Consolidated Financial Results
for the Year Ended March 31, 2024
[Japanese GAAP]

May 10, 2024

Company name: Toshiba Tec Corporation
Stock exchange listing: Tokyo
Code number: 6588
URL: https://www.toshibatec.co.jp/
Representative: Hironobu Nishikori President and CEO
Contact: Akira Abe General Manager of Corporate Communications Division
Phone 03-6830-9151
Scheduled date of Annual General Meeting of Shareholders: June 28, 2024
Scheduled date of commencing dividend payments: June 7, 2024
Scheduled date of filing annual securities report: June 28, 2024
Availability of supplementary briefing material on annual financial results: Yes
Schedule of annual financial results briefing session: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)
(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	548,135	7.3	15,854	(1.4)	11,004	(16.3)	(6,707)	-
March 31, 2023	510,767	14.7	16,078	39.0	13,149	28.9	(13,745)	-

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 5,092 million [- %]
Fiscal year ended March 31, 2023: ¥ (12,749) million [- %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	(123.92)	-	(7.3)	3.4	2.9
March 31, 2023	(248.37)	-	(13.2)	4.2	3.1

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ - million
Fiscal year ended March 31, 2023: ¥ - million
(Note) Diluted earnings per share 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	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2024	337,509	96,236	26.1	1,663.74
March 31, 2023	310,692	102,206	31.0	1,738.02

(Reference) Equity: As of March 31, 2024: ¥ 88,060 million
As of March 31, 2023: ¥ 96,195 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	Million yen	Million yen	Million yen	Million yen
March 31, 2024	19,411	(16,135)	(3,624)	48,581
March 31, 2023	15,106	(12,117)	(8,103)	43,815

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	Million yen	%	%
March 31, 2023	-	20.00	-	20.00	40.00	2,213	-	2.1
March 31, 2024	-	20.00	-	25.00	45.00	2,381	-	2.6
Fiscal year ending March 31, 2025 (Forecast)	-	20.00	-	25.00	45.00		11.9	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31,2025)

(% 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	550,000	0.3	18,000	13.5	15,000	36.3	20,000	-	377.86

(Note) For details of consolidated financial results forecast for the fiscal year ending March 31, 2025, please refer to "1. Summary of consolidated business results, etc. (4) Future outlook" on page 5 of this report.

*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: No

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, 2024: 57,629,140 shares

March 31, 2023: 57,629,140 shares

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

March 31, 2024: 4,700,044 shares

March 31, 2023: 2,281,668 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2024: 54,120,759 shares

Fiscal year ended March 31, 2023: 55,341,901 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	268,846	16.4	1,282	-	31,939	442.7	8,954	-
March 31, 2023	230,912	(0.7)	(10,073)	-	5,884	62.5	(8,064)	-

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2024	165.45	165.40
March 31, 2023	(145,72)	-

(Note) Diluted earnings per share for the fiscal year ended March 31, 2023 is not presented even though the Company has issued potential shares, because basic earnings per share was net loss.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2024	205,706	70,637	34.3	1,334.19
March 31, 2023	196,123	72,951	37,2	1,317.27

(Reference) Equity: As of March 31, 2024: ¥ 70,617 million
As of March 31, 2023: ¥ 72,907 million

*Financial results reports are exempt from the audit 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. Summary of consolidated business results, etc. (4) Future outlook” on page 5 of this report.

Table of Contents of Attachments

1. Summary of consolidated business results, etc.

(1) Summary of consolidated business results etc. for the period under review

Consolidated business results for the fiscal year ended March 31, 2024

The world economy for the fiscal year ended March 31, 2024 picked up moderately overall, as the normalization of economic activities progressed after the COVID-19 pandemic receded. However, the outlook still remained uncertain due mainly to price rises, ongoing monetary tightening overseas, China's economic slowdown, and the heightened geopolitical risks.

Amid such conditions, Toshiba Tec Corporation (the "Company") and its subsidiaries (collectively, the "Group") have been pursuing the Basic Policy of the FY23-25 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 toward sustainable growth. At the same time, the Group has strived to contribute to the resolution of social issues by executing business transformation and corporate transformation.

In the fiscal year ended March 31, 2024, net sales were ¥548,135 million (up 7% year on year) due mainly to increased sales of POS systems for the domestic market and multifunction peripherals (MFPs), and the impact of foreign exchange rates. On the profit front, despite the profitability of MFPs improved significantly and the improvement in profit and loss of POS systems for the domestic market, while the profit and loss of POS systems for the overseas markets deteriorated significantly, resulting in operating profit of ¥15,854 million (down 1% year on year) and ordinary profit of ¥11,004 million (down 16% year on year). And on the loss attributable to owners of parent front, the reversal of deferred tax assets at some U.S. subsidiaries under the Retail Solutions Business Group and other factors, resulting in ¥6,707 million (compared with loss attributable to owners of parent of ¥13,745 million in the previous fiscal year).

