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

May 12, 2023

Company name: Restar Holdings Corporation
 Stock exchange listing: Tokyo
 Code number: 3156
 URL: <https://www.en.restargp.com/>
 Representative: Tomoharu Asaka Representative Director
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 Scheduled date of Annual General Meeting of Shareholders: June 29, 2023
 Scheduled date of commencing dividend payments: June 30, 2023
 Scheduled date of filing annual securities report: June 30, 2023
 Availability of supplementary briefing material on annual financial results: Yes
 Schedule of annual financial results briefing session: Yes (For analysts and institutional investors)

(Amounts of less than one millions of 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 profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	487,129	21.9	14,423	90.1	12,043	79.4	7,085	18.9
March 31, 2022	399,590	23.4	7,588	21.6	6,711	18.0	5,957	46.9

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 7,075 million [16.6%]
 Fiscal year ended March 31, 2022: ¥ 6,068 million [23.5%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	235.64	234.73	8.9	4.7	3.0
March 31, 2022	198.12	197.31	7.9	3.1	1.9

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ 118 million
 Fiscal year ended March 31, 2022: ¥ 192 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	267,754	85,095	30.2	2,686.31
March 31, 2022	241,958	81,657	32.1	2,580.33

(Reference) Equity: As of March 31, 2023: ¥ 80,772 million
 As of March 31, 2022: ¥ 77,586 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 the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	(664)	(5,304)	3,713	31,984
March 31, 2022	(26,625)	(16,167)	34,488	33,438

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	-	45.00	-	55.00	100.00	3,006	50.5	4.0
March 31, 2023	-	40.00	-	75.00	115.00	3,457	48.8	4.4
Fiscal year ending March 31, 2024 (Forecast)	-	55.00	-	60.00	115.00		49.4	

(Note) Breakdown of the 2nd quarter-end dividend for the fiscal year ended March 31, 2022 :

Ordinary dividend 40.00 yen
Commemorative dividend 5.00 yen

Breakdown of the year-end dividend for the fiscal year ended March 31, 2023 :

Ordinary dividend 45.00 yen
Special dividend 10.00 yen

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 profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	500,000	2.6	10,000	(30.7)	7,000	(41.9)	7,000	(1.2)	232.80

* Notes:

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

New - (Company name:)
Exclusion: - (Company name:)

(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

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

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

March 31, 2023: 30,072,643 shares

March 31, 2022: 30,072,643 shares

2) Number of treasury shares at the end of the period:

March 31, 2023: 4,568 shares

March 31, 2022: 4,317 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023: 30,068,248 shares

Fiscal Year ended March 31, 2022: 30,068,405 shares

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

During the consolidated fiscal year under review, the Japanese economy experienced a gradual recovery in economic activities that were suppressed by COVID-19. On the other hand, the economy has been affected by various factors, such as soaring electricity prices and rising prices of commodities due to high resource prices resulting from the Russia-Ukraine issue, sharp fluctuations in exchange rates, and changes in monetary ease policy. In the business environment surrounding our company, the future remains uncertain, as the production adjustment phase due to the shortage of semiconductor components at the beginning of the period has turned into an inventory glut in the second half of the period due to the easing of the supply-demand crunch.

Under these circumstances, in order to promote new business creation, we are pursuing initiatives such as business matching services, seeking business opportunities and strengthening collaboration with various partners. We are also focusing on one of our materialities, “Creating an environmentally friendly society,” and are undertaking initiatives such as expanding the installation of solar power plants through green financing. Furthermore, we are focusing on providing IoT solutions for social issues faced by local governments, such as crime prevention, disaster prevention, and business continuity planning (BCP), by utilizing communication and image analysis technology. In order to achieve sustainable growth in the future, we will promote various initiatives and strive to expand our business operations.

(Overview of Consolidated Operating Results)

(Million yen)	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change (%)
Net sales	399,590	487,129	21.9%
Operating profit	7,588	14,423	90.1%
Ordinary profit	6,711	12,043	79.4%
Profit attributable to owners of parent	5,957	7,085	18.9%

• Performance Highlights

Consolidated net sales for the fiscal year increased. This was due to the strong performance in the Semiconductor and Electronic Components Business and the Procurement business mainly owing to firm demand for industrial equipment and in-vehicle equipment despite continued unsteady demand-supply conditions for semiconductors. Operating profit increased mainly owing to an increase in gross profit due to the depreciation of the yen and sales growth. Ordinary profit grew despite interest expenses of ¥1,795 million due to rising interest rates and a foreign exchange loss of ¥1,129 million due to the strong yen in the latter half of the period. Net profit attributable to shareholders of the parent company increased despite the following factors.

