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May 12, 2023

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

Company name: Takachiho Koheki Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 2676  
 URL: <https://www.takachiho-kk.co.jp>  
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 Scheduled date of annual general meeting of shareholders: June 28, 2023  
 Scheduled date to commence dividend payments: June 29, 2023  
 Scheduled date to file annual securities report: June 29, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

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

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal 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	23,360	12.4	1,376	34.4	1,588	27.3	1,205	37.2
March 31, 2022	20,784	0.9	1,024	15.6	1,247	34.6	878	60.2

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥1,698 million [63.1%]  
 For the fiscal year ended March 31, 2022: ¥1,041 million [29.9%]

Fiscal year ended	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
	Yen	Yen	%	%	%
March 31, 2023	134.69	134.21	7.7	7.4	5.9
March 31, 2022	98.61	98.45	6.0	6.2	4.9

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended March 31, 2023: ¥9 million  
 For the fiscal year ended March 31, 2022: ¥6 million

#### (2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	22,133	16,432	74.2	1,811.32
March 31, 2022	20,593	15,025	72.9	1,680.73

Reference: Equity  
 As of March 31, 2023: ¥16,424 million  
 As of March 31, 2022: ¥15,014 million

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	-1,387	522	-303	4,509
March 31, 2022	1,184	-393	-189	5,608

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	-	12.00	-	43.00	55.00	494	55.8	3.4
Fiscal year ended March 31, 2023	-	24.00	-	109.00	133.00	1,210	98.7	7.6
Fiscal year ending March 31, 2024 (Forecast)	-	53.00	-	84.00	137.00		100.1	

Note: 1. The total amount of dividends includes dividends paid on the shares of the Company held by Custody Bank of Japan, Ltd. (Trust E Unit) (3,740,000 yen for FY3/22 and 7,700,700 yen for FY3/23).

2. The annual dividend per share for FY3/23 is calculated by dividing the total profit (1,205 million yen) by the number of shares at the end of the period (9,125,510 shares), including our shares held by Japan Custody Bank, Ltd. (Trust E Unit). The dividend payout ratio (98.7%) is calculated by dividing the annual dividend per share by the basic earnings per share.

### 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	12,100	8.8	710	21.5	700	-21.7	480	-27.0	52.94
Full year	24,800	6.2	1,620	17.7	1,600	0.7	1,249	3.6	137.74

\* Notes

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

(3) Number of issued shares (common shares)

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

As of March 31, 2023	10,171,800 shares
As of March 31, 2022	10,171,800 shares

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

As of March 31, 2023	1,104,190 shares
As of March 31, 2022	1,238,578 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	8,949,187 shares
Fiscal year ended March 31, 2022	8,908,021 shares

Note: The number of treasury shares at the end of the period includes Company shares held by Custody Bank of Japan, Ltd., (trust account E) as trust assets related to the Board Benefit Trust (BBT) system (68,000 shares in the FY3/22, and 57,900 shares in the FY3/23). In addition, the number of treasury shares to be deducted in calculating the average number of shares during the period include Company shares (68,000 shares for the FY3/22 and 61,005 shares for the FY3/23) held by Custody Bank of Japan, Ltd., (Trust Account E) as trust assets related to the Board Benefit Trust (BBT) system.

**[Reference] Overview of non-consolidated financial results**

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

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	19,276	14.7	1,145	29.6	1,333	8.5	994	13.2
March 31, 2022	16,810	0.5	884	-17.8	1,228	-11.0	878	16.8

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	111.12	110.74
March 31, 2022	98.64	98.47

**(2) Non-consolidated financial position**

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	21,556	16,827	78.0	1,854.87
March 31, 2022	20,502	15,806	77.0	1,768.15

Reference: Equity

As of March 31, 2023: ¥16,819 million  
As of March 31, 2022: ¥15,795 million

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

\* Proper use of earnings forecasts, and other special matters

The forward-looking statements regarding future performance in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. Therefore, the Company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

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## 1. Overview of Operating Results/Financial Position

### (1) Overview of Operating Results in the period under review

#### (i) Operating Results for the current consolidated fiscal year

During the consolidated fiscal year under review, Japan's economy showed a gentle recovering trend despite weaknesses in some areas, as the COVID-19 pandemic settled down and related restrictions were eased. An economic recovery is expected in the future, thanks to various measures implemented under conditions of living with COVID-19. However, amid continuing trends such as tightening money markets on a global basis, sufficient attention needs to be paid to the risk of downward pressure on Japan's economy due to economic downturns overseas along with the effects of skyrocketing prices of raw materials, supply restrictions, and trends in money and capital markets.

While the markets in which the Group operates show continued intensification of competition, the Group is striving to grow highly profitable businesses among its core business segments while also growing its service businesses and creating new businesses and new business models, aiming to realize sustained growth and medium- to long-term increases in corporate value.

Specifically, in the Cloud Service and Support Segment it is striving to grow MSP services and develop new markets for cloud-based services and other solutions, while also growing its maintenance services.

In the System Segment, it is striving to increase the added value of its core products of Electronic Article Surveillance Systems, CCTV, and Access Control Systems, to strengthen sales of Cloud-based wireless LAN Systems and cloud security products, and to grow its RFID systems and retail security solutions including labor-saving systems.

At the same time, in the Device Segment it is focusing on sales growth and growing solution businesses in the electronics business, particularly in the telecommunications infrastructure market, the industrial devices market based mainly on IoT, the amusement market, and the automotive market, while in the mechatronics business it is focusing on areas including the industrial devices market for semiconductor manufacturing equipment and similar products, which can be expected to show continued growth, sale of Mechanical Components for household equipment in the North America, ASEAN, and Chinese markets, development of the automotive interior parts market in Japan and around the world, and development of modular products.

Under these conditions, business results in the consolidated fiscal year under review show year-on-year (YoY) increase of 12.4% in net sales to 23.36 billion, thanks to favorable trends in electronics products including electronic parts for use in base stations and home printers and in new contracts for MSP services in the Cloud Service and Support Segment.

(MSP services: The Company's proprietary subscription services for maintenance of cloud products and monitoring their operation)

The profit shows YoY increase of 34.4% in operating income to 1.376 billion yen, 27.3% in ordinary income to 1.588 billion yen, and 37.2% in net income to owners of the parent to 1.205 billion yen, the highest profits since our IPO for the above reasons.

The operating results of each segment are as follows:

Beginning in the consolidated fiscal year under review, Service and Support Products, which had been grouped in the System Segment previously, have been separated as the Cloud Service and Support Segment. This reflects the identification of the cloud subscription service and maintenance business as growth businesses from the perspectives of growth potential and profitability.

In addition, the following product groups have been renamed: Office Solutions Products in the System Segment (renamed Business Solution Products to deploy them in a wider range of markets, including data centers and logistics, instead of offices alone), Semiconductor Products in the Device Segment (renamed Electronics Products to focus on electronics products with high levels of technological capabilities and added value instead of sales of individual products alone), and Mechanical Component Products, also in the Device Segment (renamed Mechatronics Products as we broaden the scope of modular product development integrating mechanical and electronic elements). The details of each of these businesses remain unchanged.

(Cloud Service and Support Segment)

In the Cloud Service and Support Segment, net sales increased by 12.8% YoY to 2.385 billion yen while operating income increased by 28.5% YoY to 506 million yen, driven by steady growth in new MSP service contracts.

(System Segment)

System Segment sales decreased by 2.7% YOY to 9,630 million yen and operating income decreased by 31.6% YOY to 92 million yen.

In Retail Solution Products, net sales decreased by 16.5% YoY to 3.152 billion yen due to the effects of restrained investment in security systems by retail customers as a result of rising utility costs and other factors, in addition to a negative rebound from large orders for CCTV and Facial Recognition Systems in the previous year.

Net sales of Business Solution Products increased by 6.1% YoY to 3.390 billion yen, thanks to strong sales of Access Control Systems for offices of international firms and steady sales to data centers.

Net sales of Global Products increased by 5.5% YoY to 3.087 billion yen, reflecting favorable performance of the Fire Protection System Business in Thailand.

(Device Segment)

Device Segment sales increased by 29.3% YOY to 11,344 million yen and operating income increased by 57.1 % YOY to 776 million yen.

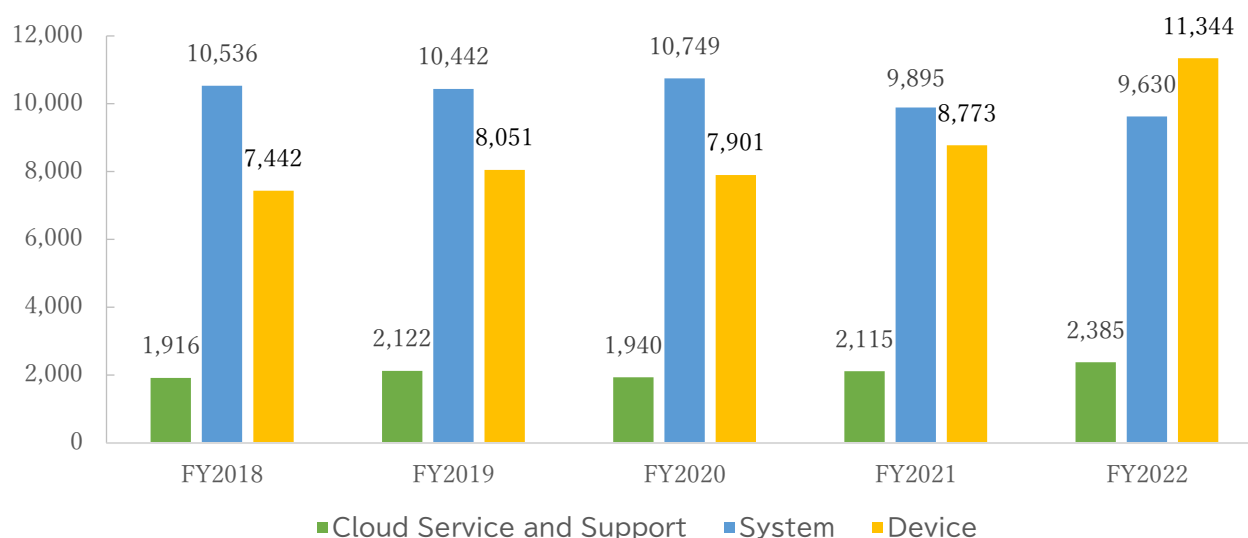
Net sales of Electronics Products increased by 55.9% YoY to 6.941 billion yen, driven by progress in customer development in the amusement market and strong sales of products from NTCJ, which we concluded a distributorship agreement last year, in addition to favorable sales trends in electronic parts for use in 5G base stations and semiconductor manufacturing equipment as well home printers and other products enjoying increasing demand for remote work.