Regarding the year-end dividend for the fiscal year ended March 31, 2024, as a result of comprehensive consideration of the above business results, the business environment, stable dividend payments and other factors, the Company has decided to pay a dividend of ¥25 per share, which is increased by ¥5 compared to the year-end dividend for the previous fiscal year. We would like to seek approval of shareholders.

Results of reportable segments for the fiscal year ended March 31, 2024 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 intensifying competition with peers continues, the business group has worked on expanding its solution business through the global retail platform "ELERA" and strategic partnership, boosting recurring revenue business, and investing in retail innovation to expand new businesses (strengthening digital human resources, ELERA Evolution, enhancing co-creation opportunities, and strengthening partner collaboration).

Sales of POS systems for the domestic market increased due to efforts to expand sales mainly of self-checkout systems, payment terminals, and smart receipts, as well as efforts to revise selling prices, despite continued harsh conditions reflecting soaring raw material prices, rising prices, and other factors.

Sales of POS systems for overseas markets decreased significantly, due mainly to a decrease in sales of hardware and software in the United States, primarily to major customers, and a decrease in sales of hardware in Europe, and other factors, amid a decline in demand caused by a delay in the timing of investment by customers due to an increase in uncertainty about overseas market conditions.

Sales of auto ID systems for the domestic market increased, primarily due to an increase in the number of units sold of portable printers thanks to strong sales of mobile printers.

As a result, net sales of the Retail Solutions Business Group were ¥311,004 million (up 5% year on year). Operating profit of the business group was ¥2,251 million (down 76% year on year), reflecting the deterioration in profit and loss in overseas markets due to a decrease in sales of POS systems and an increase in research expenses, etc. for future growth despite the improved profitability of POS systems for the domestic market.

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 declining printing volume due to post-COVID-19 work style reforms and office DX promotion and intensifying competition with peers continue, the business group focused on increasing basic earnings power of core business. At the same time, the business group worked on developing the auto ID business, document and data solutions, and customer support business in order to expand business in growth areas.

Sales of MFPs increased due to the impact of foreign exchange rates in addition to strong sales in the Americas, Europe, and other regions, reflecting a recovery from product supply disruptions and increased selling prices.

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

Sales of inkjet heads decreased due mainly to decreased sales to overseas customers.

As a result, net sales in the Workplace Solutions Business Group were ¥241,631million (up 11% year on year). Operating profit for the business group soared to ¥13,602 million (up 98% year on year) due to the increase in net sales resulting from recovery from product supply disruptions, the increased selling prices and other factors and effects of structural reform and structural transformation implemented so far, etc.

(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

Status of Assets, Liabilities and Net Assets

Assets at the end of the fiscal year ended March 31, 2024 increased by ¥26,817 million from the end of the previous fiscal year to ¥337,509 million. This was mainly because cash and deposits, notes and accounts receivable - trade, and contract assets, merchandise and finished goods, and “Other” in current assets increased by ¥5,905 million, ¥12,227 million, ¥5,590 million and ¥3,054 million, respectively, and retirement benefit asset in investments and other assets increased by ¥8,093 million, although deferred tax assets in investments and other assets declined by ¥9,079 million.

Liabilities increased by ¥32,786 million from the end of the previous fiscal year to ¥241,272 million. This was mainly because notes and accounts payable – trade, current portion of long-term borrowings, and “Other” in current liabilities increased by ¥11,678 million, ¥3,696 million, and ¥5,740 million, respectively, and long-term borrowings in non-current liabilities increased by ¥8,952 million.

Net assets decreased by ¥5,969 million from the end of the previous fiscal year to ¥96,236 million. This was primarily due to a decrease in retained earnings owing to the recording of loss attributable to owners of parent of ¥6,707 million, the payment of dividends of ¥2,165 million and a decrease due to additional purchase of treasury shares of ¥8,687 million, although foreign currency translation adjustment, remeasurements of defined benefit plans and non-controlling interests increased by ¥5,198 million, ¥4,712 million and ¥2,189 million, respectively.

(3) Overview of cash flows

Status of cash flows

An overview of cash flows during the fiscal year ended March 31, 2024 is as follows.

Net cash provided by operating activities was ¥19,411 million (compared with an inflow of ¥15,106 million in the previous fiscal year), reflecting profit before income taxes of ¥9,857 million and depreciation and amortization totaling ¥17,382 million, partly offset by income taxes paid of ¥8,145 million.

Net cash used in investing activities was ¥16,135 million (compared with an outflow of ¥12,117 million in the previous fiscal year), reflecting outlays for purchase of property, plant and equipment and intangible assets and other outflows.

As a result of the above, free cash flow amounted to an inflow of ¥3,276 million (compared with an inflow of ¥2,989 million in the previous fiscal year).

Net cash used in financing activities was ¥3,624 million (compared with an outflow of ¥8,103 million in the previous fiscal year), reflecting purchase of treasury shares of ¥8,745 million, repayments of finance lease liabilities of ¥4,570 million, repayments of long-term borrowings of ¥4,027 million, and dividends paid of ¥2,163 million, partly offset by proceeds from long-term borrowings of ¥16,272 million.

