

Consolidated Financial Results for the Fiscal Year Ended February 28, 2023 [Japanese GAAP]

April 14, 2023

Company Name: MARUZEN CO.,LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 5982

URL <http://www.maruzen-kitchen.co.jp>

Representative: Keiichi Watanabe, President

Contact: Fusao Banmi, Senior Vice President and General Manager of Administration Division Phone: +81-3-5603-7755

Scheduled date of Annual General Meeting of Shareholders: May 25, 2023

Scheduled date of commencing dividend payments: May 26, 2023

Scheduled date of filing annual securities report: May 29, 2023

Availability of supplementary briefing material on annual financial results: Available

Availability of annual financial results briefing session: Yes (For analysts and institutional investors)

(Figures are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to shareholders of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended February 28, 2023	57,532	8.9	3,578	△6.6	4,080	△3.7	2,815	△2.0
February 28, 2022	52,825	16.3	3,829	13.0	4,236	14.2	2,873	14.7

(Note) Comprehensive income: Fiscal year ended February 28, 2023: ¥2,868 million (0.4%)

Fiscal year ended February 28, 2022: ¥2,857 million (13.3%)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended February 28, 2023	173.77	—	6.6	6.4	6.2
February 28, 2022	177.46	—	7.1	7.2	7.2

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended February 28, 2023: ¥__ million

Fiscal year ended February 28, 2022: ¥__ million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended February 28, 2023	65,558	43,390	66.2	2,677.12
February 28, 2022	61,755	41,471	67.2	2,560.68

(Reference) Equity: As of February 28, 2023: ¥43,390 million

As of February 28, 2022: ¥41,471 million

(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
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended February 28, 2023	4,096	△638	△978	31,577
February 28, 2022	7,685	△712	△494	29,097

2. Dividends

	Annual dividends					Total dividends (Total)	Payout Ratio (Consolidated)	Dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended February 28, 2022	—	15.00	—	35.00	50.00	809	28.2	2.0
February 28, 2023	—	25.00	—	45.00	70.00	1,134	40.3	2.7
Fiscal year ending February 28, 2024 (Forecast)	—	35.00	—	35.00	70.00		40.2	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2024 (March 1, 2023 to February 28, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to shareholders of parent company		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	27,700	△1.2	2,200	0.7	2,470	0.6	1,720	1.0	106.12
Full year	55,000	△4.4	3,600	0.6	4,100	0.5	2,820	0.2	173.99

* 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):

February 28, 2023	19,780,000 shares
February 28, 2022	19,780,000 shares

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

February 28, 2023	3,572,034 shares
February 28, 2022	3,584,534 shares

3) Average number of shares during the period:

February 28, 2023	16,203,788 shares
February 28, 2022	16,191,300 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

(1) Non-consolidated Operating Result

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended February 28, 2023	55,358	8.6	2,935	△6.7	3,873	△2.8	2,626	△3.1
February 28, 2022	50,985	18.2	3,146	38.6	3,985	29.1	2,709	29.4

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended February 28, 2023	162.08	—
February 28, 2022	167.34	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended February 28, 2023	58,594	40,120	68.5	2,475.36
February 28, 2022	55,393	38,359	69.2	2,368.54

(Reference) Equity: As of February 28, 2023: ¥40,120 million As of February 28, 2022: ¥38,359 million

* These financial results are outside the scope of audit.

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

Financial results forecasts and other forward-looking statements herein are based on information currently available and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors. As for the conditions of business performance forecasts and notes for using the financial results forecasts, please refer to “1. Overview of Operating Results, etc. (1) Overview of Operating Results for the Fiscal Year under Review 2) Outlook for the Next Fiscal Year” on Page 2 of the attached document.

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1. Overview of Operating Results, etc.

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

1) Overview of the Consolidated Fiscal Year under Review

During the current fiscal year (March 1, 2022-February 28, 2023), Japan's economy was affected by the new coronavirus, which, although it subsided around the end of the fiscal year, continued to affect economic and consumption activities in waves of infection almost throughout the year. In addition, the situation remained severe due to soaring resource prices caused by the situation in Russia and Ukraine and the sharp depreciation of the yen. In the restaurant industry, one of our group's major customers, there were signs of a recovery in the number of customers due to the fact that no action restrictions were issued during the period when the number of people infected with the new type of corona infection expanded and that the infection situation seemed to have subsided around the end of the period. However, the future of the environment surrounding the industry remains uncertain due to soaring raw material and utility costs and rising labor costs.