- 1) Recording of ¥1,936 million in extraordinary income as gain on bargain purchase relating to the consolidation of PALTEK CORPORATION and its affiliates in the same period of the previous fiscal year did not exist.
- 2) Recording of ¥1,876 million in extraordinary losses, such as ¥423 million in special survey costs, etc., and ¥370 million in loss on valuation of investment securities, and ¥892 million in extraordinary losses from impairment losses in the vegetable factory business for the fiscal year.

As a result, net sales for the fiscal year were ¥487,129 million, up 21.9% year-on-year, operating profit was ¥14,423 million, up 90.1% year-on-year, ordinary profit was ¥12,043 million, up 79.4% year-on-year, and profit attributable to owners of parent was ¥7,085 million, up 18.9% year-on-year, all of which are the best results ever achieved since the business integration in fiscal 2019.

(Operating Results by Reportable Segment)

The Group has four reportable segments for the allocation of management resources and evaluation of business performance. These four segments are the Semiconductor and Electronic Components Business, the Procurement business, the Electronic Equipment Business, and the Environmental Energy Business.

1) Semiconductor and Electronic Components Business

Reportable Segment	Business	Business Description
Semiconductor and Electronic Components Business	Devices	Sales of semiconductors, electronic components, and related products in Japan and overseas; system proposals with a variety of line card combinations; provision of high-value-added solutions and technical support that liquid crystal systems and overseas products; design and manufacturing; LSI design development and support; and reliability test service
	EMS	Electronics manufacturing service for electronic components, modules, etc., with cutting-edge technology, procurement, production management and quality assurance at our factories

(Million yen)	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change (%)
Net sales	288,078	339,544	17.9%
Devices	263,702	318,838	20.9%
EMS	24,375	20,705	(15.1%)
Segment profit	7,883	12,657	60.6%

• Performance Overview

In the devices business, although consumer products and other products entered an adjustment phase, sales for industrial equipment and in-vehicle equipment remained firm. Sales also increased due to sales growth at PALTEK CORPORATION and progress in the development of new products and customers. In the EMS business, despite the expandability of the new business for in-vehicle related products, sales declined due to the sluggishness in the mainstay smartphone business. Segment profit increased mainly due to sales growth in the depreciation of the yen and the device business, despite a decrease in profit in the EMS business.

As a result, the Semiconductor and Electronic Components Business recorded net sales of ¥339,544 million, up 17.9% year-on-year, and segment profit of ¥12,657 million, up 60.6% year-on-year.

2) Procurement business

Reportable Segment	Business	Business Description
Procurement business	Procurement	Establishment of optimal supply chain management through global procurement/trading for electronics and entrustment service for related operations

(Million yen)	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change (%)
Net sales	81,527	108,632	33.2%
Segment profit	798	2,447	206.7%

• Performance Overview

In the procurement business, sales increased due to the continued expansion of new transactions both for the Panasonic Group and for companies other than the Panasonic Group. Segment profit increased owing to the curbing of the depreciation of the yen and the increase in sales, as well as SG&A expenses.

As a result, the Procurement business recorded net sales of ¥108,632 million, up 33.2% year-on-year, and segment profit of ¥2,447 million, up 206.7% year-on-year.

3) Electronic Equipment Business

Reportable Segment	Business	Business Description
Electronic Equipment Business	Electronic equipment	Video, audio, communications, and measurement solutions, design and construction, and maintenance engineering in various fields such as broadcasting, business, education, medical care/life sciences, public facilities, factory automation, security, and electronic measuring instruments
	System equipment	Development and manufacture of cashless payment terminals that combine our basic digital and communications technologies with near-field communication (NFC) technologies and sales of overseas made payment terminals; application development; development, manufacture, sales of Individual Number authentication related devices

(Million yen)	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change (%)
Net sales	20,546	23,835	16.0%
Electronic equipment	18,140	18,997	4.7%
System equipment	2,405	4,837	101.1%
Segment profit	426	579	36.0%

• Performance Overview

In the electronic equipment business, although equipment procurement difficulties continued due to a shortage of semiconductors, sales increased due to a gradual recovery in market conditions, including sales of ICT-related equipment and LED vision systems as a result of office relocations and renovations. In the system equipment business, sales increased due to the increase in sales of overseas made payment terminals resulting from the consolidation of CARDSERVICE INC. and higher demand for Individual Number authentication related devices and access control terminals for offices. Segment profit increased mainly due to higher sales.

