

Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (Japanese GAAP)



February 13, 2023

Company Name: RYOBI LIMITED
 Stock Code: 5851
 (URL: <https://www.ryobi-group.co.jp/>)
 Stock Exchange Listing: Tokyo
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 Scheduled date of Ordinary General Meeting of Shareholders : March 29, 2023
 Scheduled date to submit the Annual Securities Report : March 29, 2023
 Date of scheduled payment of dividend : March 30, 2023
 Availability of supplementary briefing material on yearly results : Yes
 Presentation Meeting : Yes (for securities analysts / institutional investors)

(Any amount less than one million is disregarded.)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (From January 1, 2022 to December 31, 2022)

(1) Consolidated Results of Operations

(% indicates changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY December 2022	249,521	26.0	6,969	—	7,791	—	4,784	—
FY December 2021	198,073	15.9	(1,524)	—	4	—	(4,397)	—

(Note) Comprehensive income: FY December 31, 2022: 12,215 million yen [99.2%]
 FY December 31, 2021: 6,131 million yen [—%]

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
FY December 2022	147.80	—	3.7	2.7	2.8
FY December 2021	(135.87)	—	(3.7)	0.0	(0.8)

(Reference) Equity in earnings of affiliated companies FY December 31, 2022 : (225) million yen
 FY December 31, 2021 : 59 million yen

* As year-on-year percentage changes of ordinary income for FY December 2022 would be more than 1,000%, it is indicated as “-”.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2022	300,285	143,723	44.8	4,154.04
As of December 31, 2021	279,422	131,717	44.0	3,797.69

(Reference) Shareholders' Equity: As of December 31, 2022 : 134,460 million yen
 As of December 31, 2021 : 122,926 million yen

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY December 2022	16,787	(15,860)	(2,856)	26,099
FY December 2021	14,900	(12,162)	(1,936)	27,388

2. Dividends

	Cash dividends per share					Total dividends paid(annual)	Payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY December 2021	—	10.00	—	10.00	20.00	647	—	0.5
FY December 2022	—	20.00	—	25.00	45.00	1,456	30.4	1.1
FY December 2023 (Forecast)	—	25.00	—	25.00	50.00		29.4	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2023 (From January 1, 2023 to December 31, 2023)

(% indicates percentage changes as compared with the previous corresponding fiscal period or fiscal year, as applicable.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	129,000	13.6	2,500	22.1	2,400	(22.4)	1,700	(5.9)	52.52
Full year	266,000	6.6	7,500	7.6	7,400	(5.0)	5,500	15.0	169.92

*Notes

(1) Significant changes of companies during the fiscal year ended December 31, 2022 (changes in specific companies involving changes in the scope of consolidation): Not applicable
New Company: —
Excluded companies: —

(2) Changes in accounting policies, changes in accounting estimates and restatements
1) Changes in accounting policies due to the revision of accounting standards: Applicable
2) Changes in accounting policies other than 1): Not applicable
3) Changes in accounting estimates: Not applicable
4) Restatements: Not applicable

* For details, please see “3. Consolidated Financial Statements and Important Notes (5) Notes Regarding the Consolidated Financial Statements (Changes in Accounting policies)” on page 13 of the accompanying materials.

(3) Shares issued (common stock)

1) Shares issued
(including treasury stock)

As of December 31, 2022	32,646,143	As of December 31, 2021	32,646,143
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2) Treasury stock

As of December 31, 2022	277,580	As of December 31, 2021	277,412
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3) Average shares outstanding
during the period

FY December 31, 2022	32,368,647	FY December 31, 2021	32,368,784
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(Reference) Summary of the Non-consolidated Financial Results

Overview of the Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2022**(From January 1, 2022 to December 31, 2022)**

(1) Non-consolidated Results of Operations

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY December 2022	97,947	5.9	1,643	—	6,864	223.7	5,125	—
FY December 2021	92,508	20.4	(1,868)	—	2,120	149.1	(3,372)	—

	Net income per share	Fully diluted net income per share
	Yen	Yen
FY December 2022	158.35	—
FY December 2021	(104.18)	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2022	174,991	76,331	43.6	2,358.19
As of December 31, 2021	167,028	71,429	42.8	2,206.73

(Reference) Shareholders' Equity As of December 31, 2022: 76,331 million yen
As of December 31, 2021: 71,429 million yen

* These consolidated financial results are outside the scope of audit.

* Explanation for the appropriate use of performance forecasts and other special notes:

(Cautionary note on forward-looking statement)

The forecasts presented herein are based on information currently available and certain assumptions deemed reasonable by the Company, and actual results may differ significantly from these forecasts due to various factors. For notes on the use of the results forecasts and assumptions as the basis for the results forecasts, please see "1. Overview of Operating Results 3) Outlook for the fiscal year ending December 31, 2023" on page 3 of the accompanying materials.

Index of Attached Documents

1. Overview of Operating Results.....	- 2 -
(1) Overview of Operating Results for the Fiscal Year under Review	- 2 -
(2) Overview of Financial Position for the Fiscal Year under Review	- 4 -
(3) Basic Profit Allocation Policy, and Dividends for the Current and New Fiscal Year	- 5 -
2. Basic Policy for the Selection of Accounting Standards	- 5 -
3. Consolidated Financial Statements and Important Notes	- 6 -
(1) Consolidated Balance Sheets	- 6 -
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	- 8 -
(Consolidated Statements of Income)	- 8 -
(Consolidated Statements of Comprehensive Income)	- 9 -
(3) Consolidated Statements of Changes in Equity	- 10 -
(4) Consolidated Statements of Cash Flows	- 12 -
(5) Notes Regarding the Consolidated Financial Statements.....	- 13 -
(Note related to going-concern assumption)	- 13 -
(Changes in accounting policies)	- 13 -
(Segment information)	- 14 -
(Per share information).....	- 16 -
(Important subsequent events)	- 16 -
4. Non-consolidated Financial Statements and Important Note	- 17 -
(1) Balance Sheets.....	- 17 -
(2) Statements of Income	- 19 -
(3) Statements of Changes in Equity.....	- 20 -
5. Others.....	- 22 -
Changes in Officers	- 22 -

