalents at the end of the fiscal year under review decreased by ¥501 million from the end of the previous fiscal year to ¥7,693 million. The status of each cash flow and their factors are as follows.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥2,128 million. The main cash inflow factors were profit before income taxes of ¥3,730 million, depreciation of ¥383 million, and an increase of ¥1,058 million in trade payables and an increase in other liabilities of ¥525 million. The main cash outflow factors were an increase of ¥1,382 million in trade receivables, an increase of ¥711 million in inventories, and income taxes paid of ¥1,182 million.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥1,569 million. The main cash inflow was proceeds from sale and redemption of securities of ¥100 million, while the main cash outflows were purchase of property, plant and equipment of ¥944 million, purchase of investment securities of ¥272 million, and purchase of shares of subsidiaries and associates of ¥123 million.

(Cash Flows from Financing Activities)

Net cash used in financing activities amounted to ¥1,083 million. The main cash outflow was purchase of treasury shares of ¥211 million and dividends paid of ¥732 million.

(Reference) Trends in Cash Flow Indicators

	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
Equity ratio (%)	50.1	53.1	58.1	56.0	56.8
Equity ratio based on market value (%)	41.3	42.4	42.0	39.4	54.2
Interest-bearing debt to cash flows ratio (years)	1.2	1.0	0.9	0.9	0.9
Interest coverage ratio (times)	295.7	210.4	177.7	725.0	406.3

Equity ratio: Equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

Interest-bearing debt to cash flows ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest payment

(Notes) 1. Each index has been calculated in accordance with financial indicators on a consolidated basis.

2. Market capitalization is calculated based on the number of issued shares excluding treasury shares.

3. Operating cash flow is used for cash flows. Interest-bearing debt includes all liabilities on the consolidated balance sheets for which interest is paid. Interest payment is equal to the amount of interest paid in the consolidated statements of cash flows.

(4) Future Outlook

With the COVID-19 pandemic subsiding, we anticipate a positive impact on the economic environment due to the resulting expansion of economic activities and increased inbound tourism demand, among other factors. However, it is important to acknowledge that certain factors continue to contribute to uncertainty in the business environment, such as geopolitical risks and rising resource prices. Additionally, there are numerous factors that demand close attention, including developments in overseas economies and financial and foreign exchange markets. Under these circumstances, the Group will implement various measures in its medium-term management plan, such as strengthening sales to existing customers, developing new products, and cultivating new business domains.

Based on the above, for the fiscal year ending March 31, 2024, the Company expects net sales of ¥47,100 million (up 4.1% year on year), operating profit of ¥3,440 million (up 3.4% year on year), ordinary profit of ¥3,550 million (down 5.3% year on year), and profit attributable to owners of parent totaling ¥2,430 million (down 12.1% year on year).

2. Basic Policy on Selection of Accounting Standards

The Group plans to prepare its consolidated financial statements based on the Japanese GAAP for the time being, taking into account both time-series and cross-sectional comparability of the consolidated financial statements.

The Group will consider adopting IFRS (International Financial Reporting Standards) as appropriate in view of various conditions in Japan and abroad.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	9,103,893	8,695,704
Notes receivable – trade	679,645	749,553
Electronically recorded monetary claims – operating	3,042,117	3,138,483
Accounts receivable – trade	11,606,759	12,864,241
Securities	100,000	100,000
Merchandise and finished goods	1,904,187	2,512,353
Work in process	278,980	330,072
Raw materials and supplies	196,064	268,223
Prepaid expenses	82,296	91,301
Other	191,203	259,811
Allowance for doubtful accounts	(742)	(502)
Total current assets	27,184,404	29,009,241
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,311,368	3,383,148
Accumulated depreciation	(1,919,008)	(2,035,578)
Buildings and structures, net	1,392,360	1,347,570
Machinery, equipment and vehicles	1,722,170	1,833,124
Accumulated depreciation	(1,202,020)	(1,294,439)
Machinery, equipment and vehicles, net	520,150	538,684
Tools, furniture and fixtures	1,217,034	1,351,577
Accumulated depreciation	(966,050)	(1,070,827)
Tools, furniture and fixtures, net	250,984	280,750
Land	719,489	722,446
Leased assets	283,075	307,208
Accumulated depreciation	(134,091)	(171,017)
Leased assets, net	148,983	136,190
Construction in progress	18,152	585,968
Total property, plant and equipment	3,050,120	3,611,611
Intangible assets		
Other	163,788	365,832
Total intangible assets	163,788	365,832
Investments and other assets		
Investment securities	2,601,939	3,232,657
Long-term loans receivable	408,134	432,762
Guarantee deposits	226,617	248,273
Insurance funds	61,297	65,090
Retirement benefit asset	151,793	143,031
Deferred tax assets	171,360	126,496
Other	182,837	222,414
Allowance for doubtful accounts	(14,673)	(15,170)
Total investments and other assets	3,789,306	4,455,555
Total non-current assets	7,003,215	8,432,998
Total assets	34,187,619	37,442,239

