

Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2024 (JGAAP)

November 14, 2023

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 Listing: Tokyo Stock Exchange
 Stock code: 6405
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 Scheduled date to file quarterly report: November 14, 2023
 Scheduled date for dividend payment: December 12, 2023
 Supplementary materials for quarterly financial statements: Yes
 Results briefing to be held: Yes

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

1. Consolidated financial results for the six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results

(Percentages indicate year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2023	6,735	6.0	454	4.2	482	3.0	295	-22.2
September 30, 2022	6,351	22.1	436	-31.2	468	-27.9	379	-20.2

(Note) Comprehensive income: Six months ended September 30, 2023: 431 million yen (-13.7%)

Six months ended September 30, 2022: 499 million yen (-11.4%)

	Earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	22.85	—
September 30, 2022	29.39	—

(Note) The Company split shares of common stock at a ratio of 2 for 1 on August 1, 2022.

Earnings per share are calculated based on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	17,219	13,949	80.8
March 31, 2023	17,033	13,716	80.4

(Reference) Shareholders' equity: As of September 30, 2023: 13,919 million yen

As of March 31, 2023: 13,691 million yen

2. Dividends

	Annual dividend per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Fiscal year ended March 31, 2023	Yen —	Yen 15.00	Yen —	Yen 16.00	Yen 31.00
Fiscal year ending March 31, 2024	—	15.00			
Fiscal year ending March 31, 2024 (forecast)			—	16.00	31.00

(Note) Changes in dividend forecast from the most recent announcement: None

3. Consolidated earnings forecast for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024)
(Percentages indicate year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full-year	15,000	11.5	1,500	24.6	1,505	32.1	1,020	23.5	78.88

(Note) Changes in earnings forecast from the most recent announcement: None

Notes:

- (1) Changes in significant subsidiaries during the period under review: None
(changes in specified subsidiaries resulting in a change in the scope of consolidation)
Newly included: —
Excluded: —
- (2) Application of special accounting treatment in preparing the quarterly financial statements: Yes
(Note) For details, please see the attached materials on page 9, "2. Quarterly Consolidated Financial Statements and Primary Notes; (3) Notes to Quarterly Consolidated Financial Statements (Application of special accounting treatment in preparing the quarterly financial statements)."
- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement
- 1) Changes in accounting policies due to revision of accounting standards: None
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Retrospective restatement: None
- (4) Total number of issued shares (common stock)
- 1) Total number of issued shares at the end of the period (including treasury shares):
- September 30, 2023: 12,960,000 shares
- March 31, 2023: 12,960,000 shares
- 2) Total number of treasury shares at the end of the period:
- September 30, 2023: 27,860 shares
- March 31, 2023: 34,014 shares
- 3) Average number of shares outstanding during the period:
- Six months ended September 30, 2023: 12,928,703 shares
- Six months ended September 30, 2022: 12,913,292 shares

(Note) Company split shares of common stock at a ratio of 2 for 1 on August 1, 2022.

The number of issued shares (common stock) is calculated based on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

* The quarterly financial statements are outside the scope of quarterly reviews by certified public accountants and auditing firms.

* Explanation of the proper use of financial results forecast and other notes

Forward-looking statements in this document, including outlook on future performance, are based on currently available information and certain assumptions that the Company regards as reasonable, and the Company does not in any way guarantee their achievement. Actual results may differ substantially from the projections herein depending on various factors. For the preconditions of and precautions in using the financial results forecast, please refer to "1. Qualitative Information on Quarterly Financial Results, (3) Explanation of Consolidated Financial Earnings Forecast and Other Forward-Looking Information" on page 4 of the Attachment.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

During the first six months of the fiscal year ending March 31, 2024 (April 1, 2023–September 30, 2023), the Japanese economy recovered, with an improvement in business sentiment among large firms in both the manufacturing and non-manufacturing sectors due to a recovery in the accommodation and services sectors on the back of a recovery in inbound demand, as well as an improvement in business conditions in the wholesale and retail sectors on the back of an expansion in the movement of price pass-through. On the other hand, the global appetite for capital investment has been declining against the backdrop of inflation and the situation in Ukraine, and exports have been sluggish.

