

Consolidated Financial Results
for the Six Months Ended September 30, 2022
[Japanese GAAP]



November 10, 2022

Company name: Toshiba Tec Corporation

Stock exchange listing: Tokyo

Code number: 6588

URL: <https://www.toshibatec.co.jp/>

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Scheduled date of filing quarterly securities report: November 11, 2022

Scheduled date of commencing dividend payments: December 1, 2022

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 1, 2022 to September 30, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2022	243,869	12.4	5,955	37.5	2,783	(9.6)	(6,370)	-
September 30, 2021	216,977	13.2	4,332	-	3,079	-	2,464	-

(Note) Comprehensive income: Six months ended September 30, 2022: ¥ (1,395) million [-%]

Six months ended September 30, 2021: ¥ 2,032 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	(115.12)	-
September 30, 2021	44.79	44.78

(Note) Diluted earnings per share for the six months ended September 30, 2022 is not presented even though the Company has issued potential shares, because basic earnings per share was net loss.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of September 30, 2022	324,695	114,670	33.7
March 31, 2022	310,256	117,662	36.1

(Reference) Equity: As of September 30, 2022: ¥ 109,405 million

As of March 31, 2022: ¥ 111,946 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	20.00	-	20.00	40.00
Fiscal year ending March 31, 2023	-	20.00			
Fiscal year ending March 31, 2023 (Forecast)			-	20.00	40.00

(Note) Revision to the forecast for dividends announced most recently: Yes

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	520,000	16.8	14,000	21.0	10,000	(1.9)	(2,500)	-	(45.17)

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2022

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Notes (4) Notes to the quarterly consolidated financial statements (Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)” on page 10 of this report.

(3) 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 refer to “2. Quarterly Consolidated Financial Statements and Notes (4) Notes to the quarterly consolidated financial statements (Changes in accounting policies)” on page 10 of this report.

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

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

September 30, 2022: 57,629,140 shares

March 31, 2022: 57,629,140 shares

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

September 30, 2022: 2,280,688 shares

March 31, 2022: 2,301,938 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 55,335,806 shares

Six months ended September 30, 2021: 55,020,601 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Explanation for the proper use of earnings forecasts)

Financial results forecasts are based on information currently available to the Company and certain assumptions deemed reasonable and are not intended to be the Company’s guarantee that they will be achieved. Actual results may significantly vary due to a variety of factors. For the assumptions used as the basis for the earnings forecasts and precautions regarding the use of the earnings forecasts, please refer to “1. Qualitative information on the financial results for the period under review (3) Consolidated financial results forecast and other forward-looking information” on page 4 of this report.

Table of Contents of Attachments

1. Qualitative information on the financial results for the period under review	2
(1) Operating results	2
(2) Financial condition	3
(3) Consolidated financial results forecast and other forward-looking information	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statement of Income and Comprehensive Income	7
Quarterly Consolidated Statement of Income (For the six months)	7
Quarterly Consolidated Statement of Comprehensive Income (For the six months)	8
(3) Quarterly Consolidated Statement of Cash Flows	9
(4) Notes to the quarterly consolidated financial statements	10
Notes on going concern assumption	10
Notes in the event of significant amount changes in shareholders' equity	10
Accounting policies adopted specially for the preparation of quarterly consolidated financial statements	10
Changes in accounting policies	10
Additional information	10
Notes to Quarterly Consolidated Statement of Income	11
Segment information	11
3. Supplementary information	12
(1) Changes in information about financial results	12
(2) Changes in reportable segment information	13
(3) Changes in net sales by destination market	13
(4) Changes in proportion of overseas production by value	14
(5) Changes in resource inputs	14

1. Qualitative information on the financial results for the period under review

(1) Operating results

The world economy for the six months ended September 30, 2022 appeared to be in a favorable climate for recovery with progress seen in balancing economic activities with measures taken to prevent COVID-19 infection in various countries. However, the economic outlook remained uncertain due to the unpredictable effects of accelerated monetary tightening overseas, the Russian-Ukrainian problem and economic activity restrictions in China, in addition to sharp price rises, soaring raw material prices, and supply restrictions.

