

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



May 12, 2023

Company name: KYODO PRINTING CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 7914
 URL: <https://www.kyodoprinting.co.jp/>
 Representative: Yoshiaki Fujimori, President
 Contact: Hidenori Watanabe, Director & Managing Executive Officer
 Phone: +81-3-3817-2101
 Scheduled date of annual shareholders' meeting: June 29, 2023
 Scheduled date of commencing dividend payments: June 30, 2023
 Scheduled date of filing annual securities report: June 29, 2023
 Availability of supplementary briefing material on financial results: Available
 Schedule of financial results briefing session: Scheduled (for institutional investors and securities analysts)

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

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

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	93,363	5.6	775	2.5	1,289	(0.7)	1,253	83.2
March 31, 2022	88,416	(2.9)	756	16.8	1,298	(3.6)	683	(17.1)

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥(1,748) million [-%]

Fiscal year ended March 31, 2022: ¥168 million [(96.7)%]

	Basic net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	159.35	—	2.1	1.0	0.8
March 31, 2022	83.70	—	1.1	1.0	0.9

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

Fiscal year ended March 31, 2023: ¥(38) million

Fiscal year ended March 31, 2022: ¥(22) million

(2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio	Total equity per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	123,471	57,720	46.7	7,575.80
As of March 31, 2022	129,121	61,277	47.4	7,696.80

(Reference) Equity: As of March 31, 2023: ¥57,690 million

As of March 31, 2022: ¥61,158 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 the year
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2023	23,413	(4,420)	(17,359)	10,500
March 31, 2022	5,421	(6,632)	(2,618)	8,890

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Dividends to total equity (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2022	–	50.00	–	50.00	100.00	829	119.5	1.3
Fiscal year ended March 31, 2023	–	50.00	–	50.00	100.00	808	62.8	1.3
Fiscal year ending March 31, 2024 (Forecast)	–	50.00	–	50.00	100.00		–	

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	47,000	6.7	100	–	450	825.5	150	–	19.70
Full year	101,000	8.2	1,700	119.2	2,200	70.7	1,500	19.7	196.98

*** Notes:**

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

Newly added: – (Name of subsidiary): –, Excluded: – (Name of subsidiary): –

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

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

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(Note) For details, please see “1. Consolidated Financial Statements and Primary Notes (5) Notes to Consolidated Financial Statements (Changes in accounting policies)” on page 12 of the attached documents.

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

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

March 31, 2023: 8,370,000 shares

March 31, 2022: 8,370,000 shares

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

March 31, 2023: 754,966 shares

March 31, 2022: 423,973 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2023: 7,865,238 shares

Fiscal year ended March 31, 2022: 8,171,507 shares

(Reference) Overview of Non-consolidated Financial Results

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

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

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	82,317	4.8	(863)	–	1,594	4.5	560	(48.7)
March 31, 2022	78,564	(2.7)	(626)	–	1,525	(7.0)	1,092	0.4

Fiscal year ended	Basic net income per share	Diluted net income per share
	Yen	Yen
March 31, 2023	71.26	–
March 31, 2022	133.64	–

(2) Non-consolidated Financial Position

	Total assets	Total equity	Equity ratio	Total equity per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	115,246	49,647	43.1	6,515.89
As of March 31, 2022	122,165	53,515	43.8	6,731.17

(Reference) Equity: As of March 31, 2023: ¥49,647 million

As of March 31, 2022: ¥53,515 million

* These financial results are outside the scope of audits by certified public accountants or audit firms.

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

The financial results forecast and certain other statements regarding the future in this document are based on the information currently available to the Company and certain assumptions considered to be rational by the Company and they do not constitute a guarantee that the Company will achieve the forecast or other forward-looking statements. The actual results may differ substantially from the forecast for various reasons.

1. Consolidated Financial Statements and Primary Notes
(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	8,949	10,557
Notes receivable - trade	5,767	5,568
Accounts receivable - trade	20,567	21,328
Merchandise and finished products	3,503	3,436
Work in process	2,329	2,850
Raw materials and supplies	1,128	1,244
Other	1,835	939
Allowance for doubtful accounts	(55)	(11)
Total current assets	44,025	45,912
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	30,301	28,940
Machinery and vehicles, net	12,970	12,769
Furniture and fixtures, net	926	1,537
Land	14,842	14,864
Lease assets, net	1,852	1,148
Construction in progress	875	450
Total property, plant and equipment	*1 61,769	*1 59,710
Intangible assets		
Goodwill	785	380
Software	1,124	964
Other	183	206
Total intangible assets	2,094	1,550
Investments and other assets		
Investment securities	*2 17,402	*2 12,802
Asset for retirement benefits	2,547	2,056
Deferred tax assets	222	310
Other	1,070	1,132
Allowance for doubtful accounts	(10)	(5)
Total investments and other assets	21,232	16,297
Total non-current assets	85,095	77,558
Total assets	129,121	123,471

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Trade notes and accounts payable	15,606	17,627
Short-term debt	6,840	112
Current portion of bonds payable	–	3,000
Current portion of long-term debt	*3 9,400	*3 2,405
Lease obligations	504	383
Income taxes payable	481	237
Accrued bonuses	1,162	1,283
Accrued bonuses for directors	53	44
Provision for environmental measures	–	102
Provision for loss on Anti-Monopoly Act	401	*4 838
Other	10,079	7,764
Total current liabilities	44,531	33,800
Long-term liabilities		
Bonds	3,000	–
Long-term debt	*3 7,480	*3 6,182
Lease obligations	1,053	914
Deferred tax liabilities	2,106	1,078
Provision for environmental measures	400	–
Provision for dismantling of non-current assets	545	–
Provision for share-based remuneration for directors	19	15
Liability for retirement benefits	6,589	6,473
Asset retirement obligations	80	8
Long-term advances received	–	17,066
Other	2,037	211
Total long-term liabilities	23,312	31,951
Total liabilities	67,843	65,751
Equity		
Shareholders' equity		
Common stock	4,510	4,510
Capital surplus	1,645	1,688
Retained earnings	47,454	47,881
Treasury stock	(1,216)	(2,160)
Total shareholders' equity	52,393	51,919
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	8,553	5,881
Foreign currency translation adjustments	0	196
Remeasurement of defined benefit plans	211	(307)
Total accumulated other comprehensive income	8,765	5,770
Non-controlling interests	118	30
Total equity	61,277	57,720
Total liabilities and equity	129,121	123,471

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

(Million yen)

