

Consolidated Financial Results for the Fiscal Year Ended February 29, 2024 [Japanese GAAP]

April 10, 2024

Company Name: MARUZEN CO.LTD.,
 Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date of Annual General Meeting of Shareholders: May 29, 2024
 Scheduled date of commencing dividend payments: May 30, 2024
 Scheduled date of filing annual securities report: May 30, 2024
 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 29, 2024 (March 1, 2023 to February 29, 2024)

(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 29, 2024	60,596	5.3	4,857	35.7	5,300	29.9	3,708	31.7
February 28, 2023	57,532	8.9	3,578	△6.6	4,080	△3.7	2,815	△2.0

(Note) Comprehensive income: Fiscal year ended February 29, 2024: ¥4,109 million (43.3%)
 Fiscal year ended February 28, 2023: ¥2,868 million (0.4%)

	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 29, 2024	230.48	—	8.4	7.9	8.0
February 28, 2023	173.77	—	6.6	6.4	6.2

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended February 29, 2024: ¥__ million
 Fiscal year ended February 28, 2023: ¥__ million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended February 29, 2024	67,883	45,272	66.7	2,863.15
February 28, 2023	65,558	43,390	66.2	2,677.12

(Reference) Equity: As of February 29, 2024: ¥45,272 million
 As of February 28, 2023: ¥43,390 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 29, 2024	4,743	△840	△2,412	33,067
February 28, 2023	4,096	△638	△978	31,577

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, 2023	—	25.00	—	45.00	70.00	1,134	40.3	2.7
February 29, 2024	—	35.00	—	55.00	90.00	1,464	39.0	3.2
Fiscal year ending February 28, 2025 (Forecast)	—	45.00	—	45.00	90.00		37.9	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2025 (March 1, 2024 to February 28, 2025)

(% 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	30,491	△1.0	2,650	8.1	2,850	5.4	1,950	5.5	123.32
Full year	60,000	△1.0	4,900	0.9	5,350	0.9	3,750	1.1	237.16

* 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 29, 2024	19,780,000 shares
February 28, 2023	19,780,000 shares

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

February 29, 2024	3,968,056 shares
February 28, 2023	3,572,034 shares

3) Average number of shares during the period:

February 29, 2024	16,092,437 shares
February 28, 2023	16,203,788 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)

(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 29, 2024	57,959	4.7	4,188	42.7	5,116	32.1	3,580	36.3
February 28, 2023	55,358	8.6	2,935	△6.7	3,873	△2.8	2,626	△3.1

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended February 29, 2024	222.48	—
February 28, 2023	162.08	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended February 29, 2024	61,290	41,916	68.4	2,650.94
February 28, 2023	58,594	40,120	68.5	2,475.36

(Reference) Equity: As of February 29, 2024: ¥41,916 million As of February 28, 2023: ¥40,120 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, 2023-February 29, 2024), J economic activity in Japan's economy is on an improving trend due to the cancellation of behavioral restrictions due to the novel coronavirus infection, etc. Meanwhile, severe situations, such as rising resource prices, continued due to the prolonged situation in Russia and Ukraine and the deterioration of the international situation, such as the situation in the Middle East. In the food service industry, which is one of the Group's main customers, there has been a recovery in the flow of people, such as consumption activities and travel, etc., and inbound demand has also recovered, and business conditions have improved significantly. Meanwhile, in the food industry, there are various situations depending on the type of industry and business type, such as customer savings intentions increasing amid rising utility costs and prices of various prices.

Under these circumstances, sales for the current consolidated fiscal year were 60,596 million yen (5.3% increase from the previous term) and operating profit was 4,857 million yen (35.7% increase from the previous term), ordinary profit was 5.3 billion yen (29.9% increase from the previous term), and net income attributable to parent company shareholders was 3.78 billion yen (31.7% increase from the previous term), and both sales and profit were record highs.

(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 restrictions on the novel coronavirus were lifted, sales to restaurant chains, hotels and inns, and route sales to general restaurants, etc. that have received a recovery in the flow of people and consumption activities, including inbound traffic, have been strong, and sales have increased. Also, due to the penetration of product price increases in January 2023 and rough profit improvement activities by the sales department, etc., we were able to absorb increases in raw material costs and labor costs associated with human investment, which have remained high, and there have also been significant improvements on a profit basis.