(Appendix) Supplementary materials for financial results for the fiscal year ended December 31, 2022

1. Overview of Operating Results

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

1) Operating Results for the Consolidated Fiscal Year under Review

The environment surrounding the Group in the consolidated fiscal year under review trended toward gradual recovery. This was despite global supply chain disruptions stemming from semiconductor shortages and China's lockdown, the protracted conflict in Ukraine, soaring energy and materials costs, and rapid foreign exchange movements, among other factors, as well as the lingering effects of COVID-19.

Under these circumstances, the Group pursued energetic sales activities and implemented initiatives to cut costs, improve productivity, strengthen operational efficiency, and make progress toward other goals.

As a result, sales and profit for the current consolidated fiscal year increased compared to the previous fiscal year, as indicated below.

Consolidated business result

	Results for the Fiscal Year Ended December 31, 2021		Results for the Fiscal Year Ended December 31, 2022		Increase / decrease	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	198,073		249,521		51,447	26.0
Operating income (loss)	(1,524)	(0.8)	6,969	2.8	8,493	—
Ordinary income	4	0.0	7,791	3.1	7,787	—
Net income (loss) attributable to owners of parent	(4,397)	(2.2)	4,784	1.9	9,182	—

% indicates the profit margin on sales.

% in the increase/decrease column indicates the increase/decrease rate.

2) Performance by Segment

The Die Castings business posted higher sales and profit than in the previous consolidated fiscal year. While domestic sales volume (weight) declined due to the impact of semiconductor shortages and other factors on automobile production, overseas sales volumes expanded as economic activity returned to normal, resulting in modest overall gains. More upward revisions of sales prices to offset rising raw material (aluminum) prices and higher yen-based sales of overseas subsidiaries due to the weak yen, among other factors, led to higher sales. Due primarily to higher sales, earnings also grew, despite soaring energy prices and other factors.

The Builders' Hardware business posted higher sales and lower profit compared to the previous consolidated fiscal year. While both domestic and overseas sales increased, especially due to robust demand in the construction market in Japan, profit declined despite efforts to reduce costs and expenses due to the impact of higher procurement costs attributable to the appreciation of the Chinese yuan.

The Printing Equipment business posted higher sales and profits than in the previous consolidated fiscal year. Sales grew both domestically and overseas. Subsidies from the government and other entities, which stimulated capital investment, drove growth in domestic sales. Demand recovery continued to drive recovery in overseas sales, except certain regions. Despite higher raw material costs, sales growth and other factors led to higher earnings.

Sales by segment

	Results for the Fiscal Year Ended December 31, 2021		Results for the Fiscal Year Ended December 31, 2022		Increase / decrease	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Die Castings	169,898	85.8	215,726	86.5	45,827	27.0
Builders' Hardware	9,574	4.8	10,145	4.1	570	6.0
Printing Equipment	18,393	9.3	23,417	9.4	5,023	27.3

% indicates the percentage of each segment sales to net sales.

% in the increase/decrease column indicates the increase/decrease rate.

Operating income by segment

	Results for the Fiscal Year Ended December 31, 2021		Results for the Fiscal Year Ended December 31, 2022		Increase / decrease	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Die Castings	(1,449)	(0.9)	5,232	2.4	6,682	—
Builders' Hardware	362	3.8	226	2.2	(135)	(37.4)
Printing Equipment	(417)	(2.3)	1,506	6.4	1,923	—

% indicates the profit margin on sales.

% in the increase/decrease column indicates the increase/decrease rate.

3) Outlook for the fiscal year ending December 31, 2023

We expect the Japanese economy to maintain a course of gradual recovery under the 'living-with-Covid' situation; however, supply chain disruptions due to semiconductor shortages and other factors, as well as soaring energy and materials costs.

Under these circumstances, as shown below, we currently expect higher sales and profits for the consolidated full-year results for the fiscal year ending December 2023 compared to the current consolidated fiscal year.

The assumed foreign exchange rates are 125 yen to the US dollar, 155 yen to the British pound, 18.5 yen to the Chinese yuan, and 3.6 yen to the Thai baht.

Consolidated business forecast

	Results for the Fiscal Year Ended December 31, 2022		Forecasts for the Fiscal Year Ending December 31, 2023		Increase / decrease	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	249,521		266,000		16,478	6.6
Operating income	6,969	2.8	7,500	2.8	530	7.6
Ordinary income	7,791	3.1	7,400	2.8	(391)	(5.0)
Net income attributable to owners of parent	4,784	1.9	5,500	2.1	715	15.0

% indicates the profit margin on sales.

% in the increase/decrease column indicates the increase/decrease rate.

The outlook for the full-year consolidated performance by segment for the next fiscal year is as follows:

We expect sales of the Die Castings business to increase both domestically and overseas. We anticipate gradual improvements in semiconductor shortages and their effects on automobile production; and profits growth driven by higher sales.

Sales of the Builders' Hardware business are expected to increase both domestically and overseas. We expect this sales growth to generate higher profits.

Sales of the Printing Equipment business are expected to remain largely flat both domestically and overseas. We expect profits to decline due to the effects of soaring raw material prices, among other factors.