In this economic environment, our company's consolidated net sales were 57,532 million yen (8.9% increase from the previous term), operating profit was 3,578 million (6.6% decrease from the previous term), ordinary profit was 4,080 million yen (3.7% decrease from the previous term) and net profit attributable to shareholders of the parent company was 2,815 million yen (2.0% decrease from the previous term).

The business results for each segment are shown as follows.

(Commercial Kitchen Department)

In our main business, the Commercial Kitchen Department, we provide customers in a wide variety of industries and business categories with high-quality, high-performance, low-cost, and safe kitchen appliances and kitchen appliances that contribute to SDGs, such as energy saving and improvement of working environment, among the industry's most abundant and diverse lineup of original products. In addition, we actively worked to strengthen our service and maintenance systems. As a result, sales to the distribution industry and single product sales of original products were strong and exceeded the plan. Unfortunately, however, it was difficult to absorb all the cost increases due to the significant price hikes in raw materials such as stainless steel that exceeded our expectations, resulting in a decrease in profit. We have implemented a product price increase starting in January 2023, and will work to secure profits

As a result, net sales were 54,769 million yen (8.7% increase from the previous term) and operating profit was 4,059 million yen (1.8% decrease from the previous term).

(Large Baking Machinery Department)

In our Large Baking Machinery Department, the Company worked to expand sales to domestic bread manufacturers and various food factories in different industries. However, due to some large projects for which orders were received before the sharp rise in raw material prices, net sales amounted to 2,210 million yen (18.9% increase from the previous term) and operating loss amounted to 118 million yen (compared with an operating loss of 4 million yen in the same period of the previous year).

(Rental Building Department)

Business results for the five rental properties purchased for the purpose of making efficient use of the Company's properties and funds are running according to plan, resulting in net sales of 588 million yen (1.5% decrease from the previous term) and operating profit of 460 million yen (4.3% decrease from the previous term).

2) Outlook for the Next Fiscal Year

With regard to the outlook for the next fiscal year, there are concerns that raw material prices and utility costs will continue to rise. On the other hand, although a recovery in economic and social activities and an improvement in demand are expected as a result of the containment of the new coronavirus, the outlook is expected to remain uncertain due to the expected sharp rise in labor costs resulting from the shortage of labor and other factors.

In the commercial kitchen sector, our main business, we expect to see a rebound in demand and inbound demand, especially in the food and beverage and lodging sectors, as the new coronavirus is under control.

Under these circumstances, we will expand our sales channels to customers in all industries and business categories by taking advantage of our strengths, such as our industry-leading product variation and our highly mobile sales offices that cover the entire country, to meet various customer needs and expand sales based on our own products. We will also implement the plan in January 2023. In addition, we expect profit levels to improve due to the price revision implemented in January 2023.

In the Large-Scale Baking Machinery Department, sales are expected to recover, as the new coronavirus is under control and we will be able to engage in overseas sales in earnest, and large projects are anticipated both in Japan and overseas in the next fiscal year. On the other hand, the impact of soaring raw material prices will continue to be significant, and we will strive to secure profits.

In the Rental Building Department, results similar to those of the previous fiscal year can be expected from existing properties.

The outlook for the next fiscal year includes net sales of 55,000 million yen (4.4% decrease from the previous term), operating profit of 3,600 million yen (0.6% increase from the previous term), ordinary profit of 4,100 million yen (0.5% increase from the previous term), and net profit attributable to shareholders of the parent company of 2,820 million yen (0.2% increase from the previous term).

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

1) Overview of Assets, Liabilities and Net Assets

With regard to assets, current assets recorded 65,558 million yen, an increase of 3,820 million yen compared to the end of the previous

consolidated fiscal year, due to a smooth transition across to the recovery of trade receivables.

With regard to liabilities, current liabilities recorded 22,167 million yen, an increase of 1,883 million yen compared to the end of the previous consolidated fiscal year, due to an increase in trade accounts payable in alignment with an increase in net sales, etc.