As a result of the above, sales were 57.373 billion yen (4.8% increase from the previous term) and operating profit was 5.173 billion yen (27.5% increase 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. As a result, net sales were 2,661 million yen (20.4% increase from the previous term) and operating income was 108 million yen (compared with an operating loss of 118 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 586 million yen (0.5% decrease from the previous term) and operating profit of 398 million yen (2.0% decrease from the previous term).

2) Outlook for the Next Fiscal Year

As for the outlook for the next fiscal year, it is expected that economic activity and consumption activity will continue to recover domestically, and that inbound traffic, which is on a recovery trend, will further improve, but there are concerns that raw material prices and utility costs will remain high, and that labor costs will rise due to further worsening labor shortages. Furthermore, the international situation is becoming even more unstable, and it is expected that the situation where the future is uncertain will continue.

In the Commercial Kitchen Department, our main business, we expect to continue to see improvement as economic and consumer activities in the food and beverage, lodging, and other sectors revitalize. However, we also anticipate difficult conditions due to soaring labor costs caused by the further worsening of the labor shortage and high raw material and utility costs.

Under these circumstances, we will expand our sales channels to customers in all types of industries and business categories by taking advantage of our strengths, such as our industry-leading product variation and high mobility through our nationwide network of sales offices. In addition, we have launched new products, such as an IH fryer low-oil-use type in January 2024 and a reheating cooker with a cooling function (product name: "Reheat Meister") in February, both of which are ideal products for addressing labor shortages. In addition, IH fryers are attracting a lot of interest from customers because of their energy-saving and low oil consumption, which contributes to the reduction of soaring raw materials and utility costs. We will continue to respond to the various requests of our customers and expand sales based on our own products.

In the Large Bakery Machinery Department, we plan to recover sales due to the fact that overseas sales can also be tackled in earnest as the novel coronavirus has subsided. The impact of the rise in raw material prices is still significant, but we will also endeavor to secure profits through price increases in product prices from June this year, etc.

As for the building leasing division, we anticipate the same level of performance as last fiscal year with existing properties.

As for the earnings forecast for the next fiscal year, sales are expected to be 60 billion yen (1.0% decrease from the previous term), operating income of 4.9 billion yen (0.9% increase from the previous term), ordinary profit of 5.35 billion yen (0.9% increase from the previous term), and net income attributable to parent company shareholders of 3.75 billion yen (1.1% 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 67,883 million yen, an increase of 2,325 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 22,611 million yen, an increase of 443 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 45,272 million yen, an increase of 1,881 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 1,490 million yen to 33,067 million yen (4.7% 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 4,743 million yen (15.8% increase from the same period last year).

This is mainly attributable to the recording of profit before income taxes of 5,293 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 840 million yen (31.7% increase from the same period last year).

This is mainly attributable to the acquisition of tangible fixed assets valued at 798 million yen, etc.

(Net cash provided by financing activities)

Capital used for financing activities was 2,412 million yen (146.5% increase from the same period last year). This was mainly due to purchase of treasury stock of 1,106 million yen and cash dividends paid of 1,297 million yen.

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

We consider the return of profits to shareholders to be one of our most important tasks, and while our basic policy is to pay stable and continuous dividends, we have raised our consolidated dividend payout ratio from 30% to 40% since the previous fiscal year, and will continue to aim for a dividend payout ratio of 40% in the current 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 55 yen, and the annual dividend per share was 90 yen (including 35 yen at the interim period).

The Company's annual cash dividend per share is planned at 90 (45 yen at the end of the second quarter, 45 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, 2023)	For the fiscal year ended (February 29, 2024)
Assets		
Current assets		
Cash and deposits	31,577,483	33,067,889
Bills receivable	756,682	693,652
Electronic record receivables	1,068,009	1,052,566
Receivables	6,981,360	6,995,180
Merchandise and products	2,777,891	2,956,923
Work in progress	1,680,091	1,419,961
Raw materials and stored products	1,600,776	1,750,107
Others	278,877	618,588
Provisions for debt loss	△5,276	△2,907
Total current assets	46,715,896	48,551,962
Non-current assets		
Tangible fixed assets		
Buildings and structures	18,149,639	18,373,647
Accumulated depreciation	△11,628,602	△11,884,908
Buildings and structures (net)	6,521,037	6,488,739
Mechanical devices and conveyors	8,042,297	8,279,079
Accumulated depreciation	△6,703,080	△6,955,438
Machinery, equipment and conveyors (net)	1,339,216	1,323,640
Lands	7,854,871	7,854,871
Leased assets	17,907	21,597
Accumulated depreciation	△6,327	△10,076
Leased assets (net)	11,579	11,520
Others	1,415,180	1,429,982
Accumulated depreciation	△1,365,583	△1,385,744
Other (net)	49,596	44,238
Total tangible fixed assets	15,776,302	15,723,010
Intangible fixed assets		
Software	8,227	12,266
Leased assets	7,840	8,368
Total intangible fixed assets	16,067	20,634
Investments and other assets		
Investment securities	2,291,008	2,988,667
long-term loans	9,595	3,253
Deferred tax assets	560,126	402,386
Others	194,671	198,088
Provisions for debt loss	△5,459	△4,583
Total investments and other assets	3,049,942	3,587,813
Total fixed assets	18,842,313	19,331,458
Total assets	65,558,209	67,883,421

