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## Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

Company name: NAKABAYASHI CO., LTD

Stock exchange listings: Tokyo

Stock code: 7987 URL: <https://www.nakabayashi.co.jp/>

Representative: President and Representative Director Hideaki Yumoto  
Executive Officer and General Manager

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Administration Division

Scheduled date of ordinary general meeting of shareholders: June 23, 2023

Scheduled date to file Securities Report: June 23, 2023

Scheduled date to commence dividend payments: June 26, 2023

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, 2023 (from April 1, 2022 to March 31, 2023)

#### (1) Consolidated operating results

Percentages indicate year-on-year changes

Year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	61,581	(2.4)	455	(74.9)	939	(59.8)	(666)	–
March 31, 2022	63,118	(0.8)	1,818	(28.7)	2,336	(22.7)	1,018	(34.4)

(Note) Comprehensive income: Year ended March 31, 2023: ¥(602) million [–%]  
Year ended March 31, 2022: ¥1,218 million [(51.3)%]

Year ended	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
March 31, 2023	(24.33)	–	(2.5)	1.6	0.7
March 31, 2022	39.26	–	3.9	4.1	2.9

(Reference) Equity in earnings of affiliates: Year ended March 31, 2023: ¥ – million  
Year ended March 31, 2022: ¥ – million

#### (2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	57,703	26,881	45.4	956.15
March 31, 2022	58,225	28,504	46.1	981.29

(Reference) Equity: As of March 31, 2023: ¥26,204 million  
As of March 31, 2022: ¥26,861 million

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	(87)	(1,333)	1,074	7,870
March 31, 2022	2,226	(283)	(299)	8,076

### 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			
Year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	–	10.00	–	12.00	22.00	586	56.0	2.2
Year ended	–	0.00	–	12.00	12.00	328	–	1.2
March 31, 2023	–	0.00	–	12.00	12.00	328	–	1.2
Year ending	–	10.00	–	12.00	22.00		35.5	
March 31, 2024 (Forecast)	–	10.00	–	12.00	22.00		35.5	

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

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	29,000	2.7	400	–	600	296.9	250	–	9.12
September 30, 2023									
Full year	65,000	5.6	2,550	459.3	3,000	219.4	1,700	–	62.03

#### 4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023  
(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

(Note) For details, please refer to “3. Consolidated Financial Statements and Major Notes, (5) Notes to Consolidated Financial Statements, (Changes in Accounting Policies)” on page 15 of the Attached Material.

(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, 2023	28,794,294 shares	As of March 31, 2022	28,794,294 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	1,388,104 shares	As of March 31, 2022	1,420,245 shares
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Average number of shares during the period

Year ended March 31, 2023	27,396,725 shares	Year ended March 31, 2022	25,944,995 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

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

In the fiscal year under review, the Japanese economy continued a gradual economic recovery under the normalization of socio-economic activities following the easing of COVID-19 restrictions, despite fluctuations in the number of people infected with COVID-19. At the same time, soaring raw material prices, the prolonged situation in Russia and Ukraine, and the weakness of the yen in foreign exchange markets have kept the outlook of the economy uncertain.

The environment surrounding the Company group (the “Group”) remains challenging. We are carrying out reforms to our products and services partly in response to major changes in lifestyles and corporate activities.

Under these circumstances, we formulated our third medium-term management plan (from April 1, 2021 to March 31, 2024), “add+venture 70” (Adventure 70). As conventional business models and processes undergo dramatic change under the new normal and DX, we have set 70 new targets to increase our corporate value. To achieve the plan, 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-COVID, the 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, this refers to the following five fields: (1) health and medical care, (2) environment (including renewable energy), (3) life and welfare, (4) agriculture, and (5) culture.

(Note) “Life-related industry” is a concept advocated by Professor Yoshinori Hiroi of Kyoto University.

Net sales of the Group for the fiscal year under review amounted to ¥61,581 million. Due to an increase in cost of sales ratio caused by rising raw material and fuel prices, electrical power expenses, and logistics expenses, operating profit amounted to ¥455 million and ordinary profit to ¥939 million. Extraordinary income of ¥122 million was recorded, including a gain of ¥76 million on extinguishment of tie-in shares due to the absorption-type merger of unconsolidated subsidiaries. Extraordinary losses of ¥1,345 million were recorded, including ¥1,037 million of loss on Anti-monopoly Act, ¥165 million of loss on liquidation of subsidiaries and associates, and ¥111 million of impairment losses.