Sales by segment

	Results for the Fiscal Year Ended December 31, 2022		Forecasts for the Fiscal Year Ending December 31, 2023		Increase / decrease	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Die Castings	215,726	86.5	231,700	87.1	15,973	7.4
Builders' Hardware	10,145	4.1	11,000	4.1	854	8.4
Printing Equipment	23,417	9.4	23,300	8.8	(117)	(0.5)

% indicates the percentage of each segment sales to net sales.

% in the increase/decrease column indicates the increase/decrease rate.

Operating income by segment

	Results for the Fiscal Year Ended December 31, 2022		Forecasts for the Fiscal Year Ending December 31, 2023		Increase / decrease	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Die Castings	5,232	2.4	6,500	2.8	1,267	24.2
Builders' Hardware	226	2.2	300	2.7	73	32.3
Printing Equipment	1,506	6.4	700	3.0	(806)	(53.5)

% indicates the profit margin on sales.

% in the increase/decrease column indicates the increase/decrease rate.

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

1) Asset, liabilities and net assets

Total assets at the end of the fiscal year under review increased by 20,862 million yen from the end of the previous consolidated fiscal year to 300,285 million yen. This increase was due mainly to increases in notes and accounts receivable-trade of 14,009 million yen and property, plant and equipment of 6.8 billion yen. Certain assets declined, including a decline in cash and deposits of 1,216 million yen.

Liabilities grew by 8,855 million yen from the end of the previous consolidated fiscal year to 156,561 million yen, due mainly to increases in notes and accounts payable-trade of 4,939 million yen and long- and short-term borrowings of 2,088 million yen. Certain liabilities shrank, including bonds payable, which declined by 1.5 billion yen. Interest-bearing debt outstanding, excluding discounted notes receivable and lease obligations, was 74,358 million yen.

Net assets increased by 12,006 million yen from the end of the previous consolidated fiscal year to 143,723 million yen, due mainly to a foreign currency translation adjustment of 7,387 million yen and retained earnings of 4,531 million yen. Shareholders' equity—net assets minus non-controlling interests—increased by 11,533 million yen from the end of the previous fiscal year to 134,460 million yen. As a result, the shareholders' equity ratio increased by 0.8 percentage points from the end of the previous consolidated fiscal year to 44.8%.

	As of December 31, 2021		As of December 31, 2022		Increase / decrease	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Total assets	279,422		300,285		20,862	7.5
Shareholders' equity	122,926	44.0	134,460	44.8	11,533	9.4
Interest-bearing debt	73,769	26.4	74,358	24.8	588	0.8

% indicates the percentage of each item to total assets.

% in the increase/decrease column indicates the increase/decrease rate.

2) Cash flows

Cash and cash equivalents at the end of the fiscal year under review decreased by 1,289 million yen from the end of the previous consolidated fiscal year to 26,099 million yen.

Cash flows from operating activities increased funds by 16,787 million yen. The increase in funds was due mainly to depreciation expenses of 18,327 million yen, income before income taxes of 6,960 million yen, and an increase in trade payables of 4,074 million yen. Funds declined due to an increase in trade receivables of 12,038 million yen, among other factors.

Cash flows from investing activities—primarily expenditures of 16,879 million yen for the purchase of property, plant and equipment—reduced funds by 15,860 million yen.

Cash flows from financing activities—primarily redemptions of bonds of 1.5 billion yen and dividend payments of 973 million yen—reduced funds by 2,856 million yen.

	Results for the Fiscal Year Ended December 31,2021	Results for the Fiscal Year Ended December 31,2022	Increase / decrease
	Millions of yen	Millions of yen	Millions of yen
Cash flows from operating activities	14,900	16,787	1,886
Cash flows from investing activities	(12,162)	(15,860)	(3,698)
Cash flows from financing activities	(1,936)	(2,856)	(919)

The trend in cash flow indicators is as follows.

	Results for the Fiscal Year Ended December 31,2021	Results for the Fiscal Year Ended December 31,2022
Shareholders' equity ratio	44.0%	44.8%
Equity ratio based on market value	12.7%	12.4%
Ratio of interest-bearing debt to cash flows	5.0 years	4.4 years
Interest coverage ratio	16.5 times	16.6 times

(Notes) Shareholders' equity ratio : Shareholders' equity / Total asset

Equity ratio based on market value : Market capitalization / Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows from Operating activities

Interest coverage ratio : Cash flows from Operating activities / Interest paid

1. Each indicator is calculated based on consolidated figures.
2. Market capitalization is calculated as the closing stock price at the end of the term × the number of shares issued (net of treasury stock) at the end of the term.
3. Interest-bearing debt covers debt recorded on the consolidated balance sheet on which interest is paid (discounted notes receivable and lease obligations are excluded).
4. Operating cash flow is the cash flow from operating activities stated on the consolidated cash flow statement.
5. Interest paid is the amount of interest paid stated on the consolidated statement of cash flows.

(3) Basic Profit Allocation Policy, and Dividends for the Current and New Fiscal Year

Our basic profit distribution policy is to maintain a stable return of profits to shareholders while securing funds for growth investment along with a medium- to long-term improvement in consolidated operating performance. In addition, we determine profit distribution after considering various factors, using a dividend payout ratio of 30% as a guide, in addition to maintaining stable dividends. Funds retained internally are used to strengthen our production and sales systems in response to changes in the business environment, capital expenditures for growth, the development of new technologies and products, operational rationalization, and other efforts to strengthen competitiveness and improve earnings power over the medium to long term.

Given various factors, including our performance in the period under review and our financial position based on the above policy, the board of directors resolved at their meeting on February 13, 2023 to increase the most recent year-end dividend planned for the fiscal year ended December 2022 of 20 yen by 5 yen to 25 yen per share, which is 15 yen higher than in the previous period, and to submit this proposal to the general meeting of shareholders to be held on March 29, 2023. As a result, the annual dividend including the 20-yen interim dividend will be 45 yen per share, 25 yen higher than in the previous period.