(Thousand yen)

	For the fiscal year ended (February 28, 2023)	For the fiscal year ended (February 29, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable	4,431,836	4,082,110
Electronic record debt	10,448,746	10,415,549
Lease debt	7,470	9,200
Unpaid corporate taxes, etc.	659,855	1,034,333
Advance payment	1,516,640	1,360,461
Reserve for bonuses	668,000	760,000
Provision for executive bonuses	59,236	55,950
Equipment related bills payable	201,513	102,232
Equipment-related electronic record liabilities	102,324	289,425
Others	1,241,946	1,496,934
Total current liabilities	19,337,570	19,606,198
Non-current liabilities		
Lease obligations	13,889	12,677
Deferred tax liabilities relating to revaluation	172,186	172,186
Provision for executive retirement benefits	28,600	31,400
Liabilities relating to retirement benefits	1,913,956	2,003,258
Long-term equipment-related bills payable	160,207	59,321
Long-term equipment-related electronic record debt	215,228	390,893
Others	325,885	335,455
Total fixed liabilities	2,829,954	3,005,193
Total liabilities	22,167,524	22,611,391
Net assets section		
Shareholders' equity		
Capital	3,164,950	3,164,950
Capital surplus	2,533,296	3,503,331
Retained earnings	44,321,191	46,733,004
Treasury stock	△3,276,852	△5,178,318
Total shareholders' equity	46,742,585	48,222,966
Other accumulated comprehensive income		
Other securities valuation differences	1,218,263	1,662,471
Land revaluation difference	△4,543,591	△4,543,591
Accumulated adjustments relating to retirement benefits	△26,572	△69,816
Total other accumulated comprehensive income	△3,351,901	△2,950,936
Total net assets	43,390,684	45,272,030
Total liabilities and net assets	65,558,209	67,883,421

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

(Thousand yen)

	For the fiscal year ended February 28, 2023 (March 1, 2022 to February 28, 2023)	For the fiscal year ended February 29, 2024 (March 1, 2023 to February 29, 2024)
turnover	57,532,273	60,596,747
Cost of sales	43,108,495	44,343,105
Gross profit	14,423,778	16,253,641
Selling and general administrative expenses		
Freight and packing costs	1,794,856	1,882,528
Advertising expenses	186,112	198,054
Amount of provision for debt loss	6,205	2,907
Executive Remuneration and Salary Allowance	4,911,959	5,061,638
Welfare expenses	889,085	1,102,717
Bonus reserve deposit amount	571,925	632,011
Officer bonus reserve deposit amount	59,236	55,950
Retirement benefit costs	128,957	130,753
Depreciation expenses	150,154	153,334
Rental charges	234,273	239,345
R&D expenses	425,350	422,981
Others	1,487,129	1,513,875
Total sales and general and administrative expenses	10,845,247	11,396,099
Operating profit	3,578,530	4,857,541
Non-operating income		
Interest received	225	260
Dividends received	25,049	57,862
Fixed asset rent	24,447	22,574
Purchase discounts	154,205	151,893
Proceeds from sales of work waste	251,723	211,750
Others	52,765	30,590
Total non-operating income	508,416	474,931
Non-operating expenses		
Sales discounts	6,471	6,865
Payment fees	—	23,320
Others	26	1,971
Total non-operating expenses	6,497	32,157
Ordinary profit	4,080,449	5,300,315
Extraordinary benefits		
Gains on sales of fixed assets	9,637	3,115
Total Extraordinary Profit	9,637	3,115
Extraordinary losses		
Loss on removal of fixed assets	304	9,612
Loss on valuation of investment securities	14,200	—
Total extraordinary losses	14,504	9,612
Net income before tax adjustments	4,075,582	5,293,818
Corporate tax, residence tax, and business tax	1,324,895	1,603,503
Corporate tax adjustments	△65,032	△18,605
Total corporate taxes, etc.	1,259,862	1,584,897
Net profit for the period	2,815,719	3,708,921
Net income attributable to parent company shareholders	2,815,719	3,708,921