As for the economic outlook, a moderate recovery is expected to continue, led by consumer spending, capital investment in labor-saving and information technology such as software, and inbound demand.

Under these circumstances, during the first six months of the fiscal year ending March 31, 2024, the movements toward mechanization and labor saving continued in the restaurant and retail industries, and demand for our products remained firm. The impact on production activities due to the semiconductor and material supply shortage, which had continued since the year before last, has largely disappeared in the first quarter of the fiscal year ending March 31, 2024.

In Japan, the business environment remained difficult for the restaurant and retail industries due to soaring raw material and energy prices, but demand for our products remained strong due to the shift of COVID-19 to Class 5 in May 2023, recovery of inbound demand, and the continued labor-saving moves amid an ongoing labor shortage. By business category, domestic sales rose year on year, driven by demand for replacing sushi robots from major conveyor-belt sushi chains along with steady demand for replacing sushi robots from supermarkets and increased product demand for Fuwarica rice serving machines from restaurants and cafeterias, hotels, inns, and school meal service businesses.

Overseas, although mechanization and labor-saving trends continued due to the intensified labor shortage and rising labor costs in the restaurant and retail industries, business operators' appetite for capital investment weakened against the backdrop of inflation, the tightening of financial conditions, and geopolitical risks related to the situation in Ukraine. By region, in East and Southeast Asia, food service demand continued to recover, and demand for our products remained firm as Japanese companies expanded overseas. In Europe, on the other hand, sales declined due to the cancellation or postponement of capital investment plans owing to the continued impact on business operators due to soaring energy prices and worsening supply concerns caused by the situation in Ukraine.

In North America, demand for our products remained firm against the background of mechanization and labor-saving trends. Meanwhile, in the previous fiscal year, the Company increased inventories for its US subsidiary to implement a timely product shipment system in light of the impact of material procurement difficulties. In the first three months of the fiscal year ending March 31, 2024, the difficulty in procuring materials was generally eliminated, and shipments of products from the Company have been adjusted to make inventory optimizations. Internal transactions between the Company (whose fiscal year ends in March) and the US subsidiary (whose fiscal year ends in December), which has a different fiscal year end from that of the Company, have resulted in a "period gap," and sales to North America on a consolidated basis decreased on a decline in sales from the Company to the US subsidiary due to the impact of the inventory optimizations. As a result, overseas sales were lower year on year.

As a result, net sales in the first six months of the fiscal year ending March 31, 2024 totaled 6,735 million yen (+6.0% YoY). Of the total, domestic sales were 4,721 million yen (+15.9% YoY), and overseas sales came to 2,013 million yen (-11.5% YoY).

Summary of results in the first six months of the fiscal year ending March 31, 2024

	Six months ended September 30, 2022		Six months ended September 30, 2023		Amount of change	Percentage change
	Millions of yen	% of net sales	Millions of yen	% of net sales	Millions of yen	%
Net sales	6,351	100.0	6,735	100.0	383	6.0
Domestic	4,075	64.2	4,721	70.1	646	15.9
Overseas	2,276	35.8	2,013	29.9	-262	-11.5
Gross profit	3,036	47.8	3,165	47.0	128	4.2
Operating profit	436	6.9	454	6.8	18	4.2
Ordinary profit	468	7.4	482	7.2	13	3.0
Profit attributable to owners of parent	379	6.0	295	4.4	-84	-22.2

On the profit front, gross profit rose to 3,165 million yen (+4.2% YoY) owing to the increase in net sales. Operating profit increased to 454 million yen (+4.2% YoY) despite a rise in SG&A expenses owing chiefly to an increase in labor costs associated with the establishment of a foundation for business growth in the previous fiscal year; an increase in rent due to the relocation of the head office; higher depreciation costs related to the replacement of core systems; and an increase in costs at overseas subsidiaries due to the depreciation of the yen. However, these increases were offset by a decrease in packing and transportation expenses due to a decrease in overseas sales and stabilization of the rise in logistics costs, as well as a reduction in consulting and exhibition expenses due to effective cost control measures. Ordinary profit was 482 million yen (+3.0% YoY).