The Company's net assets were 43,390 million yen, an increase of 1,919 million yen from the end of the previous consolidated year, owing to an increase in retained earnings due to the recording of net profit attributable to shareholders of the parent company.

2) Status of Cash Flow

Cash and cash equivalents (hereafter referred to as "capital") as of this fiscal year had an increase of 2,479 million yen to 31,577 million yen (8.5% increase from the same period last year). Also, the conditions of each cash flow and major factors are as follows:

(Net cash provided by operating activities)

The sales activities resulted in acquired capital of 4,096 million yen (46.7% decrease from the same period last year).

This is mainly attributable to the recording of profit before income taxes of 4,075 million yen, and the smooth transition across to the recovery of trade receivables, etc.

(Net cash provided by investment activities)

Capital used in investment activities was 638 million yen (10.4% decrease from the same period last year).

This is mainly attributable to the acquisition of tangible fixed assets valued at 632 million yen, etc.

(Net cash provided by financing activities)

Capital used for financing activities was 978 million yen (98.0% increase from the same period last year). This is attributable to a 971 million yen payment for dividends, etc.

(3) Basic Policy related to Profit Allocation and Dividends for the Current and Next Fiscal Years

The Company considers returning profits to our shareholders as one of the most important tasks as a corporation and has made it a standard corporate policy to provide stable dividends continuously, and we estimate consolidated dividend payout ratio of 30% to 40% effective from this fiscal year. Also, the retained earnings will be used to invest in research and development, equipment and expansion of the Company's market share to secure a steady increase in our business scale and to improve the company's corporate value.

The cash dividend per share at the end of this fiscal year was 45 yen, and the annual dividend per share was 70 yen (including 25 yen at the interim period).

The Company's annual cash dividend per share is planned at 70 (35 yen at the end of the second quarter, 35 yen at the end of the fiscal year) from the viewpoint of providing steady and continuous allocation.

The Company is also offering a special benefit plan for shareholders to express our gratitude for their support of our business. At the end of February and August of the current fiscal year, those who own more than 300 shares will receive a QUO Card, and those who own more than 1,000 shares will receive a JF Gourmet Card (gift certificate that can be used at restaurants throughout Japan).

2. Basic Stance Concerning Choice of Accounting Standards

By taking comparability of consolidated financial statements with other terms and with other companies into consideration, our Corporate Group plans to continue using Japanese accounting standards for our consolidated financial statements for the foreseeable future.

Also, use of International Financial Reporting Standards (IFRS) will be considered for application based on the domestic and overseas business situations.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousand yen)

	For the fiscal year ended (February 28, 2022)	For the fiscal year ended (February 28, 2023)
Assets		
Current assets		
Cash and deposits	29,097,672	31,577,483
Notes and accounts receivable - trade	8,237,785	8,806,052
Merchandise and finished goods	2,840,934	2,777,891
Work in process	1,305,541	1,680,091
Raw materials and supplies	1,252,361	1,600,776
Other	284,838	278,877
Allowance for doubtful accounts	△5,514	△5,276
Total current assets	43,013,620	46,715,896
Non-current assets		
Tangible assets		
Buildings and structures	17,886,980	18,149,639
Cumulative depreciation	△11,304,876	△11,628,602
Buildings and structures, net	6,582,104	6,521,037
Machinery, equipment and vehicles	7,827,892	8,042,297
Cumulative depreciation	△6,503,549	△6,703,080
Machinery and delivery equipment, net	1,324,342	1,339,216
Land	7,892,002	7,854,871
Leased assets	29,612	17,907
Cumulative depreciation	△24,903	△6,327
Leased assets, net	4,708	11,579
Construction in progress	31,849	-
Other	1,416,021	1,415,180
Cumulative depreciation	△1,346,821	△1,365,583
Other, net	69,200	49,596
Total tangible assets	15,904,207	15,776,302
Intangible assets		
Software	13,671	8,227
Leased assets	12,531	7,840
Total intangible assets	26,203	16,067
Investments and other assets		
Investment securities	2,087,459	2,291,008
Long-term loans	19,985	9,595
Deferred tax assets	518,541	560,126
Other	193,866	194,671
Allowance for doubtful accounts	△8,011	△5,459
Total investments and other assets	2,811,841	3,049,942
Total non-current assets	18,742,251	18,842,313
Total assets	61,755,872	65,558,209