	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
Net sales		88,416		93,363
Cost of sales	*1	72,620	*1	76,077
Gross profit		15,795		17,286
Selling, general and administrative expenses				
Delivery expenses		3,306		3,234
Travel and communication expenses		228		255
Provision of allowance for doubtful accounts		(27)		(43)
Salaries and allowances		5,914		6,520
Provision for employees' bonuses		474		530
Provision for directors' bonuses		52		43
Provision for share-based remuneration for directors		11		—
Retirement benefit expenses		228		423
Employee benefits		1,409		1,536
Depreciation		481		988
Other		2,958		3,022
Total selling, general and administrative expenses	*1	15,038	*1	16,510
Operating income		756		775
Non-operating income				
Interest income		3		3
Dividend income		257		288
Gain on sales of goods		53		34
Rent income on facilities		84		73
Dividend income of insurance		160		179
Foreign exchange gains		40		4
Other		275		255
Total non-operating income		876		839
Non-operating expenses				
Interest expenses		188		144
Rent expenses on facilities		30		42
Share of loss of entities accounted for using equity method		22		38
Other		94		100
Total non-operating expenses		335		326
Ordinary income		1,298		1,289
Extraordinary income				
Gain on sales of non-current assets		—	*2	53
Gain on sales of investment securities		1,224		1,910
Subsidy income		327		—
Gain on revision of retirement benefit plan		—		376
Other		1		8
Total extraordinary income		1,553		2,349
Extraordinary losses				
Loss on sales and retirement of non-current assets	*3	156	*3	246
Loss on valuation of investment securities		29		—
Impairment loss		—	*4	326
Loss on Anti-Monopoly Act	*5	706	*5	838
Head office relocation expenses		—		204
Special transfer support expenses		525		—
Other		40		20
Total extraordinary losses		1,457		1,636
Income before income taxes		1,394		2,001
Income taxes - current		724		470
Income taxes - deferred		(18)		284

Total income taxes	705	755
Net income	688	1,246
Net income (loss) attributable to non-controlling interests	4	(6)
Net income attributable to owners of parent	683	1,253

Consolidated Statements of Comprehensive Income

(Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net income	688	1,246
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	(843)	(2,675)
Foreign currency translation adjustments	285	196
Remeasurement of defined benefit plans	39	(519)
Share of other comprehensive income in associate accounted for using the equity method	(2)	3
Total other comprehensive income (loss)	* (519)	* (2,994)
Comprehensive income	168	(1,748)
Total comprehensive income (loss) attributable to:		
Owners of parent	162	(1,741)
Non-controlling interests	6	(6)

(3) Consolidated Statements of Changes in Equity
Fiscal Year Ended March 31, 2022

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
BALANCE, APRIL 1, 2021	4,510	1,674	49,438	(2,088)	53,533
Changes during period					
Dividends of surplus			(834)		(834)
Net income attributable to owners of parent			683		683
Purchase of treasury stock				(1,697)	(1,697)
Disposal of treasury stock			(46)	746	699
Cancellation of treasury stock		(36)	(1,787)	1,823	–
Change in ownership interest of parent due to transactions with non-controlling interests		7			7
Net change in the item other than those in shareholders' equity					
Total changes during period	–	(28)	(1,983)	872	(1,139)
BALANCE, MARCH 31, 2022	4,510	1,645	47,454	(1,216)	52,393

	Accumulated other comprehensive income				Non-controlling interests	Total equity
	Unrealized gain (loss) on available-for-sale securities	Foreign currency translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income		
BALANCE, APRIL 1, 2021	9,398	(283)	172	9,287	123	62,944
Changes during period						
Dividends of surplus						(834)
Net income attributable to owners of parent						683
Purchase of treasury stock						(1,697)
Disposal of treasury stock						699
Cancellation of treasury stock						–
Change in ownership interest of parent due to transactions with non-controlling interests						7
Net change in the item other than those in shareholders' equity	(845)	284	39	(521)	(4)	(526)
Total changes during period	(845)	284	39	(521)	(4)	(1,666)
BALANCE, MARCH 31, 2022	8,553	0	211	8,765	118	61,277

Fiscal Year Ended March 31, 2023

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
BALANCE, APRIL 1, 2022	4,510	1,645	47,454	(1,216)	52,393
Changes during period					
Dividends of surplus			(825)		(825)
Net income attributable to owners of parent			1,253		1,253
Purchase of treasury stock				(1,000)	(1,000)
Disposal of treasury stock			–	56	56
Change in ownership interest of parent due to transactions with non-controlling interests		42			42
Net change in the item other than those in shareholders' equity					
Total changes during period	–	42	427	(944)	(473)
BALANCE, MARCH 31, 2023	4,510	1,688	47,881	(2,160)	51,919

	Accumulated other comprehensive income				Non-controlling interests	Total equity
	Unrealized gain (loss) on available-for-sale securities	Foreign currency translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income		
BALANCE, APRIL 1, 2022	8,553	0	211	8,765	118	61,277
Changes during period						
Dividends of surplus						(825)
Net income attributable to owners of parent						1,253
Purchase of treasury stock						(1,000)
Disposal of treasury stock						56
Change in ownership interest of parent due to transactions with non-controlling interests						42
Net change in the item other than those in shareholders' equity	(2,671)	195	(518)	(2,995)	(88)	(3,083)
Total changes during period	(2,671)	195	(518)	(2,995)	(88)	(3,557)
BALANCE, MARCH 31, 2023	5,881	196	(307)	5,770	30	57,720