Amid such conditions, Toshiba Tec Corporation (the “Company”) and its subsidiaries (collectively, the “Group”) set forth the Basic Policy of the FY22-24 Mid-term Business Plan, “To become a global top solutions partner by generating new value through co-creation with the aim of contributing to the resolution of social issues.” Under the basic policy, the Group has focused its energy on carrying out various measures to develop its business. At the same time, as a solutions partner that helps solve issues in the domains of stores, offices, logistics and manufacturing, the Group has promoted initiatives to achieve the Sustainable Development Goals (SDGs) together with customers and strived to contribute to realizing a sustainable society.

In the six months ended September 30, 2022, sales of POS systems for the overseas market increased due mainly to the impact of foreign exchange rates and growth in the Americas, and sales of multifunction peripherals (MFPs) increased due to the impact of foreign exchange rates and other factors, resulting in net sales of ¥243,869 million (up 12% year on year). On the profit front, although there were effects of tight supply-demand balance and soaring prices in components and international cargo transportation, profitability of POS systems and MFPs for the overseas market improved, which resulted in operating profit of ¥5,955 million (up 38% year on year). However, “Foreign withholding tax” associated with dividend payments at overseas subsidiaries and “Loss on valuation of derivatives” associated with exchange rate fluctuations as non-operating expenses resulted in ordinary profit of ¥2,783 million (down 10% year on year), and “Provision for loss on litigation” of ¥6,900 million related to a patent dispute as an extraordinary loss and other factors resulted in loss attributable to owners of parent of ¥6,370 million (profit attributable to owners of parent of ¥2,464 million in the same period of the previous fiscal year). For details of the patent dispute, please refer to “2. Quarterly Consolidated Financial Statements and Notes (4) Notes to the quarterly consolidated financial statements (Notes to Quarterly Consolidated Statement of Income) (Provision for loss on litigation).”

As for the interim dividend, as a result of comprehensive consideration of future financial results forecast and business environment, the Company will pay an interim dividend of ¥20 per share, as forecasted at the time of the announcement of financial results for the fiscal year ended March 31, 2022 on May 11, 2022.

Results of reportable segments for the six months ended September 30, 2022 were as follows.

Retail Solutions Business Group

The Retail Solutions Business Group handles POS systems for domestic and overseas markets, auto ID systems for domestic market, and related products. Amid a severe business environment in which the impact of the spread of COVID-19 and intensifying competition with peers continue, the business group has worked on various initiatives under the basic policy of “Aim at becoming a global top solutions partner in the distribution industry.” These initiatives include solution business expansion through the global common retail platform “ELERA” and strategic partnership, concentrated investment in growth fields (data services, next generation stores, payment, and Supply Chain Management (SCM)), and the expansion of service business in overseas markets.

Sales of POS systems for the domestic market declined due to a continued downturn in the investment appetite of retail and restaurant businesses affected by the prolonged COVID-19 pandemic, parts supply constraints, rising prices, and other factors. However, sales showed signs of recovery at the end of the second quarter of the fiscal year ending March 31, 2023 due to efforts to expand sales mainly of payment terminals, self-ordering systems, and smart receipts by taking into account measures against COVID-19, as well as efforts to revise selling prices.

Sales of POS systems for overseas markets increased due to the impact of foreign exchange rates, an

increase in sales in the Americas, and other factors.

Sales of auto ID systems for the domestic market increased, primarily due to a significant increase in sales of barcode printers, mainly to specific customers.

As a result, net sales of the Retail Solutions Business Group were ¥145,462 million (up 11% year on year). Operating profit of the business group was ¥4,867 million (down 15% year on year) due to a deterioration in profit and loss of POS systems for the domestic market affected by the negative impact of the cost increase due to yen depreciation, and tight supply-demand balance and soaring prices in components, despite an improvement in profit and loss from POS systems for overseas markets.

