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Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 10, 2024

Company name: NAKABAYASHI CO., LTD.

Stock exchange listings: Tokyo

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

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

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Administration Division

Scheduled date of ordinary general meeting of shareholders: June 27, 2024

Scheduled date to file Securities Report: June 27, 2024

Scheduled date to commence dividend payments: June 28, 2024

Preparation of supplementary material on financial results: No

Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

Percentages indicate year-on-year changes

Year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	61,043	(0.9)	462	1.4	1,003	6.9	876	–
March 31, 2023	61,581	(2.4)	455	(74.9)	939	(59.8)	(666)	–

(Note) Comprehensive income: Year ended March 31, 2024: ¥1,827 million [–%]
Year ended March 31, 2023: ¥(602) million [–%]

Year ended	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
March 31, 2024	31.96	–	3.3	1.7	0.8
March 31, 2023	(24.33)	–	(2.5)	1.6	0.7

(Reference) Equity in earnings of affiliates: Year ended March 31, 2024: ¥ – million
Year ended March 31, 2023: ¥ – million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	57,965	28,119	47.3	1,000.15
March 31, 2023	57,703	26,881	45.4	956.15

(Reference) Equity: As of March 31, 2024: ¥27,440 million
As of March 31, 2023: ¥26,204 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	1,328	(1,129)	(1,419)	6,687
March 31, 2023	(87)	(1,333)	1,074	7,870

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
Year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	–	0.00	–	12.00	12.00	328	–	1.2
Year ended	–	10.00	–	12.00	22.00	603	68.8	2.2
March 31, 2024	–	10.00	–	12.00	22.00		39.2	
Year ending	–	10.00	–	12.00	22.00			
March 31, 2025 (Forecast)								

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending	28,500	0.6	260	–	530	–	220	0.6	8.02
September 30, 2024									
Full year	61,500	0.7	1,845	298.9	2,460	145.1	1,540	75.7	56.13

* **Notes**

(1) Changes in significant subsidiaries during the year ended March 31, 2024
(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: No

(ii) Changes in accounting policies due to other reasons: No

(iii) Changes in accounting estimates: No

(iv) Restatement of prior period financial statements: No

(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, 2024	28,794,294 shares	As of March 31, 2023	28,794,294 shares
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(ii) Number of treasury shares at the end of the period

As of March 31, 2024	1,357,711 shares	As of March 31, 2023	1,388,104 shares
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(iii) Average number of shares during the period

Year ended March 31, 2024	27,427,425 shares	Year ended March 31, 2023	27,396,725 shares
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* This financial results report is not subject to the audit by a certificated public accountant or an auditing firm.

* Explanation and other special notes concerning the appropriate use of business performance forecasts
(Cautionary Statement with Respect to Forward-Looking Statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results, etc. may differ materially from the forecasts due to various factors. For notes on the assumptions underlying the earnings forecasts and the earnings forecasts, please refer to "1. Overview of Operating Results, (4) Future Outlook" on page 4.

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1. Overview of Operating Results

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

In the fiscal year under review, the Japanese economy experienced a gradual economic recovery with the normalization of socio-economic activities and the effect of inbound tourism. At the same time, soaring raw material prices, the prolonged situation in Russia and Ukraine, and the weakness of the yen in foreign exchange markets have kept the outlook of the economy uncertain.

The environment surrounding the Company group (the “Group”) remains challenging, despite the absorption of group companies and the execution of reforms to our products and services, partly in response to major changes in lifestyles and corporate activities.

Against this backdrop, in November 2023, the Group established our purpose of “It’s for SMILE—Creating a Brighter and Happier Society through Valuable Products and Services.” In our current society in which we are welcoming an age of 100-year lifespans, if the Group can resolve even one social issue, we can envision a healthy, cultural, bright and lively future with “It’s for SMILE.”

In addition, we worked on strengthening our existing businesses and entering new businesses toward our mission and vision of becoming a leading company in the “Life-related industry” (Note). In the final fiscal year of our third medium-term management plan (from April 1, 2021 to March 31, 2024), “add+venture 70” (Adventure 70), we worked on the plan and worked to enhance our corporate value.