(Thousand yen)

	For the fiscal year ended (February 28, 2022)	For the fiscal year ended (February 28, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,652,354	4,431,836
Electronically Recorded Debt	8,653,942	10,448,746
Lease obligations	6,579	7,470
Income taxes payable	994,324	659,855
Provision for bonuses	657,000	668,000
Reserve for directors' bonuses	57,572	59,236
Notes payable - equipment	272,407	201,513
Equipment-related electronic record debt	8,682	102,324
Other	2,226,329	2,758,586
Total current liabilities	17,529,192	19,337,570
Non-current liabilities		
Lease obligations	12,356	13,889
Deferred tax liability on reappraisals	172,186	172,186
Reserve for retirement benefits for officers	25,900	28,600
Debt related to retirement benefits	1,870,094	1,913,956
Notes payable-long-term installations	347,048	160,207
Long-term equipment-related electronic record debt	-	215,228
Other	327,718	325,885
Total non-current liabilities	2,755,305	2,829,954
Total liabilities	20,284,497	22,167,524
Net assets		
Shareholders' equity		
Capital stock	3,164,950	3,164,950
Capital surplus	2,522,326	2,533,296
Retained earnings	42,490,381	44,321,191
Treasury shares	△3,288,319	△3,276,852
Total shareholders' equity	44,889,338	46,742,585
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	1,133,957	1,218,263
Difference in revaluation of land	△4,556,460	△4,543,591
Re-measurements of defined benefit plans	4,539	△26,572
Total other accumulated comprehensive income	△3,417,963	△3,351,901
Total net assets	41,471,374	43,390,684
Total liabilities and net assets	61,755,872	65,558,209

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

(Thousand yen)

	For the fiscal year ended February 28, 2022 (March 1, 2021 to February 28, 2022)	For the fiscal year ended February 28, 2023 (March 1, 2022 to February 28, 2023)
Net sales	52,825,400	57,532,273
Cost of sales	38,357,960	43,108,495
Gross profits	14,467,440	14,423,778
Sales, general and administrative expenses		
Shipping and packing expenses	1,655,496	1,794,856
Advertising expenses	166,042	186,112
Provision for allowance for doubtful accounts	5,514	6,205
Directors' compensation and salary payments	4,769,067	4,911,959
Benefit expenses	883,102	889,085
Provision for accrued bonuses	550,295	571,925
Transfer to reserves for directors' bonuses	57,572	59,236
Retirement benefit expenses	118,989	128,957
Depreciation	150,376	150,154
Rental charges	243,528	234,273
R&D costs	400,681	425,350
Other	1,637,266	1,487,129
Total sales, general and administrative expenses	10,637,933	10,845,247
Operating profit	3,829,506	3,578,530
Non-operating revenue		
Interest earned	203	225
Dividends earned	12,098	25,049
Rents for fixed assets	25,118	24,447
Purchase discounts	134,387	154,205
Revenue on sale of work scrap	207,835	251,723
Other	32,279	52,765
Total non-operating revenue	411,922	508,416
Non-operating expenses		
Sales discounts	4,770	6,471
Other	273	26
Total non-operating expenses	5,044	6,497
Ordinary profit	4,236,384	4,080,449
Extraordinary income		
Gain from sale of fixed assets	4,184	9,637
Total extraordinary income	4,184	9,637
Extraordinary losses		
Loss on sale of non-current assets	469	-
Loss on retirement of non-current assets	183	304
Loss on valuation of investment securities	-	14,200
Total extraordinary losses	652	14,504
Profit before income taxes	4,239,916	4,075,582
Corporate, inhabitant and enterprise taxes	1,446,843	1,324,895
Income taxes - deferred	△80,268	△65,032
Total income taxes	1,366,575	1,259,862
Profit	2,873,340	2,815,719
Net profit attributable to shareholders of parent company	2,873,340	2,815,719

(Consolidated Statement of Comprehensive Income)