As a result, the Electronic Equipment Business recorded net sales of ¥23,835 million, up 16.0% year-on-year, and segment profit of ¥579 million, up 36.0% year-on-year.

4) Environmental Energy Business

Reportable Segment	Business	Business Description
Environmental Energy Business	Energy	Community coexistence-based operation and management services for the introduction and popularization of renewable energy from our own solar power stations (in Japan and overseas) and wind power stations, etc.
	Power producer and supplier (PPS)	Electric power supply to public facilities and private-sector companies primarily using renewable energy, and electric power consulting including local production and consumption of the power for community revitalization
	Vegetable factory	Production and sale, as well as system consulting, of vegetables made in completely closed vegetable factories to commercial and retail markets including convenience stores, supermarkets, and food service chains

(Million yen)	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change (%)
Net sales	9,437	15,117	60.2%
Energy	3,989	4,337	8.7%
Power producer and supplier (PPS)	4,248	9,615	126.3%
Vegetable factory	1,199	1,163	(3.0%)
Segment profit	236	397	67.8%

• Performance Overview

In the energy business, sales increased due to growth in power generation from new solar and wind power stations in Japan

and overseas. Sales in the PPS business increased significantly due to a sharp rise in the fuel cost adjustment. In the Vegetable factory business, sales declined slightly due to an increase in shipments of some products, although there was a decline in sales due to a review of sales destinations and delays in mass production of new products. Segment profits increased due to solid performance in the energy business and the contribution from the operation of company-owned thermal power plants to the PPS business, despite losses due to the impact of higher electricity costs in the vegetable factory business.

As a result, the Environmental Energy Business recorded net sales of ¥15,117 million, up 60.2% year-on-year, and segment profit of ¥397 million, up 67.8% year-on-year.

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

Assets, Liabilities and Net Assets

Total assets at the end of the fiscal under review increased by ¥25,796 million from the end of the previous fiscal year to ¥267,754 million. This was mainly due to an increase of ¥3,167 million in electronically recorded monetary claims - operating, and an increase of ¥21,310 million in merchandise.

Liabilities increased by ¥22,357 million from the end of the previous fiscal year to ¥182,658 million. This was mainly due to an increase of ¥10,104 million in short-term borrowings and an increase of ¥1,230 million in long-term borrowings.

Net assets increased by ¥3,438 million from the end of the previous fiscal year to ¥85,095 million. This was mainly due to profit attributable to owners of parent of ¥7,085 million, dividends from retained earnings of ¥2,856 million, a decrease of ¥555 million in capital surplus, and a decrease of ¥557 million in foreign currency translation adjustment.

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

Cash flows and their main factors in the fiscal year under review were as follows.

(Cash flows from operating activities)

Cash and cash equivalents (“cash”) used in operating activities totaled ¥664 million, compared with cash used of ¥26,625 million in the previous fiscal year. This was mainly due to profit before income taxes of ¥10,425 million, and increases of ¥2,854 million in non-cash item depreciation and amortization, ¥19,209 million in inventories, ¥6,221 in non trade payables.

(Cash flows from investing activities)

Cash used in investing activities totaled ¥5,304 million, compared with cash used of ¥16,167 million in the previous fiscal year. This was mainly due to purchase of property, plant and equipment of ¥4,952 million, proceeds from sales of property, plant and equipment of ¥2,776 million Payments for acquisition of time deposits of ¥2,311 million, and payments for guarantee deposits of ¥980 million.

(Cash flows from financing activities)

Cash provided by financing activities totaled ¥3,713 million, compared with cash provided of ¥34,488 million in the previous fiscal year. This was mainly due to ¥5,824 million in net increase of short-term borrowings, ¥4,700 million in proceeds from long-term borrowings, ¥2,856 million in dividends paid, ¥1,645 million in repayments of long-term borrowings, and ¥993 million in repayments of lease obligations.