(Note) “Life-related industry” is a concept advocated by Professor Yoshinori Hiroi of Kyoto University. Specifically, this refers to the following five fields: (1) health and medical care, (2) environment (including renewable energy), (3) life and welfare, (4) agriculture, and (5) culture.

Net sales of the Group for the fiscal year under review amounted to ¥61,043 million. Despite the weak yen and rising raw material prices, cost reductions and cost cutting efforts resulted in operating profit of 462 million yen and ordinary profit of 1,003 million yen. Furthermore, extraordinary income of ¥725 million was recorded due to a gain on sale of investment securities of ¥478 million and a gain on sale of non-current assets of ¥247 million, and extraordinary losses of ¥166 million were recorded, including impairment losses of ¥144 million.

As a result, profit attributable to owners of parent was ¥876 million.

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

Net sales	¥61,043 million	(down 0.9% year on year)
Operating profit	¥462 million	(up 1.4% year on year)
Ordinary profit	¥103 million	(up 6.9% year on year)
Profit attributable to owners of parent	¥876 million	(Loss attributable to owners of parent of ¥666 million in the previous fiscal year)

Operating results by segment are as follows.

(i) Business Process Solutions Business

In the library solutions business, orders for outsourcing services including counter operations from public libraries performed well. Furthermore, data printing services (DPS) continued to perform well in range of printing and dispatch services due to the re-acquisition of a tender project from a government office and increased corporate activity. On the other hand, orders for contracting of BPO work (My Number Points and subsidy work) from local government bodies remained subdued at NIPPON TSUSHINSHI CO., LTD., a subsidiary, due to intensifying competition. The Company will continue to promote rationalization in manufacturing departments and streamlining in sales departments to enhance group synergies, and will work to develop a “BPO Integrated Support Service” that provides total support related to labor shortages, work style reforms, and other aspects of the business environment throughout society.

In paper containers and other areas of packaging, orders for household goods remained steady. Furthermore, at HAKKOSHA Co., Ltd., which conducts the seals and labels business, sales were brisk for the entertainment and amusement industry.

Consequently, net sales in this business amounted to ¥31,188 million (up 0.2% year on year), while operating profit amounted to ¥560 million (down 19.0% year on year).

(ii) Consumer Communications Business

OEM orders for commercially available products and sales of office supplies performed strongly. We also continued to strive to launch new PC-, smartphone- and tablet-related products. Moreover, we completed absorption-type mergers for the Company's consolidated subsidiaries Miyoshi Co., Ltd. and Revex Co., Ltd. on January 1, 2024, and LEAMAN CO., Ltd. on March 31, 2024. We reviewed our product lineup and accelerated the speed of development to launch new products and enhance synergies.

Meanwhile, sales of stationary office supplies decreased due to the shift away from paper in companies and the spread of the GIGA School Program. In our Meguri-ing business, which was started as a measure to support new tourism, sales of products for theme parks and souvenirs, including Goshuin-cho and Gojoin-cho stamp books, continued to increase due to nationwide tourism support and recovery in overseas tourist numbers.

Bic Three Co., Ltd., which conducts the EC business for beds and other products, posted weak results due to a combination of such factors as a reactionary drop in the demand for stay-at-home products, soaring prices of raw materials, and the weak yen.

Consequently, net sales in this business amounted to ¥20,348 million (down 5.6% year on year), while operating loss amounted to ¥274 million (operating loss of ¥243 million in the previous fiscal year).

(iii) Office Appliances Business

In the shredder business, sales from small- to medium-sized enterprises for office shredders and crushers for media such as hard disk drives and solid state drives, as well as orders for maintenance and inspection operations, were strong as socio-economic activities normalized. KAGUKURO Co., Ltd., which is operating the e-commerce business for office furniture, recorded sales growth due to trend of workers returning to work in offices and profit growth due to the effect of price increases.

Consequently, net sales in the business amounted to ¥7,965 million (up 7.7% year on year), while operating profit amounted to ¥480 million (up 90.5% year on year).

(iv) Energy Business

Operating profit from wooden biomass power generation decreased as a result of reduced number of operating days due to a statutory inspection conducted in May 2023, and also due to the adjustment of output in consideration of the woodchip stockpile situation. Solar power generation performed well.

