

2. Dividends

	Annual dividend per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2023	—	35.00	—	45.00	80.00
Fiscal year ending June 30, 2024	—	45.00			
Fiscal year ending June 30, 2024 (forecast)			—	45.00	90.00

(Note) Revisions to the most recently announced dividend forecast during the period: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending June 30, 2024 (July 1, 2023 to June 30, 2024)

(Percentages indicate YoY change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	53,000	14.2	10,700	13.4	18,600	76.8	15,600	89.2	329.39

(Note) Revisions to the most recently announced financial forecast during the period: Yes

*Notes

(1) Changes in significant subsidiaries during the period under review: None
(Transfers of specified subsidiaries associated with changes in the Company's scope of consolidation)

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates and retrospective restatements

- | | |
|--|------|
| 1. Accounting policy changes due to accounting standard revisions, etc.: | None |
| 2. Other accounting policy changes: | None |
| 3. Changes in accounting estimates: | None |
| 4. Retrospective restatements: | None |

(4) Number of shares outstanding (common stock)

1. Shares outstanding (including treasury shares) at the end of the period	As of March 31, 2024	56,590,410	As of June 30, 2023	56,590,410
2. Treasury shares outstanding at the end of the period	As of March 31, 2024	9,230,873	As of June 30, 2023	9,230,386
3. Average number of shares outstanding during the period	Nine months ended March 31, 2024	47,359,791	Nine months ended March 31, 2023	47,360,301

*Summaries of quarterly financial statements are not subject to audit through certified public accountants or auditing corporations.

*Appropriate use of earnings forecast and other special notes

(Notes on forward-looking statements, etc.)

The forward-looking statements including the forecasts for the financial results contained in this document are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable, and actual results may differ from such statements due to a variety of factors. For the conditions assumed for the results forecasts and notes on the use of such forecasts, please refer to "1. Qualitative Information on Quarterly Consolidated Financial Results, (3) Consolidated Financial Forecasts and Other Forward-Looking Statements on page 2 of the Accompanying Materials.

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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Explanation of Operating Results

In the first nine months of the fiscal year ending June 30, 2024, the Japanese economy gradually recovered, backed by a rebound in individual consumption owing to improvements in the employment and income conditions and an increase in inbound tourists, and robust corporate capital investment. However, the economic outlook remains clouded, due to downside risks to overseas economies resulting from protracted geopolitical tensions and the ongoing increase in prices caused by the depreciation of the yen.

In this economic environment, the Group reacted quickly and flexibly to changes in the business environment, strengthened and improved its internal systems with an eye toward efficiency and profitability, and promoted profit-oriented management.

As a result, in the first nine months of the fiscal year ending June 30, 2024, net sales were 37,716 million yen (+5.3% YoY), operating profit was 7,779 million yen (+3.2% YoY), ordinary profit was 14,063 million yen (+76.2% YoY), and profit attributable to owners of parent was 11,223 million yen (+93.8% YoY).

Segment results were as follows.

1. Security Equipment

In Security Equipment, contract renewals and new orders for condominium security systems were robust, and the Company won large projects from public agencies, financial institutions, and factories. As a result, net sales were 11,213 million yen (+3.9% YoY) and segment profit was 4,736 million yen (+4.9% YoY).

2. Card Equipment and Other Office Equipment

In Card Equipment and Other Office Equipment, the card equipment business for hospitals and the CAD software business for the steel construction industry, for which the Company has already captured high market shares, held firm. As a result, net sales amounted to 2,294 million yen (-3.2% YoY) and segment profit was 593 million yen (-6.5% YoY).

3. Peripheral Computer Equipment

In Peripheral Computer Equipment, sales of commercial cutting machines recovered as capital investment by customer companies picked up and semiconductor shortages were resolved, but sales of consumer cutting machines were affected by the timing of the changeover from old to new models. As a result, net sales were 12,608 million yen (+4.9% YoY) and segment profit was 1,218 million yen (-23.1% YoY).

4. Design

In Design, net sales were 4,044 million yen (+5.6% YoY) and segment profit was 353 million yen (+6.0% YoY), owing to steady orders for specialized structural design projects from general contractors.

(2) Explanation of Financial Position

As of March 31, 2024, total assets were 89,611 million yen, an increase of 9,087 million yen from the end of the previous fiscal year. The main changes in current assets included a 5,984 million yen decline in cash and deposits, a 2,758 million yen increase in notes and accounts receivable–trade and contract assets, and a 739 million yen increase in advance payments–trade included in other. In non-current assets, there was an 854 million yen increase in investment securities and a 9,238 million yen increase in shares of subsidiaries and affiliates due to the acquisition of shares of subsidiaries and associates, among other factors.

Total liabilities were 14,468 million yen, an increase of 1,214 million yen from the end of the previous fiscal year. The main factors were a 427 million yen increase in the provision for bonuses and a 792 million yen increase in advances received (included in “other”) under current liabilities. These changes mainly reflected an increase in the bonus accrual period.

