

Disclaimer: This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

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



May 15, 2024

Company name: Shinko Shoji Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 8141
 URL: <http://www.shinko-sj.co.jp/>
 Representative: Tatsuya Ogawa, President and Representative Director
 Contact: Shuji Isshiki, Director
 Phone: +81-3-6361-8111
 Scheduled date of ordinary general meeting of shareholders: June 25, 2024
 Scheduled date of commencing dividend payments: June 17, 2024
 Scheduled date of filing annual securities report: June 25, 2024
 Availability of supplementary briefing material on financial results: Available
 Schedule of financial results briefing session: Scheduled (for institutional investors and analysts)

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

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

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2024	175,847	(1.8)	4,878	(31.6)	4,768	(30.3)	3,194	(32.1)
March 31, 2023	179,076	32.4	7,128	71.2	6,841	66.7	4,706	66.8

(Note) Comprehensive income: Fiscal year ended March 31, 2024: 5,789 million yen [(8.1)%]
 Fiscal year ended March 31, 2023: 6,301 million yen [58.8%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	96.53	—	6.0	4.8	2.8
March 31, 2023	137.77	—	9.1	7.3	4.0

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended March 31, 2024: –million yen

Fiscal year ended March 31, 2023: –million yen

(Note) The average number of shares during the period used for calculating basic earnings per share is calculated by excluding the number of shares held in own name as well as treasury shares held by the board benefit trust of 497,146 shares for the fiscal year ended March 31, 2023 and 474,669 shares for the fiscal year ended March 31, 2024 and treasury shares held by the employee benefit trust of 340,462 shares for the fiscal year ended March 31, 2023 and 317,831 shares for the fiscal year ended March 31, 2024.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	99,813	56,119	55.4	1,671.25
As of March 31, 2023	98,827	52,560	52.5	1,567.87

(Reference) Equity: As of March 31, 2024: 55,328 million yen

As of March 31, 2023: 51,860 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2024	4,697	105	(2,757)	13,157
March 31, 2023	(905)	9	682	10,746

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	–	29.00	–	40.00	69.00	2,358	50.1	4.6
Fiscal year ended March 31, 2024	–	26.50	–	22.00	48.50	1,643	50.2	3.0
Fiscal year ending March 31, 2025 (Forecast)	–	7.50	–	8.00	15.50		51.3	

(Note) Fiscal year-end dividend for the fiscal year ended March 31, 2024 was revised from 26.50 yen to 22.00 yen.

For details, please refer to “Notice Concerning Revision to Year-end Dividend Forecast” announced today (May 15, 2024).

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	112,000	(36.3)	1,000	(79.5)	1,000	(79.0)	1,000	(68.7)	30.21

(Note) In the consolidated financial results forecast for the fiscal year ending March 31, 2025, only the full year forecast is disclosed as reasonable estimates of the financial results forecast for the first six months is difficult at this time. For details, please refer to “1. Overview of Operating Results, etc., (4) Future Outlook” on page 4 of the attached document.

*** Notes:**

- (1) Changes in significant subsidiaries during the period: No
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
- (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: Yes
 - 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
March 31, 2024: 38,010,566 shares
March 31, 2023: 38,010,566 shares
 - 2) Total number of treasury shares at the end of the period:
March 31, 2024: 4,904,651 shares
March 31, 2023: 4,933,439 shares
 - 3) Average number of shares during the period:
Fiscal year ended March 31, 2024: 33,097,255 shares
Fiscal year ended March 31, 2023: 34,160,007 shares

(Notes)

1. The total number of treasury shares at the end of the period includes the Company's shares held by the board benefit trust of 481,800 shares for the fiscal year ended March 31, 2023 and 471,500 shares for the fiscal year ended March 31, 2024 and the Company's shares held by the employee benefit trust of 330,900 shares for the fiscal year ended March 31, 2023 and 312,300 shares for the fiscal year ended March 31, 2024.
2. Treasury shares excluded for calculation of the average number of shares during the period includes the Company's shares held by the board benefit trust of 497,146 shares for the fiscal year ended March 31, 2023 and 474,669 shares for the fiscal year ended March 31, 2024 and the Company's shares held by the employee benefit trust of 340,462 shares for the fiscal year ended March 31, 2023 and 317,831 shares for the fiscal year ended March 31, 2024.