As a result of the above, the balance of Group funding in the fiscal year ended March 31, 2024 (cash and cash equivalents in the consolidated statement of cash flows) increased by ¥4,766 million from the end of the previous fiscal year to ¥48,581 million.

Source of Group capital and capital liquidity

Needed funding is secured internally by the Group from retained earnings, and basic liquidity is secured through autonomous funding generated by reduction of assets and increased rates of asset efficiency; funds are procured from financial institutions and other sources as needed.

Outlook for cash flows in the next fiscal year

In operating and investing activities, the Company will work to generate free cash flow mainly by increasing earnings and improving the efficiency of its cash conversion cycle (CCC) and of its investments.

Trends in cash flow indicators

Fiscal year ended	March 2020	March 2021	March 2022	March 2023	March 2024
Capital adequacy ratio	30.3%	35.5%	36.1%	31.0%	26.1%
Capital adequacy ratio based on market value	64.8%	77.1%	87.6%	69.7%	47.7%
Debt redemption years	1.3 years	2.9 years	2.5 years	1.8 years	2.0 years
Interest Coverage Ratio	40.7	18.2	20.0	29.0	16.2

(Notes) Capital adequacy ratio: Equity / Total assets

Capital adequacy ratio based on market value: Market capitalization / Total assets

Market capitalization = Stock market price× (Total number of issued shares - Number of treasury shares)

Debt redemption years: Interest-bearing debt / Cash flows from operating activities

Interest Coverage Ratio: Cash flows from operating activities / Interest expense

*In all cases, calculations are based on consolidated-basis financial values.

*Interest-bearing debt refers to all of those obligations recorded in the consolidated balance sheets that are subject to interest payments.

Interest payments are stated as “interest paid” in the consolidated statement of cash flows.

(4) Future outlook

Despite the expectation of gradual recovery, prospects for the global economy are expected remain uncertain due to concerns about economic slowdowns such as monetary tightening overseas, the slowdown in China's economic growth and other issues, coupled with the impact of heightened geopolitical risks and fluctuations in the financial capital market and other issues.

Against this backdrop, and in line with its basic policy, “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,” the Group will work in concert to take a range of measures toward sustainable growth.

Specifically, the Group will work on building an ecosystem through co-creation with partners by leveraging its physical assets, namely its global customer base and sales and maintenance networks, to propose highly value-added solutions with the aim of contributing to the resolution of social issues, as well as enhancing corporate value.

Major policies for each reportable segment in the fiscal year ending March 31, 2025 are as follows.

Retail Solutions Business Group

The Group will expand marketing of mainstay products, such as POS systems for domestic and overseas markets, auto ID systems for the domestic market and related products in these fields, and provide total solutions to promote customers' Digital Transformation (DX) products.

Furthermore, the Group will reinforce existing businesses through expanding its solution business through the global retail platform “ELERA” and strategic partnership, tailor sales and marketing to regional markets, boost recurring revenue business, optimize marketing service networks, and accelerate new businesses to improve profitability.

Workplace Solutions Business Group

The Group plan to expand sales of our mainstay MFPs in overseas and domestic markets, auto ID systems in overseas markets, and inkjet heads in domestic and overseas markets, as well as related products. At the same time, we will work to construct a robust, lean global operational network and bolster earnings structures by tailoring sales and marketing to local regions, optimizing marketing service networks and strengthening businesses in emerging countries.

Furthermore, the Company plan to transfer the Group's business of the development and manufacturing of MFPs and auto ID systems to ETRIA CO., LTD. (Registered name : ETRIA CO., LTD.) (Note), the joint venture between the Company and Ricoh, effective from July 1, 2024.

Moreover, the Company plan to transfer all of the Group's business of the inkjet head to RISO Technologies Corporation, a wholly-owned subsidiary of RISO KAGAKU CORPORATION, effective from July 1, 2024.

(Note) The current registered name of the joint venture company is Ricoh Technologies Company, Ltd., but it is planned to change to ETRIA CO., LTD., effective from July 1, 2024.

In addition to the above policies, the consolidated financial results forecast for the fiscal year ending March 31, 2025, based on the anticipated sales of POS systems for overseas markets in the Retail Solutions Business Group that were postponed from the fiscal year ended March 31, 2024, and other factors, is as follows.

Consolidated	Net sales	550.0	billion yen
	Operating profit	18.0	billion yen
	Ordinary profit	15.0	billion yen
	Profit attributable to owners of parent	20.0	billion yen

The above performance forecasts assume average exchange rates of ¥145 to the dollar and ¥155 to the euro for the fiscal year ending March 31, 2025.

Due to the business transfer to ETRIA CO., LTD. and RISO Technologies Corporation, approximately ¥19,500 million (planned) is expected to record as a gain on business transfer to extraordinary income. This extraordinary income is included in profit attributable to owners of parent.

* 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.