(Thousand yen)

	For the fiscal year ended February 28, 2022 (March 1, 2021 to February 28, 2022)	For the fiscal year ended February 28, 2023 (March 1, 2022 to February 28, 2023)
Profit	2,873,340	2,815,719
Other comprehensive income		
Valuation difference on available- for-sale securities	15,249	84,305
Re-measurements of defined benefit plans, net of taxes	△30,779	△31,112
Total other comprehensive income	△15,529	53,193
Comprehensive income	2,857,811	2,868,913
(Breakdown)		
Comprehensive income attributable to parent company shareholders	2,857,811	2,868,913
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended February 28, 2022 (March 1, 2021 to February 28, 2022)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,164,950	2,505,468	40,102,717	△3,299,707	42,473,427
Change during period					
Surplus dividends			△485,676		△485,676
Net profit attributable to shareholders of parent company			2,873,340		2,873,340
Disposition of treasury shares				△78	△78
Profit from disposition of treasury shares				11,466	11,466
Reversal of difference in revaluation of land		16,858			16,858
Net changes of items other than shareholders' equity					
Total change during period	-	16,858	2,387,663	11,388	2,415,910
Balance at end of current period	3,164,950	2,522,326	42,490,381	△3,288,319	44,889,338

	Other accumulated comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Difference in revaluation of land	Re-measurements of defined benefit plans	Total other accumulated comprehensive income	
Balance at beginning of current period	1,118,707	△4,556,460	35,318	△3,402,434	39,070,993
Change during period					
Surplus dividends					△485,676
Net profit attributable to shareholders of parent company					2,873,340
Disposition of treasury shares					△78
Profit from disposition of treasury shares					11,466
Reversal of difference in revaluation of land					16,858
Net changes of items other than shareholders' equity	15,249	-	△30,779	△15,529	△15,529
Total change during period	15,249	-	△30,779	△15,529	2,400,380
Balance at end of current period	1,133,957	△4,556,460	4,539	△3,417,963	41,471,374

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,164,950	2,522,326	42,490,381	△3,288,319	44,889,338
Change during period					
Surplus dividends			△972,040		△972,040
Net profit attributable to shareholders of parent company			2,815,719		2,815,719
Purchase of treasury shares				11,467	11,467
Disposition of treasury shares		10,970			10,970
Profit from disposition of treasury shares			△12,869		△12,869
Net changes of items other than shareholders' equity					
Total change during period	-	10,970	1,830,810	11,467	1,853,247
Balance at end of current period	3,164,950	2,533,296	44,321,191	△3,276,852	46,742,585

	Other accumulated comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Difference in revaluation of land	Re-measurements of defined benefit plans	Total other accumulated comprehensive income	
Balance at beginning of current period	1,133,957	△4,556,460	4,539	△3,417,963	41,471,374
Change during period					
Surplus dividends					△972,040
Net profit attributable to shareholders of parent company					2,815,719
Purchase of treasury shares					11,467
Disposition of treasury shares					10,970
Profit from disposition of treasury shares		12,869		12,869	-
Net changes of items other than shareholders' equity	84,305	-	△31,112	53,193	53,193
Total change during period	84,305	12,869	△31,112	66,062	1,919,310
Balance at end of current period	1,218,263	△4,543,591	△26,572	△3,351,901	43,390,684

(4) Consolidated Statement of Cash Flows

(Thousand yen)