Workplace Solutions Business Group

The Workplace Solutions Business Group handles multifunction peripherals (MFPs) for domestic and overseas markets, auto ID systems for overseas markets, inkjet heads for domestic and overseas markets, and related products. Amid a severe business environment in which the impact of the spread of COVID-19, tight supply-demand balance and soaring prices in components and international cargo transportation, declining printing volume due to post-COVID-19 work style reforms and office DX promotion, and intensifying competition with peers continue, the business group reinforced “Further strengthen our response capability to market changes” to focus on achieving its targets. At the same time, the business group worked on strengthening solutions including Document Management System (DMS), the auto ID business, the cloud solutions platform, and other measures in order to expand business in growth areas.

Sales of MFPs increased due to the impact of foreign exchange rates in addition the steady sales in the Americas, Europe, Asia, and other overseas regions as a result of changing transportation method or route and focusing on product supply response such as aggressive design changing and adoption of alternative components, despite ongoing shortages in product supply caused by the tight supply-demand balance in components and international cargo transportation.

Sales of auto ID systems for overseas markets increased as a result of increased sales in the Americas, Europe, Asia and other overseas regions.

Sales of inkjet heads increased due to increased sales to overseas customers.

As a result, net sales in the Workplace Solutions Business Group were ¥100,152 million (up 14% year on year). Operating profit for the business group improved to ¥1,087 million (operating loss of ¥1,365 million in the same period of the previous fiscal year) due to the increase in net sales and the reduction of a fixed cost, etc., despite being affected by tight supply-demand balance and soaring prices in components and international cargo transportation, and the negative impact of foreign exchange rates.

(Note) An auto ID system is a system that uses hardware and software devices to recognize and manage data content by automatically scanning barcode and RFID tag data.

(2) Financial condition

1) Analysis of financial condition

Assets at the end of the second quarter of the fiscal year ending March 31, 2023 increased by ¥14,439 million from the end of the previous fiscal year to ¥324,695 million. This was mainly because notes and accounts receivable – trade, and contract assets, merchandise and finished goods, work in process, and “Other” in current assets and “Other” in investments and other assets increased by ¥13,082 million, ¥6,742 million, ¥1,585 million, ¥2,835 million and ¥3,179 million, respectively, although cash and deposits and group deposits paid in current assets declined by ¥7,754 million and ¥6,121 million, respectively.

Liabilities increased by ¥17,431 million from the end of the previous fiscal year to ¥210,025 million. This was mainly because notes and accounts payable - trade, income taxes payable, provision for loss on litigation and “Other” in current liabilities and “Other” in non-current liabilities increased by ¥3,094 million, ¥1,212 million, ¥6,937 million, ¥4,172 million, and ¥1,839 million, respectively.

Net assets decreased by ¥2,991 million from the end of the previous fiscal year to ¥114,670 million. This was primarily due to a decrease in retained earnings of ¥6,370 million owing to the recording of loss attributable to owners of parent, a decrease of ¥1,106 million due to payment of dividends and a decrease in non-controlling interests of ¥446 million, although foreign currency translation adjustment in accumulated other comprehensive income increased by ¥5,870 million.

2) Status of cash flows

An overview of cash flows for the six months ended September 30, 2022 is as follows.

Net cash used in operating activities was ¥8,112 million (compared with an inflow of ¥16,722 million in the same period of the previous fiscal year), reflecting loss before income taxes of ¥4,264 million, a decrease in trade payables of ¥6,664 million, an increase in trade receivables of ¥3,398 million, an increase in inventories of ¥2,366 million, and income taxes paid of ¥2,397 million, offset by depreciation and amortization of ¥8,158 million and provision for loss on litigation of ¥6,900 million.

Net cash used in investing activities was ¥5,682 million (compared with an outflow of ¥5,304 million in the same period of the previous fiscal year), reflecting purchase of property, plant and equipment and intangible assets, purchase of investment securities, and other factors.

As a result of the above, free cash flow amounted to an outflow of ¥13,795 million (an inflow of ¥11,418 million in the same period of the previous fiscal year).

Net cash used in financing activities was ¥4,114 million (compared with an outflow of ¥3,621 million in the same period of the previous fiscal year), reflecting repayments of finance lease liabilities, dividends paid, and other factors.