(4) Consolidated Statements of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating activities:		
Income before income taxes	1,394	2,001
Depreciation and amortization	5,462	5,732
Amortization of goodwill	594	409
Impairment loss	–	326
Increase (decrease) in liability for retirement benefits	(332)	(355)
Increase (decrease) in allowance for doubtful accounts	(40)	(49)
Increase (decrease) in accrued bonuses	(43)	120
Increase (decrease) in accrued bonuses for directors	3	(9)
Increase (decrease) in provision for loss on Anti-Monopoly Act	401	436
Increase (decrease) in provision for dismantling of non-current assets	–	(545)
Increase (decrease) in provision for environmental measures	(7)	(297)
Interest and dividend income	(260)	(291)
Interest expenses	188	144
Share of (profit) loss of entities accounted for using equity method	22	38
(Gain) loss on valuation of investment securities	29	–
(Gain) loss on sales of investment securities	(1,224)	(1,910)
(Gain) loss on sales and retirement of non-current assets	156	192
(Increase) decrease in trade receivables	(630)	(538)
(Increase) decrease in inventories	395	(543)
Increase (decrease) in trade payables	166	2,009
Increase (decrease) in accrued consumption tax	(674)	1,093
(Increase) decrease in claims provable in bankruptcy, claims provable in rehabilitation	42	(0)
Increase (decrease) in long-term advances received	–	17,066
Other	273	(915)
Subtotal	5,916	24,115
Interest and dividends received	260	291
Interest paid	(197)	(147)
Income taxes - paid	(557)	(846)
Net cash provided by operating activities	5,421	23,413
Investing activities:		
Purchases of property, plant and equipment and intangible assets	(7,894)	(7,053)
Proceeds from sales of property, plant and equipment and intangible assets	–	55
Purchases of investment securities	(114)	(20)
Proceeds from sales of investment securities	1,441	2,619
Loan advances	(0)	–
Collection of loans receivable	0	0
Other	(65)	(23)
Net cash used in investing activities	(6,632)	(4,420)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Financing activities:		
Net increase (decrease) in short-term debt	6,838	(6,727)
Proceeds from long-term debt	280	1,161
Repayments of long-term debt	(2,408)	(9,450)
Redemption of bonds	(5,000)	–
Dividends paid	(834)	(825)
Dividends paid to non-controlling interests	(16)	(16)
Purchase of treasury stock	(1,697)	(1,000)
Proceeds from disposal of treasury stock	699	56
Other	(479)	(556)
Net cash used in financing activities	(2,618)	(17,359)
Foreign currency translation adjustments on cash and cash equivalents	(40)	(23)
Net increase (decrease) in cash and cash equivalents	(3,869)	1,609
Cash and cash equivalents, beginning of period	12,760	8,890
Cash and cash equivalents, end of period	* 8,890	* 10,500

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Significant matters forming the basis for presenting consolidated financial statements)

1. Scope of consolidation

Number of consolidated subsidiaries: 17

Names of major subsidiaries:

Kyodo Printing Marketing Solutions Co., Ltd.

Digital Catapult Inc.

Kyodo Printing Nishinohon Co., Ltd.

Kyodo Logistics Co., Ltd.

Kyodo Kureha Blow Bottle Co., Ltd. became a wholly owned subsidiary of the Company and its trade name was changed to Kyodo Blow Bottle Co., Ltd. as of November 1, 2022.

2. Application of equity method

(1) Number of associated companies accounted for by the equity method: 1

Name of company: Kyodo seihon Co., Ltd.

(2) COSMO SCANNER Co., Ltd., an associated company which is not accounted for by the equity method has been excluded from the scope of the equity method because its impact on the consolidated financial statements has been immaterial in terms of net income or loss (amounts corresponding to equity) and retained earnings (amounts corresponding to equity) in the year ended March 31, 2023 and due to its overall lack of significance.

3. Fiscal year-end of consolidated subsidiaries

Of consolidated subsidiaries, the fiscal closing date of KYODOPRINTING (SHANGHAI) CO. LTD., KYODO PRINTING (VIETNAM) CO. LTD., and PT. Arisu Graphic Prima is December 31.

The financial statements of the subsidiaries as of December 31 are used in preparing the consolidated financial statements, with adjustments made as necessary to account for significant transactions occurring during the period from their fiscal year-end to the consolidated closing date.

4. Accounting policies

(1) Valuation standards and methods for significant assets

a. Securities

Available-for-sale securities

- Those other than stocks without a market price:

Stated at market value (unrealized gains or losses on valuation are booked directly in total equity, and the cost of securities sold is determined by the moving-average method)

- Stocks, etc. without a market price:

Mainly stated at cost, determined by the moving-average method

b. Inventories

Finished products and work in process are stated at cost, principally determined by the specific identification method (the balance sheet value is calculated using the inventory write-down method based on decreased profitability)

Raw materials and supplies are stated at cost, principally determined by the first-in, first-out method (the balance sheet value is calculated using the inventory write-down method based on decreased profitability)

(2) Depreciation and amortization methods for significant depreciable assets

a. Property, plant and equipment (except for lease assets)

Computed by the straight-line method. The ranges of useful lives are as follows:

Buildings and structures: 31 to 50 years

Machinery and vehicles: 4 to 10 years

b. Intangible assets (except for lease assets)

Amortized by the straight-line method. Software for internal use is amortized over its internal useful life (5 years).

c. Lease assets

- Leased assets under finance lease transactions in which ownership is transferred

Depreciated in the same method as the depreciation of non-current assets owned by the Group

- Leased assets under finance lease transactions that do not transfer ownership

Depreciated over the lease term on a straight-line method assuming the residual value is zero (guaranteed residual value if there is such an agreement)

- (3) Recording standards for significant provisions
- a. Allowance for doubtful accounts
Recorded at estimated uncollectible amounts based on the Group's past credit loss experience for normal receivables and based on an individual evaluation of collectability for doubtful receivables and claims provable in bankruptcy/claims provable in rehabilitation, in order to provide for losses due to uncollectible accounts
 - b. Accrued bonuses
Recorded at the expected amount to be paid in the fiscal year under review to prepare for bonus payments to employees
 - c. Accrued bonuses for directors
Recorded at the expected amount to be paid in the fiscal year under review to prepare for bonus payments to directors
 - d. Provision for loss on Anti-Monopoly Act
Recorded at the necessary amount based on estimations of the potential losses that may be incurred in the future in order to provide for any losses related to the Anti-Monopoly Act.
 - e. Provision for share-based remuneration for directors
Recorded at the estimated amount of obligations for share-based remuneration at the consolidated year-end to provide for the payment of the Company's stock to directors, etc. based on the Rules for Payment of Share-based Remuneration for Directors
 - f. Provision for environmental measures
Recorded at the estimated amount required for implementing environmental measures in the future
 - g. Provision for dismantling of non-current assets
Recorded at the estimated amount to provide for dismantling of non-current assets in the future in line with the reconstruction of the head office building
- (4) Accounting method for retirement benefits
- a. Attribution method of expected retirement benefits
In the calculation of the retirement benefit obligations, the expected benefit is attributed to periods up to the end of the fiscal year under review on a benefit formula basis.
 - b. Amortization of actuarial gains and losses and past service costs
Past service cost is amortized on a straight-line basis over a specified number of years (8 years) within the average remaining service period of employees at the time when the cost is recognized. Actuarial gains and losses are amortized on a straight-line basis over a specified number of years (8 years) within the average remaining service period of employees from the consolidated fiscal year following the respective consolidated fiscal year in which the gains or losses are recognized.
 - c. Adoption of a simplified method at small-sized subsidiaries
Certain subsidiaries adopt a simplified method for the calculation of liability and expenses for retirement benefits, using the method that regards payable amount assuming voluntary retirement of all employees at the end of the fiscal year and the most recent actuarial obligation of pension plan finance calculation as projected benefit obligations.
- (5) Significant revenue and expense recording standards
- Our primary businesses are manufacturing and sales from our "Information communication," "Information security," and "Living and industrial materials" divisions. With regard to sales from these divisions, we are obliged to deliver finished products in accordance with the sales contracts in place with a customer. In terms of revenue, it is determined that said obligation is fulfilled at the point said finished products are delivered and the customer assumes control over said finished products, with the revenue recognized at the point of delivery.
- (6) Method of significant hedge accounting
- a. Method of hedge accounting
Deferred hedge accounting is used. The allocation method is used to hedge foreign exchange fluctuation risks when the requirements for the allocation method are met. Foreign currency forward contracts used for intercompany transactions as hedged items are measured at fair value and valuation differences are recognized as gains or losses for the fiscal year under review.
 - b. Hedging instruments and hedged items
Hedging instruments: foreign currency forward contracts
Hedged items: monetary receivables and payables denominated in foreign currencies
 - c. Hedging policies
Foreign currency forward contracts are used to hedge fluctuation risks in foreign currency exchange rates of transactions denominated in foreign currencies pursuant to the Group's internal policies, etc. Hedged items are identified on an individual basis.
 - d. Method of assessing hedge effectiveness