	For the fiscal year ended February 28, 2022 (March 1, 2021 to February 28, 2022)	For the fiscal year ended February 28, 2023 (March 1, 2022 to February 28, 2023)
Net cash provided by (used in) operating activities		
Profit before income taxes	4,239,916	4,075,582
Depreciation	873,904	820,548
Increase (decrease) in allowance for bonuses	42,000	11,000
Increase (decrease) in allowance for directors' bonuses	2,370	1,664
Increase (decrease) in liabilities related to retirement benefits	33,737	△ 981
Increase (decrease) in directors' retirement benefits	2,500	2,700
Increase (decrease) in allowance for doubtful accounts	△ 5,956	△ 2,790
Interest income and dividends received	△ 12,301	△ 25,274
Loss (gain) on sale of investment securities	-	14,200
Loss (gain) on sale of tangible assets	△ 3,715	△ 9,637
Loss on retirement of tangible assets	183	304
Decrease (increase) in notes and accounts receivable – trade	△ 96,367	△ 568,110
Decrease (increase) in inventories	△ 149,030	△ 659,921
Decrease (increase) in other current assets	△ 79,220	△ 33,257
Increase (decrease) in notes and accounts payable – trade	2,964,659	1,574,287
Increase (decrease) in accrued consumption tax, etc.	297,857	△ 286,706
Increase (decrease) in other current liabilities	553,897	737,849
Increase (decrease) in other non-current liabilities	△ 9,123	6,907
Other	1,206	△ 47
Subtotal	8,656,517	5,658,314
Interest and dividend income received	12,300	25,274
Income taxes paid	△ 983,474	△ 1,586,811
Net cash provided by (used in) operating activities	7,685,344	4,096,777
Net cash provided by (used in) investing activities		
Purchase of tangible fixed assets	△ 619,263	△ 632,638
Proceeds from sales of tangible fixed assets	8,558	62,948
Purchase of intangible fixed assets	△ 7,118	△ 550
Purchase of other fixed assets	△ 6,094	△ 10,920
Proceeds from decrease in other fixed assets	5,214	3,753
Purchase of investment securities	△ 128,673	△ 96,264
Revenue from collection of loans	10,695	10,541
Other	24,538	24,990
Net cash provided by (used in) investing activities	△ 712,142	△ 638,138
Net cash provided by (used in) financing activities		
Purchase of treasury shares	△ 78	-
Cash dividends paid	△ 485,632	△ 971,620
Other	△ 8,524	△ 7,207
Net cash provided by (used in) financing activities	△ 494,235	△ 978,828
Net increase (decrease) in cash and cash equivalents	6,478,965	2,479,810
Cash and cash equivalents at beginning of period	22,618,706	29,097,672
Cash and cash equivalents at end of period	29,097,672	31,577,483

(5) Notes on Consolidated Financial Statements

(Notes concerning assumptions
regarding ongoing concerns)
Not applicable.

(Change in accounting policy)

(Application of Accounting Standard for Revenue Recognition, etc.)

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020. (hereinafter referred to as the "Accounting Standard for Revenue Recognition") The Company and its consolidated subsidiaries adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others from the beginning of the current fiscal year, and recognized revenue at the amount expected to be received in exchange for the promised goods or services when the control of the promised goods or services is transferred to the customer.

In accordance with the alternative treatment prescribed in Paragraph 98 of the "Guidance on Accounting Standard for Revenue Recognition," for domestic sales of goods or products, revenue is recognized at the time of shipment if the period from the time of shipment to the time when control of the goods or products is transferred to the customer is a normal period.

In accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the current fiscal year is added to or deducted from retained earnings at the beginning of the current fiscal year, and the new accounting policy is applied from such beginning balance. The new accounting policy is applied from the balance at the beginning of the current fiscal year.

As a result, there is no effect on "Balance of retained earnings at the beginning of the period" and "Profit and loss" for the current fiscal year, respectively.

In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made for the previous fiscal year using the new presentation.

(Application of Accounting Standard for Measurement of Fair Value, etc.)

The "Accounting Standard for Calculation of Fair Value" (ASBJ Statement No. 30, July 4, 2019. ("Accounting Standard for Fair Value Calculation"). and others are applied from the beginning of the current fiscal year, and in accordance with the transitional treatment prescribed in paragraph 19 of the Accounting Standard for Fair Value Calculation and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policies prescribed by the Accounting Standard for Fair Value Calculation and others are to be applied prospectively. The Company intends to apply the new accounting policy in the future.

This change has no impact on the consolidated financial statements.

(Segment information, etc.)

[Segment Information]

1. Overview of reporting segments

Isolated financial information of the Group's constituent units is available from the Group's reporting segments; this information is subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate business performance.

The Group classifies sales management into manufactured goods (heating equipment, work equipment, large baking equipment and so on) and merchandise (cooling equipment, cooking equipment, bakery-related equipment and so on). Responding to the needs of each customer, it is developing comprehensive domestic and overseas sales strategies and expanding its business activities. Moreover, the Group also treats three business classifications based on the makeup of sales –the commercial kitchen equipment manufacturing and sales business, the large baking equipment manufacturing and sales business and the building rental business - as reporting segments.