2. Basic approach to selection of accounting standards

To ensure creative growth, the Group has set a basic policy for rigorous financial discipline and will work to centralize operational administration and information disclosure based on unified global rules as well as strengthen financial governance. To speed up these activities, and to further facilitate cross-border comparisons of financial information in capital markets, the Group plans to voluntarily adopt the International Financial Reporting Standards (IFRS); the timing of this transition is now under discussion.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	42,687	48,592
Group deposits paid	1,137	-
Notes and accounts receivable - trade, and contract assets	74,293	86,520
Merchandise and finished goods	37,616	43,206
Work in process	5,967	2,749
Raw materials and supplies	11,884	12,734
Other	28,173	31,227
Allowance for doubtful accounts	(1,185)	(1,458)
Total current assets	200,575	223,572
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,785	27,730
Accumulated depreciation	(20,658)	(21,327)
Buildings and structures, net	6,126	6,403
Machinery, equipment and vehicles	58,582	68,150
Accumulated depreciation	(48,046)	(52,695)
Machinery, equipment and vehicles, net	10,536	15,454
Tools, furniture and fixtures	40,468	39,838
Accumulated depreciation	(35,528)	(35,279)
Tools, furniture and fixtures, net	4,940	4,559
Land	1,275	1,280
Leased assets	46,756	49,622
Accumulated depreciation	(25,504)	(31,218)
Leased assets, net	21,252	18,404
Construction in progress	1,041	2,137
Total property, plant and equipment	45,173	48,239
Intangible assets		
Goodwill	557	357
Customer relationship assets	213	142
Other	10,315	11,070
Total intangible assets	11,086	11,569
Investments and other assets		
Investment securities	11,103	10,586
Retirement benefit asset	8,748	16,841
Deferred tax assets	21,134	12,055
Other	13,279	15,051
Allowance for doubtful accounts	(408)	(408)
Total investments and other assets	53,857	54,126
Total non-current assets	110,117	113,936
Total assets	310,692	337,509

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	54,167	65,845
Short-term borrowings	1,779	2,871
Current portion of long-term borrowings	-	3,696
Lease liabilities	6,652	6,434
Accounts payable - other	28,159	28,937
Income taxes payable	5,177	5,245
Unearned revenue	19,317	21,742
Other	35,292	41,032
Total current liabilities	150,546	175,807
Non-current liabilities		
Long-term borrowings	2,581	11,533
Lease liabilities	15,804	14,833
Retirement benefit liability	28,722	28,037
Other	10,832	11,061
Total non-current liabilities	57,940	65,465
Total liabilities	208,486	241,272
Net assets		
Shareholders' equity		
Share capital	39,970	39,970
Capital surplus	902	950
Retained earnings	40,017	31,145
Treasury shares	(4,695)	(13,382)
Total shareholders' equity	76,195	58,683
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,525	1,013
Deferred gains or losses on hedges	(40)	46
Foreign currency translation adjustment	18,131	23,330
Minimum pension liability adjustments	(212)	(320)
Remeasurements of defined benefit plans	595	5,307
Total accumulated other comprehensive income	19,999	29,376
Share acquisition rights	43	19
Non-controlling interests	5,966	8,156
Total net assets	102,206	96,236
Total liabilities and net assets	310,692	337,509

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

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	510,767	548,135
Cost of sales	311,115	326,930
Gross profit	199,651	221,204
Selling, general and administrative expenses	183,572	205,350
Operating profit	16,078	15,854
Non-operating income		
Interest income	332	570
Dividend income	76	79
Gain on valuation of derivatives	86	-
Gain on sale of non-current assets	-	35
Other	509	423
Total non-operating income	1,005	1,109
Non-operating expenses		
Interest expenses	584	1,180
Loss on valuation of derivatives	-	1,069
Foreign exchange losses	1,487	1,478
Loss on sale and retirement of non-current assets	107	251
Commission expenses	405	50
Other	1,349	1,927
Total non-operating expenses	3,934	5,959
Ordinary profit	13,149	11,004
Extraordinary income		
Gain on sale of investment securities	45	292
Total extraordinary income	45	292
Extraordinary losses		
Impairment loss of noncurrent assets	-	37
Loss on sale of investment securities	-	9
Loss on valuation of investment securities	819	697
Restructuring cost	371	695
Loss on reversal of foreign currency translation adjustment due to liquidation of overseas subsidiaries	392	-
Loss on litigation	6,900	-
Total extraordinary losses	8,484	1,440
Profit before income taxes	4,710	9,857
Income taxes – current	8,141	7,584
Income taxes - deferred	9,848	7,133
Total income taxes	17,989	14,718
Loss	(13,279)	(4,861)
Profit attributable to non-controlling interests	466	1,845
Loss attributable to owners of parent	(13,745)	(6,707)

Consolidated Statement of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Loss	(13,279)	(4,861)
Other comprehensive income		
Valuation difference on available-for-sale securities	(100)	(512)
Deferred gains or losses on hedges	(52)	86
Foreign currency translation adjustment	2,720	5,775
Minimum pension liability adjustment	482	(107)
Remeasurements of defined benefit plans, net of tax	(2,519)	4,712
Total other comprehensive income	529	9,953
Comprehensive income	(12,749)	5,092
Comprehensive income attributable to		
Owners of parent	(13,623)	2,670
Non-controlling interests	874	2,421