As a result, loss attributable to owners of parent was ¥666 million.

The Group’s operating results for the fiscal year under review are as follows.

Net sales	¥61,581 million	(down 2.4% year on year)
Operating profit	¥455 million	(down 74.9% year on year)
Ordinary profit	¥939 million	(down 59.8% year on year)
Loss attributable to owners of parent	¥666 million	(Profit attributable to owners of parent of ¥1,018 million in the previous fiscal year)

Operating results by segment are as follows.

### (i) Business Process Solutions Business

On March 3, 2022, the business was deemed to have committed an act in violation of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Anti-monopoly Act) by the Fair Trade Commission and was subject to a Cease and Desist Order and a Payment Order for a surcharge. Accordingly, the Company’s designation was suspended for government and public offices and municipalities for approximately two to eight months. In the library solutions business, too, orders for outsourcing services including counter operations from public libraries and orders for library binding declined due to the designation suspension. Results were also extremely weak in data printing services (DPS).

Under such circumstances, contracting of BPO work (My Number Points and subsidy work) from local government bodies, especially by NIPPON TSUSHINSHI CO., LTD., and testing methods (CBT) that use PCs in operations work for qualification examinations, etc. remain solid. We advanced proposals for Internet-based testing (IBT), which is expected to become more widespread.

The Company also made NIPPON TSUSHINSHI CO., LTD., which has been a consolidated subsidiary of the Company, a wholly-owned subsidiary through additional acquisition of its shares. By undertaking rationalization in manufacturing departments and streamlining in sales departments to enhance group synergies, we worked to develop a “BPO Integrated Support Service” that provides total support related to labor shortages, work style reforms, and other aspects of the business environment throughout society.

In paper containers and other areas of packaging, we launched sales of the high-quality, paper multi-tiered food box “JIYUBAKO” in December 2022, starting with the “asue” brand. The product has already been adopted for at-home, year-end holiday foods and is otherwise selling well, amid a growing awareness over waste plastics and a shift away from plastics. In the seals and labels business, sales by HAKKOSHA Co., Ltd. grew amid increased activity in the entertainment and amusement industry. The performance of Hirota Shiko Co., Ltd., which was made a consolidated subsidiary through M&A in the previous fiscal year, contributed to full-year results.

Consequently, net sales in this business amounted to ¥31,139 million (down 5.0% year on year), while operating profit amounted to ¥692 million (down 22.1% year on year).

#### (ii) Consumer Communications Business

Despite an increase in OEM orders for commercially available products under the normalization of socio-economic activities, sales of office supplies and paper products decreased due to the shift away from paper in companies and the spread of the GIGA School Program.

In our Meguri-ing business, which was started as a measure to support new tourism, sales of products including Goshuin-cho and Gojoin-cho stamp books exceeded pre-COVID-19 levels as recovery occurred in overseas tourist numbers and nationwide tourism support.

Revex Co., Ltd., which manufactures and sells wireless sensors, chimes, and other products for nursing care and security, saw strong sales of security items installable by homeowners amid growing concern over crime prevention in Japan.

Sales of stuffed toys by Sunlemon Co., Ltd., which was made a consolidated subsidiary through M&A in the previous fiscal year, remained high, particularly for theme-park related toys and for licensed products that are popular with younger generations.

However, amid ongoing increases in raw material prices, electrical power expenses, and logistics expenses, an operating loss resulted despite efforts to secure profits through sales price revisions.

Consequently, net sales in this business amounted to ¥21,565 million (up 1.5% year on year), while operating loss amounted to ¥243 million (operating profit of ¥643 million in the previous fiscal year).

#### (iii) Office Appliances Business

In the shredder business, sales decreased due to the further advance of digitalization and the paperless trend. The combination of soaring raw material prices and electrical power expenses also contributed to deterioration of profit ratio. KAGUKURO Co., Ltd., which operates an e-commerce business for office furniture, maintained firm sales, but its profit ratio deteriorated due to the time required for price revisions to counter increases in purchase prices and logistics expenses.