As a result of the above, the balance of Group funding at the end of the second quarter of the fiscal year ending March 31, 2023 (cash and cash equivalents in the quarterly consolidated statement of cash flows) declined by ¥13,875 million from the end of the previous fiscal year to ¥32,834 million.

(3) Consolidated financial results forecast and other forward-looking information

Based on the consolidated operating results for the six months ended September 30, 2022, the Company has revised its consolidated financial results forecast for the full fiscal year. For details, please refer to the “Notice of revision to the consolidated financial results forecast for the fiscal year ended March 31, 2023 and year-end dividends forecast” separately announced today (November 10, 2022).

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	38,645	30,891
Group deposits paid	8,073	1,952
Notes and accounts receivable - trade, and contract assets	70,846	83,928
Merchandise and finished goods	34,806	41,548
Work in process	5,635	7,220
Raw materials and supplies	14,047	13,812
Other	23,363	26,198
Allowance for doubtful accounts	(1,414)	(1,216)
Total current assets	194,004	204,336
Non-current assets		
Property, plant and equipment	43,764	45,227
Intangible assets		
Goodwill	1,026	806
Other	10,196	10,196
Total intangible assets	11,223	11,002
Investments and other assets		
Other	61,351	64,530
Allowance for doubtful accounts	(87)	(400)
Total investments and other assets	61,264	64,129
Total non-current assets	116,252	120,359
Total assets	310,256	324,695

(Million yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	53,341	56,435
Short-term borrowings	859	907
Income taxes payable	2,846	4,058
Provision for loss on litigation	233	7,170
Other	79,734	83,906
Total current liabilities	137,014	152,478
Non-current liabilities		
Long-term borrowings	1,043	1,070
Retirement benefit liability	29,565	29,666
Other	24,970	26,809
Total non-current liabilities	55,579	57,546
Total liabilities	192,594	210,025
Net assets		
Shareholders' equity		
Share capital	39,970	39,970
Capital surplus	854	902
Retained earnings	55,977	48,499
Treasury shares	(4,733)	(4,691)
Total shareholders' equity	92,068	84,681
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,626	1,072
Deferred gains or losses on hedges	12	(20)
Foreign currency translation adjustment	15,819	21,689
Minimum pension liability adjustments	(694)	(721)
Remeasurements of defined benefit plans	3,114	2,704
Total accumulated other comprehensive income	19,877	24,724
Share acquisition rights	48	43
Non-controlling interests	5,667	5,221
Total net assets	117,662	114,670
Total liabilities and net assets	310,256	324,695

(2) Quarterly Consolidated Statement of Income and Comprehensive Income
Quarterly Consolidated Statement of Income (For the six months)

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales	216,977	243,869
Cost of sales	130,477	149,687
Gross profit	86,500	94,181
Selling, general and administrative expenses	82,167	88,226
Operating profit	4,332	5,955
Non-operating income		
Interest income	175	104
Dividend income	22	56
Gain on valuation of derivatives	689	-
Other	139	203
Total non-operating income	1,027	364
Non-operating expenses		
Interest expenses	253	233
Loss on valuation of derivatives	-	774
Foreign exchange losses	1,430	326
Foreign withholding tax	175	1,249
Other	421	952
Total non-operating expenses	2,280	3,536
Ordinary profit	3,079	2,783
Extraordinary losses		
Restructuring cost	863	114
Loss on reversal of foreign currency translation adjustment due to liquidation of overseas subsidiaries	-	33
Provision for loss on litigation	-	6,900
Total extraordinary losses	863	7,047
Profit (loss) before income taxes	2,216	(4,264)
Income taxes	866	2,663
Profit (loss)	1,349	(6,927)
Loss attributable to non-controlling interests	(1,114)	(557)
Profit (loss) attributable to owners of parent	2,464	(6,370)

Quarterly Consolidated Statement of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit (loss)	1,349	(6,927)
Other comprehensive income		
Valuation difference on available-for-sale securities	34	(554)
Deferred gains or losses on hedges	34	(32)
Foreign currency translation adjustment	777	6,555
Minimum pension liability adjustment	(0)	(26)
Remeasurements of defined benefit plans, net of tax	(164)	(410)
Total other comprehensive income	682	5,532
Comprehensive income	2,032	(1,395)
Comprehensive income attributable to		
Owners of parent	3,078	(1,523)
Non-controlling interests	(1,046)	128