(Thousand yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable – trade	767,572	653,297
Electronically recorded obligations – operating	4,799,985	5,287,815
Accounts payable – trade	3,964,637	4,697,885
Short-term borrowings	1,515,170	1,403,428
Current portion of long-term borrowings	21,600	21,600
Lease liabilities	20,428	28,566
Accrued expenses	744,046	960,981
Income taxes payable	714,467	487,447
Accrued consumption taxes	121,855	117,529
Accrued directors bonus	109,868	101,378
Contract liabilities	71,235	134,733
Other	406,593	502,562
Total current liabilities	13,257,458	14,397,226
Non-current liabilities		
Long-term borrowings	270,400	248,800
Lease liabilities	138,968	134,535
Deferred tax liabilities	9,128	30,336
Provision for retirement benefits for directors (and other officers)	294,410	86,460
Retirement benefit liability	655,338	673,742
Asset retirement obligations	44,237	44,483
Other	17,608	142,039
Total non-current liabilities	1,430,091	1,360,397
Total liabilities	14,687,549	15,757,624
Net assets		
Shareholders' equity		
Share capital	827,900	827,900
Capital surplus	1,057,212	1,069,472
Retained earnings	16,986,591	19,015,440
Treasury shares	(407,624)	(609,731)
Total shareholders' equity	18,464,080	20,303,081
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	494,706	705,354
Foreign currency translation adjustment	164,516	266,495
Remeasurements of defined benefit plans	20,400	2,851
Total accumulated other comprehensive income	679,623	974,700
Non-controlling interests	356,366	406,832
Total net assets	19,500,069	21,684,615
Total liabilities and net assets	34,187,619	37,442,239

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

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	39,969,548	45,223,670
Cost of sales	30,353,682	33,735,054
Gross profit	9,615,866	11,488,615
Selling, general and administrative expenses	7,035,842	8,162,204
Operating profit	2,580,023	3,326,410
Non-operating income		
Interest income	14,473	22,032
Dividend income	58,817	80,940
Reversal of allowance for doubtful accounts	2,103	–
Share of profit of entities accounted for using equity method	33,319	32,815
Rental income from real estate	19,933	20,014
Foreign exchange gains	195,268	190,567
Gain on investments in investment partnerships	25,735	16,732
Purchase discounts	23,130	28,897
Other	40,450	45,571
Total non-operating income	413,234	437,573
Non-operating expenses		
Interest expenses	3,156	5,232
Other	4,272	10,487
Total non-operating expenses	7,428	15,719
Ordinary profit	2,985,828	3,748,265
Extraordinary income		
Gain on sale of non-current assets	1,910	560
Gain on sale of investment securities	3,385	–
Gain on sale of membership	350	–
Surrender value of insurance policies	4,026	2,935
Total extraordinary income	9,672	3,496
Extraordinary losses		
Loss on sale of non-current assets	14	–
Loss on retirement of non-current assets	5,998	3,228
Impairment losses	–	17,849
Loss on valuation of investment securities	792	–
Loss on valuation of membership	279	–
Total extraordinary losses	7,085	21,078
Profit before income taxes	2,988,415	3,730,683
Income taxes – current	986,193	961,150
Income taxes – deferred	(77,787)	(28,265)
Total income taxes	908,405	932,885
Profit	2,080,010	2,797,798
Profit attributable to non-controlling interests	28,115	33,884
Profit attributable to owners of parent	2,051,894	2,763,913

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	2,080,010	2,797,798
Other comprehensive income		
Valuation difference on available-for-sale securities	(109,254)	215,762
Foreign currency translation adjustment	153,826	111,304
Remeasurements of defined benefit plans, net of tax	(45,284)	(17,549)
Share of other comprehensive income of entities accounted for using equity method	(1,321)	3,461
Total other comprehensive income	(2,034)	312,979
Comprehensive income	2,077,975	3,110,777
Comprehensive income attributable to:		
Owners of parent	2,057,239	3,058,991
Non-controlling interests	20,736	51,786