In principle, for foreign currency forward contracts used by the Company, the value and maturity of the hedged items are matched with the contracted amount denominated in foreign currencies and the corresponding maturity, pursuant to internal policies. Accordingly, an assessment of hedge effectiveness at the end of the year is omitted since there is a complete correlation with subsequent fluctuations in foreign currency exchange rates.

- (7) Amortization method and amortization period of goodwill
Goodwill is amortized over a five-year period during which the influence of the goodwill shall apply on a straight-line basis.
- (8) Scope of cash and cash equivalents in the consolidated statements of cash flows
Cash and cash equivalents include cash on hand, demand deposits and short-term investments which are liquid and easily convertible into cash, and are exposed to insignificant risk of changes in value and mature within three months of the date of acquisition.

(Changes in accounting policies)

(Application of the 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; hereinafter referred to as the “Guidance on the Fair Value Standard”) from the beginning of the fiscal year under review and the new accounting policies stipulated in the Guidance on the Fair Value Standard are applied into the future in accordance with the transitional treatment stipulated in paragraph 27-2 of the Guidance on the Fair Value Standard. There is no impact on the consolidated financial statements.

(Additional information)

(Transactions of delivering the Company’s own stock to employees etc. through trusts)

(1) Board Benefit Trust (BBT)

In accordance with the resolution of the 138th Annual Shareholders’ Meeting held on June 28, 2018, the Company introduced a Board Benefit Trust (BBT) (hereinafter, referred to as the “System”), as a new performance-linked stock compensation plan for directors and executive officers of the Company and directors with executive positions at certain subsidiaries of the Company (hereinafter, referred to as “Directors, etc.”).

(i) Overview of the transaction

The System is a stock-based compensation plan under which the Company’s stocks are acquired through a trust funded by money contributed by the Company, and the Company’s stocks and money equivalent to the market value of the Company stocks are paid to Directors, etc., based on their performance and other factors, through the trust in accordance with the Rules for Payment of Share-based Remuneration for Directors established by the Company and some of its subsidiaries. In principle, the time when Directors, etc. receive the Company’s stock, etc. is at the time of their retirement from the positions of Directors, etc.

(ii) The remaining balance of the Company’s own stock in the trust

The Company records the balance of the Company’s stock remaining in the trust as treasury stock in the net assets section at the carrying amount (excluding the amount of ancillary expenses) in the trust. The carrying amount and the number of shares of such treasury stock as of March 31, 2022 was ¥163 million and 56,000 shares. The carrying amount and the number of shares of such treasury stock as of March 31, 2023 was ¥161 million and 55,000 shares.

(iii) Carrying amount of debt recorded using application of the gross method

There is no relevant information.

(2) Board Benefit Trust (J-ESOP)

In accordance with the resolution of the Board of Directors held on February 18, 2022, the Company introduced a Board Benefit Trust (J-ESOP) (hereinafter, referred to as the “System”) on March 10, 2022 that will establish a closer link between the Company stock price and performance and the treatment of employees and that will result in economic effects being shared across all our shareholders, with the aim of increasing employee motivation and morale to improve the Company stock price and business performance.

(i) Overview of the transaction

A mechanism for distributing Company stocks to Company employees that fulfill set criteria in accordance with the Rules on Stock Distribution formulated at the point of introduction of the System.

In order to acquire stocks that will be distributed in the future, the Company shall entrust money to the Custody Bank of Japan, Ltd. (Trust account E) as a trust property of the Board Benefit Trust (J-ESOP), and said trust bank shall acquire Company stock using this entrusted money.

(ii) The remaining balance of the Company's own stock in the trust

The Company records the balance of the Company's stock remaining in the trust as treasury stock in the net assets section at the carrying amount (excluding the amount of ancillary expenses) in the trust. The carrying amount and the number of shares of such treasury stock as of March 31, 2022 was ¥417 million and 150,000 shares. The carrying amount and the number of shares of such treasury stock as of March 31, 2023 was ¥417 million and 150,000 shares.

(iii) Carrying amount of debt recorded using application of the gross method

There is no relevant information.

(3) Board Benefit Trust (Employee Shareholding Association Disposal Type)

In order to increase employee benefits and to provide incentives for improving the Company's corporate value, the Company introduced a Board Benefit Trust (Employee Shareholding Association Disposal Type) (hereinafter, referred to as the "System") on March 10, 2022 in accordance with the resolution of the Board of Directors held on February 18, 2022.

(i) Overview of the transaction

In introducing the System, the Company has concluded a Board Benefit Trust (Employee Shareholding Association Disposal Type) Agreement (hereinafter, referred to as the "Trust Agreement") with the Company as the trustor and Mizuho Trust & Banking Co., Ltd. as the trustee (hereinafter, referred to as the "Trustee") (hereinafter, the trust established in accordance with the Trust Agreement shall be referred to as the "Trust"). Further, the Trustee has concluded an agreement with the Custody Bank of Japan, Ltd. to re-entrust the management of trust properties such as securities with the Custody Bank of Japan as the Retrustee.

The Trust shall acquire beforehand in one batch a number of the Company's common stock equivalent to the amount the Shareholding Association is expected to purchase over the next five years, after which, it shall share the Company's common stock at the point the Shareholding Association makes its stock purchases. If, through the sale of the Company's common stock to the Shareholding Association via the Trust, an amount equivalent to gain on the sale of stock accumulates in the Trust's trust property by the end of the trust, such money will be distributed as residual property to members of the Shareholding Association (employees) who meet the Trustee eligibility criteria.