(Consolidated Statement of Comprehensive Income)

(Thousand yen)

	For the fiscal year ended February 28, 2023 (March 1, 2022 to February 28, 2023)	For the fiscal year ended February 29, 2024 (March 1, 2023 to February 29, 2024)
Profit	2,815,719	3,708,921
Other comprehensive income		
Valuation difference on available- for-sale securities	84,305	444,208
Re-measurements of defined benefit plans, net of taxes	△31,112	△43,243
Total other comprehensive income	53,193	400,964
Comprehensive income	2,868,913	4,109,885
(Breakdown)		
Comprehensive income attributable to parent company shareholders	2,868,913	4,109,885
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Equity

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

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	3,164,950	2,522,326	42,490,381	△3,288,319	44,889,338
Changes in the current fiscal year					
Dividends from surplus			△972,040		△972,040
Net income attributable to parent company shareholders			2,815,719		2,815,719
Disposal of treasury stock				11,467	11,467
Profit on disposal of treasury stock		10,970			10,970
Settlement of land revaluation differences			△12,869		△12,869
Current changes in items other than shareholders' equity (net amount)					
Total changes in the current fiscal year	—	10,970	1,830,810	11,467	1,853,247
Current year-end balance	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 the beginning of current period	1,133,957	△4,556,460	4,539	△3,417,963	41,471,374
Changes in the current fiscal year					
Dividends from surplus					△972,040
Net income attributable to parent company shareholders					2,815,719
Disposal of treasury stock					11,467
Profit on disposal of treasury stock					10,970
Settlement of land revaluation differences		12,869		12,869	—
Current changes in items other than shareholders' equity (net amount)	84,305	—	△31,112	53,193	53,193
Total changes in the current fiscal year	84,305	12,869	△31,112	66,062	1,919,310
Current year-end balance	1,218,263	△4,543,591	△26,572	△3,351,901	43,390,684

For the fiscal year ended February 29, 2024 (March 1, 2023 to February 29, 2024)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	3,164,950	2,533,296	44,321,191	△3,276,852	46,742,585
Changes in the current fiscal year					
Dividends from surplus			△1,297,108		△1,297,108
Net income attributable to parent company shareholders			3,708,921		3,708,921
Acquisition of treasury stock				△2,647,123	△2,647,123
Disposal of treasury stock				745,657	745,657
Profit on disposal of treasury stock		970,034			970,034
Current changes in items other than shareholders' equity (net amount)					
Total changes in the current fiscal year	—	970,034	2,411,813	△1,901,466	1,480,381
Current year-end balance	3,164,950	3,503,331	46,733,004	△5,178,318	48,222,966

	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 the beginning of current period	1,218,263	△4,543,591	△26,572	△3,351,901	43,390,684
Changes in the current fiscal year					
Dividends from surplus					△1,297,108
Net income attributable to parent company shareholders					3,708,921
Acquisition of treasury stock					△2,647,123
Disposal of treasury stock					745,657
Profit on disposal of treasury stock					970,034
Current changes in items other than shareholders' equity (net amount)	444,208	—	△43,243	400,964	400,964
Total changes in the current fiscal year	444,208	—	△43,243	400,964	1,881,345
Current year-end balance	1,662,471	△4,543,591	△69,816	△2,950,936	45,272,030

(4) Consolidated Statement of Cash Flows

(Thousand yen)