(Reference) Trends in Cash Flow Indicators

	10th Fiscal Period	11th Fiscal Period	12th Fiscal Period	13th Fiscal Period	14th Fiscal Period
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Capital Adequacy Ratio	39.4%	35.7%	38.6%	32.1%	30.2%
Capital Adequacy Ratio on a Market Value Basis	33.0%	23.1%	32.2%	24.6%	24.3%

Capital Adequacy Ratio: Shareholders' Equity/Total Assets

Capital Adequacy Ratio on a Market Value Basis: Gross Market Capitalization/Total Assets

(Notes) 1. All calculations are based on consolidated financial figures.

2. Gross market capitalization is calculated based on the total number of shares outstanding excluding treasury shares.

Gross market capitalization = Closing stock price at the end of the period × (total number of shares issued – number of treasury shares)

(4) Outlook for the future

1) Forecasts for the current financial year

The consolidated earnings forecast for the current financial year is shown in the table below.

In line with the integration of the Restar Group's offices in the Tokyo metropolitan area into an office in Konan 2-chome, Minato-ku, Tokyo, for group synergies and the creation of new business, the head office will be also transferred. A gain of JPY 1,911 million (estimate) on the sale of fixed assets in Higashi-Shinagawa 3-chome, Shinagawa-ku, Tokyo is reflected in the full-year forecast as an extraordinary gain.

(Unit: millions of yen)	Year ended 31 March 2023	Year ending 31 March 2024	Full-year forecast YoY
Net sales	487,129	500,000	2.6%
Operating profit	14,423	10,000	(30.7%)
Ordinary profit	12,043	7,000	(41.9%)
Profit attributable to shareholders of the parent company	7,085	7,000	(1.2%)

2) Future initiatives

Based on its management philosophy of "We help society evolve by leveraging information and technology to create and deliver new value and services", the Group aims to be "the Electronics Value Platformer" and is promoting synergies between businesses, active co-creation with external partners, diverse business development, expansion in technological areas and sustainable scale expansion.

The key initiatives for the current fiscal year are as follows.

Devices	<ul style="list-style-type: none"> • Business expansion in EV, IoT and AI-related fields • Acceleration of initiatives for global expansion
EMS	<ul style="list-style-type: none"> • Rationalization through concentration and selection of production lines • Expansion of new businesses such as automotive
Procurement	<ul style="list-style-type: none"> • Expand business by providing new services and added value based on SCM
Electronic equipment	<ul style="list-style-type: none"> • Increase market share by anticipating customer needs and creating added value.
System equipment	<ul style="list-style-type: none"> • Improve profitability by improving the product model mix.
Energy	<ul style="list-style-type: none"> • Continuous expansion of the renewable energy business • Realization of new business areas
Power producer and supplier (PPS)	<ul style="list-style-type: none"> • Promote and expand locally produced, locally consumed power supply business
Vegetable factory	<ul style="list-style-type: none"> • Increase production efficiency and expand sales with profit.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	33,438	32,987
Notes receivable - trade	454	387
Accounts receivable - trade	79,318	79,450
Electronically recorded monetary claims - operating	5,068	8,235
Contract assets	392	58
Merchandise and finished goods	51,751	73,062
Work in process	1,097	883
Raw materials and supplies	1,554	1,263
Other	13,362	13,118
Allowance for doubtful accounts	(913)	(303)
Total current assets	185,525	209,142
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,353	5,678
Accumulated depreciation	(3,280)	(3,448)
Buildings and structures, net	2,072	2,229
Machinery, equipment and vehicles	10,798	13,299
Accumulated depreciation	(3,186)	(3,962)
Machinery, equipment and vehicles, net	7,612	9,336
Tools, furniture and fixtures	2,821	2,834
Accumulated depreciation	(2,316)	(2,147)
Tools, furniture and fixtures, net	505	687
Leased assets	15,152	15,704
Accumulated depreciation	(6,626)	(7,426)
Leased assets, net	8,525	8,278
Land	2,200	2,712
Construction in progress	5,947	4,473
Total property, plant and equipment	26,862	27,717
Intangible assets		
Goodwill	6,618	6,165
Other	4,743	4,503
Total intangible assets	11,362	10,669
Investments and other assets		
Investment securities	4,566	5,779
Deferred tax assets	1,454	1,510
Bad debts	10,675	12,310
Long-term prepaid expenses	8,662	8,580
Other	4,635	4,023
Allowance for doubtful accounts	(11,786)	(11,979)
Total investments and other assets	18,207	20,224
Total non-current assets	56,432	58,611
Total assets	241,958	267,754