Further, to provide a guarantee for the loan for the Trust to acquire the Company's common stock, if there is a remaining balance on the loan equivalent to a loss on the sale of stocks by the end of the trust due to factors including a decline in the Company's stock price, the Company shall repay said remaining balance in accordance with the contract of guarantee.

(ii) The remaining balance of the Company's own stock in the trust

The Company records the balance of the Company's stock remaining in the trust as treasury stock in the net assets section at the carrying amount (excluding the amount of ancillary expenses) in the trust. The carrying amount and the number of shares of such treasury stock as of March 31, 2022 was ¥277 million and 99,000 shares. The carrying amount and the number of shares of such treasury stock as of March 31, 2023 was ¥224 million and 80,000 shares.

(iii) Carrying amount of debt recorded using application of the gross method

Long-term debt as of March 31, 2023 was ¥229 million.

(Transfer of retirement benefit plan)

On October 1, 2022, the Company amended its retirement payment plan and made partial revisions to benefit levels. It also introduced a defined contribution plan for the pensions of currently active employees as part of a wholesale shift away from a defined benefit pension plan.

The Company has applied the "Guidance on Accounting for Transfer between Retirement Benefit Plans" (ASBJ Guidance No. 1, revised on December 16, 2016) and "Practical Solution on Accounting for Transfer between Retirement Benefit Plans" (PITF No. 2, revised on February 7, 2007) for the accounting treatment

associated with the transfers, with an amount of ¥376 million in gain on revision of retirement benefit plan recorded under extraordinary income for the fiscal year ended March 31, 2023.

(Notes to Consolidated Balance Sheets)

*1 Accumulated depreciation of property, plant and equipment is as follows.

(Million yen)		
	As of March 31, 2022	As of March 31, 2023
Accumulated depreciation of property, plant and equipment	78,379	76,999

*2 Investments in non-consolidated subsidiaries and associated companies are as follows.

(Million yen)		
	As of March 31, 2022	As of March 31, 2023
Investment securities (shares)	49	14

*3 Financial covenants

Fiscal year ended March 31, 2022

Of debts as of the end of the fiscal year ended March 31, 2022, syndicated term loan agreements (debt balance of ¥9,600 million as of March 31, 2022) concluded on April 20, 2018 are subject to certain financial covenants. The financial covenants are detailed below. However, if any of these covenants are violated, it may be demanded that said debt is repaid in one batch.

As of March 31, 2022, none of the financial covenants below have been violated.

- (1) In and after the fiscal year ended March 31, 2018, the amount of total equity recorded in the consolidated balance sheets as of the last day of each fiscal year and as of the last day of the second quarter of each fiscal year shall be maintained at either 70% of the total equity recorded in the consolidated balance sheet of September 30, 2017 or 70% of the total equity recorded in the consolidated balance sheet as of the end of the immediately preceding accounting period or the last day of the second quarter, whichever amount is higher.
- (2) For the three consecutive periods in which the first accounting period is the accounting period in and after the March 31, 2018 accounting period, the ordinary income and loss shown in the consolidated statements of income in the accounting periods for each fiscal year must not be at a loss for three consecutive periods.

Fiscal year ended March 31, 2023

Of debts as of the end of the fiscal year ended March 31, 2023, syndicated term loan agreements (debt balance of ¥7,200 million as of March 31, 2023) concluded on April 20, 2018 are subject to certain financial covenants. The financial covenants are as detailed below. However, if any of these covenants are violated, it may be demanded that said debt is repaid in one batch.

As of March 31, 2023, none of the financial covenants below have been violated.

- (1) In and after the fiscal year ended March 31, 2018, the amount of total equity recorded in the consolidated balance sheets as of the last day of each fiscal year and as of the last day of the second quarter of each fiscal year shall be maintained at either 70% of the total equity recorded in the consolidated balance sheet of September 30, 2017 or 70% of the total equity recorded in the consolidated balance sheet as of the end of the immediately preceding accounting period or the last day of the second quarter, whichever amount is higher.
- (2) For the three consecutive periods in which the first accounting period is the accounting period in and after the March 31, 2018 accounting period, the ordinary income and loss shown in the consolidated statements of income in the accounting periods for each fiscal year must not be at a loss for three consecutive periods.

*4 Contingent liabilities

The Company received a claim for damages from Japan Pension Service on March 2, 2023, based on the outsourcing contract with Japan Pension Service for the preparation of forms for Japan Pension Service, for which the Company

received a cease and desist order and payment order for a surcharge from the Japan Fair Trade Commission in accordance with the Anti-Monopoly Act in connection with bidding. The Company recorded a provision for loss on Anti-Monopoly Act for the principal amount. The Company continues to examine the details of the damages for delay and consider how to respond, but depending on the circumstances, the Company may incur a financial burden in the future.

Amount of damages claimed

(1) Principal amount: 838 million yen

(2) Damages for delay: 139 million yen (as of March 31, 2023)

5 Loan commitment agreement

The Company has entered into loan commitment agreements (canceled in July 2022) with two banks and overdraft agreements with three banks for the efficient procurement of working capital. The balance of unexecuted loans based on the said agreements is as follows. The said agreements are subject to certain financial covenants.

	(Million yen)	
	As of March 31, 2022	As of March 31, 2023
Maximum amount of overdraft and total loan commitments	12,800	2,800
Balance of executed loans	6,800	—
Difference	6,000	2,800

(Notes to Consolidated Statements of Income)

*1 Research and development costs included in general and administrative expenses and manufacturing costs are as follows.

	(Million yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Research and development costs	1,109	1,065

*2 Components of gain on sales of non-current assets are as follows.

	(Million yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Machinery and vehicles	—	53

*3 Components of loss on sales and retirement of non-current assets are as follows.

	(Million yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Loss on sales of non-current assets		
Machinery and vehicles	—	0

Loss on retirement of non-current assets

(Million yen)

Fiscal year ended March 31, 2022 Fiscal year ended March 31, 2023

Buildings and structures	46	157
Machinery and vehicles	82	41
Other facilities	7	29
Software	19	18
Total	156	246

*4 Impairment loss

Fiscal year ended March 31, 2023

The Group recorded impairment losses on the following asset groups.