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	2,216	(4,264)
Depreciation and amortization	7,958	8,158
Restructuring cost	863	114
Loss on reversal of foreign currency translation adjustment due to liquidation of overseas subsidiaries	-	33
Provision for loss on litigation	-	6,900
Increase (decrease) in allowance for doubtful accounts	2	(13)
Increase (decrease) in retirement benefit liability	(1,423)	(1,668)
Interest and dividend income	(198)	(160)
Interest expenses	253	233
Decrease (increase) in trade receivables	6,702	(3,398)
Decrease (increase) in inventories	(4,262)	(2,366)
Increase (decrease) in trade payables	5,337	(6,664)
Other, net	(217)	(2,450)
Subtotal	17,232	(5,547)
Interest and dividends received	199	162
Interest paid	(258)	(217)
Payment for extra retirement payments	(637)	(512)
Income taxes paid	(1,210)	(2,397)
Income taxes refund	1,395	398
Net cash provided by (used in) operating activities	16,722	(8,112)
Cash flows from investing activities		
Payments into time deposits	-	(0)
Proceeds from withdrawal of time deposits	477	-
Purchase of property, plant and equipment	(3,689)	(3,834)
Proceeds from sale of property, plant and equipment	128	38
Purchase of intangible assets	(1,127)	(1,176)
Purchase of investment securities	(1,168)	(719)
Proceeds from sale of investment securities	0	-
Net decrease (increase) in short-term loans receivable	8	2
Long-term loan advances	(0)	(0)
Proceeds from collection of long-term loans receivable	2	2
Other, net	63	3
Net cash provided by (used in) investing activities	(5,304)	(5,682)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(273)	-
Repayments of finance lease liabilities	(2,495)	(2,393)
Proceeds from long-term borrowings	355	461
Repayments of long-term borrowings	(21)	(498)
Purchase of treasury shares	(6)	(3)
Dividends paid	(1,099)	(1,106)
Dividends paid to non-controlling interests	(79)	(574)
Net cash provided by (used in) financing activities	(3,621)	(4,114)
Effect of exchange rate change on cash and cash equivalents	595	4,034
Net increase (decrease) in cash and cash equivalents	8,392	(13,875)
Cash and cash equivalents at beginning of period	51,753	46,709
Cash and cash equivalents at end of period	60,145	32,834

(4) Notes to the quarterly consolidated financial statements

Notes on going concern assumption

Not applicable

Notes in the event of significant amount changes in shareholders' equity

Not applicable

Accounting policies adopted specially for the preparation of quarterly consolidated financial statements

Calculation of tax expenses

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of tax effect accounting for profit before income taxes for the consolidated fiscal year ending March 31, 2023 including the second quarter under review and multiplying profit before income taxes by the estimated effective tax rate.

Provided, however, that if calculation using the estimated effective tax rate turns out to be significantly unreasonable, calculations are made pursuant to Paragraph 15 (Method of using the statutory effective tax rate) of the Implementation Guidance on Tax Effect Accounting for Interim Financial Statements (Accounting Standards Board of Japan (ASBJ) Guidance No. 29, February 16, 2018), according to the provisions of Paragraph 19 of the Implementation Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14, March 31, 2020).

Income taxes – deferred are included in income taxes.

Changes in accounting policies

Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter, the “Implementation Guidance on Fair Value Measurement Standard”) from the beginning of the first quarter of the fiscal year ending March 31, 2023. In line with the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance on Fair Value Measurement Standard, the Company will apply the new accounting policy provided by the Implementation Guidance on Fair Value Measurement Standard prospectively. This does not affect the quarterly consolidated financial statements.