The planned dividend for the fiscal year ending December 2023 is 50 yen per share per annum (interim dividend of 25 yen and year-end dividend of 25 yen).

2. Basic Policy for the Selection of Accounting Standards

The Group's policy is to prepare consolidated financial statements based on Japanese Accounting Standards with consideration for inter-period and inter-company comparability.

Regarding the application of International Accounting Standards, our policy is to respond appropriately after taking into account domestic and overseas conditions.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	2021/12/31	2022/12/31
Assets		
Current assets		
Cash and deposits	28,538	27,339
Notes and accounts receivable - trade	44,327	58,337
Securities	740	650
Merchandise and finished goods	19,603	18,104
Work in process	14,813	16,829
Raw materials and supplies	18,092	20,526
Other	3,505	3,586
Allowance for doubtful accounts	(30)	(32)
Total current assets	129,591	145,341
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,793	32,716
Machinery, equipment and vehicles, net	51,314	56,196
Land	15,598	15,778
Construction in progress	11,733	13,084
Other, net	5,718	6,183
Total property, plant and equipment	117,158	123,959
Intangible assets		
Other	3,159	2,803
Total intangible assets	3,159	2,803
Investments and other assets		
Investment securities	15,772	14,826
Retirement benefit asset	6,916	6,439
Deferred tax assets	3,879	4,053
Other	3,006	2,923
Allowance for doubtful accounts	(62)	(63)
Total investments and other assets	29,512	28,179
Total non-current assets	149,830	154,943
Deferred assets		
Bond issuance costs	0	—
Total deferred assets	0	—
Total assets	279,422	300,285

	2021/12/31	2022/12/31
Liabilities		
Current liabilities		
Notes and accounts payable - trade	41,606	46,546
Short-term borrowings	36,498	39,942
Current portion of bonds payable	1,500	—
Current portion of long-term borrowings	13,005	6,545
Income taxes payable	636	879
Provision for bonuses	387	549
Provision for board member's bonuses	—	36
Other	17,131	20,199
Total current liabilities	110,765	114,698
Non-current liabilities		
Long-term borrowings	22,765	27,869
Deferred tax liabilities	2,948	3,242
Deferred tax liabilities for land revaluation	510	510
Retirement benefit liability	7,872	7,183
Other	2,842	3,056
Total non-current liabilities	36,939	41,863
Total liabilities	147,705	156,561
Net assets		
Shareholders' equity		
Common stock	18,472	18,472
Additional paid in capital	21,875	21,892
Retained earnings	71,587	76,118
Treasury stock	(346)	(346)
Total shareholders' equity	111,588	116,136
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,503	5,649
Revaluation reserve for land	811	811
Foreign currency translation adjustment	4,288	11,675
Remeasurements of defined benefit plans	734	186
Total accumulated other comprehensive income	11,337	18,323
Non-controlling interests	8,790	9,263
Total net assets	131,717	143,723
Total liabilities and net assets	279,422	300,285

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

(Millions of yen)

	from:2021/1/1 to:2021/12/31	from:2022/1/1 to:2022/12/31
Net sales	198,073	249,521
Cost of sales	179,600	221,275
Gross profit	18,472	28,245
Selling, general and administrative expenses	19,996	21,276
Operating income (loss)	(1,524)	6,969
Non-operating income		
Interest income	164	123
Dividend income	366	413
Rental income	164	156
Foreign exchange gains	200	321
Dividend income of insurance	145	41
Share of profit of entities accounted for using equity method	59	—
Usage income of trademark	270	342
Subsidy income	378	66
Other	833	823
Total non-operating income	2,582	2,289
Non-operating expenses		
Interest expenses	894	1,025
Loss on abandonment of inventories	31	44
Depreciation	16	13
Share of loss of entities accounted for using equity method	—	225
Other	112	156
Total non-operating expenses	1,054	1,466
Ordinary income	4	7,791
Extraordinary income		
Gain on disposal of non-current assets	4	23
Gain on sale of investment securities	0	—
Total extraordinary income	5	23
Extraordinary losses		
Loss on disposal of non-current assets	203	170
Impairment losses	4,134	—
Loss on valuation of investment securities	2	4
Loss on sale of investment securities	—	250
Compensation expenses	—	430
Total extraordinary losses	4,339	855
Net income (loss) before income taxes	(4,329)	6,960
Income taxes - current	1,001	1,345
Income taxes - deferred	(969)	374
Total income taxes	31	1,720
Net income (loss)	(4,361)	5,240
Net income (loss) attributable to non-controlling interests	36	455
Net income (loss) attributable to owners of parent	(4,397)	4,784

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	from: 2021/1/1 to: 2021/12/31	from: 2022/1/1 to: 2022/12/31
Net income (loss)	(4,361)	5,240
Other comprehensive income		
Valuation difference on available-for-sale securities	771	137
Revaluation reserve for land	0	—
Foreign currency translation adjustment	7,821	7,251
Remeasurements of defined benefit plans, net of tax	1,618	(549)
Share of other comprehensive income of entities accounted for using equity method	281	136
Total other comprehensive income	10,492	6,975
Comprehensive income	6,131	12,215
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,087	11,769
Comprehensive income attributable to non-controlling interests	43	445

(3) Consolidated Statements of Changes in Equity
 Previous consolidated fiscal year (January 1, 2021 - December 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	18,472	21,861	76,309	(346)	116,295
Cumulative impact of changes in accounting policies					—
Balance at beginning of period reflecting changes in accounting policies	18,472	21,861	76,309	(346)	116,295
Changes during period					
Dividends of surplus			(323)		(323)
Net income (loss) attributable to owners of parent			(4,397)		(4,397)
Purchase of treasury stock				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		14			14
Net changes in items other than shareholders' equity					
Total changes during period	—	14	(4,721)	(0)	(4,707)
Balance at end of period	18,472	21,875	71,587	(346)	111,588