Consequently, net sales in the business amounted to ¥1,471 million (up 2.6% year on year), while operating profit amounted to ¥34 million (down 27.8% year on year).

(v) Others

The Vegetable Plant Business, Garlic Farm Business, etc. posted net sales of ¥69 million (up 47.9% year on year) and operating loss of ¥44 million (operating loss of ¥29 million in the previous fiscal year).

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

[Assets]

Current assets increased by ¥180 million from the end of the previous fiscal year to ¥30,073 million. This was mainly due to a decrease of ¥657 million in cash and deposits, despite increases of ¥801 million in notes and accounts receivable - trade and ¥160 million in merchandise and finished goods.

Non-current assets increased by ¥82 million from the end of the previous fiscal year to ¥27,892 million. This was mainly due to decreases of ¥377 million in deferred tax assets and ¥368 million in land, despite increases of ¥877 million in retirement benefit asset and ¥345 million in buildings and structures.

As a result, total assets increased by ¥262 million from the end of the previous fiscal year to ¥57,965 million.

[Liabilities]

Current liabilities decreased by ¥208 million from the end of the previous fiscal year to ¥17,667 million. This was mainly due to a decrease of ¥152 million in short-term borrowings.

Non-current liabilities decreased by ¥767 million from the end of the previous fiscal year to ¥12,178 million. This was mainly due to decreases of ¥611 million in long-term borrowings and ¥302 million in retirement benefit liability.

As a result, total liabilities decreased by ¥975 million from the end of the previous fiscal year to ¥29,846 million.

[Net assets]

Total net assets increased by ¥1,238 million from the end of the previous fiscal year to ¥28,119 million. This was mainly due to increases of ¥687 million in remeasurements of defined benefit plans and ¥273 million in retained earnings.

As a result, the equity ratio was 47.3%, up 1.9 percentage points from the end of the previous fiscal year.

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

Net cash provided by operating activities amounted to ¥1,328 million (¥87 million used in the previous fiscal year). Broken down, revenue includes depreciation of ¥1,680 million and profit before income taxes of ¥1,562 million, while expenditures include an increase in trade receivables of ¥959 million and a gain on sale of investment securities of ¥474 million.

Net cash used in investing activities amounted to ¥1,129 million (a decrease of ¥204 million from the previous fiscal year). Broken down, this includes purchase of property, plant and equipment of ¥1,669 million.

Net cash used in financing activities amounted to ¥1,419 million (¥1,074 million provided in the previous fiscal year). Broken down, revenue includes proceeds from long-term borrowings of ¥4,890 million, while expenditures include repayments of long-term borrowings of ¥5,143 million and dividends paid of ¥601 million.

As a result, cash and cash equivalents at the end of fiscal year under review decreased by ¥1,183 million from the end of the previous fiscal year to ¥6,687 million.

(4) Future Outlook

Japan's economy is expected to recover moderately in the future due to a pickup in domestic demand as real wages improve as a result of wage hikes, increased demand from inbound tourism, and increased corporate willingness to make capital investments.

At the same time, the outlook remains uncertain due to supply constraints caused by a shortage of human resources, sluggish personal consumption caused by monetary tightening and high prices, and the possible risk of a slowdown in overseas economies due to rising tensions in international affairs.

Under these circumstances, under our purpose of "It's for SMILE," the Group, in order to solve social issues and create a new future by continuing and making new efforts in the five areas set forth in our mission and vision, "Life-related industry," we have formulated our fourth medium-term management plan (from April 1, 2024 to March 31, 2027) "Go on going" and based on this policy, we will work to strengthen profitability, advance growth potential, and improve shareholder value.

The consolidated earnings forecast for the fiscal year ending March 31, 2025 includes net sales of ¥61,500 million (up 0.7% year on year), operating profit of ¥1,845 million (up 298.9% year on year), ordinary profit of ¥2,460 million (up 145.1% year on year), and profit attributable to owners of parent of ¥1,540 million (up 75.7% year on year).