(NTCJ: Nuvoton Technology Corporation Japan)

Net sales of Mechatronics Products increased by 1.9% YoY to 4.403 billion yen thanks to factors including strong sales of Slide Rails for copier use overseas and Mechanical Components for bank terminals reflecting extraordinary demand from the issue of new banknotes.

(millions of yen)

## Sales by Segment



### (ii) Future Outlook

During the consolidated fiscal year under review, Japan's economy showed a gentle recovering trend despite weaknesses in some areas, as the COVID-19 pandemic settled down and related restrictions were eased. An economic recovery is expected in the future, thanks to various measures implemented under conditions of living with COVID-19. However, amid continuing trends such as tightening money markets on a global basis, sufficient attention needs to be paid to the risk of downward pressure on Japan's economy due to economic downturns overseas along with the effects of skyrocketing prices of raw materials, supply restrictions, and trends in money and capital markets.

Under such conditions, after announcing "Challenges for Creation: Creating new value in a new normal era towards 100th anniversary." the new medium-term management plan for the period through FY2024, last year the Group made progress toward further business growth under the basic policy of "Concentrating on high value-added businesses transformation" and "Creating new value by strengthening the management base."

In addition, from the consolidated fiscal year, we separated the cloud services and maintenance businesses from the System Segment, as growth businesses, migrating them to the new Cloud Service and Support segment. This change is intended to reflect their growth potential and profit potential.

In the new Cloud Service and Support segment, we will enhance further sales-expansion efforts for the MSP services business, which employs a subscription model, to realize a shift from product sales to service sales.

In the System Segment, for the retail industry, we will strive to promote sales of store security systems such as Electronic article surveillance systems and facial recognition systems, as well as smart store applications applying RFID and imaging AI analysis technologies, which are effective labor-saving measures for improving store operation efficiency and complementing staffing shortages. For office use, we will focus on expanding sales of network security systems for cloud-based Wi-Fi LAN networks and secure, reliable remote access, in respond to market growth in the cloud business, as well as access control systems for the data center, for which demand is expected to growth even further. As for global business, we will make efforts to win deals steadily for fire protection systems for power plants related to a growth in demand for power in the ASEAN region.

With regard to the Device Segment, we will strive to develop the industrial equipment market area centered on the telecommunications infrastructure market, Semiconductor manufacturing equipment sector, as well as the solutions business fusing software with sensors and other products, in the Electronics Business. In the Mechatronics Business, we will promote the sales in the digital industrial machinery field, where growth is projected, and high-value-added unit products for the housing equipment market in China and capture the U.S. market.

Based on the above, we forecast net sales of 24.8 billion yen, ordinary income of 1.6 billion yen, and net income attributable to owners of parent of 1.249 billion yen.



(2) Overview of financial standing in the period under review

(i) Status of assets, liabilities, and net asset

Total assets at the end of the consolidated fiscal year under review stood at 22,133 million yen, up 1,539 million yen from the end of the previous consolidated fiscal year. This was due to factors including a decrease of 2.199 billion yen in cash and deposits, while merchandise and finished goods, accounts receivable – trade, and investment securities each increased by 1.784 billion yen, 1.208 billion yen, and 812 million yen, respectively.

Liabilities increased by 132 million yen YOY to 5,700 million yen. This was due to factors including a decrease of 125 million yen in income taxes payable, while provision for bonuses, notes and accounts payable - trade, and other current liabilities each increased by 93 million yen, 75 million yen, and 63 million yen, respectively.

Net assets increased by 1,406 million yen YOY to 16,432 million yen. This was due to factors including an increase of 1.205 billion yen in profit attributable to owners of parent, payment of 603 million yen in dividends, an increase of 602 million yen in retained earnings, valuation difference on available-for-sale securities of 317 million yen, foreign currency translation adjustment of 186 million yen, and an increase of 182 million yen in capital surplus. The equity-to-asset ratio increased by 1.3 points from the end of the previous consolidated fiscal year to 74.2%.

(ii) Status of Cash flow

Cash and cash equivalents as of the end of the current consolidated fiscal year decreased by 1,099 million yen (19.6%) YOY to 4,509 million yen.

(Cash flow from operating activities)

Cash flow from operating activities during the current consolidated fiscal year decreased by 2,572 million yen YOY to 1,387 million yen. This was due to factors including increases of 1.306 billion yen in trade receivables and 1.798 billion yen in inventories, while profit before income taxes stood at 1.485 billion yen. Inventories, which consist primarily of Electronics Products, increased due to efforts to secure inventories for advance orders from customers.

(Cash flow from investing activities)

Cash flow from investing activities during the current consolidated fiscal year increased by 915 million yen YOY to 522 million yen. This was due to factors including expenditures of 428 million yen on acquisition of investment securities and 134 million yen on acquisition of property, plant, and equipment, vs. receipts of 1.1 billion yen from withdrawal of time deposits and 30 million yen from completion of sale of all land held as idle assets.

(Cash flow from financing activities)

Cash flow from financing activities during the current consolidated fiscal year decreased by 113 million yen YOY to 303 million yen. This was due to factors including sale of 281 million yen in treasury stock vs. payment of 604 million yen in dividends.

Index	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Equity-to-asset ratio (%)	72.9	73.2	72.7	72.9	74.2
Capital adequacy ratio based on current market value (%)	44.6	46.0	51.4	64.3	101.3
Interest coverage ratio	681.5	192.2	—	4,123.5	—

Note: The above indexes are calculated according to the following formula:

Equity-to-asset ratio = owner's equity/total assets

Capital adequacy ratio based on current market value = market capitalization/total assets

Interest coverage ratio = operating cash flow/interest expenses paid

1. Each index is calculated based on the consolidated financial numerical values.
2. Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year by the number of shares issued at the end of the fiscal year (after deduction of treasury shares). The number of shares of treasury stock includes Company stock held by the Board benefit trust (BBT). (Fiscal Year Ended March 31, 2022: 68,000 shares; Fiscal Year Ended March 31, 2023: 57,900 shares)
3. Operating cash flow represents cash flow from operating activities. Interest expenses paid represent the relevant amount paid in the Consolidated Cash Flow Statements.

(3) Basic Policy for distribution of profit and the Dividends for the current and next fiscal years

(i) Basic Policy for distribution of profit

As described in the Medium-term Management Plan, the Company decided to keep a consolidated payout ratio of 100% until achieving ROE of 8% as a three-year average, aiming for management conscious of capital profitability while actively providing returns to shareholders without increasing equity. The minimum dividend remains 24 yen/year.

(ii) Dividends for the current and next fiscal years:

Regarding dividends at the end of the current fiscal year, the results for the current fiscal year are as described in (1) Overview of operating results in the period under review (i) Operating results for the current consolidated fiscal year.

In accordance with the Company's policy on returns to shareholders of maintaining a 100% dividend payout ratio, since interim dividends were paid at the minimum amount of 24 yen/share the Company decided to pay year-end dividends of 109 yen/share, resulting in full-year dividends of 133 yen/share.

In line with the policy on returns to shareholders referred to above, based on consolidated business performance forecasts the Company plans to pay interim dividends of 53 yen/share and year-end dividends of 84 yen/share, for total annual dividends of 137 yen/share, in the next fiscal year.

## 2. Corporate Group Status

Our Group consists of 11 companies, namely, the Company, 9 consolidated subsidiaries, and 1 non-consolidated subsidiaries. The Group carries out a variety of business operations, and is engaged in export, import, and sale of products, and the provision of services, such as installation, maintenance, system design and system operation subcontracting, by seeking and securing high-tech electronics products from outstanding overseas manufacturers.

We currently handle the products such as security systems, other system equipment, application software, semiconductor/electronic parts, and mechanical components.

The positioning of products and the correlation between segments and products in our business is as follows:

### <Cloud Service and Support Segment>

#### (Cloud Service and Support Products)

We provide maintenance, system operation outsourcing, and operation monitoring services for various products in the cloud service (including MSP service) and System Segments.

To enhance customer satisfaction through a prompt response, we also offer services 24 hours a day, 365 days a year from 300 service bases throughout Japan.

### <System Segment>

#### (Retail Solution Products)

We engaged in system design, sales, installation, and system operation support services. These include electronic article surveillance/video monitoring security systems, etc. (surveillance cameras and surveillance video recording equipment,) retail security equipment such as security tags, operational support services such as customer traffic counters, and store management equipment for labor saving systems. We conduct sales to a wide variety of customers in the retail and distribution industries, ranging from large-scale stores such as shopping centers to small stores such as drugstores.