(3) Consolidated Statements of Changes in Equity

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

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	827,900	1,057,212	15,384,710	(407,593)	16,862,229
Changes during period					
Dividends of surplus			(450,013)		(450,013)
Profit attributable to owners of parent			2,051,894		2,051,894
Purchase of treasury shares				(30)	(30)
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	1,601,881	(30)	1,601,850
Balance at end of period	827,900	1,057,212	16,986,591	(407,624)	18,464,080

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	598,153	10,438	65,685	674,278	336,950	17,873,458
Changes during period						
Dividends of surplus						(450,013)
Profit attributable to owners of parent						2,051,894
Purchase of treasury shares						(30)
Net changes in items other than shareholders' equity	(103,447)	154,077	(45,284)	5,344	19,416	24,760
Total changes during period	(103,447)	154,077	(45,284)	5,344	19,416	1,626,611
Balance at end of period	494,706	164,516	20,400	679,623	356,366	19,500,069

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

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	827,900	1,057,212	16,986,591	(407,624)	18,464,080
Changes during period					
Dividends of surplus			(735,064)		(735,064)
Profit attributable to owners of parent			2,763,913		2,763,913
Disposal of treasury shares		12,260		9,658	21,918
Purchase of treasury shares				(211,765)	(211,765)
Net changes in items other than shareholders' equity					—
Total changes during period	—	12,260	2,028,848	(202,106)	1,839,001
Balance at end of period	827,900	1,069,472	19,015,440	(609,731)	20,303,081

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	494,706	164,516	20,400	679,623	356,366	19,500,069
Changes during period						
Dividends of surplus						(735,064)
Profit attributable to owners of parent						2,763,913
Disposal of treasury shares						21,918
Purchase of treasury shares						(211,765)
Net changes in items other than shareholders' equity	210,647	101,979	(17,549)	295,077	50,466	345,544
Total changes during period	210,647	101,979	(17,549)	295,077	50,466	2,184,546
Balance at end of period	705,354	266,495	2,851	974,700	406,832	21,684,615

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,988,415	3,730,683
Depreciation	345,891	383,095
Impairment losses	–	17,849
Increase (decrease) in accounts payable-bonus to directors and statutory auditors	25,544	(8,490)
Increase (decrease) in net defined benefit asset and liability	2,811	1,350
Increase (decrease) in provision for retirement benefits for directors (and other officers)	29,408	(207,950)
Increase (decrease) in allowance for doubtful accounts	(2,715)	257
Interest and dividend income	(73,291)	(102,973)
Interest expenses	3,156	5,232
Foreign exchange losses (gains)	(38,072)	1,053
Share of loss (profit) of entities accounted for using equity method	(33,319)	(32,815)
Loss (gain) on sale of property, plant and equipment	(1,896)	(560)
Loss on retirement of property, plant and equipment	5,998	3,228
Loss (gain) on sale of investment securities	(3,385)	–
Loss (gain) on valuation of investment securities	792	–
Loss (gain) on investments in investment partnerships	(25,735)	(16,732)
Loss (gain) on sale of membership	(350)	–
Loss on valuation of membership	279	–
Decrease (increase) in trade receivables	(1,574,648)	(1,382,674)
Decrease (increase) in inventories	(642,263)	(711,149)
Decrease (increase) in other assets	(26,894)	(50,962)
Increase (decrease) in trade payables	1,510,538	1,058,469
Increase (decrease) in accrued consumption taxes	99,464	9
Increase (decrease) in other liabilities	229,545	525,712
Subtotal	2,819,275	3,212,633
Interest and dividends received	73,959	103,582
Interest paid	(3,186)	(5,238)
Income taxes paid	(579,667)	(1,182,523)
Net cash provided by (used in) operating activities	2,310,381	2,128,453
Cash flows from investing activities		
Payments into time deposits	(883,637)	(938,727)
Proceeds from withdrawal of time deposits	621,438	847,750
Proceeds from sale and redemption of securities	50,000	100,000
Purchase of property, plant and equipment	(278,440)	(944,469)
Proceeds from sale of property, plant and equipment	2,040	2,816
Purchase of intangible assets	(32,863)	(155,346)
Purchase of investment securities	(144,924)	(272,934)
Proceeds from sale and redemption of investment securities	39,737	19,396
Proceeds from liquidation of investment securities	–	11,584
Purchase of shares of subsidiaries and associates	–	(123,863)
Payments for investments in capital of subsidiaries and associates	(65,880)	–
Loan advances	(42,940)	(26,530)
Proceeds from collection of loans receivable	24,598	42,551
Other payments	(58,352)	(138,745)
Other proceeds	4,705	6,751
Net cash provided by (used in) investing activities	(764,518)	(1,569,766)