We will work to achieve our goals by reforming our business structure, reviewing unprofitable businesses, and improving the efficiency of the Group's administrative divisions.

2. Basic Concept Regarding Selection of Accounting Standards

Our group intends to prepare consolidated financial statements under Japanese GAAP for the foreseeable future, considering the comparability of consolidated financial statements between periods and between companies.

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

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	7,871	7,214
Notes and accounts receivable - trade	10,304	11,106
Merchandise and finished goods	6,195	6,355
Work in process	955	917
Raw materials and supplies	1,785	1,784
Other	2,781	2,695
Allowance for doubtful accounts	(2)	(0)
Total current assets	29,893	30,073
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,117	7,463
Machinery, equipment and vehicles, net	4,958	4,603
Land	9,863	9,494
Construction in progress	147	33
Other, net	188	155
Total property, plant and equipment	22,274	21,750
Intangible assets		
Goodwill	108	13
Other	280	278
Total intangible assets	388	292
Investments and other assets		
Investment securities	2,834	3,010
Retirement benefit asset	876	1,754
Deferred tax assets	603	226
Other	839	867
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	5,146	5,850
Total non-current assets	27,810	27,892
Total assets	57,703	57,965

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,775	4,632
Short-term borrowings	6,400	6,248
Accounts payable - other	2,974	2,962
Accrued expenses	416	429
Income taxes payable	307	458
Provision for bonuses	569	517
Other	2,431	2,418
Total current liabilities	17,876	17,667
Non-current liabilities		
Long-term borrowings	9,285	8,674
Retirement benefit liability	3,275	2,972
Deferred tax liabilities	139	250
Other	245	280
Total non-current liabilities	12,945	12,178
Total liabilities	30,822	29,846
Net assets		
Shareholders' equity		
Share capital	6,666	6,666
Capital surplus	8,943	8,943
Retained earnings	10,404	10,677
Treasury shares	(706)	(691)
Total shareholders' equity	25,307	25,595
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	847	1,028
Deferred gains or losses on hedges	9	56
Foreign currency translation adjustment	116	149
Remeasurements of defined benefit plans	(76)	610
Total accumulated other comprehensive income	897	1,844
Non-controlling interests	677	678
Total net assets	26,881	28,119
Total liabilities and net assets	57,703	57,965

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	61,581	61,043
Cost of sales	46,737	46,327
Gross profit	14,843	14,715
Selling, general and administrative expenses		
Freight and packing costs	2,673	2,463
Advertising and promotion expenses	918	922
Remuneration for directors (and other officers)	351	332
Salaries, allowances and bonuses	5,320	5,423
Provision for bonuses	314	297
Retirement benefit expenses	157	200
Welfare expenses	1,045	1,073
Travel and transportation expenses	205	238
Communication expenses	245	248
Rent expenses	598	586
Depreciation	275	296
Other	2,280	2,168
Total selling, general and administrative expenses	14,387	14,252
Operating profit	455	462
Non-operating income		
Rental income	172	173
Dividend income	80	87
Insurance claim income	172	170
Other	204	273
Total non-operating income	629	705
Non-operating expenses		
Interest expenses	70	85
Miscellaneous expenses of assets for rent	48	42
Other	26	35
Total non-operating expenses	145	164
Ordinary profit	939	1,003

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Extraordinary income		
Gain on sale of non-current assets	5	247
Gain on sale of investment securities	5	478
Subsidy income	33	–
Gain on extinguishment of tie-in shares	76	–
Total extraordinary income	122	725
Extraordinary losses		
Loss on disposal of non-current assets	4	18
Impairment losses	111	144
Loss on sale of investment securities	1	3
Loss on valuation of shares of subsidiaries and associates	25	–
Loss on liquidation of subsidiaries and associates	165	–
Loss on Anti-monopoly Act	1,037	–
Total extraordinary losses	1,345	166
Profit (loss) before income taxes	(284)	1,562
Income taxes - current	551	624
Income taxes - deferred	(344)	59
Total income taxes	206	684
Profit (loss)	(490)	878
Profit attributable to non-controlling interests	175	1
Profit (loss) attributable to owners of parent	(666)	876