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,733	810	(3,814)	(877)	852	8,782	125,930
Cumulative impact of changes in accounting policies							—
Balance at beginning of period reflecting changes in accounting policies	4,733	810	(3,814)	(877)	852	8,782	125,930
Changes during period							
Dividends of surplus							(323)
Net income (loss) attributable to owners of parent							(4,397)
Purchase of treasury stock							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							14
Net changes in items other than shareholders' equity	770	0	8,102	1,611	10,485	8	10,494
Total changes during period	770	0	8,102	1,611	10,485	8	5,786
Balance at end of period	5,503	811	4,288	734	11,337	8,790	131,717

	Shareholders' equity				
	Common stock	Additional paid in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	18,472	21,875	71,587	(346)	111,588
Cumulative impact of changes in accounting policies			718		718
Balance at beginning of period reflecting changes in accounting policies	18,472	21,875	72,305	(346)	112,306
Changes during period					
Dividends of surplus			(971)		(971)
Net income (loss) attributable to owners of parent			4,784		4,784
Purchase of treasury stock				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		17			17
Net changes in items other than shareholders' equity					
Total changes during period	—	17	3,813	(0)	3,830
Balance at end of period	18,472	21,892	76,118	(346)	116,136

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	5,503	811	4,288	734	11,337	8,790	131,717
Cumulative impact of changes in accounting policies							718
Balance at beginning of period reflecting changes in accounting policies	5,503	811	4,288	734	11,337	8,790	132,435
Changes during period							
Dividends of surplus							(971)
Net income (loss) attributable to owners of parent							4,784
Purchase of treasury stock							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							17
Net changes in items other than shareholders' equity	146	—	7,387	(547)	6,985	472	7,458
Total changes during period	146	—	7,387	(547)	6,985	472	11,288
Balance at end of period	5,649	811	11,675	186	18,323	9,263	143,723

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	from: 2021/1/1 to: 2021/12/31	from: 2022/1/1 to: 2022/12/31
Cash flows from operating activities		
Net income (loss) before income taxes	(4,329)	6,960
Depreciation	17,240	18,327
Impairment losses	4,134	—
Increase (decrease) in allowance for doubtful accounts	(3)	2
Increase (decrease) in provision for bonuses	(3)	161
Increase (decrease) in retirement benefit liability	33	(319)
Interest and dividend income	(530)	(537)
Interest expenses	894	1,025
Subsidy income	(378)	(66)
Share of loss (profit) of entities accounted for using equity method	(59)	225
Loss (gain) on disposal of non-current assets	198	147
Loss (gain) on sale of investment securities	—	250
Loss (gain) on valuation of investment securities	2	4
Decrease (increase) in trade receivables	(2,520)	(12,038)
Decrease (increase) in inventories	(9,214)	(1,538)
Decrease (increase) in other current assets	(208)	(14)
Increase (decrease) in trade payables	11,934	4,074
Increase (decrease) in other current liabilities	(1,253)	1,038
Other, net	(424)	246
Subtotal	15,510	17,947
Interest and dividends received	613	600
Interest paid	(904)	(1,011)
Subsidies received	455	86
Income taxes refund (paid)	(773)	(835)
Net cash provided by (used in) operating activities	14,900	16,787
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,851)	(16,879)
Proceeds from sale of property, plant and equipment	520	76
Purchase of securities	(1,300)	(1,300)
Proceeds from sale of securities	1,330	1,300
Purchase of investment securities	(15)	(11)
Proceeds from sale of investment securities	13	750
Payments into time deposits	(2,404)	(2,404)
Proceeds from withdrawal of time deposits	2,404	2,404
Other, net	(859)	202
Net cash provided by (used in) investing activities	(12,162)	(15,860)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	9,325	2,039
Proceeds from long-term borrowings	1,866	11,110
Repayments of long-term borrowings	(8,050)	(13,365)
Redemption of bonds	(4,600)	(1,500)
Purchase of treasury stock	(0)	(0)
Dividends paid	(328)	(973)
Other, net	(150)	(167)
Net cash provided by (used in) financing activities	(1,936)	(2,856)
Effect of exchange rate change on cash and cash equivalents	1,182	640
Net increase (decrease) in cash and cash equivalents	1,983	(1,289)
Cash and cash equivalents at beginning of period	25,405	27,388
Cash and cash equivalents at end of period	27,388	26,099

(5) Notes Regarding the Consolidated Financial Statements

(Note related to going-concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of accounting standards for revenue recognition and other rules)

We have applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the consolidated fiscal year under review and recognize revenue upon the transfer of control of promised goods or services to the customer in the amount expected to be received in exchange for goods or services.

As a result, we have changed our method of revenue recognition for transactions in which we procure raw materials and other items from the customer and sell the finished goods after processing them. The new method adopted recognizes the net amount of the consideration excluding the procurement price of the raw materials and other items as revenue, rather than recognizing the total amount of the consideration including the procurement price of the raw materials and other items. We have also changed the method of revenue recognition for transactions in which we collect the cost of dies from the customer over a certain period; the new method recognizes revenue at one time, rather than doing so over the collection period. In addition, we changed the method of revenue recognition for certain sales to recognize revenue at the time of the incoming goods inspection, rather than upon shipment.

In applying the Accounting Standard for Revenue Recognition and other rules, we have followed the transitional procedures set forth in the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition. Thus, we adjusted the retained earnings at the beginning of the consolidated fiscal year under review by the cumulative impact that would have accrued had we applied the new accounting policy retrospectively, before the start of the consolidated fiscal year under review. We then applied the new accounting policy to the adjusted beginning balance.