Consequently, net sales in the business amounted to ¥7,394 million (down 1.3% year on year), while operating profit amounted to ¥252 million (down 53.6% year on year).

#### (iv) Energy Business

In wooden biomass power generation, profit margin deteriorated due to soaring raw material prices caused by heightened demand for wood chips. Solar power generation performed well.

Consequently, net sales in the business amounted to ¥1,434 million (down 6.1% year on year), while operating profit amounted to ¥47 million (down 33.8% year on year).

#### (v) Others

The Vegetable Plant Business, Garlic Farm Business, etc. posted net sales of ¥46 million (down 26.5% year on year) and operating loss of ¥29 million (operating loss of ¥41 million in the previous fiscal year).

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

### [Assets]

Current assets decreased by ¥306 million from the end of the previous fiscal year to ¥29,893 million. This was mainly due to decreases of ¥560 million in notes and accounts receivable - trade and ¥225 million in cash and deposits, despite increases of ¥202 million in merchandise and finished goods and ¥147 million in raw materials and supplies.

Non-current assets decreased by ¥215 million from the end of the previous fiscal year to ¥27,810 million. This was mainly due to decreases of ¥319 million in goodwill, ¥281 million in construction in progress, and ¥205 million in buildings and structures, despite increases of ¥449 million in machinery, equipment and vehicles and ¥148 million in deferred tax assets.

As a result, total assets decreased by ¥521 million from the end of the previous fiscal year to ¥57,703 million.

### [Liabilities]

Current liabilities decreased by ¥1,262 million from the end of the previous fiscal year to ¥17,876 million. This was mainly due to decreases of ¥576 million in notes and accounts payable - trade and ¥455 million in short-term borrowings.

Non-current liabilities increased by ¥2,363 million from the end of the previous fiscal year to ¥12,945 million. This was mainly due to an increase of ¥2,630 million in long-term borrowings.

As a result, total liabilities increased by ¥1,101 million from the end of the previous fiscal year to ¥30,822 million.

### [Net assets]

Total net assets decreased by ¥1,623 million from the end of the previous fiscal year to ¥26,881 million. This was mainly due to decreases of ¥995 million in retained earnings and ¥965 million in non-controlling interests, despite increases of ¥427 million in capital surplus and ¥117 million in valuation difference on available-for-sale securities.

As a result, the equity ratio was 45.4%, down 0.7 percentage points from the end of the previous fiscal year.

## **(3) Overview of Cash Flow for the Fiscal Year under Review**

Net cash used in operating activities amounted to ¥87 million (¥2,226 million provided in the previous fiscal year). Broken down, revenue includes depreciation of ¥1,654 million and a decrease in trade receivables of ¥602 million, while expenditures include payments related to the Anti-monopoly Act of ¥1,648 million, income taxes paid of ¥580 million, and an increase in inventories of ¥463 million.

Net cash used in investing activities amounted to ¥1,333 million (an increase of ¥1,049 million from the previous fiscal year). Broken down, this includes purchase of property, plant and equipment of ¥1,422 million.

Net cash used in financial activities amounted to ¥1,074 million (¥299 million used in the previous fiscal year). Broken down, revenue includes proceeds from long-term borrowings of ¥7,600 million, while expenditures includes repayments of long-term borrowings of ¥5,993 million and ¥704 million due to purchase of shares of subsidiaries not resulting in change in scope of consolidation.

As a result, cash and cash equivalents at the end of fiscal year under review decreased by ¥205 million from the end of the previous fiscal year to ¥7,870 million.

## **(4) Future Outlook**

Gradual recovery is expected to continue in Japan's economy, particularly in domestic demand, as restrictions on socio-economic activities under the COVID-19 pandemic are eased. At the same time, there is a possibility of increased stagnation under negative impacts of price increases, geopolitical risks including the prolonged situation in Russia and Ukraine and worsening tensions between the United States and China, and financial instability, leaving the outlook uncertain.

Under these circumstances, the consolidated earnings forecast for the fiscal year ending March 31, 2024 includes net sales of ¥65,000 million (up 5.6% year on year), operating profit of ¥2,550 million (up 459.3%

year on year), ordinary profit of ¥3,000 million (up 219.4% year on year), and profit attributable to owners of parent of ¥1,700 million (loss attributable to owners of parent of ¥666 million in the previous fiscal year).