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit (loss)	(490)	878
Other comprehensive income		
Valuation difference on available-for-sale securities	111	180
Deferred gains or losses on hedges	(1)	46
Foreign currency translation adjustment	(18)	32
Remeasurements of defined benefit plans, net of tax	(204)	689
Total other comprehensive income	(111)	949
Comprehensive income	(602)	1,827
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(772)	1,824
Comprehensive income attributable to non-controlling interests	170	3

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2023

(Millions of yen)

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

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	730	10	134	127	1,003	1,642	28,504
Changes during period							
Dividends of surplus							(328)
Profit (loss) attributable to owners of parent							(666)
Purchase of treasury shares							(0)
Disposal of treasury shares							16
Change in ownership interest of parent due to transactions with non-controlling interests							428
Net changes in items other than shareholders' equity	117	(1)	(18)	(203)	(106)	(965)	(1,071)
Total changes during period	117	(1)	(18)	(203)	(106)	(965)	(1,623)
Balance at end of period	847	9	116	(76)	897	677	26,881

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,666	8,943	10,404	(706)	25,307
Changes during period					
Dividends of surplus			(603)		(603)
Profit (loss) attributable to owners of parent			876		876
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		16	15
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	273	15	288
Balance at end of period	6,666	8,943	10,677	(691)	25,595

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	847	9	116	(76)	897	677	26,881
Changes during period							
Dividends of surplus							(603)
Profit (loss) attributable to owners of parent							876
Purchase of treasury shares							(0)
Disposal of treasury shares							15
Change in ownership interest of parent due to transactions with non-controlling interests							-
Net changes in items other than shareholders' equity	180	46	32	687	947	1	949
Total changes during period	180	46	32	687	947	1	1,238
Balance at end of period	1,028	56	149	610	1,844	678	28,119

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	(284)	1,562
Depreciation	1,654	1,680
Impairment losses	111	144
Amortization of goodwill	211	94
Increase (decrease) in allowance for doubtful accounts	(1)	(1)
Increase (decrease) in provision for bonuses	(59)	(52)
Increase (decrease) in retirement benefit liability	(246)	(173)
Loss (gain) on disposal of non-current assets	(1)	(228)
Loss (gain) on sale of investment securities	(4)	(474)
Loss (gain) on extinguishment of tie-in shares	(76)	–
Loss on valuation of shares of subsidiaries and associates	25	–
Loss on liquidation of subsidiaries and associates	165	–
Loss on Anti-monopoly Act	1,037	–
Interest and dividend income	(83)	(100)
Interest expenses	70	85
Subsidy income	(33)	–
Decrease (increase) in trade receivables	602	(959)
Decrease (increase) in inventories	(463)	(110)
Increase (decrease) in trade payables	(65)	(69)
Increase (decrease) in accrued consumption taxes	(65)	97
Other, net	(368)	261
Subtotal	2,124	1,756
Interest and dividends received	83	99
Interest paid	(67)	(82)
Income taxes paid	(580)	(443)
Payments related to Anti-monopoly Act	(1,648)	–
Net cash provided by (used in) operating activities	(87)	1,328
Cash flows from investing activities		
Payments into time deposits	(1)	(925)
Proceeds from withdrawal of time deposits	21	409
Purchase of property, plant and equipment	(1,422)	(1,669)
Proceeds from sale of property, plant and equipment	10	629
Purchase of intangible assets	(118)	(110)
Purchase of investment securities	(17)	(6)
Proceeds from sale of investment securities	23	564
Net decrease (increase) in short-term loans receivable	13	(23)
Proceeds from collection of long-term loans receivable	15	15
Subsidy income	33	–
Other, net	108	(12)
Net cash provided by (used in) investing activities	(1,333)	(1,129)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	569	(509)
Proceeds from long-term borrowings	7,600	4,890
Repayments of long-term borrowings	(5,993)	(5,143)
Purchase of treasury shares	(0)	(0)
Dividends paid	(329)	(601)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(704)	–
Other, net	(65)	(53)
Net cash provided by (used in) financing activities	1,074	(1,419)
Effect of exchange rate change on cash and cash equivalents	(1)	36
Net increase (decrease) in cash and cash equivalents	(347)	(1,183)
Cash and cash equivalents at beginning of period	8,076	7,870
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	141	–
Cash and cash equivalents at end of period	7,870	6,687