	For the fiscal year ended February 28, 2023 (March 1, 2022 to February 28, 2023)	For the fiscal year ended February 29, 2024 (March 1, 2023 to February 29, 2024)
Net cash provided by (used in) operating activities		
Profit before income taxes	4,075,582	5,293,818
Depreciation	820,548	867,086
Increase (decrease) in allowance for bonuses	11,000	92,000
Increase (decrease) in allowance for directors' bonuses	1,664	△3,286
Increase (decrease) in liabilities related to retirement benefits	△981	26,389
Increase (decrease) in directors' retirement benefits	2,700	2,800
Increase (decrease) in allowance for doubtful accounts	△2,790	△3,245
Interest income and dividends received	△25,274	△58,122
Loss (gain) on sale of investment securities	14,200	—
Loss (gain) on sale of tangible assets	△9,637	△3,115
Loss on retirement of tangible assets	304	9,612
Decrease (increase) in notes and accounts receivable – trade	△568,110	64,808
Decrease (increase) in inventories	△659,921	△68,233
Decrease (increase) in other current assets	△47,045	△345,739
Increase (decrease) in notes and accounts payable – trade	1,574,287	△382,924
Increase (decrease) in accrued consumption tax, etc.	△272,918	382,150
Increase (decrease) in other current liabilities	737,849	△93,090
Increase (decrease) in other non-current liabilities	6,907	9,570
Other	△47	152,015
Subtotal	5,658,314	5,942,497
Interest and dividend income received	25,274	58,124
Income taxes paid	△1,586,811	△1,257,045
Net cash provided by (used in) operating activities	4,096,777	4,743,576
Net cash provided by (used in) investing activities		
Purchase of tangible fixed assets	△632,638	△798,462
Proceeds from sales of tangible fixed assets	62,948	3,769
Purchase of intangible fixed assets	△550	△10,467
Purchase of other fixed assets	△10,920	△11,753
Proceeds from decrease in other fixed assets	3,753	775
Purchase of investment securities	△96,264	△57,436
Revenue from collection of loans	10,541	10,390
Other	24,990	22,592
Net cash provided by (used in) investing activities	△638,138	△840,592
Net cash provided by (used in) financing activities		
Purchase of treasury shares	—	△1,106,891
Cash dividends paid	△971,620	△1,297,161
Other	△7,207	△8,525
Net cash provided by (used in) financing activities	△978,828	△2,412,577
Net increase (decrease) in cash and cash equivalents	2,479,810	1,490,405
Cash and cash equivalents at beginning of period	29,097,672	31,577,483
Cash and cash equivalents at end of period	31,577,483	33,067,889

(5) Notes on Consolidated Financial Statements
(Notes concerning assumptions regarding ongoing concerns)

Not applicable.

(Additional information)

(Acquisition of treasury stock)

In order to improve capital efficiency and expand shareholder returns, at the Board of Directors meeting held on September 14, 2023, we resolved the total number of shares to be acquired (upper limit) of 500,000 shares (upper limit) and total acquisition amount of 1,500,000 thousand yen (upper limit) on matters relating to share repurchases based on the provisions of section 156 of the same law, which is replaced and applied in accordance with the provisions of section 165 (3) of the Companies Act.

Note that as of 2024/2/29, 462,000 shares of treasury stock have already been acquired for 1,106,790 thousand yen.

(Overview of transactions in stock benefit trusts, etc.)

“Stock Benefit Trust (J-ESOP)” (hereinafter referred to as “this system”) for the purpose of increasing the linkage between our stock prices and the Group's employee treatment and sharing the economic effects with shareholders to increase employee motivation and morale to improve stock prices and performance. We have introduced it.

1. Transaction Overview

Our company and group companies grant points to employees, etc. according to their positions, etc., and when they acquire the right to receive benefits under certain conditions, we will pay our shares equivalent to the points awarded. Shares to be paid benefits to employees, etc. shall be acquired with money set in advance, including future shares, and managed separately as trust property. With the introduction of this system, the interest of employees and others in improving stock prices and performance has increased, and it is expected that they will work more ambitiously than ever before to achieve business results.

2. Shares of the company remaining in trust

The book value of the Company's shares remaining in the trust (excluding incidental expenses) in the trust As a result, it is recorded as treasury stock in the net assets section. The book value of the treasury stock and number of shares are 1,391,382 thousand yen and 497 thousand shares for the current consolidated fiscal year.

(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 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, 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 adjusted amount for segment profit $\triangle 769,387,000$ yen includes elimination of transactions between segments of 120,000 thousand yen and company-wide expenses of $\triangle 889,387,000$ yen not allocated to each reporting segment. Note that the main details of company-wide expenses are general and administrative expenses that are not attributed to the reporting segment.
2. The adjusted amount of segment assets of 31,892,350 thousand yen is company-wide assets not allocated to each reporting segment, and the main ones are management and management funds (cash and deposits) and assets related to the management (headquarters) division.
3. The adjusted amount for depreciation and amortization expenses of 12,385,000 yen is amortization expenses relating to company-wide assets.
4. Segment profits or losses are adjusted with operating income in the consolidated financial statements.