Mighty Cube Co., Ltd., develops and sells self-alarming tag systems for electronic article surveillance and carries out transactions with various customers, including hardware stores and electronic retail stores.

#### (Business Solution Products)

We design, build, install, and sell equipment for the latest electronics technology application systems for office buildings, data centers, factories, and other corporate-related facilities. These include Access Control Systems, network system equipment (Cloud-based Wireless LAN Systems), and consulting and designing systems for electronic article surveillance/video monitoring security. We also handle RFID tags for logistics/inventory control systems and related peripheral equipment, as well as automated postal mail inserters (folding and inserting machines) for postal mail.

Mighty Cube Co., Ltd., as the leading RFID technology company in Japan, is engaged in the system development, sales, etc., of RFID Tags (contactless IC chips) and peripheral equipment (readers/writers).

#### (Global Products)

We design, establish, install, and sell Advanced Fire Protection Systems which contribute to office buildings, commercial facilities, power-generating energy-related plants, natural gas/petrochemical plants, etc.

Takachiho Fire, Security & Services (Thailand) Ltd. of Thailand is engaged in consulting and designing systems for electronic article surveillance/video monitoring security, etc., and selling electronic article surveillance systems, access control systems, surveillance cameras, Fire Protection Systems, etc.

Guardfire Limited and Guardfire Singapore Pte. Ltd., are engaged in designing and selling Advanced Fire Protection Systems in Southeast Asia.

<Device Segment>

(Electronics Products)

We are engaged in sales and consulting (design support for electronic equipment) of various types of semiconductors as represented by analog IC, sensors such as silicon microphone and electronic parts. These products are used in various areas, such as industrial electronics equipment, IP-PBX (private branch exchange) and information-telecommunications equipment including smartphones.

Takachiho Koheki (H.K.) Limited and Takachiho Trading (Shanghai) Co., Ltd. sell the above products in China and Southeast Asia.

(Mechatronics Products)

We are engaged in selling and consulting in mechanical components that enhance safety, convenience, and comfort, such as slide rails, gas springs and lifting systems. These products are used for opening and closing/withdrawal/safety mechanism (slide rails/gas springs/cylinder lock systems) of ATMs, etc., at financial institutions and convenience stores, withdrawal/lifting mechanism (slide rails/lifting systems) of built-in kitchen systems, paper feeding mechanism (slide rails/dampers) of copiers, etc.

Takachiho Koheki (H.K.) Limited, Takachiho Trading (Shanghai) Co., Ltd., and Takachiho America, Inc. sell the above products in China, Southeast Asia, and the United States.

\* Effective February 24, 2023, all shares of stock held by the Company in JME Corporation (4,400 shares) were transferred to that company excluding it from the ranks of equity-method affiliates.

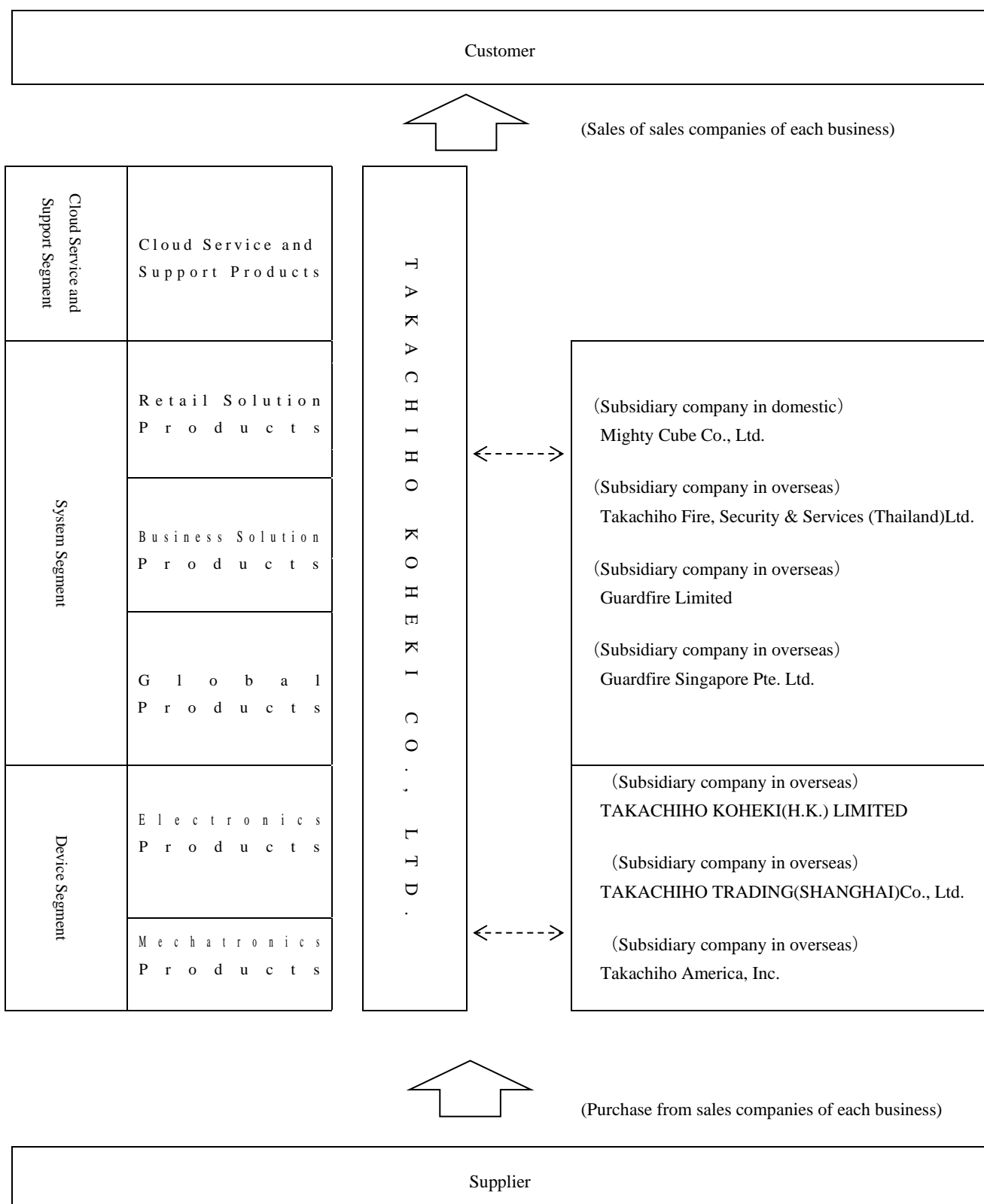
Correlation between Segment and Products:

Segment	Contents of main businesses	Principal companies
<b>Cloud Service and Support</b>		
Cloud Service and Support Products	System maintenance, system operation outsourcing, and operation monitoring services for various products in the cloud service (including MSP service) and System Segments	TAKACHIHO KOHEKI CO., LTD.
<b>System</b>		
Retail Solution Products	Sales and designing/installation of various types of systems, such as electronic article surveillance systems (Shoplifting prevention devices, sensor cable type alarm units, security tags, etc.) and video monitoring systems	TAKACHIHO KOHEKI CO., LTD.
		Mighty Cube Co., Ltd.
Business Solution Products	Sales and designing/installation of various types of systems, such as Access Control Systems, video monitoring systems, network system equipment (Cloud-based Wireless LAN Systems), RFID tags for logistics/inventory control systems, etc., related peripheral equipment and automated insertion systems (Mail inserters), etc.	TAKACHIHO KOHEKI CO., LTD.
		Mighty Cube Co., Ltd.
Global Products	Sales, designing, building, and installation of various types of systems for Advanced Fire Protection Systems, etc.	Takachiho Fire, Security & Services(Thailand) Ltd.
		Guardfire Limited
		Guardfire Singapore Pte.Ltd.
<b>Device</b>		
Electronics Products	Sale of various semiconductors (analog ICs etc.), sensors (silicon microphones etc.), and electronic parts	TAKACHIHO KOHEKI CO., LTD.
		TAKACHIHO KOHEKI (H.K.)LIMITED
		TAKACHIHO TRADING (SHANGHAI) CO., LTD.
Mechatronics Products	Sales of mechanical components, etc., for safety/labor saving, such as slide rails, gas springs, cylinder lock systems, dampers and lifting systems	TAKACHIHO KOHEKI CO., LTD.
		TAKACHIHO KOHEKI (H.K.)LIMITED
		TAKACHIHO TRADING (SHANGHAI) CO., LTD. Takachiho America, Inc.

Note: Terms such as product names and technical terminology:

- (1) Security Tags: Special tags attached to products that enable shoplifting prevention devices to work.
- (2) Cloud-based Wireless LAN System: a system capable of managing wireless LAN access points on the net.
- (3) RFID tags: Special tags with micro-IC chips having product information and antennas built in.
- (4) Mail inserters (folding and inserting machines): Automated equipment for selection/enclosing and sealing operations of postal mail
- (5) Slide Rails: Metallic rails with ball bearings built in that enable the easy pulling of heavy loads or drawers.
- (6) Gas Springs: Using nitrogen gas, these springs enable heavy doors to be easily pulled upward or downward through the repulsion force of the gas
- (7) Dampers: Cushioning mechanisms that make use of oil viscosity resistance to absorb shock when opening or closing a drawer.

The overview of the Group's business is as follows:



Note: Dotted lines represent transactions within the Group.

### 3. Management Policies

#### (1) Basic management policies of the Company

The Company promotes its management based on the corporate philosophy of creation at the heart of our business activities and through its technological expertise. As a technology trading company, the Company will pursue three principal goals: (1) Enhance customer satisfaction; (2) Gain worldwide trust by enhancing our technological expertise, skills, and humanity; and (3) Contribute to society by making concerted efforts for paving the way to a bright future.