(3) Consolidated Statement of Changes in Net Assets

For the fiscal year ended March 31, 2023

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	39,970	854	55,977	(4,733)	92,068
Changes during period					
Dividends of surplus			(2,213)		(2,213)
Loss attributable to owners of parent			(13,745)		(13,745)
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares		47		45	92
Net changes in items other than shareholders' equity					
Total changes during period	–	47	(15,959)	38	(15,873)
Balance at end of period	39,970	902	40,017	(4,695)	76,195

	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	Minimum pension liability adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,626	12	15,819	(694)	3,114	19,877	48	5,667	117,662
Changes during period									
Dividends of surplus									(2,213)
Loss attributable to owners of parent									(13,745)
Purchase of treasury shares									(6)
Disposal of treasury shares									92
Net changes in items other than shareholders' equity	(100)	(52)	2,312	482	(2,519)	121	(4)	299	416
Total changes during period	(100)	(52)	2,312	482	(2,519)	121	(4)	299	(15,456)
Balance at end of period	1,525	(40)	18,131	(212)	595	19,999	43	5,966	102,206

For the fiscal year ended March 31, 2024

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	39,970	902	40,017	(4,695)	76,195
Changes during period					
Dividends of surplus			(2,165)		(2,165)
Loss attributable to owners of parent			(6,707)		(6,707)
Purchase of treasury shares				(8,745)	(8,745)
Disposal of treasury shares		48		57	105
Net changes in items other than shareholders' equity					
Total changes during period	–	48	(8,872)	(8,687)	(17,511)
Balance at end of period	39,970	950	31,145	(13,382)	58,683

	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	Minimum pension liability adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,525	(40)	18,131	(212)	595	19,999	43	5,966	102,206
Changes during period									
Dividends of surplus									(2,165)
Loss attributable to owners of parent									(6,707)
Purchase of treasury shares									(8,745)
Disposal of treasury shares									105
Net changes in items other than shareholders' equity	(512)	86	5,198	(107)	4,712	9,377	(24)	2,189	11,542
Total changes during period	(512)	86	5,198	(107)	4,712	9,377	(24)	2,189	(5,969)
Balance at end of period	1,013	46	23,330	(320)	5,307	29,376	19	8,156	96,236

(4) Consolidated Statement of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	4,710	9,857
Depreciation and amortization	16,755	17,382
Loss (gain) on sale of investment securities	(45)	(282)
Impairment loss of noncurrent assets	-	37
Loss (gain) on valuation of investment securities	819	697
Restructuring cost	371	695
Loss on reversal of foreign currency translation adjustment due to liquidation of overseas subsidiaries	392	-
Loss on litigation	6,900	-
Interest and dividend income	(408)	(650)
Interest expenses	584	1,180
Loss (gain) on sale and retirement of non-current assets	107	215
Increase (decrease) in allowance for doubtful accounts	(22)	129
Increase (decrease) in retirement benefit liability	(3,967)	(2,158)
Decrease (increase) in trade receivables	1,620	(2,333)
Decrease (increase) in inventories	1,991	2,059
Increase (decrease) in trade payables	(4,710)	1,893
Other, net	9	2,868
Subtotal	25,108	31,591
Interest and dividends received	404	652
Interest paid	(520)	(1,201)
Payment for extra retirement payments	(958)	(432)
Payments for loss on litigation	(3,500)	(3,400)
Income taxes paid	(6,251)	(8,145)
Income taxes refund	824	346
Net cash provided by (used in) operating activities	15,106	19,411
Cash flows from investing activities		
Payments into time deposits	(0)	(0)
Purchase of property, plant and equipment	(8,331)	(12,412)
Proceeds from sale of property, plant and equipment	239	428
Purchase of intangible assets	(2,673)	(3,454)
Purchase of investment securities	(950)	(1,261)
Proceeds from sale of investment securities	80	540
Net decrease (increase) in short-term loans receivable	3	(2)
Long-term loan advances	(0)	(0)
Proceeds from collection of long-term loans receivable	4	1
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(531)	-
Other, net	42	27
Net cash provided by (used in) investing activities	(12,117)	(16,135)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	388	-
Repayments of finance lease liabilities	(7,679)	(4,570)
Proceeds from long-term borrowings	2,541	16,272
Repayments of long-term borrowings	(559)	(4,027)
Purchase of treasury shares	(6)	(8,745)
Dividends paid	(2,213)	(2,163)
Dividends paid to non-controlling interests	(574)	(390)
Net cash provided by (used in) financing activities	(8,103)	(3,624)
Effect of exchange rate change on cash and cash equivalents	2,219	5,114
Net increase (decrease) in cash and cash equivalents	(2,894)	4,766
Cash and cash equivalents at beginning of period	46,709	43,815
Cash and cash equivalents at end of period	43,815	48,581

(5) Notes to the consolidated financial statements

Notes on going concern assumption

Not applicable

Additional information

At the fiscal year ended March 31, 2024, as a result of careful assessment of the recoverability of deferred tax assets due to the deterioration in financial results amid a decline in demand caused by a delay in the timing of investment by customers due to an increase in uncertainty about market conditions at some U.S. subsidiaries under the Retail Solutions Business Group, a portion of deferred tax assets of ¥15,100 million was reversed and the same amount was recorded as Income taxes - deferred.