(5) Notes to Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Segment Information)

1. Overview of Reportable Segments

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

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

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

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

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

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

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

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

(Millions of Yen)

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

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

Fiscal year under review (April 1, 2023 to March 31, 2024)

(Millions of Yen)

	Reportable segment					Others (Note) 1	Total	Adjusted amount (Notes) 2, 3	Amount on consolidated financial statements (Note) 4
	Business Process Solutions Business	Consumer Communications Business	Office Appliances Business	Energy Business	Total				
Net sales									
Net sales to external customers	31,188	20,348	7,965	1,471	60,974	69	61,043	–	61,043
Inter-segment net sales or transfers	1,624	1,090	765	–	3,481	19	3,500	(3,500)	–
Total	32,813	21,439	8,731	1,471	64,455	88	64,544	(3,500)	61,043
Segment profit (loss)	560	(274)	480	34	802	(44)	757	(295)	462
Segment assets	27,420	19,202	5,577	2,789	54,988	73	55,062	2,903	57,965
Other items									
Depreciation expenses	928	309	37	254	1,529	1	1,531	149	1,680
Amortization of goodwill	15	78	–	–	94	–	94	–	94
Increased amount of property, plant and equipment and Intangible assets	1,446	215	38	39	1,740	1	1,741	13	1,755

- Notes
1. The “Others” category is business segments not included in the reportable segments, including the Vegetable Plant Business and Garlic Farm Business.
 2. Adjusted amount of (¥295 million) for Segment profit (loss) includes inter-segment transaction eliminations of ¥168 million, an adjustment of ¥0 million for inventories, and company-wide expenses of (¥464 million) that are not allocated to reportable segments. Company-wide expenses are primarily general administrative expenses and SG&A expenses that do not belong to reportable segments.
 3. Adjusted amount of ¥2,903 million for Segment profit (loss) includes inter-segment transaction eliminations of (¥3,225 million), company-wide assets of ¥6,132 million not allocated to reportable segments, and an adjustment of (¥3 million) for inventories. Company-wide assets are primarily surplus operating funds (cash and short-term loans receivable), long-term investment funds (investment securities), assets related to administrative departments, and other assets that do not belong to reportable segments.
 4. Segment profit or loss is adjusted for operating profit on consolidated statements of income.

(Per-Share information)

(Yen)

	Previous fiscal year (April 1, 2022 to March 31, 2023)	Fiscal year under review (April 1, 2023 to March 31, 2024)
Net assets per share	956.15	1,000.15
Earnings per share or (loss) per share	(24.33)	31.96

Notes 1. As there were no dilutive shares, potentially diluted earnings per share for the fiscal year under review is not stated. In addition, as a loss per share was posted and there were no dilutive shares, potentially diluted earnings per share for the previous fiscal year is not stated.

2. The basis for calculation of earnings or loss per share is as follows.

	Previous fiscal year (April 1, 2022 to March 31, 2023)	Fiscal year under review (April 1, 2023 to March 31, 2024)
Earnings per share or (loss) per share		
Profit (loss) attributable to owners of parent (Millions of Yen)	(666)	876
Amount not attributable to common stock (Millions of Yen)	—	—
Profit (loss) attributable to owners of parent attributable to common shares (Millions of Yen)	(666)	876
Average number of shares of common stock outstanding during the period (Thousands of shares)	27,396	27,427

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

	Previous fiscal year (As of March 31, 2023)	Fiscal year under review (As of March 31, 2024)
Total Net assets (Millions of Yen)	26,881	28,119
Amount deducted from total Net assets (Millions of Yen)	677	678
[of the above, non-controlling interests] (Millions of Yen)	[677]	[678]
Net assets at the end of the fiscal year attributable to common shares (Millions of Yen)	26,204	27,440
Number of common shares at the end of the fiscal year used in calculation of net assets per share (Thousands of shares)	27,406	27,436

(Significant Subsequent Events)

Not applicable.

4. Others

Not applicable.