For the fiscal year ended Feb. 29, 2024 (March 1, 2023 to February 29, 2024)

(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	57,373,729	2,636,854	586,163	60,596,747	—	60,596,747
Internal sales or transfers between segments	—	24,668	—	24,668	$\triangle 24,668$	—
Total	57,373,729	2,661,523	586,163	60,621,415	$\triangle 24,668$	60,596,747
Segment profits	5,173,950	108,467	398,590	5,681,008	$\triangle 823,467$	4,857,541
Segment assets	29,215,506	1,782,220	3,482,231	34,479,958	33,403,462	67,883,421
Other items						
Depreciation	733,220	16,380	104,638	854,240	12,846	867,086
Increase in tangible and intangible fixed assets	623,351	2,271	187,379	813,002	8,221	821,223

- (Notes) 1. The adjusted amount for segment profit $\triangle 823,467,000$ yen includes elimination of transactions between segments of 120,000 thousand yen and company-wide expenses of $\triangle 943,467,000$ yen not allocated to each reporting segment. Note that the main details of company-wide expenses are general and administrative expenses that are not attributed to the reporting segment.
2. The adjusted amount of segment assets of 33,403,462,000 yen is company-wide assets not allocated to each reporting segment, and the main ones are management and management funds (cash and deposits) and assets related to the management (headquarters) division.
3. The adjusted amount for depreciation and amortization expenses of 12,846,000 yen is amortization expenses relating to company-wide assets.
4. Segment profit is adjusted with operating income in consolidated financial statements.

[Related information]

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	Bakery equipment			Bakery-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.

For the fiscal year ended February 29, 2024 (March 1, 2023 to February 29, 2024)

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)	14,889,579	3,272,652	3,863,744	5,403,165	10,952,559	18,992,027	2,504,162	132,692	586,163	60,596,747

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, 2023 (March 1, 2022 to February 28, 2023)	For the fiscal year ended February 29, 2024 (March 1, 2023 to February 29, 2024)
Net assets per share	¥2,677.12	¥2,863.15
Net income per share	¥173.77	¥230.48

(Notes) 1. The net profit amount per share after adjustments for potential shares is not listed because there are no potential shares.

2. Our shares relating to stock benefit trusts held by Custody Bank of Japan, Ltd. (Trust Account E) are included in treasury shares deducted from the number of shares issued at the end of the period in calculating net assets per share. Also, in calculating net income per share, it is included in treasury stock which is deducted in calculating the average number of shares during the period.

The number of shares of the Company's shares held by the trust account at the end of the fiscal year for the current consolidated fiscal year was 497 thousand shares, and the average number of shares for the period was 52 thousand shares. Also, there are no applicable matters relating to the stock in question from the previous consolidated fiscal year.

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

	For the fiscal year ended February 28, 2023 (March 1, 2022 to February 28, 2023)	For the fiscal year ended February 29, 2024 (March 1, 2023 to February 29, 2024)
Net income per share		
Net income attributable to shareholders of parent company (thousand yen)	2,815,719	3,708,921
Amount not attributable to common shareholders (thousand yen)	—	—
Net income attributable to shareholders of parent company related to common stock (thousand yen)	2,815,719	3,708,921
Average number of shares during the period (thousand shares)	16,203	16,092

(Important subsequent events)

Not applicable.

4. Others

(1) Changes in Officers

This change is scheduled to be formally decided through the 63rd Annual General Meeting of Shareholders scheduled to be held on May 29, 2024, and subsequent Board of Directors and Audit & Supervisory Board meetings.

① Director to be promoted (effective May 29, 2024)

Managing Director Takashi Yanai (current director of our company)

② New Director Candidate (scheduled to be submitted to the Annual General Meeting of Shareholders scheduled to be held on May 29, 2024) Director Yoshinosuke Tanaka (currently our Executive Officer, Metropolitan Area Business Manager)
Outside Director Tomoko Suganuma

(Note) Tomoko Suganuma is a candidate for an outside director.

③ Retiring Director to be promoted (scheduled to retire at the end of the Annual General Meeting of Shareholders scheduled to be held on May 29, 2024)

Senior Managing Director Fusao Banmi

④ New Auditor Candidate (scheduled to be submitted to the Annual General Meeting of Shareholders scheduled to be held on 2024/5/29) External Auditor Mieko Suzuki

(Note) Mieko Suzuki is a candidate for an external auditor.

⑤ Retiring Auditor to be promoted (scheduled to retire at the end of the Annual General Meeting of Shareholders scheduled to be held on May 29, 2024) Outside Auditor Osamu Nagasaka

(2) Others

Not applicable.