The commercial kitchen equipment manufacturing and sales business consists of manufacturing, purchasing and selling commercial kitchen equipment. The large baking equipment manufacturing and sales business consists of the manufacture, sales and maintenance of large baking equipment, such as bread plants. The building rental business rents out buildings (business hotels, for-profit nursing home etc.)

2. Method of calculating the amount of sales, profits or losses, assets, liabilities and other items for each reporting segment

The method of accounting for reported business segments is the same as that described in "Important matters as the basis for preparing consolidated financial statements."

Reported segment earnings are based on operating income.

Intersegment revenues and transfers are determined through discussions between the two companies, taking into consideration prevailing market prices and other factors..

3. Information on the amount of sales, profits or losses, assets, liabilities and other items per reported segment

For the fiscal year ended Feb. 28, 2022 (March 1, 2021 to February 28, 2022)

(Thousand yen)

	Reporting segment				Adjusted amount See Note 1 See Note 2 See Note 3	Amount recorded on consolidated financial statements See Note 4
	Commercial kitchen equipment manufacturing and sales business	Large baking equipment manufacturing and sales business	Building rental business	Total		
Net sales						
Sales to external customers	50,387,448	1,840,135	597,816	52,825,400	-	52,825,400
Internal sales or transfers between segments	-	19,350	-	19,350	△19,350	-
Total	50,387,448	1,859,485	597,816	52,844,750	△19,350	52,825,400
Segment profits or losses (decreases)	4,133,978	△4,236	424,854	4,554,595	△725,089	3,829,506
Segment assets	27,203,746	1,659,781	3,487,954	32,351,483	29,404,388	61,755,872
Other items						
Depreciation	748,560	17,515	95,876	861,952	11,952	873,904
Increase in tangible and intangible fixed assets	226,963	-	1,148	228,111	8,952	237,063

- (Notes) 1. The △¥725.089 million adjustment for segment profits includes elimination of intersegment transactions of ¥120 million and company-wide expenses of △¥845.089 million not allocated to each reporting segment. Company-wide expenses are mainly made up of general administrative expenses not attributable to reporting segments.
2. The ¥29,404.388 million adjustment for segment assets are company-wide assets not allocated to each reporting segment, with major items consisting of management funds (cash and deposits) and assets related to the management (headquarters) division.
3. The ¥11.952 million adjustment for depreciation expenses consists of amortization expenses for all corporate assets.
4. Segment income is adjusted for operating income in the consolidated financial statements.

For the fiscal year ended Feb. 28, 2023 (March 1, 2022 to February 28, 2023)

(Thousand yen)

	Reporting segment				Adjusted amount See Note 1 See Note 2 See Note 3	Amount recorded on consolidated financial statements See Note 4
	Commercial kitchen equipment manufacturing and sales business	Large baking equipment manufacturing and sales business	Building rental business	Total		
Net sales						
Sales to external customers	54,769,329	2,174,024	588,919	57,532,273	-	57,532,273
Internal sales or transfers between segments	-	36,068	-	36,068	△36,068	-
Total	54,769,329	2,210,093	588,919	57,568,342	△36,068	57,532,273
Segment profits or losses (decreases)	4,059,587	△118,405	406,735	4,347,917	△769,387	3,578,530
Segment assets	28,122,240	2,136,085	3,407,533	33,665,859	31,892,350	65,558,209
Other items						
Depreciation	694,377	16,031	97,753	808,162	12,385	820,548
Increase in tangible and intangible fixed assets	689,790	2,045	19,037	710,873	19,045	729,918

- (Notes) 1. The △¥769.387 million adjustment for segment profits includes elimination of intersegment transactions of ¥120 million and company-wide expenses of △¥889.387 million not allocated to each reporting segment. Company-wide expenses are mainly made up of general administrative expenses not attributable to reporting segments.
2. The ¥31,892.350 million adjustment for segment assets are company-wide assets not allocated to each reporting segment, with major items consisting of management funds (cash and deposits) and assets related to the management (headquarters) division.
3. The ¥12.385 million adjustment for depreciation expenses consists of amortization expenses for all corporate assets.
4. Segment profits are coordinated with the operating income of consolidated financial statements.