Net assets were 75,143 million yen, an increase of 7,872 million yen from the end of the previous fiscal year. This was primarily attributed to the recording of 11,223 million yen in profit attributable to owners of parent and 4,262 million yen in dividends paid. As a result, the equity ratio was 83.3%, largely unchanged from 83.2% at the end of the previous fiscal year.

(3) Consolidated Financial Forecasts and Other Forward-Looking Statements

The Company has revised the consolidated earnings forecast for the fiscal year ending June 30, 2024, as detailed in the “Notice Regarding the Revision of Consolidated Earnings Forecast” dated May 15, 2024.

Should any revisions be made to the earnings forecast, the Company will promptly disclose such revisions.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of June 30, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	37,594	31,609
Notes and accounts receivable - trade, and contract assets	6,783	9,541
Investments in leases	866	712
Merchandise and finished goods	7,813	8,149
Work in process	103	125
Costs on uncompleted construction contracts	50	37
Raw materials and supplies	1,126	1,002
Other	2,220	2,899
Allowance for doubtful accounts	(13)	(46)
Total current assets	56,544	54,031
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,728	1,711
Land	6,052	6,283
Other	2,439	3,395
Total property, plant and equipment	10,221	11,390
Intangible assets		
Goodwill	1,622	1,810
Other	237	501
Total intangible assets	1,859	2,312
Investments and other assets		
Investment securities	3,490	4,344
Shares of subsidiaries and associates	5,522	14,761
Other	2,973	2,858
Allowance for doubtful accounts	(87)	(87)
Total investments and other assets	11,899	21,877
Total non-current assets	23,980	35,579
Total assets	80,524	89,611

(Millions of yen)

	As of June 30, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,855	3,748
Lease liabilities	440	423
Income taxes payable	826	678
Provision for bonuses	187	615
Provision for product warranties	11	6
Provision for loss on orders received	5	5
Liabilities related to paid supply transactions	295	119
Other	3,860	5,263
Total current liabilities	9,482	10,860
Non-current liabilities		
Lease liabilities	944	861
Net defined benefit liability	1,350	1,362
Other	1,475	1,382
Total non-current liabilities	3,770	3,607
Total liabilities	13,253	14,468
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	9,065	8,958
Retained earnings	54,673	61,596
Treasury shares	(4,705)	(4,706)
Total shareholders' equity	64,033	70,847
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	297	541
Foreign currency translation adjustment	2,649	3,240
Remeasurements of defined benefit plans	37	41
Total accumulated other comprehensive income	2,984	3,823
Non-controlling interests	253	473
Total net assets	67,271	75,143
Total liabilities and net assets	80,524	89,611

(2) Quarterly Consolidated Statement of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(Nine months ended March 31, 2024)

(Millions of yen)

	Nine months ended March 31, 2023	Nine months ended March 31, 2024
Net sales	35,828	37,716
Cost of sales	18,366	18,809
Gross profit	17,461	18,907
Selling, general and administrative expenses		
Director's compensations	307	323
Payroll and allowance	3,213	3,404
Bonuses	457	528
Provision for bonuses	401	447
Defined benefit expenses	144	184
Other	5,401	6,239
Total selling, general and administrative expenses	9,925	11,127
Operating profit	7,536	7,779
Non-operating income		
Interest income	66	98
Dividend income	9	10
Share of profit of entities accounted for using equity method	344	5,885
Foreign exchange gains	—	207
Other	68	211
Total non-operating income	488	6,411
Non-operating expenses		
Interest expenses	1	5
Foreign exchange losses	4	—
Commission expenses	31	119
Other	3	1
Total non-operating expenses	40	127
Ordinary profit	7,983	14,063
Extraordinary income		
Gain on sale of investment securities	0	—
Gain on sale of non-current assets	1	—
Gain on sale of shares of subsidiaries	4	0
Reversal of allowance for doubtful accounts	66	—
Gain on bad debts recovered	98	—
Total extraordinary income	170	0
Extraordinary losses		
Loss on retirement of non-current assets	17	1
Loss on sales of non-current assets	—	3
Loss on retirement of inventories	—	188
Loss on disaster	2	—
Other	—	33
Total extraordinary losses	19	226
Profit before income taxes	8,134	13,837
Income taxes – current	2,615	2,585
Income taxes – deferred	(277)	(79)
Total income taxes	2,337	2,505
Profit	5,797	11,332
Profit attributable to non-controlling interests	6	108
Profit attributable to owners of parent	5,791	11,223

Quarterly Consolidated Statement of Comprehensive Income
(Nine months ended March 31, 2024)

(Millions of yen)

	Nine months ended March 31, 2023	Nine months ended March 31, 2024
Profit	5,797	11,332
Other comprehensive income		
Valuation difference on available-for-sale securities	(97)	265
Foreign currency translation adjustment	(162)	482
Remeasurements of defined benefit plans, net of tax	1	3
Share of other comprehensive income of entities accounted for using equity method	143	87
Total other comprehensive income	(116)	839
Comprehensive income	5,680	12,171
(Breakdown)		
Comprehensive income attributable to owners of parent	5,674	12,062
Comprehensive income attributable to non-controlling interests	6	108

(3) Primary Notes on Quarterly Consolidated Financial Statements

(Notes to going concern assumptions)

None to be reported.