Profit attributable to owners of parent decreased to 295 million yen (-22.2% YoY), falling below the same quarter of the previous fiscal year, reflecting the absence of the extraordinary income of 128 million yen recorded then, which resulted from the sale of investment securities from policy shareholdings, as well as the recording of an extraordinary loss of 28 million yen as an impairment loss on goodwill related to consolidated subsidiary Japan System Project Co., Ltd. (JSP) due to its worse-than-expected performance.

(2) Explanation of Financial Condition

The Company's financial position is as follows.

(Assets)

Total assets as of September 30, 2023 were up 186 million yen from March 31, 2023 to 17,219 million yen. This was mainly due to a decrease of 259 million yen in cash and deposits and a decrease of 50 million yen in inventories, while non-current assets increased by 341 million yen.

(Liabilities)

Liabilities as of September 30, 2023 were down 46 million yen from March 31, 2023 to 3,269 million yen. This was mainly due to a decrease in accounts payable-trade by 95 million yen and a decrease in income taxes payable by 46 million yen, despite an increase in asset retirement obligations by 91 million yen.

(Net assets)

Net assets as of September 30, 2023 were up 233 million yen from March 31, 2023 to 13,949 million yen. This owed primarily to an increase of 295 million yen in profit attributable to owners of parent and an increase of 120 million yen in foreign currency translation adjustment, despite a decrease of 206 million yen in retained earnings due to the payment of dividends.

(3) Business and financial issues to be addressed

There were no significant changes in the issues to be addressed by the group during the first six months of the fiscal year ending March 31, 2024.

(4) R&D activities

The group's R&D activities for the first six months of the fiscal year ending March 31, 2024 totaled 97 million yen. There were no significant changes in the status of the group's R&D activities during the first six months of the fiscal year ending March 31, 2024.

(3) Explanation of Consolidated Financial Earnings Forecast and Other Forward-Looking Information

Earnings forecast is based on currently available information. Actual results may differ substantially from the projections herein depending on various factors. The forecast figures remain unchanged from those announced on May 12, 2023.

2. Quarterly Consolidated Financial Statements and Primary Notes
(1) Consolidated Balance Sheet

	(Thousands of yen)	
	Fiscal year ended March 31, 2023 (as of March 31, 2023)	Six months ended September 30, 2023 (as of September 30, 2023)
Assets		
Current assets		
Cash and deposits	4,865,751	4,605,765
Notes and accounts receivable - trade	1,577,115	1,579,873
Electronically recorded monetary claims - operating	168,167	329,989
Inventories	2,762,466	2,712,056
Other	312,173	302,918
Total current assets	9,685,674	9,530,602
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,578,410	2,069,136
Land	3,664,888	3,664,888
Other, net	725,669	449,140
Total property, plant and equipment	5,968,967	6,183,165
Intangible assets		
Goodwill	33,051	—
Other	419,417	592,446
Total intangible assets	452,468	592,446
Investments and other assets		
Investment securities	36,801	47,461
Deferred tax assets	607,053	599,860
Other	289,726	273,409
Allowance for doubtful accounts	(7,680)	(7,680)
Total investments and other assets	925,901	913,051
Total non-current assets	7,347,338	7,688,663
Total assets	17,033,012	17,219,266

(Thousands of yen)