Segment	Location	Use	Type	Amount (Million yen)
Living and industrial materials	Dong Nai Province, Socialist Republic of Vietnam	Laminated tube production equipment	Buildings and structures	79
			Machinery and vehicles	123
			Furniture and fixtures	2
			Lease assets	3
			Construction in progress	1
			Investments and other assets (Other)	41
Living and industrial materials	Moriya-shi, Ibaraki	Tissue product production equipment	Lease assets	68
Information communication	Bunkyo-ku, Tokyo	Electronic books	Intangible assets (Other)	6

The Group groups its assets for business use mainly based on management accounting categories in which income and expenditure are continuously monitored, taking into account the relevance of manufacturing processes, etc., while assets to be disposed of and idle assets are grouped by individual property units.

The carrying amount of the above assets was reduced to the recoverable amount because the initially expected earnings could no longer be expected. The amount of the reduction was recorded as an impairment loss of ¥326 million under extraordinary losses. The recoverable amount is measured by net realizable value or value in use, and is calculated based on the real estate appraisal value by a real estate appraiser for land and buildings, and by discounting the estimated future cash flows at 2.82% for other assets.

*5 Loss on Anti-Monopoly Act

Fiscal year ended March 31, 2022

The Company received a cease and desist order and a payment order for a surcharge from the Japan Fair Trade Commission in accordance with the Anti-Monopoly Act in connection with bidding. Therefore, we have recorded ¥305 million that is to be paid in accordance with this order and an estimated loss of ¥401 million as an extraordinary

loss, an amount that comprehensively reflects the present risks, in preparation for paying penalties for breach of contract, etc., that may arise in the future.

Fiscal year ended March 31, 2023

The Company received a claim for damages from Japan Pension Service on March 2, 2023, based on the outsourcing contract with Japan Pension Service for the preparation of forms for Japan Pension Service, for which the Company received a cease and desist order and payment order for a surcharge from the Japan Fair Trade Commission in accordance with the Anti-Monopoly Act in connection with bidding. The Board of Directors resolved on April 28, 2023 to pay the principal portion of the amount claimed for damages. As a result, the Company recorded an extraordinary loss for that amount of the claim as a result of this resolution.

(Notes to Consolidated Statements of Comprehensive Income)

* Reclassification adjustments to profit or loss and tax effect related to other comprehensive income

(Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Unrealized gain (loss) on available-for-sale securities		
Gain (loss) arising during the year	0	(1,958)
Reclassification adjustments to profit or loss	(1,195)	(1,910)
Amount before income tax effect	(1,194)	(3,869)
Income tax effect	351	1,193
Unrealized gain (loss) on available-for-sale securities	(843)	(2,675)
Foreign currency translation adjustments		
Gain (loss) arising during the year	285	196
Remeasurement of defined benefit plans		
Gain (loss) arising during the year	134	(30)
Reclassification adjustments to profit or loss	(81)	(698)
Amount before income tax effect	52	(729)
Income tax effect	(13)	210
Remeasurement of defined benefit plans	39	(519)
Share of other comprehensive income in associate accounted for using the equity method		
Gain (loss) arising during the year	(2)	3
Total other comprehensive income (loss)	(519)	(2,994)

(Notes to Consolidated Statements of Changes in Equity)

Fiscal year ended March 31, 2022

1. Class and total number of issued shares and class and total number of treasury stock

(Shares)

	Number of shares as of April 1, 2021	Increase during period	Decrease during period	Number of shares as of March 31, 2022
Issued shares				
Common stock (Note 1)	9,020,000	–	650,000	8,370,000
Total	9,020,000	–	650,000	8,370,000
Treasury stock				
Common stock (Notes 2, 3 and 4)	739,277	586,376	901,680	423,973
Total	739,277	586,376	901,680	423,973

(Notes)

1. Decrease in issued shares of 650,000 resulted from the cancellation of treasury stock in accordance with a resolution of the Board of Directors held on November 8, 2021.
2. The Company's shares held by Board Benefit Trust (BBT), J-ESOP, and Employee Shareholding Association Disposal Type were included in the number of treasury stock of common stock (57,000 shares as of April 1, 2021, 306,600 shares as of March 31, 2022).
3. Increase in treasury stock of 586,376 shares resulted from an increase of 76 shares due to the purchase of less than one trading unit and an increase of 335,700 shares due to the purchase of treasury stock (market purchase on the Tokyo Stock Exchange) based on a resolution of the Board of Directors held on November 8, 2021, and 250,600 shares of the Company's common stock owned by J-ESOP and Employee Shareholding Association Disposal Type.
4. Decrease in treasury stock of 901,680 shares resulted from a decrease of 200 shares due to the delivery of such to one director as compensation for execution of his/her duties, a decrease of 650,000 shares due to the cancellation of treasury stock in accordance with a resolution of the Board of Directors held on November 8, 2021, a decrease of 80 shares due to the sale of such in response to request to purchase of shares less than one trading unit, a decrease of 250,600 shares due to the sale of such to J-ESOP and Employee Shareholding Association Disposal Type, and a decrease of 800 shares due to the sale of Company's common stock owned by BBT (Employee Shareholding Association Disposal Type).

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

There is no relevant information.

3. Dividends

(1) Dividends paid

(Resolution)	Class of shares	Total cash dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
June 29, 2021 Annual Shareholders' Meeting	Common stock	417	50	March 31, 2021	June 30, 2021
November 8, 2021 Board of Directors	Common stock	417	50	September 30, 2021	December 8, 2021

(Notes)

1. The total amount of cash dividends approved at the Company's shareholders' meeting held on June 29, 2021, includes dividends of ¥2 million on the Company's common stock owned by Custody Bank of Japan, Ltd. (Trust account E) as a trust property of BBT.

2. The total amount of cash dividends approved at the Board of Directors held on November 8, 2021, includes dividends of ¥2 million on the Company's common stock owned by Custody Bank of Japan, Ltd. (Trust account E) as a trust property of BBT.

(2) Dividends for which the record date falls in the consolidated fiscal year under review, but the effective date falls in the following consolidated fiscal year.

(Resolution)	Class of shares	Total cash dividends (Million yen)	Dividend resource	Dividend per share (Yen)	Record date	Effective date
June 29, 2022 Annual Shareholders' Meeting	Common stock	412	Retained earnings	50	March 31, 2022	June 30, 2022

(Note)

The total amount of cash dividends includes dividends of ¥15 million on the Company's common stock owned by Custody Bank of Japan, Ltd. (Trust account E) as a trust property of BBT, J-ESOP and Employee Shareholding Association Disposal Type.