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from financing activities		
Proceeds from short-term borrowings	18,613,760	21,750,000
Repayments of short-term borrowings	(18,617,219)	(21,868,525)
Repayments of long-term borrowings	(21,600)	(21,600)
Repayments of lease liabilities	(20,847)	(20,428)
Purchase of treasury shares	(30)	(211,765)
Proceeds from sale of treasury shares	–	21,918
Dividends paid	(449,602)	(732,270)
Dividends paid to non-controlling interests	(1,320)	(1,320)
Net cash provided by (used in) financing activities	(496,859)	(1,083,990)
Effect of exchange rate change on cash and cash equivalents	103,083	23,329
Net increase (decrease) in cash and cash equivalents	1,152,085	(501,973)
Cash and cash equivalents at beginning of period	7,043,318	8,195,404
Cash and cash equivalents at end of period	8,195,404	7,693,431

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in Shareholders' Equity)

Not applicable.

(Changes in Accounting Policies)

We have applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as "Fair Value Measurement Guidance") since the beginning of the fiscal year under review. Pursuant to the transitional treatment prescribed in Paragraph 27-2 of the Fair Value Measurement Guidance, the new accounting policies provided for in the Fair Value Measurement Guidance will be applied going forward.

This shall have no impact on the consolidated financial statements for the fiscal year under review.

(Changes in Presentation)

(Consolidated Statements of Cash Flows)

"Purchase of intangible assets," which was included in "Other payments" under "Cash flows from investing activities" in the previous fiscal year, is presented separately from the fiscal year under review due to its increased materiality. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, "Other payments" of ¥(91,215) thousand under "Cash flows from investing activities" in the consolidated statements of cash flows for the previous fiscal year has been reclassified as "Purchase of intangible assets" of ¥(32,863) thousand and "Other payments" of ¥(58,352) thousand.

(Segment Information, Etc.)

(Segment Information)

1 Overview of Reportable Segments

(1) Method of Determining Reportable Segments

The Company's reportable segments are components of the Company for which separate financial statements are available and which are subject to periodic review by the Board of Directors to determine the allocation of management resources and evaluate their performance.

The Group sells primarily industrial machinery and parts to a wide array of customers. Although the business management organizations of the sales division are organized by region as required by sales activities, the Group's performance by customer industry is the primary management objective because trends in customer industries have a significant impact on the Group's performance.

Accordingly, the Group is composed of industry segments based on the sales structure of each customer industry, and thus designates the following eight industries as reportable segments: "Steel and Iron," "Automobile," "Electronics and Semiconductor," "Rubber and Tire," "Machine Tools," "High-performance Material," "Environment," and "Paper and Pulp."

(2) Type of Products and Services Belonging to Each Reportable Segment

The Group manufactures and sells high-pressure hydraulic equipment, precision measurement & inspection products and other merchandise and products, though there is no relationship between the reportable segments and the merchandise, products and services handled by the Group.

2 Calculation of Net Sales, Profit or Loss, Assets, Liabilities and Other Items by Reportable Segment

The accounting methods used for the reported business segments are generally the same as those used in the preparation of the consolidated financial statements.

3 Information on Net Sales, Profit or Loss, Assets, Liabilities and Other Items by Reportable Segment
For the previous fiscal year (from April 1, 2021 to March 31, 2022)

(Thousand yen)

	Reportable segment							
	Steel and Iron	Automobile	Electronics and Semiconductor	Rubber and Tire	Machine Tools	High-performance Material	Environment	Paper and Pulp
Net sales								
Net sales to outside customers	11,328,618	8,006,404	5,840,577	2,673,901	1,874,777	1,737,704	1,944,166	864,096
Inter-segment net sales or transfers	–	–	–	–	–	–	–	–
Total	11,328,618	8,006,404	5,840,577	2,673,901	1,874,777	1,737,704	1,944,166	864,096
Segment profit (loss)	1,142,883	565,042	384,185	162,228	202,368	157,643	173,811	82,879

	Reportable segment	Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Statements of Income (Note 3)
	Total				
Net sales					
Net sales to outside customers	34,270,246	5,699,301	39,969,548	–	39,969,548
Inter-segment net sales or transfers	–	–	–	–	–
Total	34,270,246	5,699,301	39,969,548	–	39,969,548
Segment profit (loss)	2,871,042	595,831	3,466,873	(886,850)	2,580,023

- (Notes) 1. The “Other” category is a business segment which is not included in the reportable segments and includes businesses for the food industry and shipbuilding industry.
2. An adjustment of ¥(886,850) thousand in segment profit (loss) includes ¥1,105,207 thousand for internal profit, ¥418,783 thousand for consolidation elimination, and ¥(2,410,841) thousand for selling, general and administrative expenses which are not attributable to the reportable segments.
3. Segment profit (loss) is adjusted with operating profit on the Consolidated Statements of Income.
4. Segment assets are not disclosed because the Company does not allocate assets to reportable segments.