During the fiscal year under review, the Company was subject to a Cease and Desist Order and a Payment Order for a surcharge by the Fair Trade Commission. Accordingly, the Company's designation was suspended for government and public offices and municipalities, which resulted in a significant loss in sales. The suspension has been lifted for the following fiscal year, however, and we forecast recovery in sales. At the same time, cost of sales and SG&A expenses are expected to rise due to increases in manufacturing-related expenses and transport expenses, which in turn stem from higher prices for resources, raw materials, electrical power, and imported goods under the weak yen that has prevailed since last year.

In order to become a leader in the "Life-related industry" amid such circumstances, the Group will continue to execute measures aimed at achieving medium-term numerical targets by working to strengthen profitability, advance growth potential, and improve shareholder value, doing so under the policies of our "add+venture 70" (Adventure 70) third medium-term management plan (from April 1, 2021 to March 31, 2024).

## **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.

Regarding the application of IFRS, our policy is to respond appropriately, taking domestic and international conditions into consideration.



### 3. Consolidated Financial Statements and Major Notes

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	8,097	7,871
Notes and accounts receivable - trade	10,864	10,304
Merchandise and finished goods	5,993	6,195
Work in process	851	955
Raw materials and supplies	1,637	1,785
Other	2,758	2,781
Allowance for doubtful accounts	(4)	(2)
Total current assets	30,199	29,893
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,323	7,117
Machinery, equipment and vehicles, net	4,508	4,958
Land	9,863	9,863
Construction in progress	428	147
Other, net	165	188
Total property, plant and equipment	22,290	22,274
Intangible assets		
Goodwill	427	108
Other	224	280
Total intangible assets	651	388
Investments and other assets		
Investment securities	2,729	2,834
Retirement benefit asset	950	876
Deferred tax assets	455	603
Other	954	839
Allowance for doubtful accounts	(7)	(8)
Total investments and other assets	5,083	5,146
Total non-current assets	28,025	27,810
Total assets	58,225	57,703

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	5,352	4,775
Short-term borrowings	6,855	6,400
Accounts payable - other	3,309	2,974
Accrued expenses	425	416
Income taxes payable	457	307
Provision for bonuses	628	569
Provision for loss on Anti-monopoly Act	300	–
Other	1,809	2,431
<b>Total current liabilities</b>	<b>19,139</b>	<b>17,876</b>
<b>Non-current liabilities</b>		
Long-term borrowings	6,654	9,285
Retirement benefit liability	3,293	3,275
Deferred tax liabilities	348	139
Other	285	245
<b>Total non-current liabilities</b>	<b>10,581</b>	<b>12,945</b>
<b>Total liabilities</b>	<b>29,720</b>	<b>30,822</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	6,666	6,666
Capital surplus	8,515	8,943
Retained earnings	11,399	10,404
Treasury shares	(723)	(706)
<b>Total shareholders' equity</b>	<b>25,858</b>	<b>25,307</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	730	847
Deferred gains or losses on hedges	10	9
Foreign currency translation adjustment	134	116
Remeasurements of defined benefit plans	127	(76)
<b>Total accumulated other comprehensive income</b>	<b>1,003</b>	<b>897</b>
<b>Non-controlling interests</b>	<b>1,642</b>	<b>677</b>
<b>Total net assets</b>	<b>28,504</b>	<b>26,881</b>
<b>Total liabilities and net assets</b>	<b>58,225</b>	<b>57,703</b>

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	63,118	61,581
Cost of sales	46,802	46,737
Gross profit	16,315	14,843
Selling, general and administrative expenses		
Freight and packing costs	2,750	2,673
Advertising and promotion expenses	893	918
Remuneration for directors (and other officers)	331	351
Salaries, allowances and bonuses	5,309	5,320
Provision for bonuses	341	314
Retirement benefit expenses	192	157
Welfare expenses	1,038	1,045
Travel and transportation expenses	165	205
Communication expenses	239	245
Rent expenses	570	598
Depreciation	286	275
Other	2,376	2,280
Total selling, general and administrative expenses	14,496	14,387
Operating profit	1,818	455
Non-operating income		
Rental income	180	172
Dividend income	65	80
Insurance claim income	229	172
Other	217	204
Total non-operating income	692	629
Non-operating expenses		
Interest expenses	66	70
Miscellaneous expenses of assets for rent	71	48
Other	36	26
Total non-operating expenses	174	145
Ordinary profit	2,336	939