Fiscal year ended March 31, 2023

1. Class and total number of issued shares and class and total number of treasury stock

(Shares)

	Number of shares as of April 1, 2022	Increase during period	Decrease during period	Number of shares as of March 31, 2023
Issued shares				
Common stock	8,370,000	—	—	8,370,000
Total	8,370,000	—	—	8,370,000
Treasury stock				
Common stock (Notes 1, 2, and 3)	423,973	351,093	20,100	754,966
Total	423,973	351,093	20,100	754,966

(Notes)

1. The Company's shares held by Board Benefit Trust (BBT), J-ESOP, and Employee Shareholding Association Disposal Type were included in the number of treasury stock of common stock (306,000 shares as of April 1, 2022, 286,500 shares as of March 31, 2023).
2. Increase in treasury stock of 351,093 shares resulted from an increase of 93 shares due to the purchase of less than one trading unit and an increase of 351,000 shares due to the purchase of treasury stock (market purchase on the Tokyo Stock Exchange) based on a resolution of the Board of Directors held on November 8, 2022.
3. Decrease in treasury stock of 20,100 shares resulted from a decrease of 1,000 shares due to the delivery of such to one director, one Audit & Supervisory Board member, and three executive officers as compensation for the execution of their duties, and a decrease of 19,100 shares due to the sale of Company's common stock owned by BBT (Employee Shareholding Association Disposal Type).

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

There is no relevant information.

3. Dividends

(1) Dividends paid

(Resolution)	Class of shares	Total cash dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
June 29, 2022 Annual Shareholders' Meeting	Common stock	412	50	March 31, 2022	June 30, 2022
November 8, 2022 Board of Directors	Common stock	412	50	September 30, 2022	December 8, 2022

(Notes)

1. The total amount of cash dividends approved at the Company's shareholders' meeting held on June 29, 2022 includes dividends of ¥15 million on the Company's common stock owned by Custody Bank of Japan, Ltd. (Trust account E) as a trust property of BBT, J-ESOP, and Employee Shareholding Association Disposal Type.
2. The total amount of cash dividends approved at the Board of Directors held on November 8, 2022 includes dividends of ¥14 million on the Company's common stock owned by Custody Bank of Japan, Ltd. (Trust account E) as a trust property of BBT, J-ESOP, and Employee Shareholding Association Disposal Type.

(2) Dividends for which the record date falls in the consolidated fiscal year under review, but the effective date falls in the following consolidated fiscal year.

A resolution is scheduled as follows.

(Resolution)	Class of shares	Total cash dividends (Million yen)	Dividend resource	Dividend per share (Yen)	Record date	Effective date
June 29, 2023 Annual Shareholders' Meeting	Common stock	395	Retained earnings	50	March 31, 2023	June 30, 2023

(Note)

The total amount of cash dividends includes dividends of ¥14 million on the Company's common stock owned by Custody Bank of Japan, Ltd. (Trust account E) as a trust property of BBT, J-ESOP, and Employee Shareholding Association Disposal Type.

(Notes to Consolidated Statements of Cash Flows)

1* Relationship between cash and cash equivalents as of March 31, 2022 and 2023 and account items listed in the Consolidated Balance Sheets is as follows.

(Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash and time deposits	8,949	10,557
Time deposits exceeding three months to maturity	(58)	(56)
Cash and cash equivalents	8,890	10,500

2. Significant noncash transactions

Assets and liabilities under finance leases newly recognized for the years ended March 31, 2022 and 2023 are as follows.

(Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Lease assets	612	270
Lease obligations	704	288

(Segment information)

1. Description of reportable segments

The Group consists of various divisions classified by products and services. Each division designs its comprehensive strategy for the products and services and operates its business. For those divisions, separate financial information is available and regular evaluation by the Board of Directors is being performed in order to decide how to allocate resources and to assess performance.

As reportable segments, those divisions which cover similar products and services are integrated into three reportable segments; that is “Information communication,” “Information security” and “Living and industrial materials.”

“Information communication” mainly covers periodicals, books, general commercial printing and related services. “Information security” mainly covers business forms, securities printing, cards and related services. “Living and industrial materials” mainly covers paper containers, flexible packaging, tubes, blow bottle, metal printing, and construction materials.

2. Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting methods of each reportable segment are generally consistent with those disclosed in “Significant matters forming the basis for presenting consolidated financial statements,” except for the valuation standards for inventories.

Inventories are valued at the value before inventory write-down based on decreased profitability.

Segment profits correspond to operating income.

Intersegment revenues and transfers are based on prices which are set taking into account market prices and manufacturing costs.

3. Information about sales, profit (loss), assets, liabilities and other items, and revenue breakdown for each reportable segment

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

(Million yen)

	Reportable segment				Other (Note) 1	Total	Reconciliations (Note) 2	Consolidated Financial Statements (Note) 3
	Information Communication	Information Security	Living and Industrial Materials	Total				
Sales:								
Revenue from contracts with customers	33,427	25,187	28,002	86,618	1,616	88,235	—	88,235
Other revenue	—	—	—	—	181	181	—	181
Sales to external customers	33,427	25,187	28,002	86,618	1,797	88,416	—	88,416
Intersegment sales or transfers	1,476	638	243	2,358	5,967	8,326	(8,326)	—
Total	34,903	25,826	28,246	88,976	7,765	96,742	(8,326)	88,416
Segment profit (loss)	(186)	648	123	585	15	600	156	756
Segment assets	27,656	21,733	38,290	87,681	8,982	96,663	32,457	129,121
Other (Note) 4:								
Depreciation and amortization	835	1,436	2,311	4,583	323	4,907	555	5,462
Amortization of goodwill	170	39	384	594	—	594	—	594
Increase in property, plant and equipment and intangible assets	637	838	1,116	2,592	195	2,788	6,695	9,483

(Notes)

1. “Other” refers to business segments not included in the reportable segment, which mainly includes logistics business, insurance business and real estate management business.
2. “Reconciliations” for “Segment profit (loss)” refer to corporate expenses and primarily consist of general and administrative expenses and research and development costs that are not attributable to any reportable segments. “Reconciliations” for “Segment assets” refer to corporate assets and primarily consist of financial assets (cash and deposit and investment securities) and assets for control functions. “Reconciliations” for “Depreciation and amortization” as well as “Increase in property, plant and equipment and intangible assets” are those for corporate assets.
3. “Segment profit (loss)” is adjusted to the operating income stated in the consolidated statements of income.
4. “Increase in property, plant and equipment and intangible assets” includes long-term prepaid expenses and “Depreciation and amortization” includes amortization of long-term prepaid expenses.