For the fiscal year under review (from April 1, 2022 to March 31, 2023)

(Thousand yen)

	Reportable segment							
	Steel and Iron	Automobile	Electronics and Semiconductor	Rubber and Tire	Machine Tools	High-performance Material	Environment	Paper and Pulp
Net sales								
Net sales to outside customers	12,232,894	9,446,661	6,877,223	3,394,419	2,436,701	1,973,398	2,094,574	789,449
Inter-segment net sales or transfers	–	–	–	–	–	–	–	–
Total	12,232,894	9,446,661	6,877,223	3,394,419	2,436,701	1,973,398	2,094,574	789,449
Segment profit (loss)	1,269,416	1,138,916	512,139	300,444	286,085	188,476	158,559	69,759

	Reportable segment	Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Statements of Income (Note 3)
	Total				
Net sales					
Net sales to outside customers	39,245,322	5,978,347	45,223,670	–	45,223,670
Inter-segment net sales or transfers	–	–	–	–	–
Total	39,245,322	5,978,347	45,223,670	–	45,223,670
Segment profit (loss)	3,923,797	474,806	4,398,604	(1,072,193)	3,326,410

- (Notes) 1. The “Other” category is a business segment which is not included in the reportable segments and includes businesses for the food industry and shipbuilding industry.
2. An adjustment of ¥(1,072,193) thousand in segment profit (loss) includes ¥1,197,013 thousand for internal profit, ¥622,437 thousand for consolidation elimination, and ¥(2,891,644) thousand for selling, general and administrative expenses which are not attributable to the reportable segments.
3. Segment profit (loss) is adjusted with operating profit on the Consolidated Statements of Income.
4. Segment assets are not disclosed because the Company does not allocate assets to reportable segments.

(Related Information)

For the previous fiscal year (from April 1, 2021 to March 31, 2022)

1 Information by Product and Service

(Thousand yen)

	High-pressure hydraulic equipment		Precision measurement & inspection products	Other		Total
	(Merchandise)	(Finished goods)	(Merchandise)	(Merchandise)	(Finished goods)	
Net sales to outside customers	21,636,372	3,663,378	1,410,309	12,412,343	847,145	39,969,548

2 Information by Region

(1) Net Sales

(Thousand yen)

Japan	Asia excluding Japan	Europe	North America	Other	Total
36,095,892	2,733,206	330,729	779,726	29,993	39,969,548

(Note) Net sales are based on the location of customers and are classified by country or region.

(2) Property, Plant and Equipment

(Thousand yen)

Japan	Thailand	China	Germany	US	Total
2,782,553	67,596	165,880	1,138	32,950	3,050,120

3 Information by Major Customer

(Thousand yen)

Name of the customer	Net sales	Relevant segment
NIPPON STEEL CORPORATION	5,226,405	Steel and Iron

For the fiscal year under review (from April 1, 2022 to March 31, 2023)

1 Information by Product and Service

(Thousand yen)

	High-pressure hydraulic equipment		Precision measurement & inspection products	Other		Total
	(Merchandise)	(Finished goods)	(Merchandise)	(Merchandise)	(Finished goods)	
Net sales to outside customers	24,025,753	4,346,561	1,555,925	14,255,003	1,040,426	45,223,670

2 Information by Region

(1) Net Sales

(Thousand yen)

Japan	Asia excluding Japan	Europe	North America	Other	Total
40,100,161	3,596,055	564,346	937,460	25,647	45,223,670

(Note) Net sales are based on the location of customers and are classified by country or region.

(2) Property, Plant and Equipment

(Thousand yen)

Japan	Thailand	China	Germany	US	Total
3,269,615	67,123	218,745	954	55,171	3,611,611

3 Information by Major Customer

(Thousand yen)

Name of the customer	Net sales	Relevant segment
NIPPON STEEL CORPORATION	5,273,495	Steel and Iron

(Information on Impairment Loss on Non-current Assets by Reportable Segment)

For the previous fiscal year (from April 1, 2021 to March 31, 2022)

Not applicable.