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Extraordinary income		
Gain on sale of non-current assets	320	5
Gain on sale of investment securities	33	5
Subsidy income	0	33
Gain on extinguishment of tie-in shares	–	76
Total extraordinary income	354	122
Extraordinary losses		
Loss on disposal of non-current assets	5	4
Impairment losses	15	111
Loss on sale of investment securities	1	1
Loss on valuation of investment securities	6	–
Loss on valuation of shares of subsidiaries and associates	–	25
Loss on liquidation of subsidiaries and associates	–	165
Loss on Anti-monopoly Act	310	1,037
Provision for loss on Anti-monopoly Act	300	–
Total extraordinary losses	639	1,345
Profit (loss) before income taxes	2,051	(284)
Income taxes - current	779	551
Income taxes - deferred	70	(344)
Total income taxes	849	206
Profit (loss)	1,201	(490)
Profit attributable to non-controlling interests	183	175
Profit (loss) attributable to owners of parent	1,018	(666)

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit (loss)	1,201	(490)
Other comprehensive income		
Valuation difference on available-for-sale securities	(62)	111
Deferred gains or losses on hedges	(16)	(1)
Foreign currency translation adjustment	54	(18)
Remeasurements of defined benefit plans, net of tax	42	(204)
Total other comprehensive income	17	(111)
Comprehensive income	1,218	(602)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,064	(772)
Comprehensive income attributable to non-controlling interests	154	170

### (3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,666	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 (loss) 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 (loss) 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

## Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,666	8,515	11,399	(723)	25,858
Cumulative effects of changes in accounting policies					–
Restated balance	6,666	8,515	11,399	(723)	25,858
Changes during period					
Increase by share exchanges					–
Dividends of surplus			(328)		(328)
Profit (loss) attributable to owners of parent			(666)		(666)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		17	16
Change in ownership interest of parent due to transactions with non-controlling interests		428			428
Net changes in items other than shareholders' equity					
Total changes during period	–	427	(995)	16	(551)
Balance at end of period	6,666	8,943	10,404	(706)	25,307

	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	730	10	134	127	1,003	1,642	28,504
Cumulative effects of changes in accounting policies							–
Restated balance	730	10	134	127	1,003	1,642	28,504
Changes during period							
Increase by share exchanges							–
Dividends of surplus							(328)
Profit (loss) attributable to owners of parent							(666)
Purchase of treasury shares							(0)
Disposal of treasury shares							16
Change in ownership interest of parent due to transactions with non-controlling interests							428
Net changes in items other than shareholders' equity	117	(1)	(18)	(203)	(106)	(965)	(1,071)
Total changes during period	117	(1)	(18)	(203)	(106)	(965)	(1,623)
Balance at end of period	847	9	116	(76)	897	677	26,881

**(4) Consolidated Statements of Cash Flows**

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	2,051	(284)
Depreciation	1,579	1,654
Impairment losses	15	111
Amortization of goodwill	233	211
Increase (decrease) in allowance for doubtful accounts	(2)	(1)
Increase (decrease) in provision for bonuses	(232)	(59)
Increase (decrease) in provision for loss on Anti-monopoly Act	300	–
Increase (decrease) in retirement benefit liability	(180)	(246)
Loss (gain) on disposal of non-current assets	(314)	(1)
Loss (gain) on sale of investment securities	(31)	(4)
Loss (gain) on valuation of investment securities	6	–
Loss (gain) on extinguishment of tie-in shares	–	(76)
Loss on valuation of shares of subsidiaries and associates	–	25
Loss on liquidation of subsidiaries and associates	–	165
Loss on Anti-monopoly Act	310	1,037
Interest and dividend income	(69)	(83)
Interest expenses	66	70
Subsidy income	(0)	(33)
Decrease (increase) in trade receivables	1,058	602
Decrease (increase) in inventories	(516)	(463)
Increase (decrease) in trade payables	(537)	(65)
Increase (decrease) in accrued consumption taxes	(241)	(65)
Other, net	155	(368)
Subtotal	3,649	2,124
Interest and dividends received	69	83
Interest paid	(64)	(67)
Income taxes paid	(1,428)	(580)
Payments related to Anti-monopoly Act	–	(1,648)
Net cash provided by (used in) operating activities	2,226	(87)
<b>Cash flows from investing activities</b>		
Payments into time deposits	(21)	(1)
Proceeds from withdrawal of time deposits	419	21
Purchase of property, plant and equipment	(1,185)	(1,422)
Proceeds from sale of property, plant and equipment	795	10
Purchase of intangible assets	(47)	(118)
Purchase of investment securities	(15)	(17)
Proceeds from sale of investment securities	185	23
Net decrease (increase) in short-term loans receivable	(15)	13
Proceeds from collection of long-term loans receivable	15	15
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(493)	–
Subsidy income	0	33
Other, net	79	108
Net cash provided by (used in) investing activities	(283)	(1,333)