Segment information

1. Outline of reportable segments

(1) Determination of reportable segments

The Company's reportable segments are the business units for which the Company is able to obtain respective financial information separately for the Board of Directors to conduct periodic investigations to determine distribution of management resources and evaluate the Group's business results.

In order to take a leading role in the business environment and enable the Company to provide all customers with solutions that are one step ahead, the Group has decided to add two new reporting segments, the "Retail Solutions Business Group" and the "Workplace Solutions Business Group," through a separated classification of business management structure by product and service.

(2) Type of products and services belonging to each reportable segment

The Retail Solutions Business Group develops, manufactures, sells, and maintains POS systems for domestic and overseas markets, auto ID systems for domestic market, and related products.

The Workplace Solutions Business Group develops, manufactures, sells, and maintains multifunction peripherals (MFPs) for domestic and overseas markets, auto ID systems for overseas markets, inkjet heads for domestic and overseas markets, and related products.

2. Method of calculation of the amounts of net sales, profit or loss, assets and others by reportable segment

The accounting treatment methods used for reportable business segments are generally the same as the accounting treatment methods used in the compilation of the consolidated financial statements. Intersegment sales and transfers are based on actual market prices.

3. Amounts of net sales, profit or loss, assets and others by reportable segment

I Fiscal year ended March 31, 2023

(Million yen)

	Reportable segments			Adjustment (Note) 1	Consolidated amount (Note) 2
	Retail Solutions	Workplace Solutions	Total		
Net sales					
Sales to external customers	296,915	213,851	510,767	―	510,767
Intersegment sales and transfers	36	3,820	3,857	(3,857)	―
Total	296,951	217,672	514,624	(3,857)	510,767
Segment profit	9,196	6,882	16,078	―	16,078
Segment assets	138,275	154,675	292,950	17,741	310,692
Other items					
Depreciation and amortization	4,125	12,084	16,210	―	16,210
Amortization of goodwill	―	544	544	―	544
Increase in property, plant and equipment and intangible assets	5,185	12,365	17,550	―	17,550

(Notes) 1. Adjustments totaling ¥17,741 million in segment assets chiefly comprise surplus operating funds (cash) and long-term investment funding (investment securities, etc.) at companies submitting reports.
2. Segment profit corresponds with operating profit in the consolidated statement of income.

II Fiscal year ended March 31, 2024

(Million yen)

	Reportable segments			Adjustment (Note) 1	Consolidated amount (Note) 2
	Retail Solutions	Workplace Solutions	Total		
Net sales					
Sales to external customers	310,865	237,269	548,135	―	548,135
Intersegment sales and transfers	138	4,361	4,500	(4,500)	―
Total	311,004	241,631	552,635	(4,500)	548,135
Segment profit	2,251	13,602	15,854	―	15,854
Segment assets	143,118	172,972	316,090	21,419	337,509
Other items					
Depreciation and amortization	4,175	12,966	17,141	―	17,141
Amortization of goodwill	―	240	240	―	240
Increase in property, plant and equipment and intangible assets	5,491	16,434	21,926	―	21,926

(Notes) 1. Adjustments totaling ¥21,419 million in segment assets chiefly comprise surplus operating funds (cash) and long-term investment funding (investment securities, etc.) at companies submitting reports.
2. Segment profit corresponds with operating profit in the consolidated statement of income.

Per share information

For the fiscal year ended March 31, 2023		For the fiscal year ended March 31, 2024	
Net assets per share	1,738.02 yen	Net assets per share	1,663.74 yen
Basic earnings per share (loss)	(248.37) yen	Basic earnings per share (loss)	(123.92) yen

(Note) 1. Diluted earnings per share is not presented even though the Company has issued potential shares, because basic earnings per share was net loss.

2. The bases for calculation of earnings per share (loss) is as follows.

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Loss attributable to owners of parent (million yen)	(13,745)	(6,707)
Amount not attributable to common stockholders (million yen)	—	—
Loss attributable to owners of parent related to common stock (million yen)	(13,745)	(6,707)
Weighted average number of common shares outstanding during the period (thousands of shares)	55,341	54,120
Overview of dilutive stock not included in calculations of dilutive earnings per share due to the absence of dilutive effect	—	—

Significant subsequent events

The Conclusion of the Absorption-Type Company Split Agreement with RISO Technologies Corporation

On December 22, 2023, the Company concluded an agreement (the "Definitive Agreement") with RISO KAGAKU CORPORATION ("RISO KAGAKU") to transfer the inkjet head businesses (the "Target Business") of the Company and Tec Precision Co., Ltd. ("TPI"), a wholly-owned subsidiary of the Company, from the Company and TPI to a subsidiary (the "Succeeding Company") to be newly established by RISO KAGAKU, through the method of an absorption-type company split (collectively, the "Absorption-Type Company Split").