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	51,581	52,248
Short-term borrowings	75,305	85,409
Current portion of long-term borrowings	1,184	3,652
Lease liabilities	1,233	1,354
Income taxes payable	1,891	1,393
Contract liabilities	133	69
Provision for bonuses	1,065	1,281
Other provisions	206	-
Other	6,744	15,356
Total current liabilities	139,346	160,766
Non-current liabilities		
Long-term borrowings	7,805	9,036
Lease liabilities	7,757	7,314
Deferred tax liabilities	2,070	1,971
Retirement benefit liability	359	515
Other provisions	90	-
Other	2,872	3,054
Total non-current liabilities	20,954	21,892
Total liabilities	160,301	182,658
Net assets		
Shareholders' equity		
Share capital	4,383	4,383
Capital surplus	36,651	36,095
Retained earnings	33,747	37,976
Treasury shares	(8)	(8)
Total shareholders' equity	74,773	78,446
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	371	631
Deferred gains or losses on hedges	192	1
Foreign currency translation adjustment	2,278	1,721
Remeasurements of defined benefit plans	(30)	(28)
Total accumulated other comprehensive income	2,812	2,325
Share acquisition rights	65	113
Non-controlling interests	4,005	4,210
Total net assets	81,657	85,095
Total liabilities and net assets	241,958	267,754

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	399,590	487,129
Cost of sales	369,407	446,644
Gross profit	30,183	40,484
Selling, general and administrative expenses	22,595	26,061
Operating profit	7,588	14,423
Non-operating income		
Interest income	56	119
Dividend income	35	49
Gain on valuation of investment securities	109	294
Share of profit of entities accounted for using equity method	192	118
Gain on investments in silent partnerships	198	192
Insurance claim income	55	289
Other	231	460
Total non-operating income	878	1,523
Non-operating expenses		
Interest expenses	660	1,795
Loss on sale of receivables	86	476
Foreign exchange losses	488	1,129
Commission for syndicated loans	171	211
Other	348	290
Total non-operating expenses	1,755	3,903
Ordinary profit	6,711	12,043
Extraordinary income		
Surrender value of insurance policies	-	64
Gain on sale of investment securities	77	194
Gain on bargain purchase	1,936	-
Insurance claim income	183	-
Total extraordinary income	2,198	258
Extraordinary losses		
Special survey costs, etc.	-	423
Loss on fire	165	-
Loss on valuation of investment securities	179	370
Impairment losses	-	892
Other	27	189
Total extraordinary losses	373	1,876
Profit before income taxes	8,536	10,425
Income taxes - current	2,820	3,208
Income taxes - deferred	(186)	(246)
Total income taxes	2,634	2,962
Profit	5,902	7,463
Profit (loss) attributable to non-controlling interests	(54)	377
Profit attributable to owners of parent	5,957	7,085

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	5,902	7,463
Other comprehensive income		
Valuation difference on available-for-sale securities	(307)	308
Deferred gains or losses on hedges	253	(197)
Foreign currency translation adjustment	217	(235)
Remeasurements of defined benefit plans, net of tax	1	44
Total other comprehensive income	165	(79)
Comprehensive income	6,068	7,383
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,792	6,598
Comprehensive income attributable to non-controlling interests	275	785

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholder s' equity
Balance at beginning of period	4,383	35,453	30,646	(7)	70,476
Changes during period					
Dividends of surplus			(2,856)		(2,856)
Profit attributable to owners of parent			5,957		5,957
Purchase of treasury shares				(0)	(0)
Changes in ownership interest of subsidiaries		56			56
Increase/decrease in surplus due to sale of shares in consolidated subsidiaries		389			389
Capital increase of consolidated subsidiaries		750			750
Net changes in items other than shareholders' equity					
Total changes during period	-	1,197	3,100	(0)	4,297
Balance at end of period	4,383	36,651	33,747	(8)	74,773

	Accumulated other comprehensive income					Share acquisition rights	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	678	(56)	2,342	(38)	2,925	9	2,847	76,258
Changes during period								
Dividends of surplus								(2,856)
Profit attributable to owners of parent								5,957
Purchase of treasury shares								(0)
Changes in ownership interest of subsidiaries								56
Increase/decrease in surplus due to sale of shares in consolidated subsidiaries								389
Capital increase of consolidated subsidiaries								750
Net changes in items other than	(307)	248	(63)	8	(113)	55	1,158	1,100