(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(44)	569
Proceeds from long-term borrowings	4,700	7,600
Repayments of long-term borrowings	(4,129)	(5,993)
Purchase of treasury shares	(137)	(0)
Dividends paid	(566)	(329)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(45)	(704)
Other, net	(75)	(65)
Net cash provided by (used in) financing activities	(299)	1,074
Effect of exchange rate change on cash and cash equivalents	7	(1)
Net increase (decrease) in cash and cash equivalents	1,650	(347)
Cash and cash equivalents at beginning of period	6,426	8,076
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	141
Cash and cash equivalents at end of period	8,076	7,870

## **(5) Notes to Consolidated Financial Statements**

### **(Notes on the Going Concern Assumption)**

Not applicable.

### **(Changes in Accounting Policies)**

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

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the fiscal year under review, and has applied the new accounting policy provided for by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures provided for in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. This change does not have a material impact on consolidated financial statements.

### **(Segment Information)**

#### **1. Overview of Reportable Segments**

The reportable segments of the Company are those constituent units of the Company for which separate financial information can be obtained and which are subject to periodic review by the Board of Directors for the purpose of making decisions on the allocation of management resources and evaluating performance.

The Company has established in-house companies and consolidated subsidiaries specific to its products and services. Each in-house company and consolidated subsidiary establishes comprehensive domestic and overseas strategies and engages in business activities for the products and services it handles.

Accordingly, the Company is composed of segments separated by products and services and based on its in-house companies and consolidated subsidiaries. Its four reportable segments are the Business Process Solutions Business, Consumer Communications Business, Office Appliances Business, and Energy Business.

The Business Process Solutions Business engages in printing, data printing, binding, and other BPO business; library solutions; data printing services; the manufacture and sale of pocket notebooks, etc.; and staffing services. The Consumer Communications Business engages in the manufacture and sale of products including notebooks, albums, files, storage and organization products, gadget peripheral goods, printer paper, and child seats. The Office Appliances Business engages in manufacture and sale of shredders, binding equipment, electronic medical record wagons, drip stands, etc.; sale of office furniture, wooden furniture, etc.; and recycling of used paper. The Energy Business engages in wooden biomass power generation and solar power generation.

#### **2. Methods of Calculating Net Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reportable Segment**

Inter-segment revenues and transfers for reported business segments are based on prevailing market prices and other factors.

### 3. Information Concerning Monetary Amounts for Net Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reportable Segment

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

(Millions of Yen)

	Reportable segment					Others (Note) 1	Total	Adjusted amount (Notes) 2, 3	Amount on consolidated financial statements (Note) 4
	Business Process Solutions Business	Consumer Communications Business	Office 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 items									
Depreciation expenses	877	235	49	255	1,417	2	1,420	159	1,579
Amortization 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

- Notes
1. The “Others” category is business segments not included in the reportable segments, including the Vegetable Plant Business and Garlic Farm Business.
  2. Adjusted amount of (¥289 million) for Segment profit (loss) includes inter-segment transaction eliminations of ¥170 million, an adjustment of (¥2 million) for inventories, and company-wide expenses of (¥456 million) that are not allocated to reportable segments. Company-wide expenses are primarily general administrative expenses and SG&A expenses that do not belong to reportable segments.
  3. Adjusted amount of ¥4,009 million Segment asset includes inter-segment transaction eliminations of (¥4,195 million), company-wide assets of ¥8,209 million not allocated to reportable segments, and an adjustment of (¥5 million) for inventories. Company-wide assets are primarily surplus operating funds (cash and short-term loans receivable), long-term investment funds (investment securities), assets related to administrative departments, and other assets that do not belong to reportable segments.
  4. Segment profit or loss is adjusted for operating profit on consolidated statements of income.