As a result, sales for the consolidated fiscal year under review decreased by 5,555 million yen, while cost of goods sold decreased by 5,869 million yen. Operating income, ordinary income, and income before income taxes all increased by 313 million yen. Similarly, the balance of retained earnings at the beginning of the fiscal year under review increased by 718 million yen.

(Application of accounting standards for fair value measurement and other rules)

We have applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 Accounting Standard for Fair Value Measurement, July 4, 2019) and other rules from the beginning of the consolidated fiscal year under review; going forward, we will apply the new accounting policy stipulated by the Accounting Standard for Fair Value Measurement and other rules in accordance with the transitional procedures set forth in paragraph 19 of the Accounting Standards for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10 Accounting Standard for Financial Instruments, July 4, 2019). This change does not affect the consolidated financial statement for the consolidated fiscal year under review.

(Segment information)

a. Segment Information

1. Overview of reported segments

The Company's reported segments are the constituent units of the Company for which separate financial information is available. They are subject to periodic review by the board of directors to determine the allocation of the company's resources and to provide a management evaluation.

The Group consists of product-based segments, with Die Castings, Builders' Hardware, and Printing Equipment representing the three reported segments.

Die Castings consists of die-cast products and aluminum castings used as components for automobiles and other equipment.

Builders' Hardware consists of door closers and other products.

Printing Equipment consists of offset-printing presses, printing peripheral equipment, and other products.

2. Method of calculating amounts of net sales, profits or losses, assets and other items by reportable segment

The earnings of the reported segments are operating profits or operating losses. Intersegment sales or transfers are based on arm's-length prices.

3. Information regarding amounts of net sales, profits or losses, assets and other items by reportable segment

Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)

(Millions of yen)

	Reported segment				Other (Note)1	Total	Adjustment (Note)2	Consolidated (Note)3
	Die Castings	Builders' Hardware	Printing Equipment	Total				
Net Sales:								
Unaffiliated customers	169,898	9,574	18,393	197,867	205	198,073	—	198,073
Intersegment	75	—	—	75	24	99	(99)	—
Total	169,974	9,574	18,393	197,942	229	198,172	(99)	198,073
Segment profit (loss)	(1,449)	362	(417)	(1,505)	(18)	(1,523)	(0)	(1,524)
Segment assets	214,262	10,606	22,240	247,109	179	247,289	32,133	279,422
Other items								
Depreciation	16,783	195	258	17,237	2	17,240	—	17,240
Amount invested in equity-method affiliates	—	2,312	—	2,312	—	2,312	—	2,312
Increase in tangible fixed assets and intangible fixed assets	12,829	139	53	13,021	48	13,070	—	13,070

(Notes) 1. Other refers to business segments not included in the reported segments, including the insurance agency business and golf course management.

2. The adjustment amounts are as follows:

(1) Adjustments to segment profits or losses are due to the elimination of inter-segment transactions, etc.

(2) Adjustments to segment assets are due to corporate assets and the elimination of inter-segment transactions, etc.

3. Segment profit or loss matches the operating loss stated on the consolidated income statement.

	Reported segment				Other (Note)1	Total	Adjustment (Note)2	Consolidated (Note)3
	Die Castings	Builders' Hardware	Printing Equipment	Total				
Net Sales:								
Unaffiliated customers	215,726	10,145	23,417	249,288	232	249,521	—	249,521
Intersegment	63	—	—	63	14	78	(78)	—
Total	215,789	10,145	23,417	249,351	247	249,599	(78)	249,521
Segment profit (loss)	5,232	226	1,506	6,965	4	6,969	(0)	6,969
Segment assets	234,174	11,283	23,028	268,486	228	268,714	31,570	300,285
Other items								
Depreciation	17,881	203	241	18,326	0	18,327	—	18,327
Amount invested in equity-method affiliates	—	2,168	—	2,168	—	2,168	—	2,168
Increase in tangible fixed assets and intangible fixed assets	18,307	202	123	18,633	12	18,646	—	18,646

(Notes) 1. Other refers to business segments not included in the reported segments, including the insurance agency business and golf course management.

2. The adjustment amounts are as follows:

(1) Adjustments to segment profits or losses are due to the elimination of inter-segment transactions, etc.

(2) Adjustments to segment assets are due to corporate assets and the elimination of inter-segment transactions, etc.

3. Segment profit or loss matches the operating loss stated on the consolidated income statement.

b. Related information

Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)

1. Information by product and service

It is omitted here because similar information is disclosed in the segment information section.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	U.S.A.	China	Others	Total
103,649	20,814	38,605	35,003	198,073

(Notes) Sales by region are based on the locations of customers and are classified by country or region.

(2) Tangible fixed assets

(Millions of yen)

Japan	U.S.A.	Mexico	China	Others	Total
51,191	14,271	9,951	32,940	8,803	117,158

Consolidated fiscal year under review(from January 1, 2022 to December 31, 2022)

1. Information by product and service

It is omitted here because similar information is disclosed in the segment information section.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	U.S.A.	China	Others	Total
114,726	36,951	45,002	52,840	249,521

(Notes) Sales by region are based on the locations of customers and are classified by country or region.

(2) Tangible fixed assets

(Millions of yen)

Japan	U.S.A.	Mexico	China	Others	Total
50,938	18,633	10,821	33,168	10,398	123,959

c. Information on impairment losses on fixed assets by reported segment

Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)

(Millions of yen)

	Die Castings	Builders' Hardware	Printing Equipment	Other	Eliminations / Corporate	Total
Impairment loss	3,993	—	—	140	—	4,134

Consolidated fiscal year under review (from January 1, 2022 to December 31, 2022)

Not applicable.