Additional information

Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System

Effective from the first quarter of the fiscal year ending March 31, 2023, the Company and some of its domestic consolidated subsidiaries have shifted from the consolidated taxation system to the group tax sharing system. In accordance with this change, the accounting treatment and disclosure of corporate and local income taxes and tax effect accounting are in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ Practical Solution No. 42, August 12, 2021; hereinafter, the “Practical Solution No. 42”). In addition, in accordance with Paragraph 32 (1) of the Practical Solution No. 42, the Company has deemed that there is no impact of the change in accounting policy resulting from the application of the Practical Solution No. 42.

Notes to Quarterly Consolidated Statement of Income

Provision for loss on litigation

The Company and a domestic subsidiary received a petition for order of provisional disposition and a complaint for patent infringement in June 2021 and a petition for order of provisional disposition in February 2022, filed by Teraoka Seiko Co., Ltd. in the Tokyo District Court for infringement of its patent rights related to semi-self checkout. (Hereinafter, the “Litigations, etc.”)

On the other hand, the Company filed several petitions for provisional disposition with the Tokyo District Court, with Teraoka Seiko Co., Ltd. and its group company DIGI I’s Ltd. as debtors, based on the patent rights held by the Company. The Company has been taking appropriate measures after carefully examining the details of the case. However, the court encouraged both plaintiffs and defendants to settle in the first quarter of the fiscal year ending March 31, 2023, and since July 2022, the Company has begun settlement negotiations with the plaintiffs in an effort to reach a resolution. In the first quarter of the fiscal year ending March 31, 2023, settlement negotiations were in the initial stage and it was difficult to reasonably estimate the amount of loss due to the Litigations, etc. Therefore, the progress of such negotiations was disclosed as a contingent liability in the Notes to Quarterly Consolidated Balance Sheet.

In the second quarter of the fiscal year ending March 31, 2023, as settlement negotiations progressed and it became possible to reasonably estimate the amount deemed necessary as a settlement payment, hence provision for loss on litigation was recorded as an extraordinary loss to prepare for possible future losses.

Segment information

I Six months ended September 30, 2021

Amounts of net sales, profit or loss by reportable segment

(Million yen)

	Reportable segments			Adjustment	Consolidated amount (Note)
	Retail Solutions	Workplace Solutions	Total		
Net sales					
Sales to external customers	131,045	85,931	216,977	—	216,977
Intersegment sales and transfers	41	1,904	1,945	(1,945)	—
Total	131,086	87,836	218,923	(1,945)	216,977
Segment profit (loss)	5,698	(1,365)	4,332	—	4,332

(Note) Segment profit (loss) corresponds with operating profit in the quarterly consolidated statement of income.

II Six months ended September 30, 2022

Amounts of net sales, profit or loss by reportable segment

(Million yen)

	Reportable segments			Adjustment	Consolidated amount (Note)
	Retail Solutions	Workplace Solutions	Total		
Net sales					
Sales to external customers	145,433	98,435	243,869	—	243,869
Intersegment sales and transfers	29	1,717	1,746	(1,746)	—
Total	145,462	100,152	245,615	(1,746)	243,869
Segment profit	4,867	1,087	5,955	—	5,955

(Note) Segment profit corresponds with operating profit in the quarterly consolidated statement of income.

3. Supplementary information

(1) Changes in information about financial results

[Consolidated]

(Million yen)

Description	For the six months ended September 30, 2020	For the six months ended September 30, 2021	For the six months ended September 30, 2022	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022	For the fiscal year ending March 31, 2023 (Forecast)
Net sales	191,735	216,977	243,869	405,694	445,317	520,000
Year-on-year change	77%	113%	112%	84%	110%	117%
Operating profit (loss)	(930)	4,332	5,955	8,263	11,566	14,000
Year-on-year change	—	—	138%	59%	140%	121%
Ordinary profit (loss)	(1,388)	3,079	2,783	7,193	10,197	10,000
Year-on-year change	—	—	90%	62%	142%	98%
Profit (loss) attributable to owners of parent	(6,968)	2,464	(6,370)	7,126	5,381	(2,500)
Year-on-year change	—	—	—	191%	75%	—
Basic earnings (losses) per share (yen)	(126.71)	44.79	(115.12)	129.55	97.68	(45.17)
Number of consolidated subsidiaries	77	70	67	72	69	undecided
Average exchange rate (Yen to the US dollar)	106.81	109.89	131.59	105.79	112.05	136.19
Average exchange rate (Yen to the euro)	120.89	131.15	138.21	123.21	130.54	137.23