Fiscal year under review (April 1, 2022 to March 31, 2023)

(Millions of Yen)

	Reportable segment					Others (Note) 1	Total	Adjusted amount (Notes) 2, 3	Amount on consolidated financial statements (Note) 4
	Business Process Solutions Business	Consumer Communications Business	Office Appliances Business	Energy Business	Total				
Net sales									
Net sales to external customers	31,139	21,565	7,394	1,434	61,534	46	61,581	–	61,581
Inter-segment Net sales or transfers	1,601	1,003	735	–	3,340	48	3,389	(3,389)	–
Total	32,741	22,569	8,129	1,434	64,875	95	64,970	(3,389)	61,581
Segment profit (loss)	692	(243)	252	47	749	(29)	720	(264)	455
Segment assets	25,889	20,718	4,996	2,966	54,571	109	54,680	3,023	57,703
Other items									
Depreciation expenses	932	270	44	253	1,501	1	1,503	151	1,654
Amortization of goodwill	110	101	–	–	211	–	211	–	211
Increased amount of property, plant and equipment and Intangible assets	1,124	552	19	26	1,722	1	1,724	25	1,749

- Notes
1. The “Others” category is business segments not included in the reportable segments, including the Vegetable Plant Business and Garlic Farm Business.
  2. Adjusted amount of (¥264 million) for Segment profit (loss) includes inter-segment transaction eliminations of ¥177 million, an adjustment of ¥1 million for inventories, and company-wide expenses of (¥442 million) that are not allocated to reportable segments. Company-wide expenses are primarily general administrative expenses and SG&A expenses that do not belong to reportable segments.
  3. Adjusted amount of ¥3,023 million for Segment profit (loss) includes inter-segment transaction eliminations of (¥4,062 million), company-wide assets of ¥7,090 million not allocated to reportable segments, and an adjustment of (¥4 million) for inventories. Company-wide assets are primarily surplus operating funds (cash and short-term loans receivable), long-term investment funds (investment securities), assets related to administrative departments, and other assets that do not belong to reportable segments.
  4. Segment profit or loss is adjusted for operating profit on consolidated statements of income.

**(Per-Share Information)**

(Yen)

	Previous fiscal year (April 1, 2021 to March 31, 2022)	Fiscal year under review (April 1, 2022 to March 31, 2023)
Net assets per share	981.29	956.15
Earnings per share or (loss) per share	39.26	(24.33)

- Notes
1. As a loss per share resulted and there were no dilutive shares, potentially diluted earnings per share for the fiscal year under review is not stated. In addition, as there were no dilutive shares, potentially diluted earnings per share for the previous consolidated fiscal year is not stated.
  2. The basis for calculation of earnings or loss per share is as follows.

	Previous fiscal year (April 1, 2021 to March 31, 2022)	Fiscal year under review (April 1, 2022 to March 31, 2023)
Earnings per share or (loss) per share		
Profit (loss) attributable to owners of parent (Millions of Yen)	1,018	(666)
Amount not attributable to common stock (Millions of Yen)	—	—
Profit (loss) attributable to owners of parent attributable to common shares (Millions of Yen)	1,018	(666)
Average number of shares of common stock outstanding during the period (Thousands of shares)	25,944	27,396

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

	Previous fiscal year (As of March 31, 2022)	Fiscal year under review (As of March 31, 2023)
Total Net assets (Millions of Yen)	28,504	26,881
Amount deducted from total Net assets (Millions of Yen)	1,642	677
[of the above, non-controlling interests] (Millions of Yen)	[1,642]	[677]
Net assets at the end of the fiscal year attributable to common shares (Millions of Yen)	26,861	26,204
Number of common shares at the end of the fiscal year used in calculation of net assets per share (Thousands of shares)	27,374	27,406

**(Significant Subsequent Events)**

Not applicable.

#### **4. Others**

Not applicable.