Our group conducts business activities by maintaining Safety/Security/Comfort as a core mission. As a technology trading company, by leveraging our extensive track record and experience and providing highly specialized solutions, we intend to enhance customer corporate value.

In recognizing our CSR (Corporate Social Responsibility) as a corporate citizen and through the implementation of responsible, sincere, and transparent business activities, our Group will promote management that can be trusted by all stakeholders and maintain and improve company's value.

#### (2) Targeted management indexes

On February 8, 2022, the Group announced, "Challenges for Creation: Creating new value in a new normal era towards 100th anniversary." the three-year medium-term management plan for the period from FY2022 through FY 2024.

This plan includes the following targets for its final fiscal year of FY 2024: consolidated net sales of 26 billion yen, consolidated ordinary income of 2 billion yen, consolidated net income of 1.4 billion yen, and ROE of 8%.

#### (3) Medium- to long-term management strategies of the Company

##### (i) Recognition of business environment

The Company's business domains are expected to grow as a result of the following factors: increasing investment related to work-style reforms for the new normal (e.g., teleworking and contactless customer service), reforms to logistics and store operations rooted in the labor shortage, accelerating use of IT to improve corporate internal efficiency, adoption of factory IT in response to progress on adoption of 5G mobile technologies, adoption of robotics, and further growth in demand for semiconductors and electronic devices.

##### (ii) Medium-term management policy

We will aim to increase corporate value while realizing sustainable growth under the basic policy of "Concentrating on high value-added businesses transformation" and "Creating new value by strengthening the management base."

Based on its strengths of marketing abilities to identify market needs accurately, discernment to identify state-of-the-art products worldwide, technological prowess to continuously provide new value and products to the market, and the abilities to deliver consulting, development design services, and after-sales services backed by our high technological abilities, the Group will implement the following strategies to deliver solutions to customers' challenges and social issues and realize a more enriched society by striving toward new business innovations as the core of the medium-term management plan, "Challenges for Creation: Creating new value in a new normal era towards 100th anniversary."

##### (iii) Management strategies

Growth initiatives for business transformation

###### A) Promotion and deepening "Loyal customer strategy" (Note)

- i. Maximizing Group synergies above and beyond company and organizational boundaries
- ii. Identifying potential needs and deploying new products and new solutions based on the relations of trust built up with customers over many years
- iii. Increasing market share by focusing on businesses with high revenue and growth potential

Note: Loyal Customer Strategy means the strategy that aims to strengthen customer relationships by providing added value, creating satisfied customers.

###### B) Growing service businesses

- i. Establishing subscription businesses through new products and services
- ii. Establishing unit and solutions businesses backed by added value in addition to sales of individual products
- iii. Increasing customer satisfaction utilizing knowledge sites and platforms

###### C) Creating core businesses for the future

- i. Utilizing the networks and specializations of venture capital and the Silicon Valley Innovation Center
- ii. Investing in creation of new businesses and business models

- D) Enhancing the management foundations that support our businesses
  - i. Shifting management resources toward priority businesses <Implementing business portfolio management>
  - ii. Business model innovation through digital transformation (DX) <Internal processes aiming toward digitalization of marketing and sales methods and technological services, improved internal business efficiency, and increased productivity>
  - iii. Enhancing human-resource development and investment <Building organizations to realize business section strategies and hiring and development of human resources to enable enhancement of management abilities and rapid business growth>
  - iv. Improving capital efficiency <Improving inventory controls and turnover periods for receivables and payables, designing decision-making standards based on ascertaining earnings on an operating-income basis for each transaction>
  
- E) 3 billion yen of strategic investment
  - i. Strengthening of internal foundation
  - ii. Investment in realizing the needs of loyal customers
  - iii. Investment in growing service businesses
  - iv. Launch and commercialization of new businesses and business models
  
- F) Building robust governance structures
  - i. Establishment of an investment committee and enhancement of oversight, review, and monitoring functions in execution of investment
  - ii. Establishment of a nomination and remuneration committee to secure fairness, objectivity, and transparency
  - iii. Advancing management reflecting the perspective of shareholders, by establishing a capital efficiency indicator as a KPI in the process of decision making on the performance-linked portion of executive compensation

(4) Issues to be addressed by the Company

Based on the medium-term management plan 2022-2024 "Challenges for Creation: Creating new value in a new normal era towards 100th anniversary " announced on February 8, 2022, the Group will address the following issues in order to increase corporate value and realize business growth.

- (i) Growth initiatives toward new business innovation
  - (ii) Initiatives toward increasing capital profitability
  - (iii) Environmental, society, and governance (ESG) initiatives to support the new medium-term management plan
- Details are described under (3) Medium- to long-term management strategies of the Company.

All listing criteria for the Prime Market were satisfied as of March 31, 2023.

For details, see "Notice Concerning Compliance with Prime Market Listing Maintenance Standards," issued May 12, 2023.

4. Basic stance relating to the selection of accounting standards

In consideration of factors such as the cost of maintaining a structure for preparation of consolidated financial statements based on the International Financial Reporting Standards (IFRS), the Company has adopted a policy of continuing to prepare consolidated financial statements based on Japanese GAAP for now.

Furthermore, taking into account the trend of foreign stock ownership ratio and the trend of the application of International Financial Reporting Standards (IFRS) by other domestic companies in the same industry, we intend to consider applying International Financial Reporting Standards.



## 5. Consolidated financial statements

### (1) Consolidated Balance Sheet

(Unit: Millions of yen)

	Previous consolidated fiscal year (as of March 31, 2022)	Current consolidated fiscal year (as of March 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	6,708	4,509
Notes receivable - trade	188	376
Accounts receivable - trade	4,348	5,557
Contract assets	1,311	815
Electronically recorded monetary claims – operating	678	797
Merchandise and finished goods	3,096	4,880
Raw materials	157	195
Prepaid expenses	791	981
Other	109	188
Allowance for doubtful accounts	-0	-0
<b>Total current assets</b>	<b>17,390</b>	<b>18,302</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	211	200
Land	111	—
Other, net	216	245
<b>Total property, plant and equipment</b>	<b>※ 1 539</b>	<b>※ 1 446</b>
Intangible assets		
Other	299	233
<b>Total intangible assets</b>	<b>299</b>	<b>233</b>
Investments and other assets		
Investment securities	※ 2 1,773	※ 2 2,586
Deferred tax assets	212	119
Leasehold and guarantee deposits	306	333
Other	71	112
Allowance for doubtful accounts	-0	-0
<b>Total investments and other assets</b>	<b>2,364</b>	<b>3,151</b>
<b>Total non-current assets</b>	<b>3,203</b>	<b>3,831</b>
<b>Total assets</b>	<b>20,593</b>	<b>22,133</b>

(Unit: Millions of yen)

	Previous consolidated fiscal year (as of March 31, 2022)	Current consolidated fiscal year (as of March 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,984	3,059
Income taxes payable	249	124
Contract liabilities	913	947
Provision for bonuses	294	387
Provision for bonuses for directors (and other officers)	30	34
Other	334	398
<b>Total current liabilities</b>	<b>4,807</b>	<b>4,952</b>
Non-current liabilities		
Long-term accounts payable - other	31	20
Provision for executive share-based compensation	9	9
Retirement benefit liability	685	679
Other	34	40
<b>Total non-current liabilities</b>	<b>760</b>	<b>748</b>
<b>Total liabilities</b>	<b>5,568</b>	<b>5,700</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,209	1,209
Capital surplus	1,193	1,375
Retained earnings	13,377	13,979
Treasury shares	-1,218	-1,085
<b>Total shareholders' equity</b>	<b>14,561</b>	<b>15,478</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	373	691
Foreign currency translation adjustment	41	227
Remeasurements of defined benefit plans	37	26
<b>Total accumulated other comprehensive income</b>	<b>452</b>	<b>946</b>
Share acquisition rights	11	8
Non-controlling interests	0	0
<b>Total net assets</b>	<b>15,025</b>	<b>16,432</b>
<b>Total liabilities and net assets</b>	<b>20,593</b>	<b>22,133</b>

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

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2021, to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022, to March 31, 2023)
Net sales	20,784	23,360
Cost of sales	15,685	17,522
Gross profit	5,099	5,838
Selling, general and administrative expenses	※ 1 4,074	※ 1 4,461
Operating profit	1,024	1,376
Non-operating income		
Interest income	1	3
Dividend income	27	44
Foreign exchange gains	191	191
Insurance claim income	5	5
Share of profit of entities accounted for using equity method	6	9
Subsidy income	12	—
Other	5	16
Total non-operating income	250	270
Non-operating expenses		
Interest expenses	0	—
Office transfer expenses	—	6
Commission expenses	1	2
Loss on investments in investment partnerships	23	48
Other	2	0
Total non-operating expenses	28	58
Ordinary profit	1,247	1,588
Extraordinary income		
Gain on reversal of share acquisition rights	—	0
Total extraordinary income	—	0
Extraordinary losses		
Impairment loss	※ 2 3	※ 2 19
Loss on retirement of non-current assets	—	2
Loss on sales of land	—	82
Total extraordinary losses	3	103
Profit before income taxes	1,243	1,485
Income taxes - current	382	320
Income taxes - deferred	-17	-40
Total income taxes	364	280
Profit	878	1,205
Profit attributable to owners of parent	878	1,205

## (Consolidated Statement of Comprehensive Income)

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2021, to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022, to March 31, 2023)
Profit	878	1,205
Other comprehensive income		
Valuation difference on available-for-sale securities	74	317
Foreign currency translation adjustment	100	186
Re-measurements of defined benefit plans	-11	-10
Total other comprehensive income	* 1 162	* 1 493
Comprehensive income	1,041	1,698
(Breakdown)		
Comprehensive income attributable to owners of parent	1,041	1,698