(Per share information)

	Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)	Consolidated fiscal year under review (from January 1, 2022 to December 31, 2022)
Net asset per share	3,797.69 yen	4,154.04 yen
Net income (loss) per share	(135.87) yen	147.80 yen
Fully diluted net income per share	—	—

(Notes) 1. Diluted net income per share was omitted because there are no dilutive shares.

2. The basis for calculating net loss per share () is as follows.

	Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)	Consolidated fiscal year under review (from January 1, 2022 to December 31, 2022)
Net income (loss) attributable to owners of parent (million yen)	(4,397)	4,784
Amount not attributable to common shareholders (million yen)	—	—
Net income (loss) attributable to owners of parent in relation to common shares (million yen)	(4,397)	4,784
Average number of shares during the fiscal year (thousand shares)	32,368	32,368

(Important subsequent events)

Not applicable.

4. Non-consolidated Financial Statements and Important Note

(1) Balance Sheets

(Millions of yen)

	2021/12/31	2022/12/31
Assets		
Current assets		
Cash and deposits	13,204	13,926
Notes receivable - trade	492	426
Electronically recorded monetary claims - operating	2,452	3,500
Accounts receivable - trade	23,047	27,831
Securities	650	650
Merchandise and finished goods	6,184	4,227
Work in process	6,939	6,674
Raw materials and supplies	2,956	2,536
Accounts receivable - other	3,942	5,560
Short-term loans receivable	6,604	10,990
Other	175	769
Allowance for doubtful accounts	(1,554)	(3,070)
Total current assets	65,094	74,022
Non-current assets		
Property, plant and equipment		
Buildings	9,722	9,225
Structures	662	633
Machinery and equipment	7,987	7,350
Vehicles	66	50
Tools, furniture and fixtures	2,892	3,223
Land	11,827	11,843
Construction in progress	2,721	3,140
Other	2	0
Total property, plant and equipment	35,882	35,467
Intangible assets		
Software	1,747	1,274
Other	31	127
Total intangible assets	1,779	1,402
Investments and other assets		
Investment securities	11,734	10,971
Shares of subsidiaries and associates	17,789	17,789
Investments in capital of subsidiaries and associates	29,041	29,041
Other	6,763	7,339
Allowance for doubtful accounts	(1,057)	(1,043)
Total investments and other assets	64,271	64,098
Total non-current assets	101,933	100,968
Deferred assets		
Bond issuance costs	0	—
Total deferred assets	0	—
Total assets	167,028	174,991

	2021/12/31	2022/12/31
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	12,371	13,071
Accounts payable - trade	14,735	16,462
Short-term borrowings	26,490	27,380
Current portion of bonds payable	1,500	—
Current portion of long-term borrowings	8,855	2,955
Accounts payable - other	3,101	4,651
Accrued expenses	810	1,199
Income taxes payable	191	535
Provision for bonuses	189	287
Provision for board member's bonuses	—	36
Deposits received from employees	1,634	1,604
Electronically recorded obligations-facilities	354	1,062
Other	177	199
Total current liabilities	70,410	69,446
Non-current liabilities		
Long-term borrowings	17,060	22,604
Provision for retirement benefits	5,720	5,421
Deferred tax liabilities	499	1,152
Provision for loss on guarantees	1,874	—
Other	34	34
Total non-current liabilities	25,188	29,212
Total liabilities	95,599	98,659
Net assets		
Shareholders' equity		
Common stock	18,472	18,472
Additional paid in capital		
Legal capital surplus	11,617	11,617
Other capital surplus	10,052	10,052
Total additional paid in capital	21,669	21,669
Retained earnings		
Other retained earnings		
Retained earnings brought forward	26,431	31,169
Total retained earnings	26,431	31,169
Treasury stock	(346)	(346)
Total shareholders' equity	66,226	70,964
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	5,202	5,366
Total valuation and translation adjustments	5,202	5,366
Total net assets	71,429	76,331
Total liabilities and net assets	167,028	174,991

(2) Statements of Income

(Millions of yen)

	from:2021/1/1 to:2021/12/31	from:2022/1/1 to:2022/12/31
Net sales	92,508	97,947
Cost of sales	82,291	84,106
Gross profit	10,217	13,840
Selling, general and administrative expenses	12,085	12,196
Operating income (loss)	(1,868)	1,643
Non-operating income		
Interest income	71	133
Dividend income	2,577	3,467
Rental income	442	440
Outsourcing service income	258	244
Foreign exchange gains	176	229
Reversal of provision for loss guarantees	—	1,874
Other	1,020	882
Total non-operating income	4,547	7,273
Non-operating expenses		
Interest expenses	313	321
Depreciation	159	142
Loss on abandonment of inventories	13	12
Provision of allowance for doubtful accounts	—	1,502
Other	71	73
Total non-operating expenses	558	2,052
Ordinary income	2,120	6,864
Extraordinary income		
Gain on disposal of non-current assets	0	0
Gain on sale of investment securities	0	—
Total extraordinary income	1	0
Extraordinary losses		
Loss on disposal of non-current assets	87	27
Loss on valuation of investment securities	2	4
Loss on sale of investment securities	—	250
Loss on valuation of shares of subsidiaries and associates	1,678	—
Provision of allowance for doubtful accounts	1,671	—
Provision for loss on guarantees	1,874	—
Compensation expenses	—	430
Total extraordinary losses	5,314	711
Net income (loss) before income taxes	(3,193)	6,153
Income taxes – current	295	698
Income taxes – deferred	(116)	329
Total income taxes	178	1,028
Net income (loss)	(3,372)	5,125

(3) Statements of Changes in Equity

Previous non-consolidated fiscal year (from January 1, 2021 to December 31, 2021)

(Millions of yen)