	Fiscal year ended March 31, 2023 (as of March 31, 2023)	Six months ended September 30, 2023 (as of September 30, 2023)
Liabilities		
Current liabilities		
Accounts payable – trade	504,671	408,800
Current portion of long-term borrowings	60,545	60,691
Income taxes payable	168,848	122,713
Provision for bonuses	204,918	363,197
Other	863,698	693,478
Total current liabilities	1,802,682	1,648,881
Non-current liabilities		
Long-term borrowings	209,969	178,623
Provision for retirement benefits for directors (and other officers)	2,880	3,300
Retirement benefit liability	1,140,102	1,174,863
Asset retirement obligations	57,701	149,656
Other	103,497	114,537
Total non-current liabilities	1,514,150	1,620,981
Total liabilities	3,316,833	3,269,862
Net assets		
Shareholders' equity		
Share capital	1,154,418	1,154,418
Capital surplus	998,054	1,001,696
Retained earnings	11,476,082	11,564,728
Treasury shares	(20,707)	(15,975)
Total shareholders' equity	13,607,847	13,704,867
Accumulated other comprehensive income		
Foreign currency translation adjustment	181,693	302,370
Remeasurements of defined benefit plans	(98,495)	(88,133)
Total accumulated other comprehensive income	83,197	214,237
Non-controlling interests	25,134	30,297
Total net assets	13,716,179	13,949,403
Total liabilities and net assets	17,033,012	17,219,266

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

Consolidated Statement of Income

	(Thousands of yen)	
	Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)
Net sales	6,351,837	6,735,651
Cost of sales	3,315,244	3,570,564
Gross profit	3,036,593	3,165,087
Selling, general and administrative expenses	2,600,106	2,710,176
Operating profit	436,486	454,911
Non-operating income		
Interest income	133	1,004
Dividend income	864	35
Foreign exchange gains	33,093	10,240
Share of profit of entities accounted for using equity method	—	8,558
Surrender value of insurance policies	—	8,000
Other	5,570	2,713
Total non-operating income	39,662	30,552
Non-operating expenses		
Interest expenses	1,089	1,828
Restricted stock-related expenses	1,082	616
Share of loss of entities accounted for using equity method	4,971	—
Other	78	241
Total non-operating expenses	7,221	2,686
Ordinary profit	468,928	482,777
Extraordinary income		
Gain on sale of investment securities	128,234	—
Total extraordinary income	128,234	—
Extraordinary losses		
Loss on retirement of non-current assets	233	174
Retirement benefits for directors (and other officers)	5,400	—
Loss on extinguishment of tie-in shares	25,441	—
Impairment losses	—	28,644
Total extraordinary losses	31,075	28,818
Profit before income taxes	566,087	453,958
Income taxes	185,516	155,557
Profit	380,571	298,400
Profit attributable to non-controlling interests	997	2,938
Profit attributable to owners of parent	379,573	295,462

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)
Profit	380,571	298,400
Other comprehensive income		
Valuation difference on available-for-sale securities	(91,095)	—
Foreign currency translation adjustment	170,468	119,177
Remeasurements of defined benefit plans, net of tax	9,814	10,362
Share of other comprehensive income of entities accounted for using equity method	30,156	3,725
Total other comprehensive income	119,343	133,265
Comprehensive income	499,914	431,665
(Breakdown)		
Comprehensive income attributable to owners of parent	496,158	426,502
Comprehensive income attributable to non-controlling interests	3,756	5,163

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the event of significant changes in shareholders' equity)

There is no relevant information.

(Application of special accounting treatment in preparing the quarterly financial statements)

(Calculation of tax expenses)

In regard to tax expenses, we have adopted the calculation method of rationally estimating the effective tax rate on profit before income taxes for the consolidated fiscal year, after application of tax effect accounting; then multiplying the profit before income taxes for the period under review by the said tax rate. However, in the event the estimated effective tax rate cannot be applied, statutory effective tax rate is used.