5. Effective from the current fiscal year, the name of the reportable segment previously indicated as "Bakery equipment manufacturing and sales" has been changed to "Large baking equipment manufacturing and sales business" in light of the nature of the business.

This change is only a change in name and has no impact on segment information and other categories and figures. The reportable segments for the previous fiscal year are also presented under the new names.

[Related information]

For the fiscal year ended February 28, 2022 (March 1, 2021 to February 28, 2022)

1. Information for each product and service

	Commercial kitchen equipment manufacturing and sales business						Large baking equipment manufacturing and sales business		Building rental business	Total
	Company products				Products purchased from other companies		Company products	Products purchased from other companies		
	Heating equipment	Work equipment		Parts, etc.	Cooling equipment	Cooking service equipment	Bakery equipment	Bakery-related equipment		
		Standard	Order							
Sales to external customers (thousand yen)	13,495,975	3,000,305	3,712,314	4,470,457	9,163,629	16,544,764	1,777,150	62,985	597,816	52,825,400

2. Information by region

(1) Sales

Since sales to customers outside of Japan exceed 90% of sales on the consolidated income statement, the description is omitted.

(2) Tangible fixed assets

Since the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the consolidated income statement, the description is omitted.

3. Major customer-specific information

Since no customer makes up 10% or more of sales to outside customers on the consolidated income statement, the description is omitted.

For the fiscal year ended February 28, 2023 (March 1, 2022 to February 28, 2023)

1. Information for each product and service

	Commercial kitchen equipment manufacturing and sales business						Large baking equipment manufacturing and sales business		Building rental business	Total
	Company products				Products purchased from other companies		Company products	Products purchased from other companies		
	Heating equipment	Work equipment		Parts, etc.	Cooling equipment	Cooking service equipment	Large baking equipment	Large baking - related equipment		
		Standard	Order							
Sales to external customers (thousand yen)	14,912,201	3,252,738	3,685,211	4,793,657	10,420,053	17,705,467	2,096,449	77,574	588,919	57,532,273

2. Information by region

(1) Sales

Since sales to customers outside of Japan exceed 90% of sales on the consolidated income statement, the description is omitted.

(2) Tangible fixed assets

Since the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the consolidated income statement, the description is omitted.

3. Major customer-specific information

Since no customer makes up 10% or more of sales to outside customers on the consolidated income statement, the description is omitted.

[Information on impairment loss of fixed assets by reporting segment]

Not applicable.

[Information on negative goodwill amortization and unamortized balance by reporting segment]

Not applicable.

[Information on negative goodwill amortization by reporting segment]

Not applicable.

(Per share information)

Item	For the fiscal year ended February 28, 2022 (March 1, 2021 to February 28, 2022)	For the fiscal year ended February 28, 2023 (March 1, 2022 to February 28, 2023)
Net assets per share	¥2,560.68	¥2,677.12
Net income per share	¥177.46	¥173.77

(Notes) 1. No net income per share adjusted for potential diluted shares is stated because there are no potential shares.

2. The basis for calculating net income per share is as follows.

	For the fiscal year ended February 28, 2022 (March 1, 2021 to February 28, 2022)	For the fiscal year ended February 28, 2023 (March 1, 2022 to February 28, 2023)
Net income per share		
Net income attributable to shareholders of parent company (thousand yen)	2,873,340	2,815,719
Amount not attributable to common shareholders (thousand yen)	—	—
Net income attributable to shareholders of parent company related to common stock (thousand yen)	2,873,340	2,815,719
Average number of shares during the period (thousand shares)	16,191	16,203

(Important subsequent events)

Not applicable.

4. Others

(1) Changes in Officers

1) Candidates for New Directors and Corporate Auditors (effective May 25, 2023)

Director Koji Kimizuka (currently General Manager, Accounting & Finance Group of the Company)

Outside Auditor Masaaki Tanahashi

2) Scheduled to retire (effective May 25, 2023)

Outside Auditor Hiroshi Komeichi

(2) Others

Not applicable.