## (3) Consolidated Statements of Changes in Net Assets

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

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Starting balance	1,209	1,172	12,722	-1,231	13,872
Changes of items during period					
Dividends of surplus			-223		-223
Profit attributable to owners of parent			878		878
Purchase of treasury shares				-79	-79
Disposal of treasury shares		20		92	113
Net changes of items other than shareholders' equity					
Total changes of items during period	—	20	655	13	688
Ending balance	1,209	1,193	13,377	-1,218	14,561

	Accumulated other comprehensive income				Share acquisition rights	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			
Starting balance	299	-58	49	290	12	0	14,174
Changes of items during period							
Dividends of surplus							-223
Profit attributable to owners of parent							878
Purchase of treasury shares							-79
Disposal of treasury shares							113
Net changes of items other than shareholders' equity	74	100	-11	162	-0		161
Total changes of items during period	74	100	-11	162	-0	—	850
Ending balance	373	41	37	452	11	0	15,025

Current Consolidated Fiscal Year (from April 1, 2022, to March 31, 2023)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Starting balance	1,209	1,193	13,377	-1,218	14,561
Changes of items during period					
Dividends of surplus			-603		-603
Profit attributable to owners of parent			1,205		1,205
Purchase of treasury shares				-0	-0
Disposal of treasury shares		182		132	315
Net changes of items other than shareholders' equity					
Total changes of items during period	—	182	602	132	916
Ending balance	1,209	1,375	13,979	-1,085	15,478

	Accumulated other comprehensive income				Share acquisition rights	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			
Starting balance	373	41	37	452	11	0	15,025
Changes of items during period							
Dividends of surplus							-603
Profit attributable to owners of parent							1,205
Purchase of treasury shares							-0
Disposal of treasury shares							315
Net changes of items other than shareholders' equity	317	186	-10	493	-3		489
Total changes of items during period	317	186	-10	493	-3	—	1,406
Ending balance	691	227	26	946	8	0	16,432

## (4) Consolidated Statement of Cash Flow

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2021, to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022, to March 31, 2023)
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,243	1,485
Depreciation	182	185
Impairment loss	3	19
Loss (gain) on sales of non-current assets	—	82
Gain on reversal of share acquisition rights	—	-0
Interest and dividend income	-29	-47
Interest expenses	0	—
Share of loss (profit) of entities accounted for using equity method	-6	-9
Increase (decrease) in provision for bonuses	23	92
Increase (decrease) in provision for bonuses for directors (and other officers)	17	4
Increase (decrease) in allowance for doubtful accounts	-0	-0
Increase (decrease) in retirement benefit liability	3	-20
Loss (gain) on investments in investment partnerships	23	48
Decrease (increase) in contract assets	-60	587
Decrease (increase) in electronically recorded monetary claims	-163	-118
Decrease (increase) in trade receivables	820	-1,306
Decrease (increase) in inventories	-659	-1,798
Increase (decrease) in contract liabilities	16	26
Increase (decrease) in trade payables	70	-65
Decrease (increase) in prepaid expenses	61	-188
Increase (decrease) in accounts payable - other	20	47
Increase (decrease) in accrued consumption taxes	-36	22
Other	-104	-42
Subtotal	1,426	-998
Interest and dividends received	31	47
Interest paid	-0	—
Income taxes paid	-272	-436
<b>Cash flows from operating activities</b>	<b>1,184</b>	<b>-1,387</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	-56	-134
Proceeds from sales of property, plant and equipment	—	30
Purchase of investment securities	-250	-428
Proceeds from sales of investment securities	5	25
Purchase of intangible assets	-84	-33
Proceeds from withdrawal of time deposits	—	1,100
Payments of leasehold and guarantee deposits	-7	-42
Proceeds from refund of leasehold and guarantee deposits	0	4
<b>Cash flow from investing activities</b>	<b>-393</b>	<b>522</b>
<b>Cash flow from financing activities</b>		
Dividends paid	-223	-604
Purchase of treasury shares	-79	-0
Proceeds from exercise of share options	33	19
Proceeds from disposal of treasury shares	79	281
<b>Cash flow from financing activities</b>	<b>-189</b>	<b>-303</b>
Effect of exchange rate change on cash and cash equivalents	106	69
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>708</b>	<b>-1,099</b>
Cash and cash equivalents at beginning of period	4,900	5,608
Cash and cash equivalents at end of period	※ 1 5,608	※ 1 4,509

- (5) Note on going-concern assumption  
Not applicable.
- (6) Significant matters constituting the basis for the preparation of consolidated financial statements
- (i) Range of consolidation
- a. Number of consolidated subsidiaries: 9 companies  
Name of consolidated subsidiaries:  
...Mighty Cube Co., Ltd.  
TAKACHIHO KOHEKI(H.K.)LIMITED  
TAKACHIHO TRADING (SHANGHAI) CO., LTD.  
Takachiho Fire,Security & Services(Thailand)Ltd.  
Guardfire Limited  
Guardfire Singapore Pte.Ltd.  
TK Thai Holdings Co.,Ltd.  
TK Fire Fighting Co.,Ltd.  
Takachiho America,Inc.
- b. Number of non-consolidated subsidiaries: 1 company  
Name of non-consolidated subsidiary:  
...TKTEC Co., Ltd.  
It is a small company with an insignificant effect, and it is unconsolidated.
- (ii) Application of equity method
- a. Affiliated company accounted for by the equity method: 0  
JME Corporation, which was an equity-method affiliate in the previous consolidated fiscal year, was removed from the scope of equity-method affiliates due to sale of all holdings of its stock during the consolidated fiscal year under review.
- b. Non-consolidated subsidiaries not accounted for by equity method: 1  
Name of non-consolidated subsidiary not accounted for by equity method:  
...TKTEC Co., Ltd.  
It is a small company with an insignificant effect, and it is not accounted for by the equity method.
- (iii) Fiscal year of consolidated subsidiaries  
Among consolidated subsidiaries, the fiscal years of Takachiho Koheki (H.K.) Limited, Takachiho Trading (Shanghai) Co., Ltd., and Takachiho America, Inc. end on December 31. Since the difference between the ending date of the fiscal years of these subsidiaries and that of the Company is no more than three months, consolidation is based on the financial statements as of the ending date of the fiscal years of these consolidated subsidiaries. For significant transactions conducted from December 31 to the consolidated closing date, adjustments necessary for consolidation were made.
- (iv) Accounting criteria
- a. Criteria and methods for evaluating significant assets
- A) Securities  
Other securities  
Other than shares of stock etc. without market prices  
...Market value method, based on the market price as of the last day of the consolidated fiscal year (Appraisal differences are handled by means of the direct net asset influx method and their cost is based on the gross average method)  
Shares of stock etc. without market prices  
...Mainly evaluated at cost by gross average method
- B) Inventory  
Mainly the cost method based on the moving average method (balance sheet values are calculated using the book value reduction method based on a decline in profitability)



b. Depreciation methods for critical depreciable assets

A) Property, plant and equipment (excluding leased assets)

The straight-line method is used for tangible fixed assets of the Company and its consolidated subsidiaries.

The main useful lives are as follows:

Buildings and structures: 3-50 years

Tools, furniture, and fixtures: 2-20 years

B) Intangible assets

The straight-line method was used.

The amortization period is the internally usable period (5 years) for software for internal use and the estimated effective life (3 years) for software for sale.

c. Criteria for provision of significant allowance and reserves

A) Allowance for doubtful accounts

To prepare for credit losses, an allowance equal to the estimated amount of uncollectible claims was provided.

i. General claims

...The method based on actual percentage of bad debts was used.

ii. Doubtful claims, claims in bankruptcy and reorganization claims

...An allowance equal to the estimated amount of uncollectible claims was provided after reviewing the collectability of each claim.

B) Provision for bonuses

To prepare for the payment of bonuses to employees, among the estimated amount to be paid in the future, the portion attributable to the current consolidated fiscal year was provided.

C) Provision for bonuses for directors (and other officers)

To prepare for the payment of bonuses to directors, among the estimated amount to be paid in the future, the portion attributable to the current consolidated fiscal year was provided.

D) Provision for executive share-based compensation

To prepare for issuance of shares to directors, among the estimated amount to be issued in the future, the portion attributable to the current consolidated fiscal year was provided.

d. Accounting standards for income and expenses

The details of the main performance obligations in important businesses related to income arising from contracts with customers of the Company and consolidated subsidiaries and the normal timing of fulfillment of such performance obligations (the normal timing of recognition of income) are described below.

A) Sale of products

In sale of products to customers in Japan, income is recognized at the point in time at which the customer has completed acceptance inspection of the products, as the time at which the customer secures control over the merchandise and the performance obligation has been fulfilled. However, when the period from the time of shipment to the time of transfer of the product to the customer is the normal period, income is recognized at the time of shipment.

In sale of products through export, including trilateral transactions, income is recognized at the time risks of the product transfer to the customer, based on the trade conditions and other terms of Incoterms.

B) Licenses, maintenance, etc.

Income over a fixed period, such as that from sale of software licenses for fixed periods of use and provision of services under which customers receive for a fixed period maintenance and other services for products sold, is recognized in principle over the period of service provision based on the relevant contract etc.