In order to implement the Absorption-Type Company Split, at the Board of Directors meeting held on April 23, 2024, the Company resolved to conclude an absorption-type company split agreement with the Succeeding Company, and concluded the absorption-type company split agreement on the same day. On the same day, TPI's General Meeting of Shareholders also resolved to conclude an absorption-type company split agreement between TPI and the Succeeding Company, and concluded the absorption-type company split agreement on the same day.

Outline of the Absorption-Type Company Split is as follows.

1. Purpose of the Absorption-Type Company Split

   Under the basic policy of the Mid-Term Business Plan (FY2023-FY2025) of "becoming a global top solutions partner by generating new value through co-creation with the aim of contributing to the resolution of social issues", the Group is focusing its efforts on implementing various measures to achieve sustainable growth while also considering the composition of its business portfolio with an eye toward future growth, implementing business transformation and corporate transformation, and striving to contribute to solving social issues.

   The Target Business is a business that demonstrates the advanced manufacturing capabilities of the Group based on its technology and has been a major contributor to the Group's growth.

   However, while the Company is considering optimizing management resources through the selection and concentration of our businesses to be a global top solutions partner, the Company has judged that it requires a strong partner to expand the scope of its solutions to accelerate the business transformation of the Target Business and deliver new value.

   RISO KAGAKU possesses advanced technology and development capabilities in the inkjet printer field. In addition, the Company has set forth a management policy to expand the inkjet business, and by integrating the Target Business with RISO KAGAKU, it will be possible to effectively invest resources, and the Company believes significant growth can be expected from the additional increase in added value.

   For the above reasons, in order to transfer the Target Business to RISO KAGAKU, the Company has decided that the Company and TPI entered into absorption-type company split agreements with the Succeeding Company (collectively, the "Absorption-Type Company Split Agreement"), and thereby conduct the Absorption-Type Company Split to transfer the Target Business to the Succeeding Company.

2. Summary of the Absorption-Type Company Split

(1) Schedule of the Absorption-Type Company Split

	Company	TPI
Date of resolution of the Board of Directors concerning the conclusion of the Definitive Agreement	December 22, 2023	December 22, 2023
Date of conclusion of the Definitive Agreement	December 22, 2023	December 22, 2023
Date of resolution of the Board of Directors concerning the conclusion of the Absorption-Type Company Split Agreement	April 23, 2024	April 23, 2024
Date of resolution of the General Meeting of Shareholders concerning the conclusion of the Absorption-Type Company Split Agreement	-	April 23, 2024
Date of conclusion of the Absorption Type Company Split Agreement	April 23, 2024	April 23, 2024
Date of establishment of the Succeeding Company	April 1, 2024	April 1, 2024
Effective date of the Absorption-Type Company Split	July 1, 2024 (planned)	July 1, 2024 (planned)

(Notes) 1. Within the Absorption-Type Company Split, the absorption-type company split that will be conducted by the Company will be a simplified absorption-type company split pursuant to Article 784, Paragraph 2 of the Companies Act, and will therefore be conducted without the Company needing to obtain approval for the absorption-type company split agreement at the General Meeting of Shareholders.

2. The above schedule is the planned schedule as of the date of this release, but it may be changed in the future upon consultation with RISO KAGAKU.

(2) Method of the Absorption-Type Company Split

The method of the absorption-type company split is the Company and TPI as the companies splitting in the Absorption-Type Company Split, and the Succeeding Company as the company succeeding in the Absorption-Type Company Split.

(3) Details of allotment pertaining to the Absorption-Type Company Split

The Company and TPI will receive a total amount of ¥6,436 million in cash from the Succeeding Company as consideration for the rights and obligations to be transferred in the Absorption-Type Company Split.

The amounts to be received in cash by the Company and TPI will be ¥6,114 million and ¥322 million, respectively.

(4) Rights and obligations to be transferred to the Succeeding Company

Assets, liabilities, agreements and other rights and obligations related to the Target Business will be transferred to the Succeeding Company, to the extent set forth in the Absorption-Type Company Split Agreement.

3. Basis for the Details of the Allotment Pertaining to the Absorption-Type Company Split

(1) Basis and reason for details of the allotment

The parties concerned have agreed to conduct an allotment for the Absorption-Type Company Split as described above as a result of repeated earnest discussions, comprehensively taking into consideration factors such as the earnings status and future prospects of the Target Business to be split from the Company and TPI through the Absorption-Type Company Split.

(2) Matters concerning calculation

The Company and TPI have not obtained a valuation report from a valuation institution for the Absorption-Type Company Split.