	Shareholders' equity							
	Common stock	Additional paid in capital			Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total additional paid in capital	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	18,472	11,617	10,052	21,669	30,126	30,126	(346)	69,922
Cumulative impact of changes in accounting policies								—
Balance at beginning of period reflecting changes in accounting policies	18,472	11,617	10,052	21,669	30,126	30,126	(346)	69,922
Changes during period								
Dividends of surplus					(323)	(323)		(323)
Net income (loss)					(3,372)	(3,372)		(3,372)
Purchase of treasury stock							(0)	(0)
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	(3,695)	(3,695)	(0)	(3,695)
Balance at end of period	18,472	11,617	10,052	21,669	26,431	26,431	(346)	66,226

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	4,433	4,433	74,356
Cumulative impact of changes in accounting policies			—
Balance at beginning of period reflecting changes in accounting policies	4,433	4,433	74,356
Changes during period			
Dividends of surplus			(323)
Net income (loss)			(3,372)
Purchase of treasury stock			(0)
Net changes in items other than shareholders' equity	768	768	768
Total changes during period	768	768	(2,927)
Balance at end of period	5,202	5,202	71,429

	Shareholders' equity							
	Common stock	Additional paid in capital			Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total additional paid in capital	Other retained earnings	Total retained earnings		
					Retained earnings brought forward			
Balance at beginning of period	18,472	11,617	10,052	21,669	26,431	26,431	(346)	66,226
Cumulative impact of changes in accounting policies					584	584		584
Balance at beginning of period reflecting changes in accounting policies	18,472	11,617	10,052	21,669	27,015	27,015	(346)	66,810
Changes during period								
Dividends of surplus					(971)	(971)		(971)
Net income (loss)					5,125	5,125		5,125
Purchase of treasury stock							(0)	(0)
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	4,154	4,154	(0)	4,154
Balance at end of period	18,472	11,617	10,052	21,669	31,169	31,169	(346)	70,964

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	5,202	5,202	71,429
Cumulative impact of changes in accounting policies			584
Balance at beginning of period reflecting changes in accounting policies	5,202	5,202	72,013
Changes during period			
Dividends of surplus			(971)
Net income (loss)			5,125
Purchase of treasury stock			(0)
Net changes in items other than shareholders' equity	163	163	163
Total changes during period	163	163	4,317
Balance at end of period	5,366	5,366	76,331

5. Others

Changes in Officers (scheduled for March 29, 2023)

Changes in other officers

- Candidate for new director

Name	New position	Current position
Mami Ito	Outside Director (part-time)	CEO & President of Nihon Dento Kogyo Co., Ltd.

- Director scheduled to retire

Name	Current position
Yuji Yamamoto	Outside Director (part-time)

Consolidated

(unit: millions of yen, %)

	'19/12	'20/12	'21/12	'22/12	'23/12 (Forecast)	
						First half
Net sales	220,519	170,973	198,073	249,521	266,000	129,000
Operating income	8,495 3.9	(1,789) (1.0)	(1,524) (0.8)	6,969 2.8	7,500 2.8	2,500 1.9
Ordinary income	8,734 4.0	(35) (0.0)	4 0.0	7,791 3.1	7,400 2.8	2,400 1.9
Net income attributable to owners of parent	4,913 2.2	(697) (0.4)	(4,397) (2.2)	4,784 1.9	5,500 2.1	1,700 1.3

Price earnings ratio (unit: yen)	151.79	(21.54)	(135.87)	147.80	169.92	52.52
Return on equity (%)	4.1	(0.6)	(3.7)	3.7%	—	—
Ordinary income to total asset ratio (%)	3.3	(0.0)	0.0	2.7%	—	—

Net sales by segment

Die Castings	185,938 84.3	145,869 85.3	169,898 85.8	215,726 86.5	231,700 87.1	112,400 87.1
Builders' Hardware	10,712 4.9	9,406 5.5	9,574 4.8	10,145 4.1	11,000 4.1	5,200 4.0
Printing Equipment	23,661 10.7	15,513 9.1	18,393 9.3	23,417 9.4	23,300 8.8	11,400 8.8
In Japan	116,571 52.9	91,088 53.3	103,649 52.3	114,726 46.0	122,300 46.0	58,700 45.5
Overseas	103,948 47.1	79,884 46.7	94,424 47.7	134,794 54.0	143,700 54.0	70,300 54.5

Operating income by segment

Die Castings	7,659 4.1	(1,612) (1.1)	(1,449) (0.9)	5,232 2.4	6,500 2.8	2,000 1.8
Builders' Hardware	697 6.5	799 8.5	362 3.8	226 2.2	300 2.7	100 1.9
Printing Equipment	144 0.6	(944) (6.1)	(417) (2.3)	1,506 6.4	700 3.0	400 3.5

Total asset	263,179	258,660	279,422	300,285	—	—
Shareholders' equity	120,520 45.8	117,147 45.3	122,926 44.0	134,460 44.8	—	—
Retained earnings	78,139 29.7	76,309 29.5	71,587 25.6	76,118 25.3	—	—
Interest-bearing debt	61,908 23.5	72,475 28.0	73,769 26.4	74,358 24.8	70,000	—

Capital expenditure	24,839	17,392	13,070	18,646	18,000	—
Depreciation	15,370	16,402	17,240	18,327	18,000	—

Cash flows from operating activities	30,326	11,795	14,900	16,787	—	—
Cash flows from investing activities	(26,278)	(17,567)	(12,162)	(15,860)	—	—
Cash flows from financing activities	(2,268)	9,718	(1,936)	(2,856)	—	—

(unit: people)

Year-end staff	7,683	7,396	7,243	7,375	—	—
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Assumed foreign exchange rates for FY2022

USD/JPY	125	GBP/JPY	155
CNY/JPY	18.5	THB/JPY	3.6