C) Product sales and design related to long-term construction contracting

The Group's businesses include design and sale of advanced fire-prevention systems related to long-term construction contracting in Southeast Asia. In such transactions, performance obligations are considered to be satisfied over a fixed period in accordance with the progress of construction. The revenue is recognized over a fixed period by estimating the progress according to the percentage of incurred cost to estimated total cost.

e. Criteria for recording liabilities associated with retirement benefits

To prepare for payment of retirement allowances to employees, the amount recognized to arise at the end of the current consolidated fiscal year was recorded, based on the estimated amounts of retirement benefit obligations and pension assets at the end of the current consolidated fiscal year. In calculating the retirement benefit obligations, estimated retirement benefits were attributed to the period until the end of the current consolidated fiscal year, based on the benefit formula.

Actuarial differences distributed by specific years (5 years) within the average remaining service period of employees as of their occurrence were mainly expensed from the following consolidated fiscal year.

Unrecognized actuarial differences were recorded at re-measurements of defined benefit plans of accumulated other comprehensive income in the net assets after the adjustment of tax effects.

To prepare for the payment of retirement allowances to executive officers, additionally, the base amount at the end of the current consolidated fiscal year was recorded according to the internal rules on executive officers.

f. Criteria for converting significant foreign currency assets or liabilities into Japanese yen

Foreign currency monetary claims and liabilities are converted into Japanese yen at the exchange rate at the end of the consolidated fiscal year and differences in conversion are recorded in profit or loss. Assets and liabilities and income and expenses of foreign subsidiaries are converted into Japanese yen at the rate of the closing date and differences in conversion are recorded in the foreign currency translation adjustment of the net assets.

g. Scope of cash in consolidated cash flow statements

Cash in the consolidated cash flow statements (cash and cash equivalents) include cash on hand, deposits that can be withdrawn at any time and liquid short-term investments with little risk of fluctuation in value with a period to maturity of 3 months or less.

(7) Notes on Consolidated Financial Statements

(Change in accounting policy)

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

The Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31; June 17, 2021) has been applied since the beginning of the consolidated fiscal year under review. As a result, pursuant to the provisional handling described in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the new accounting policies provided for in that guidance have been applied to future accounts. This change has had no effect on the consolidated financial statements.

(Additional Information)

(Performance-linked stock compensation system for directors)

Based on a resolution of the 70th Annual General Meeting of Shareholders, which met June 25, 2021, the Company has adopted a performance-linked stock compensation system for directors (hereinafter, this does not include outside directors).

1. Transaction overview

Under this system, the Company's shares are acquired through a trust using the money contributed by the Company, and the Company's shares and the Company's shares are marketed through the trust based on the points given to the directors in accordance with the officer stock benefit rules established by the Company. It is a performance-linked stock-based compensation system that delivers money equivalent to the amount converted in.

Directors will receive benefits such as the Company shares after the end of the medium-term management plan (from the fiscal year ending at the end of March 2023 through the fiscal year ending at the end of March 2025). In principle, retired directors will receive the benefits at a predetermined time after they retire.

2. Own shares remaining in the trust

Shares of Company stock remaining in the trust are recorded as treasury shares under net assets at their book values (not including amounts of associated expenses) in trust. The book value and number of shares of such stock were 79.764 million yen and 68,000 shares as of the end of the previous consolidated fiscal year and 67.916 million yen and 57,900 shares as of the end of the current consolidated fiscal year.

(Details of important accounting estimates related to identified items)

In judging the recoverability of deferred tax assets, the Company and consolidated subsidiaries take into consideration projected taxable income based on projections of a certain reasonable level of future business results and recoverability based on the schedule for the fiscal years in which future temporary decreases are projected to be canceled. There also is a possibility that factors such as future fluctuations in uncertain economic conditions could have a material impact on deferred tax assets and net income on the consolidated financial statements for the next consolidated fiscal year and beyond.

(Consolidated Balance Sheet)

\*1 Accumulated depreciation of property, plant and equipment

	Previous consolidated fiscal year (as of March 31, 2022)	Current consolidated fiscal year (as of March 31, 2023)
	863 million yen	911 million yen

\*2 Item related to non-consolidated subsidiaries and affiliated companies

	Previous consolidated fiscal year (as of March 31, 2022)	Current consolidated fiscal year (as of March 31, 2023)
Investment securities (stock)	52 million yen	32 million yen

## (Consolidated Income Statements)

## \*1 Major expenses and amounts of selling, general and administrative expenses

Previous consolidated fiscal year (from April 1, 2021, to March 31, 2022)		Current consolidated fiscal year (from April 1, 2022, to March 31, 2023)	
Salaries and allowances	1,459 million yen	Salaries and allowances	1,508 million yen
Provision for bonuses	230	Provision for bonuses	348
Provision for directors' bonuses	30	Provision for directors' bonuses	34
Retirement benefit expenses	84	Retirement benefit expenses	87
Rent expenses	453	Rent expenses	437
Depreciation	158	Depreciation	159

## \*2 Impairment loss

For the current consolidated fiscal year, our Group posted an impairment loss for the following asset group:

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

Location	Use	Type
Tsumagoi Village, Agatsuma-gun, Gunma Prefecture and two other sites	Idle assets	Land

## (i) History toward recognition of impairment loss

An impairment loss was recorded for an asset group of land for which the recoverable value is significantly lower than its carrying amount, among idle assets that are not used for business in the current consolidated fiscal year.

## (ii) Amount of impairment loss

Land: 3 million yen

## (iii) Method for grouping the assets

Our Group fundamentally groups business assets by type of business and idle assets by each asset.

## (iv) Method for calculating a recoverable amount

The recoverable amount of idle assets is measured by the net selling value and is calculated based on the real estate appraisal value and rationally adjusted using the fixed asset appraisal value.

## Current Consolidated Fiscal Year (from April 1, 2022, to March 31, 2023)

Location	Use	Type	Impairment loss (million yen)
Thailand	Business assets	Property, plant, and equipment (tools, furniture and fixtures)	0
United States	Business assets	Property, plant, and equipment (vehicles)	6
Tokyo and elsewhere	Idle assets	Intangible assets (telephone subscription rights)	11
Ogawa, Hiki-gun, Saitama Prefecture	Idle assets	Intangible assets (rights of using facilities)	1

## (i) History toward recognition of impairment loss

During the consolidated fiscal year under review, Guardfire Limited and Takachiho America, Inc. recorded impairment losses on their entire balances of non-current assets as a result of consideration of their future recoverability, in light of the fact that both sales and profit were lower than planned. An impairment loss was recorded for an asset group for which the recoverable value is significantly lower than its carrying amount, among idle assets that are not used for business.

## (ii) Amount of impairment loss

Property, plant and equipment: 6 million yen

Telephone subscription rights: 11 million yen

Rights of using facilities (cemetery): 1 million yen

## (iii) Method for grouping the assets

Our Group fundamentally groups business assets by type of business and idle assets by each asset.

## (iv) Method for calculating a recoverable amount

The recoverable amount of idle assets is measured by the net selling value based on market prices and other information.

(Consolidated Statement of Comprehensive Income)

\*1 Reclassification adjustment and tax effects related to other comprehensive income

	Previous consolidated fiscal year (from April 1, 2021, to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022, to March 31, 2023)
Valuation difference on available-for-sale securities:		
Current accrued amount	103 million yen	455 million yen
Reclassification adjustment	-	-
Before adjustment of tax effect	103	455
Tax effects	-29	-138
Valuation difference on available-for-sale securities	74	317
Foreign currency translation adjustment:		
Current accrued amount	100	186
Re-measurements of defined benefit plans:		
Current accrued amount	-0	-2
Reclassification adjustment	-16	-13
Before adjustment of tax effect	-16	-15
Tax effects	5	4
Re-measurements of defined benefit plans	-11	-10
Total other comprehensive income	162	493

## (Consolidated Statement of Changes in Net Assets)

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

## 1. Type and total number of shares issued and type and number of treasury shares

	Number of shares at the beginning of the current consolidated fiscal year (shares)	Increase in shares during the current consolidated fiscal year (shares)	Decrease in shares during the current consolidated fiscal year (shares)	Number of shares at the end of the current consolidated fiscal year (shares)
Shares issued				
Common stock	10,171,800	—	—	10,171,800
Total	10,171,800	—	—	10,171,800
Treasury shares				
Common stock (Note)	1,266,078	68,000	95,500	1,238,578
Total	1,266,078	68,000	95,500	1,238,578

Note 1: The increase in treasury shares of 68,000 shares of common stock was due to purchase of treasury shares from the Board benefit trust (BBT).

2. The decrease in treasury shares of 95,500 shares of common stock was due to disposal of 68,000 shares of treasury shares by the Board benefit trust (BBT) and exercise of share acquisition rights for 27,500 shares.

3. The number of shares of Company stock held by the Board benefit trust (BBT) included in treasury shares was 0 shares at the beginning of the period and 68,000 shares at the end of the period.

## 2. Subscription rights to shares and treasury subscription rights to shares

Segment	Breakdown of share acquisition rights	Type of stock subject to subscription rights to shares	Number of shares subject to subscription rights to shares (shares)				Balance at end of the current consolidated fiscal year (million yen)
			Beginning of the current consolidated fiscal year	Increase during the current consolidated fiscal year	Decrease during the current consolidated fiscal year	End of the current consolidated fiscal year	
Submitting company	Share acquisition rights as stock options	—	—	—	—	—	11
Total		—	—	—	—	—	11

## 3. Dividends

## (1) Dividends paid

(Resolved)	Type of stock	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 25, 2021	Common stock	115	13.00 yen	March 31, 2021	June 28, 2021
Board of Directors meeting held on November 9, 2021	Common stock	107	12.00 yen	September 30, 2021	December 6, 2021

Note: The total amount of dividends under the resolution of the Board of Directors meeting held November 9, 2021, includes 816,000 yen in dividends on treasury shares by the Board benefit trust (BBT).