For the fiscal year under review (from April 1, 2022 to March 31, 2023)

The amount of impairment losses for the fiscal year under review was ¥17,849 thousand, which was attributable to leased assets.

As the Group is composed of industry segments based on the sales structure of each industry to which its customers belong, impairment losses cannot be related to specific segments.

(Information on Amortization and Unamortized Balance of Goodwill by Reportable Segment)

For the previous fiscal year (from April 1, 2021 to March 31, 2022) and the fiscal year under review (from April 1, 2022 to March 31, 2023)

Not applicable.

(Information on Gain on Bargain Purchase by Reportable Segment)

For the previous fiscal year (from April 1, 2021 to March 31, 2022) and the fiscal year under review (from April 1, 2022 to March 31, 2023)

Not applicable.

(Per Share Information)

	For the previous fiscal year (from April 1, 2021 to March 31, 2022)	For the fiscal year under review (from April 1, 2022 to March 31, 2023)
Net assets per share	¥2,343.01	¥2,632.88
Basic earnings per share	¥251.13	¥340.03

- (Notes) 1. Diluted earnings per share are not shown because there are no potential shares with dilutive effects.
2. Basis for calculation of basic earnings per share

	For the previous fiscal year (from April 1, 2021 to March 31, 2022)	For the fiscal year under review (from April 1, 2022 to March 31, 2023)
Profit attributable to owners of parent (thousand yen)	2,051,894	2,763,913
Amount not attributable to common shareholders (thousand yen)	—	—
Profit attributable to owners of parent related to common shares (thousand yen)	2,051,894	2,763,913
Average number of common shares during the period (shares)	8,170,561	8,128,527

(Significant Subsequent Events)

Not applicable.

4. Others

(1) Overview of Production, Orders Received and Sales

1) Production Performance

The table below shows production performance by segment in the fiscal year under review.

Segment name	Production performance (thousand yen)	Year-on-year change (%)
All segments	5,760,734	121.9

- (Notes) 1. As the Group's products are difficult to classify into specific segments, production performance is represented collectively.
2. Amounts are based on sales price.

2) Status of Orders Received

The table below shows orders received by segment in the fiscal year under review.

Segment name	Orders received (thousand yen)	Year-on-year change (%)	Order backlog (thousand yen)	Year-on-year change (%)
Steel and Iron	12,784,089	111.8	2,032,490	137.2
Automobile	9,566,110	113.4	1,306,355	110.1
Electronics and Semiconductor	7,350,551	125.3	698,315	310.4
Rubber and Tire	3,465,828	127.5	691,291	111.5
Machine Tools	2,514,144	128.3	208,254	159.2
High-performance Material	1,668,991	90.0	116,438	27.7
Environment	2,050,742	104.6	517,024	92.2
Paper and Pulp	815,212	96.3	37,494	319.6
Other	6,607,101	114.6	1,090,963	236.0
Total	46,822,771	114.7	6,698,627	131.4

- (Note) Amounts are based on sales price.

3) Sales Performance

The table below shows sales performance by segment in the fiscal year under review.

Segment name	Sales performance (thousand yen)	Year-on-year change (%)
Steel and Iron	12,232,894	108.0
Automobile	9,446,661	118.0
Electronics and Semiconductor	6,877,223	117.7
Rubber and Tire	3,394,419	126.9
Machine Tools	2,436,701	130.0
High-performance Material	1,973,398	113.6
Environment	2,094,574	107.7
Paper and Pulp	789,449	91.4
Other	5,978,347	104.9
Total	45,223,670	113.1

- (Notes) 1. Inter-segment transactions are offset and eliminated.
 2. Sales by major customer and ratio of such sales to total sales:

Customer	Previous fiscal year		Fiscal year under review	
	Sales performance (thousand yen)	Ratio (%)	Sales performance (thousand yen)	Ratio (%)
NIPPON STEEL CORPORATION	5,226,405	13.1	5,273,495	11.7

(2) Change of Directors and Officers

(Scheduled to be effective as of June 22, 2023)

1) Change of Representative Directors

Not applicable.

2) Change of Other Directors and Officers

- Candidate for newly appointed Director

Kenji Oganna (currently Department Manager, Finance Department, Administration Division)

- Retiring Director

Toru Karita (currently Director and Managing Executive Officer & Division Manager, Administration Division)