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

(Million yen)

	Reportable segment				Other (Note) 1	Total	Reconciliations (Note) 2	Consolidated Financial Statements (Note) 3
	Information Communication	Information Security	Living and Industrial Materials	Total				
Sales:								
Revenue from contracts with customers	35,134	25,943	30,076	91,153	1,762	92,916	—	92,916
Other revenue	—	—	—	—	447	447	—	447
Sales to external customers	35,134	25,943	30,076	91,153	2,209	93,363	—	93,363
Intersegment sales or transfers	1,245	777	302	2,326	5,714	8,040	(8,040)	—
Total	36,379	26,721	30,379	93,479	7,923	101,403	(8,040)	93,363
Segment profit (loss)	(197)	758	172	733	293	1,026	(251)	775
Segment assets	26,879	21,771	36,411	85,062	10,186	95,249	28,222	123,471
Other (Note) 4:								
Depreciation and amortization	841	1,372	2,260	4,474	264	4,738	993	5,732
Amortization of goodwill	128	—	281	409	—	409	—	409
Increase in property, plant and equipment and intangible assets	994	1,152	957	3,104	107	3,212	745	3,958

(Notes)

1. “Other” refers to business segments not included in the reportable segment, which mainly includes logistics business, insurance business and real estate management business.
2. “Reconciliations” for “Segment profit (loss)” refer to corporate expenses and primarily consist of general and administrative expenses and research and development costs that are not attributable to any reportable segments. “Reconciliations” for “Segment assets” refer to corporate assets and primarily consist of financial assets (cash and deposit and investment securities) and assets for control functions. “Reconciliations” for “Depreciation and amortization” as well as “Increase in property, plant and equipment and intangible assets” are those for corporate assets.
3. “Segment profit (loss)” is adjusted to the operating income stated in the consolidated statements of income.
4. “Increase in property, plant and equipment and intangible assets” includes long-term prepaid expenses and “Depreciation and amortization” includes amortization of long-term prepaid expenses.

[Related information]

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

1. Information by product and service

Information by product and service has been omitted because it is identical to segment classification.

2. Information by geographical area

- (1) Sales

Sales information by geographical area has been omitted because sales in Japan accounted for more than 90% of the consolidated net sales of the Group.

- (2) Property, plant and equipment

Information about property, plant and equipment by geographical area has been omitted because property, plant and equipment in Japan accounted for more than 90% of the consolidated property, plant and equipment of the Group.

3. Information by major customer

Information by major customer has been omitted because no single customer accounts for more than 10% of the consolidated net sales of the Group.

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

1. Information by product and service

Information by product and service has been omitted because it is identical to segment classification.

2. Information by geographical area

(1) Sales

Sales information by geographical area has been omitted because sales in Japan accounted for more than 90% of the consolidated net sales of the Group.

(2) Property, plant and equipment

Information about property, plant and equipment by geographical area has been omitted because property, plant and equipment in Japan accounted for more than 90% of the consolidated property, plant and equipment of the Group.

3. Information by major customer

Information by major customer has been omitted because no single customer accounts for more than 10% of the consolidated net sales of the Group.

[Information about impairment loss on non-current assets for each reportable segment]

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

There is no relevant information.

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

(Million yen)

	Information Communication	Information Security	Living and Industrial Materials	Other	Reconciliations	Total
Impairment loss	6	—	320	—	—	326

[Information about amortization and unamortized balance of goodwill for each reportable segment]

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

(Million yen)

	Information Communication	Information Security	Living and Industrial Materials	Other	Reconciliations	Total
Amortization of goodwill	170	39	384	—	—	594
Unamortized balance of goodwill	128	—	657	—	—	785

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

(Million yen)

	Information Communication	Information Security	Living and Industrial Materials	Other	Reconciliations	Total
Amortization of goodwill	128	—	281	—	—	409
Unamortized balance of goodwill	—	—	380	—	—	380

[Information about gain on bargain purchase for each reportable segment]

There is no relevant information.

(Per share information)

(Yen)

	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Total equity per share	7,696.80	7,575.80
Basic net income per share	83.70	159.35

(Notes)

1. The Company's shares owned by Custody Bank of Japan, Ltd. (Trust account E) as a trust property of Board Benefit Trust (BBT) are included in treasury stock which is deducted from the total number of issued shares at the end of the period to calculate total equity per share (56,800 shares for year ended March 31, 2022, 55,800 shares for year ended March 31, 2023).

The Company's shares owned by Custody Bank of Japan, Ltd. (Trust account E) as a trust property of Board Benefit Trust (BBT) are included in treasury stock which is deducted in calculating the average number of shares during the period to calculate basic net income per share (56,862 shares for year ended March 31, 2022, 56,108 shares for year ended March 31, 2023).

2. The Company's shares owned by Custody Bank of Japan, Ltd. (Trust account E) as a trust property of Board Benefit Trust (J-ESOP) are included in treasury stock which is deducted from the total number of issued shares at the end of the period to calculate total equity per share (150,000 shares for year ended March 31, 2022, 150,000 shares for year ended March 31, 2023).

The Company's shares owned by Custody Bank of Japan, Ltd. (Trust account E) as a trust property of Board Benefit Trust (J-ESOP) are included in treasury stock which is deducted in calculating the average number of shares during the period to calculate basic net income per share (11,538 shares for year ended March 31, 2022, 150,000 shares for year ended March 31, 2023).

3. The Company's shares owned by Custody Bank of Japan, Ltd. (Trust account E) as a trust property of Board Benefit Trust (Employee Shareholding Association Disposal Type) are included in treasury stock which is deducted from the total number of issued shares at the end of the period to calculate total equity per share (99,800 shares for year ended March 31, 2022, 80,700 shares for year ended March 31, 2023).

The Company's shares owned by Custody Bank of Japan, Ltd. (Trust account E) as a trust property of Board Benefit Trust (Employee Shareholding Association Disposal Type) are included in treasury stock which is deducted in calculating the average number of shares during the period to calculate basic net income per share (7,677 shares for year ended March 31, 2022, 89,977 shares for year ended March 31, 2023).

4. Diluted net income per share for the year ended March 31, 2023 is not presented since potentially dilutive shares did not exist as of March 31, 2023.

5. The basis for the calculation of basic net income per share is as follows.

	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Basic net income per share		
Net income attributable to owners of parent (Million yen)	683	1,253
Amount not attributable to common shareholders (Million yen)	—	—
Net income attributable to owners of parent related to common stock (Million yen)	683	1,253
Average number of shares during the period (Thousand shares)	8,171	7,865

(Significant subsequent events)

There is no relevant information.

5. Other

(Changes in officers)

Refer to “Notice Regarding Changes in Officers” announced on February 22, 2023 and “Notice Regarding Changes in Audit & Supervisory Board Members” announced on May 12, 2023.