(2) Among dividends whose record date belongs to the current consolidated fiscal year, those whose effective date falls in the next consolidated fiscal year

The following resolution is planned.

(Resolved)	Type of stock	Total dividends (million yen)	Dividend resource	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 28, 2022	Common stock	387	Retained earnings	43.00 yen	March 31, 2022	June 29, 2022

Note 1: The dividends per share paid based on a resolution in Annual General Meeting of Shareholders held June 28, 2022, include a 15 yen/share commemorative dividend to mark the 70th anniversary of the Company's founding.

2. The total amount of dividends based on a resolution in Annual General Meeting of Shareholders held June 28, 2022, includes 2,924,000 yen in dividends on shares of Company stock held by Board benefit trust (BBT).

Current consolidated fiscal year (from April 1, 2022, to March 31, 2023)

1. Type and total number of shares issued and type and number of treasury shares

	Number of shares at the beginning of the current consolidated fiscal year (shares)	Increase in shares during the current consolidated fiscal year (shares)	Decrease in shares during the current consolidated fiscal year (shares)	Number of shares at the end of the current consolidated fiscal year (shares)
Shares issued				
Common stock	10,171,800	—	—	10,171,800
Total	10,171,800	—	—	10,171,800
Treasury shares				
Common stock (Note)	1,238,578	112	134,500	1,104,190
Total	1,238,578	112	134,500	1,104,190

Note 1: The 112-share increase resulting from the purchase of shares less than 1 unit.

2. The decrease of 134,500 shares in common stock held as treasury shares resulted from market sales of 2,000 shares by the Board benefit trust (BBT), 8,100 shares provided to executives as benefits, 17,400 shares from exercise of stock options, and sale of 107,000 shares under a Board of Directors resolution.

3. The number of shares of Company stock held by the Board benefit trust (BBT) included in treasury shares was 68,000 shares at the beginning of the period and 57,900 shares at the end of the period.

2. Subscription rights to shares and treasury subscription rights to shares

Segment	Breakdown of share acquisition rights	Type of stock subject to subscription rights to shares	Number of shares subject to subscription rights to shares (shares)				Balance at end of the current consolidated fiscal year (million yen)
			Beginning of the current consolidated fiscal year	Increase during the current consolidated fiscal year	Decrease during the current consolidated fiscal year	End of the current consolidated fiscal year	
Submitting company	Share acquisition rights as stock options	—	—	—	—	—	8
Total		—	—	—	—	—	8

3. Dividends

(1) Dividends paid

(Resolved)	Type of stock	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 28, 2022	Common stock	387	43.00 yen	March 31, 2022	June 29, 2022
Board of Directors meeting held on November 8, 2022	Common stock	216	24.00 yen	September 30, 2022	December 6, 2022

Note 1: The total amount of dividends based on a resolution in Annual General Meeting of Shareholders held June 28, 2022, includes 2,924,000 yen in dividends on shares of Company stock held by Board benefit trust (BBT).

2. The total amount of dividends under the resolution of the Board of Directors meeting held November 8, 2022, includes 1,389,000 yen in dividends on shares of the Company stock held by the Board benefit trust (BBT).

(2) Among dividends whose record date belongs to the current consolidated fiscal year, those whose effective date falls in the next consolidated fiscal year

The following resolution is planned.

(Resolved)	Type of stock	Total dividends (million yen)	Dividend resource	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 28, 2023	Common stock	994	Retained earnings	109.00 yen	March 31, 2023	June 29, 2023

Note 1: The total amount of dividends based on a resolution in Annual General Meeting of Shareholders held June 28, 2023, includes 6,311,000 yen in dividends on shares of Company stock held by Board benefit trust (BBT).

(Consolidated Cash Flow Statements)

\*1 Relationship between the ending balance of cash and cash equivalents and amounts of the accounts shown on the Consolidated Balance Sheet

	Previous consolidated fiscal year (from April 1, 2021, to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022, to March 31, 2023)
Cash and deposits account	6,708 million yen	4,509 million yen
Fixed deposits for more than 3 months	-1,100	—
Cash and cash equivalents	5,608	4,509



(Segment information, etc.)

[Segment Information]

1. Summary of reporting segments

Our group's reporting segments are that among components of our group separated financial information is available, and they are regularly reviewed by the board of directors to evaluate decisions concerning the allocation of management resources and business results.

Our group establishes organizational units suited to the characteristics of products/services and prepares comprehensive strategies for Japan and overseas.

Previously, the Group had two reporting segments: the System Segment and the Device Segment. However, the Group now has three reporting segments, since the cloud service and support business, which had been included in the System Segment, has been separated into a new reporting segment.

The Cloud Service and Support Segment engages in the cloud subscription service business and maintenance business. The Systems segment provides consulting on system equipment, system design and sales, and delivery installation, for security products in particular. The Device segment sells products such as semiconductors and mechanical components and offers consulting services for these products. Segment information for the previous consolidated fiscal year has been prepared based on the revised segments.

2. Methods for calculating amounts of sales, profit or loss, assets, liabilities, and other items for each reporting segment

Reported accounting methods for business segments are almost the same as those described in the significant matters constituting the basis for the preparation of the consolidated financial statements.

3. Information concerning amounts of sales, profit or loss, assets, liabilities, and other items for each reporting segment

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

(Unit: Millions of yen)

	Cloud Service and Support	System	Device	Total	Adjustments Notes 1:	Amount on consolidated financial statements
Net sales						
Sales to external customers	2,115	9,895	8,773	20,784	—	20,784
Internal sales and transfers between segments	—	—	—	—	—	—
Total	2,115	9,895	8,773	20,784	—	20,784
Segment profit	394	135	494	1,024	—	1,024
Segment assets	988	7,246	4,745	12,980	7,613	20,593
Other items						
Depreciation	8	24	14	46	136	182
Impairment loss	—	—	—	—	3	3
Investment to entities accounted for using equity methods	—	—	20	20	—	20
Increase in property, plant and equipment and non-current intangible assets	5	15	19	40	65	106

Note 1: Adjustments are as follows:

(1) Adjustments to segment assets of 7,613 million yen is the whole-company assets not attributed to reporting segments.

The whole-company assets mainly represent surplus working capital (cash and deposits), funds for long-term investment (investment securities) and assets related to administrative departments such as the general affairs department.

(2) Adjustments to depreciation of 136 million yen are mainly depreciation of assets related to administrative departments such as the general affairs department.

(3) Adjustment to the impairment loss of 3 million yen is the loss of land which is idle asset.

(4) Adjustments to increase in property, plant and equipment and non-current intangible assets of 65 million yen are mainly increases in assets related to administrative departments such as the general affairs department.

Current consolidated fiscal year (from April 1, 2022, to March 31, 2023)

(Unit: Millions of yen)

	Cloud Service and Support	System	Device	Total	Adjustments Notes 1:	Amount on consolidated financial statements
Net sales						
Sales to external customers	2,385	9,630	11,344	23,360	—	23,360
Internal sales and transfers between segments	—	—	—	—	—	—
Total	2,385	9,630	11,344	23,360	—	23,360
Segment profit	506	92	776	1,376	—	1,376
Segment assets	1,212	7,940	7,419	16,573	5,560	22,133
Other items						
Depreciation	7	19	18	45	139	185
Impairment loss	—	2	6	9	9	19
Increase in property, plant and equipment and non-current intangible assets	19	46	36	102	53	155

Note 1: Adjustments are as follows:

- (1) Adjustments to segment assets of 5,560 million yen is the whole-company assets not attributed to reporting segments. The whole-company assets mainly represent surplus working capital (cash and deposits), funds for long-term investment (investment securities) and assets related to administrative departments such as the general affairs department.
- (2) Adjustments to depreciation of 139 million yen are mainly depreciation of assets related to administrative departments such as the general affairs department.
- (3) Adjustment to the impairment loss of 9 million yen includes the loss of telephone subscription rights.
- (4) Adjustments to increase in property, plant and equipment and non-current intangible assets of 53 million yen are mainly increases in assets related to administrative departments such as the general affairs department.

[Related information]

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

1. Information by product and service

Description is omitted because product and service segments are the same as reporting segments.

2. Information by region

(1) Net sales

(Unit: Millions of yen)

Japan	Asia		Other	Total
		Thailand (included in above)		
15,506	4,739	2,555	538	20,784

Note 1: Sales are categorized by country or region based on the customer's location.

2. Methods of categorization by country or region

Categorized by geographical proximity.

3. Main countries or regions belonging to each category

Asia: The nations of East Asia and Southeast Asia

(2) Property, plant and equipment

Description is omitted because the amount of property, plant and equipment located in Japan is above 90% of that in the consolidated balance sheet.

3. Information by major customer

Description is omitted because among sales to external customers, there are no sales to a specific customer accounting for 10% or more of sales in the consolidated income statements.

Current consolidated fiscal year (from April 1, 2022, to March 31, 2023)

1. Information by product and service

Description is omitted because product and service segments are the same as reporting segments.

2. Information by region

(1) Net sales

(Unit: Millions of yen)

Japan	Asia		Other	Total
		Thailand (included in above)		
17,172	5,884	2,901	304	23,360

Note 1: Sales are categorized by country or region based on the customer's location.

2. Methods of categorization by country or region

Categorized by geographical proximity.

3. Main countries or regions belonging to each category

Asia: The nations of East Asia and Southeast Asia

(2) Property, plant and equipment

Description is omitted because the amount of property, plant and equipment located in Japan is above 90% of that in the consolidated balance sheet.

3. Information by major customer

Description is omitted because among sales to external customers, there are no sales to a specific customer accounting for 10% or more of sales in the consolidated income statements.