(Changes in scope of consolidation and application of the equity method)

(1) Significant changes in scope of consolidation

Effective from the first quarter of the fiscal year under review, Innovation Farm, Inc. has been included in the scope of consolidation due to its increased importance.

In addition, effective from the third quarter of the fiscal year under review, TST Co., Ltd. has been included in the scope of consolidation due to the Company's investment in TST.

(2) Significant changes in scope of application of the equity method

Effective from the second quarter of the current fiscal year, Iwatsu Electric Co., Ltd. is included in the scope of equity method accounting due to investment.

(Additional information)

(Provisional accounting treatment)

In applying the equity method to Iwatsu Electric Co., Ltd., shares of which the Company acquired in the second quarter of the fiscal year under review, the Company applied provisional accounting treatment because the allocation of acquisition costs had not been completed as of the end of the third quarter of the fiscal year under review and recorded the resulting negative goodwill as share of profit of entities accounted for using equity method.

(Significant changes in the amount of shareholders' equity)

None to be reported.

(Application of special accounting methods for preparation of quarterly consolidated financial statements)

None to be reported.

(Changes in accounting estimates)

None to be reported.

(Segment Information, etc.)

[Segment Information]

I Nine months ended March 31, 2023 (from July 1 to March 31, 2023)

1. Sales, profit or loss for each reportable segment

(Millions of yen)

	Reportable segments					Other*1	Adjustments*2	Amount recorded in consolidated financial statements*3
	Security Equipment	Card Equipment and Other Office Equipment	Peripheral Computer Equipment	Design	Total			
Sales								
Sales generated through external customers	10,792	2,370	12,018	3,829	29,011	6,817	—	35,828
Intersegment sales and transfers	88	31	12	1	133	79	(213)	—
Total	10,880	2,402	12,030	3,831	29,144	6,896	(213)	35,828
Segment profit	4,516	635	1,583	333	7,068	409	58	7,536

Notes:1. "Other" is a business segment not included in the reportable segments and includes the development, manufacture, and sale of power and energy saving systems; manufacture and sale of card readers and automatic wet hand towel dispensers; development and sale of software; maintenance services for security equipment, card equipment, etc.; lease and installment sales business; development, manufacture, and sale of measuring equipment; and others.

2. Adjustments to segment profit include -31 million yen in elimination of intersegment transactions, corporate income of 611 million yen not allocated to each reportable segment, and -522 million yen in corporate expenses. Corporate income primarily consist of management guidance fees from Group companies, and corporate expenses mainly include general and administrative expenses not attributable to reportable segments.

3. "Segment profit" is adjusted based on operating profit in the quarterly consolidated statement of income.

2. Information regarding impairment loss on non-current assets and goodwill by reportable segment

(Significant impairment loss associated with non-current assets)

None to be reported.

(Significant changes in amount of goodwill)

None to be reported.

(Significant gains on negative goodwill)

None to be reported.

II Nine months ended March 31, 2024 (from July 1 to March 31, 2024)

1. Sales, profit or loss for each reportable segment

	Reportable segments					Other*1	Adjustments *2	Amount recorded in consolidated financial statements * 3
	Security Equipment	Card Equipment and Other Office Equipment	Peripheral Computer Equipment	Design	Total			
Sales								
Sales generated through external customers	11,213	2,294	12,608	4,044	30,161	7,555	—	37,716
Intersegment sales and transfers	88	42	11	3	145	139	(285)	—
Total	11,301	2,337	12,620	4,048	30,307	7,694	(285)	37,716
Segment profit	4,736	593	1,218	353	6,901	878	(0)	7,779

Notes:1.“Other” is a business segment not included in the reportable segments and includes the development, manufacture, and sale of power and energy saving systems; manufacture and sale of card readers and automatic wet hand towel dispensers; development and sale of software; maintenance services for security equipment, card equipment, etc.; lease and installment sales business; development, manufacture, and sale of measuring equipment; and others.

2. Adjustments to segment profits include -32 million yen in elimination of intersegment transactions, 538 million yen in corporate-wide profits not allocated to each reportable segment, and -506 million yen in corporate-wide expenses. Corporate-wide profits primarily consist of management guidance fees from Group companies, and corporate-wide expenses mainly include general and administrative expenses not attributable to reportable segments.

3.“Segment profit ” is adjusted based on operating profit in the quarterly consolidated statement of income.

2. Information regarding impairment loss on non-current assets and goodwill by reportable segment

(Significant impairment loss associated with non-current assets)

None to be reported.

(Significant changes in amount of goodwill)

None to be reported.

(Significant gains on negative goodwill)

None to be reported.