	Accumulated other comprehensive income					Share acquisition rights	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			
shareholders' equity								
Total changes during period	(307)	248	(63)	8	(113)	55	1,158	5,398
Balance at end of period	371	192	2,278	(30)	2,812	65	4,005	81,657

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholder's equity
Balance at beginning of period	4,383	36,651	33,747	(8)	74,773
Changes during period					
Dividends of surplus			(2,856)		(2,856)
Profit attributable to owners of parent			7,085		7,085
Purchase of treasury shares				(0)	(0)
Changes in ownership interest of subsidiaries		(555)			(555)
Net changes in items other than shareholders' equity					
Total changes during period	-	(555)	4,228	(0)	3,672
Balance at end of period	4,383	36,095	37,976	(8)	78,446

	Accumulated other comprehensive income					Share acquisition rights	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	371	192	2,278	(30)	2,812	65	4,005	81,657
Changes during period								
Dividends of surplus								(2,856)
Profit attributable to owners of parent								7,085
Purchase of treasury shares								(0)
Changes in ownership interest of subsidiaries								(555)
Net changes in items other than shareholders' equity	259	(190)	(557)	1	(486)	47	204	(233)
Total changes during period	259	(190)	(557)	1	(486)	47	204	3,438
Balance at end of period	631	1	1,721	(28)	2,325	113	4,210	85,095

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	8,536	10,425
Depreciation	2,292	2,854
Impairment losses	-	892
Amortization of goodwill	526	672
Intangible assets	543	585
Increase (decrease) in allowance for doubtful accounts	25	(96)
Increase (decrease) in retirement benefit liability	173	153
Interest and dividend income	(91)	(168)
Interest expenses	660	1,795
Foreign exchange losses (gains)	1,000	1,986
Share of loss (profit) of entities accounted for using equity method	(192)	(118)
Loss (gain) on investments in silent partnerships	(198)	(52)
Gain on bargain purchase	(1,936)	-
Loss (gain) on sale of investment securities	(77)	(194)
Loss (gain) on valuation of investment securities	179	370
Decrease (increase) in trade receivables and contract assets	(13,147)	(563)
Decrease (increase) in inventories	(22,651)	(19,209)
Increase (decrease) in trade payables	(1,151)	(2,059)
Decrease (increase) in accounts receivable - other	(463)	1,412
Increase (decrease) in accounts payable - other	(2,014)	6,221
Other, net	2,023	1,189
Subtotal	(25,962)	6,097
Interest and dividends received	87	57
Interest paid	(479)	(1,553)
Income taxes refund	2,230	77
Income taxes paid	(2,501)	(5,343)
Net cash provided by (used in) operating activities	(26,625)	(664)

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from investing activities		
Payments into time deposits	-	(2,311)
Redemption of time deposits	-	1,329
Proceeds from redemption of beneficial interests in trust	2,100	-
Purchase of property, plant and equipment	(8,568)	(4,952)
Proceeds from sale of property, plant and equipment	182	2,776
Purchase of long-term prepaid expenses	(3,944)	(87)
Purchase of investment securities	(735)	(719)
Proceeds from sale of investment securities	513	275
Proceeds from sale of shares of subsidiaries and associates	24	-
Net decrease (increase) in short-term loans receivable	80	(268)
Long-term loan advances	-	(1)
Proceeds from collection of long-term loans receivable	46	106
Payments of guarantee deposits	(138)	(980)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(5,753)	(306)
Other, net	26	(163)
Net cash provided by (used in) investing activities	(16,167)	(5,304)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	38,084	5,824
Repayments of lease liabilities	(1,105)	(993)
Payment for liquidation of debts	(328)	(328)
Proceeds from long-term borrowings	4,878	4,700
Repayments of long-term borrowings	(4,517)	(1,645)
Purchase of treasury shares	(0)	(0)
Dividends paid	(2,856)	(2,856)
Dividends paid to non-controlling interests	(76)	(151)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(637)	(835)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	872	-
Other, net	176	-
Net cash provided by (used in) financing activities	34,488	3,713
Effect of exchange rate change on cash and cash equivalents	1,539	800
Net increase (decrease) in cash and cash equivalents	(6,764)	(1,453)
Cash and cash equivalents at beginning of period	40,203	33,438
Cash and cash equivalents at end of period	33,438	31,984