(Per-share information)

	Previous consolidated fiscal year (from April 1, 2021, to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022, to March 31, 2023)
Net assets per share	1,680.73 yen	1,811.32 yen
Basic earnings per share	98.61 yen	134.69 yen
Fully diluted earnings per share	98.45 yen	134.21 yen

Note: Basis for calculating basic earnings per share and fully diluted earnings per share is as follows:

	Previous consolidated fiscal year (from April 1, 2021, to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022, to March 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	878	1,205
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent associated with common stock (million yen)	878	1,205
Average number of common stocks during the period (thousand shares)	8,908	8,949
Fully diluted earnings per share		
Adjustments to net income attributable to owners of parent (million yen)	—	—
An increase in shares of common stock (thousand shares)	14	31
(Of this, share acquisition rights (thousand shares))	(14)	(31)
Summary of dilutive shares not included to calculate fully diluted earnings per share because of no dilutive effect	—	—

Note: In calculation of basic earnings per share and fully diluted earnings per share, the number of shares of Company stock held by the board benefit trust (BBT) is included in treasury stock deducted in calculation of average shares during the period (68,000 shares during the previous consolidated fiscal year, 61,005 shares during the consolidated fiscal year under review).

(Revenue recognition)

The following information breaks down the revenue generated from contracts with customers by product type.

(Unit: Millions of yen)

Segment	Previous consolidated fiscal year (from April 1, 2021, to March 31, 2022))	Current consolidated fiscal year (from April 1, 2022, to March 31, 2023)
Cloud Service and Support Products	2,115	2,385
Cloud service and support, total	2,115	2,385
Retail Solution Products	3,774	3,152
Business Solution Products	3,194	3,390
Global Products	2,926	3,087
System Total	9,895	9,630
Electronics Products	4,452	6,941
Mechatronics Products	4,320	4,403
Device Total	8,773	11,344
Total	20,784	23,360
Revenues from contracts with customers	20,784	23,360
Other revenues	—	—
Sales to external customers	20,784	23,360

Note: Beginning in the consolidated fiscal year under review, Service and Support Products, which had been grouped in the System Segment previously, have been separated as the Cloud Service and Support Segment. This reflects the identification of the cloud subscription service and maintenance business as growth businesses from the perspectives of growth potential and profitability.

In addition, the following product groups have been renamed: Office Solutions Products in the System Segment (renamed Business Solution Products to deploy them in a wider range of markets, including data centers and logistics, instead of offices alone), Semiconductor Products in the Device Segment (renamed Electronics Products to focus on electronics products with high levels of technological capabilities and added value instead of sales of individual products alone), and Mechanical Component Products, also in the Device Segment (renamed Mechatronics Products as we broaden the scope of modular product development integrating mechanical and electronic elements). The details of each of these businesses remain unchanged.

Information on a breakdown the revenue generated from contracts with customers by product type during the previous consolidated fiscal year has been prepared using categories after this change.

(Significant Subsequent Event)

Not applicable.

## 6. Non-consolidated Financial Statements

### (1) Balance Sheet

(Unit: Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	4,941	2,549
Notes receivable - trade	185	374
Accounts receivable - trade	3,924	4,407
Electronically recorded monetary claims – operating	678	797
Merchandise and finished goods	2,363	3,928
Prepaid expenses	763	961
Short-term loans receivable from subsidiaries and associates	–	117
Other	17	142
Allowance for doubtful accounts	-0	-0
<b>Total current assets</b>	<b>12,875</b>	<b>13,278</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings, net	204	196
Tools, furniture and fixtures, net	202	226
Land	111	–
Other, net	5	2
<b>Total property, plant and equipment</b>	<b>524</b>	<b>425</b>
Intangible assets	292	225
<b>Investments and other assets</b>		
Investment securities	1,720	2,554
Shares of subsidiaries and associates	4,572	4,570
Long-term loans receivable from subsidiaries and associates	54	173
Deferred tax assets	211	91
Leasehold and guarantee deposits	293	322
Other	13	14
Allowance for doubtful accounts	-54	-98
<b>Total investments and other assets</b>	<b>6,810</b>	<b>7,627</b>
<b>Total non-current assets</b>	<b>7,627</b>	<b>8,277</b>
<b>Total assets</b>	<b>20,502</b>	<b>21,556</b>

(Unit: Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Electronically recorded obligations - operating	149	193
Accounts payable - trade	2,378	2,417
Income taxes payable	242	98
Contract liabilities	783	814
Provision for bonuses	265	346
Provision for bonuses for directors (and other officers)	30	34
Other	271	276
Total current liabilities	4,122	4,181
Non-current liabilities		
Long-term accounts payable - other	31	20
Provision for executive share-based compensation	9	9
Provision for retirement benefits	516	490
Other	16	26
Total non-current liabilities	573	547
Total liabilities	4,696	4,729
Net assets		
Shareholders' equity		
Share capital	1,209	1,209
Capital surplus		
Legal capital surplus	1,171	1,171
Other capital surplus	23	205
Total capital surplus	1,195	1,377
Retained earnings		
Legal retained earnings	198	198
Other retained earnings		
General reserve	9,395	9,395
Retained earnings brought forward	4,641	5,033
Total retained earnings	14,235	14,626
Treasury shares	-1,218	-1,085
Total shareholders' equity	15,421	16,127
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	373	691
Total valuation and translation adjustments	373	691
Share acquisition rights	11	8
Total net assets	15,806	16,827
Total liabilities and net assets	20,502	21,556

## (2) Income Statements

(Unit: Millions of yen)

	Previous fiscal year (From April 1, 2021, to March 31, 2022)	Current fiscal year (From April 1, 2022, to March 31, 2023)
Net sales	16,810	19,276
Cost of sales	12,863	14,764
Gross profit	3,947	4,512
Selling, general and administrative expenses	3,062	3,366
Operating profit	884	1,145
Non-operating income		
Interest income	3	3
Dividend income	37	77
Foreign exchange gains	194	183
Insurance claim income	5	5
Reversal of allowance for doubtful accounts	109	—
Other	24	12
Total non-operating income	375	282
Non-operating expenses		
Commission expenses	1	2
Loss on investments in investment partnerships	23	48
Provision of allowance for doubtful accounts	5	44
Other	0	0
Total non-operating expenses	31	95
Ordinary profit	1,228	1,333
Extraordinary income		
Gain on reversal of share acquisition rights	—	0
Total extraordinary income	—	0
Extraordinary losses		
Impairment loss	3	9
Loss on retirement of non-current assets	—	2
Loss on sales of land	—	82
Total extraordinary losses	3	94
Profit before income taxes	1,224	1,239
Income taxes - current	364	263
Income taxes - deferred	-18	-17
Total income taxes	345	245
Profit	878	994



## (3) Statements of Changes in Net Assets

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

(Unit: Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Starting balance	1,209	1,171	2	1,174	198	9,395	3,986	13,580
Changes of items during period								
Dividends of surplus							-223	-223
Profit							878	878
Purchase of treasury shares								
Disposal of treasury shares			20	20				
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	20	20	—	—	655	655
Ending balance	1,209	1,171	23	1,195	198	9,395	4,641	14,235

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Starting balance	-1,231	14,732	299	299	12	15,044
Changes of items during period						
Dividends of surplus		-223				-223
Profit		878				878
Purchase of treasury shares	-79	-79				-79
Disposal of treasury shares	92	113				113
Net changes of items other than shareholders' equity			74	74	-0	73
Total changes of items during period	13	689	74	74	-0	762
Ending balance	-1,218	15,421	373	373	11	15,806

Current fiscal year (from April 1, 2022, to March 31, 2023)

(Unit: Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Starting balance	1,209	1,171	23	1,195	198	9,395	4,641	14,235
Changes of items during period								
Dividends of surplus							-603	-603
Profit							994	994
Purchase of treasury shares								
Disposal of treasury shares			182	182				
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	182	182	—	—	391	391
Ending balance	1,209	1,171	205	1,377	198	9,395	5,033	14,626

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Starting balance	-1,218	15,421	373	373	11	15,806
Changes of items during period						
Dividends of surplus		-603				-603
Profit		994				994
Purchase of treasury shares	-0	-0				-0
Disposal of treasury shares	132	315				315
Net changes of items other than shareholders' equity			317	317	-3	314
Total changes of items during period	132	706	317	317	-3	1,020
Ending balance	-1,085	16,127	691	691	8	16,827

## 7. Other

### (1) Purchases, orders received, and sales

#### (i) Purchases

(Unit: Millions of yen)

Segment	Previous consolidated fiscal year (from April 1, 2021, to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022, to March 31, 2023)
Cloud Service and Support	1,246	1,342
System	7,153	6,518
Device	7,195	10,727
Total	15,595	18,588

#### (ii) Orders received

(Unit: Millions of yen)

Segment	Previous consolidated fiscal year (from April 1, 2021, to March 31, 2022)		Current consolidated fiscal year (from April 1, 2022, to March 31, 2023)	
	Orders received	Balance of orders received	Orders received	Balance of orders received
Cloud Service and Support	2,038	955	2,418	988
System	9,898	3,715	9,971	4,055
Device	12,276	5,364	13,702	7,722
Total	24,213	10,034	26,092	12,765

#### (iii) Sales performance

(Unit: Millions of yen)

Segment	Previous consolidated fiscal year (from April 1, 2021, to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022, to March 31, 2023)
Cloud Service and Support Products	2,115	2,385
Cloud service and support, total	2,115	2,385
Retail Solution Products	3,774	3,152
Business Solution Products	3,194	3,390
Global Products	2,926	3,087
System Total	9,895	9,630
Electronics Products	4,452	6,941
Mechatronics Products	4,320	4,403
Device Total	8,773	11,344
Total	20,784	23,360