4. Overview of the Succeeding Company (as of April 1, 2024)

(1) Name		RISO Technologies Corporation
(2) Address		5-34-7 Shiba, Minato-ku, Tokyo
(3) Title and Name of Representative		Oshima Kenji, Representative Director
(4) Main Business		Development, manufacture, sale, etc. of inkjet heads and related products
(5) Share Capital		¥ 400 million
(6) Date of Establishment		April 1, 2024
(7) Major Shareholders and their Shareholding Ratios		RISO KAGAKU: 100%
(8) Relationship with the Companies Involved		
	Capital Relationship	N/A
	Personnel Relationship	N/A (Note) On and after the effective date of the Absorption-Type Company Split, the Company and TPI plan to second employees from the Company and TPI to the Succeeding Company.
	Business Relationship	N/A
	Status as Related Party	N/A

5. Details of the Business to be Split

Details of the business of the division to be split

Company: Development, manufacture and sale of inkjet heads and related products, etc.

TPI: Manufacture of inkjet heads, etc.

6. Reportable segments in which the divested business is included

Workplace Solutions Business Group

*Notes considered immaterial to presentation of financial results statements have been omitted in disclosures.

4.Supplementary information

(1) Changes in information about financial results

[Consolidated] (Million yen)

Description	For the fiscal year ended March 31,2023	For the fiscal year ended March 31,2024	For the fiscal year ending March 31, 2025 (Forecast)
Net sales	510,767	548,135	550,000
Year-on-year change	115%	107%	100%
Operating profit	16,078	15,854	18,000
Year-on-year change	139%	99%	114%
Ordinary profit	13,149	11,004	15,000
Year-on-year change	129%	84%	136%
Profit (loss) attributable to owners of parent	(13,745)	(6,707)	20,000
Year-on-year change	—	—	—
Basic earnings per share (loss) (yen)	(248.37)	(123.92)	377.86
Number of consolidated subsidiaries	67	66	undecided

Average exchange rate (Yen to the US dollar)	135.11	143.81	145.00
Average exchange rate (Yen to the euro)	140.86	156.27	155.00

[Non-consolidated] (Million yen)

Description	For the fiscal year ended March 31,2023	For the fiscal year ended March 31,2024
Net sales	230,912	268,846
Year-on-year change	99%	116%
Operating profit (loss)	(10,073)	1,282
Year-on-year change	—	—
Ordinary profit	5,884	31,939
Year-on-year change	163%	543%
Profit (loss)	(8,064)	8,954
Year-on-year change	—	—
Annual dividend per share (yen)	40.00	45.00
Basic earnings per share (loss) (yen)	(145.72)	165.45

(2) Changes in reportable segment information

[Consolidated net sales] (Million yen)

Description	For the fiscal year ended March 31,2023	For the fiscal year ended March 31,2024	For the fiscal year ending March 31, 2025 (Forecast)
Retail Solutions Business Group	296,951	311,004	318,000
Year-on-year change	111%	105%	102%
Workplace Solutions Business Group	217,672	241,631	235,000
Year-on-year change	120%	111%	97%
Subtotal	514,624	552,635	553,000
Elimination	(3,857)	(4,500)	(3,000)
Total	510,767	548,135	550,000
Year-on-year change	115%	107%	100%

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

[Consolidated operating profit] (Million yen)

Description	For the fiscal year ended March 31,2023	For the fiscal year ended March 31,2024	For the fiscal year ending March 31, 2025 (Forecast)
Retail Solutions Business Group	9,196	2,251	8,000
Operating profit margin	3.1%	0.7%	2.5%
Workplace Solutions Business Group	6,882	13,602	10,000
Operating profit margin	3.2%	5.6%	4.3%
Total	16,078	15,854	18,000
Operating profit margin	3.1%	2.9%	3.3%

(3) Changes in net sales by destination market

[Changes in net sales by destination market / Consolidated] (Million yen)

Description	For the fiscal year ended March 31,2023	For the fiscal year ended March 31,2024
Japan	174,524	198,972
Percentage of consolidated net sales	34%	36%
Americas	183,988	194,329
Percentage of consolidated net sales	36%	36%
Europe	94,948	99,482
Percentage of consolidated net sales	19%	18%
Other	57,304	55,350
Percentage of consolidated net sales	11%	10%
Total	510,767	548,135
Percentage of consolidated net sales	100%	100%

(4) Changes in proportion of overseas production by value

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

Description	For the fiscal year ended March 31,2023	For the fiscal year ended March 31,2024
Overseas ratio	73%	74%

(5) Changes in resource inputs

[Increase in property, plant and equipment and intangible assets / Consolidated] (Million yen)

Description	For the fiscal year ended March 31,2023	For the fiscal year ended March 31,2024	For the fiscal year ending March 31, 2025 (Forecast)
Consolidated	17,550	21,926	17,000
Year-on-year change	118%	125%	78%

[Research and development expenses / Consolidated] (Million yen)

Description	For the fiscal year ended March 31,2023	For the fiscal year ended March 31,2024	For the fiscal year ending March 31, 2025 (Forecast)
Consolidated	24,531	29,820	25,000
Net sales ratio	4.8%	5.4%	4.5%
Year-on-year change	112%	122%	84%

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

Description	For the fiscal year ended March 31,2023	For the fiscal year ended March 31,2024	For the fiscal year ending March 31, 2025 (Forecast)
Consolidated	18,906	19,093	16,200
Year-on-year change	367	187	(2,893)