(2) Changes in reportable segment information

[Consolidated net sales]

(Million yen)

Description	For the six months ended September 30, 2021	For the six months ended September 30, 2022	For the fiscal year ended March 31, 2022	For the fiscal year ending March 31, 2023 (Forecast)
Retail Solutions Business Group	131,086	145,462	266,964	297,000
Year-on-year change	109%	111%	107%	111%
Workplace Solutions Business Group	87,836	100,152	182,129	228,000
Year-on-year change	122%	114%	115%	125%
Subtotal	218,923	245,615	449,094	525,000
Elimination	(1,945)	(1,746)	(3,776)	(5,000)
Total	216,977	243,869	445,317	520,000
Year-on-year change	113%	112%	110%	117%

(Note) Net sales for each business are included in "Intersegment sales and transfers."

[Consolidated operating profit (loss)]

(Million yen)

Description	For the six months ended September 30, 2021	For the six months ended September 30, 2022	For the fiscal year ended March 31, 2022	For the fiscal year ending March 31, 2023 (Forecast)
Retail Solutions Business Group	5,698	4,867	10,609	10,000
Operating profit margin	4.3%	3.3%	4.0%	3.4%
Workplace Solutions Business Group	(1,365)	1,087	957	4,000
Operating profit margin	(1.6)%	1.1%	0.5%	1.8%
Total	4,332	5,955	11,566	14,000
Operating profit margin	2.0%	2.4%	2.6%	2.7%

(3) Changes in net sales by destination market

[Changes in net sales by destination market / Consolidated]

(Million yen)

Description	For the six months ended September 30, 2020	For the six months ended September 30, 2021	For the six months ended September 30, 2022	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Japan	81,682	88,767	85,066	176,103	178,906
Percentage of consolidated net sales	43%	41%	35%	44%	40%
Americas	58,038	65,537	85,914	115,201	137,114
Percentage of consolidated net sales	30%	30%	35%	28%	31%
Europe	34,336	40,586	44,971	76,798	84,539
Percentage of consolidated net sales	18%	19%	18%	19%	19%
Other	17,677	22,086	27,915	37,591	44,757
Percentage of consolidated net sales	9%	10%	12%	9%	10%
Total	191,735	216,977	243,869	405,694	445,317
Percentage of consolidated net sales	100%	100%	100%	100%	100%

(4) Changes in proportion of overseas production by value

[Changes in proportion of overseas production by value / Consolidated]

Description	For the six months ended September 30, 2020	For the six months ended September 30, 2021	For the six months ended September 30, 2022	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Overseas ratio	74%	74%	81%	73%	77%

(5) Changes in resource inputs

[Increase in property, plant and equipment and intangible assets / Consolidated]

(Million yen)

Description	For the six months ended September 30, 2020	For the six months ended September 30, 2021	For the six months ended September 30, 2022	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022	For the fiscal year ending March 31, 2023 (Forecast)
Consolidated	7,651	6,677	7,694	14,820	14,879	17,500
Year-on-year change	96%	87%	115%	66%	100%	118%

[Research and development expenses / Consolidated]

(Million yen)

Description	For the six months ended September 30, 2020	For the six months ended September 30, 2021	For the six months ended September 30, 2022	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022	For the fiscal year ending March 31, 2023 (Forecast)
Consolidated	11,502	11,334	11,885	21,818	21,949	26,000
Net sales ratio	6.0%	5.2%	4.9%	5.4%	4.9%	5.0%
Year-on-year change	85%	99%	105%	81%	101%	118%

[Number of employees at the end of the fiscal year / Consolidated]

Description	For the six months ended September 30, 2020	For the six months ended September 30, 2021	For the six months ended September 30, 2022	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022	For the fiscal year ending March 31, 2023 (Forecast)
Consolidated	19,272	18,699	18,557	18,511	18,539	18,900
Year-on-year change	(745)	(573)	(142)	(1,503)	28	361