Table of Contents - Attachments

1. Overview of Operating Results, etc.	2
(1) Overview of Operating Results for the Fiscal Year under Review	2
(2) Overview of Financial Position for the Fiscal Year under Review	2
(3) Overview of Cash Flows for the Fiscal Year under Review	3
(4) Future Outlook	4
2. Basic Policy on Selection of Accounting Standards	4
3. Consolidated Financial Statements and Primary Notes	5
(1) Consolidated Balance Sheets	5
(2) Consolidated Statements of Income and Comprehensive Income	7
Consolidated Statements of Income for the fiscal year ended March 31, 2024	7
Consolidated Statements of Comprehensive Income for the fiscal year ended March 31, 2024	8
(3) Consolidated Statements of Changes in Equity	9
(4) Consolidated Statements of Cash Flows.....	11
(5) Notes to Consolidated Financial Statements	13
(Notes on going concern assumption)	13
(Changes in presentation)	13
(Changes in accounting estimate)	13
(Segment information, etc.).....	13
(Per share information).....	16
(Significant subsequent events).....	17

1. Overview of Operating Results, etc.

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

During the fiscal year ended March 31, 2024, despite a gradual recovery, the outlook for the Japanese economy remained uncertain due mainly to prolonged geopolitical risks and monetary tightening policies in various countries in response to global inflation.

In the electronics industry, the movement for inventory adjustment due to the recoil from the significant increase in demand caused by COVID-19 became more apparent from the second half of the fiscal year despite strong demand backed by the shift to EVs and promotion of DX.

Under these situations, our group (our Company and consolidated subsidiaries) posted strong results in the business related to amusement products; however, results in the business related to OA products were sluggish. As a result, both sales and profit decreased.

Business performances of the Group in the fiscal year ended March 31, 2024 were: consolidated net sales 175,847 million yen (1.8% decrease compared with the previous year); operating profit 4,878 million yen (31.6% decrease); ordinary profit 4,768 million yen (30.3% decrease); and profit attributable to owners of parent 3,194 million yen (32.1% decrease).

Business performance per segment is as follows.

Electronic Device Business

The businesses related to amusement products remained strong, while OA products were sluggish.

As a result of the above, net sales were: semiconductor 100,999 million yen (4.2% decrease compared with the previous year), electronic devices 52,372 million yen (0.6% decrease), and overall 153,371 million yen (3.0% decrease).

Assembly Business

The businesses related to amusement products remained strong.

As a result of the above, net sales of assembly products were 17,937 million yen (11.3% increase compared with the previous year).

Other Businesses

Sales of electronic products were sluggish.

As a result of the above, net sales of electronic products and contract development of microcomputer software were 4,538 million yen (6.4% decrease compared with the previous year).

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

(Assets)

Total assets at the end of the fiscal year under review increased by 985 million yen from the end of the previous year to 99,813 million yen. This is mainly attributable to increases in cash and deposits and investment securities of 2,460 million yen, 1,006 million yen, respectively, despite a decrease in notes and accounts receivable - trade, and contract assets of 2,121 million yen.

(Liabilities)

Total liabilities at the end of the fiscal year under review decreased by 2,572 million yen from the end of the previous year to 43,693 million yen. This is mainly attributable to decreases in current portion of long-term borrowings, accounts payable - other of 900 million yen and 2,261 million yen, respectively, despite an increase in long-term borrowings of 600 million yen.

(Net assets)

Total net assets at the end of the fiscal year under review increased by 3,558 million yen from the end of the previous year to 56,119 million yen. This is mainly attributable to increases in retained earnings, valuation difference on available-for-sale securities, and foreign currency translation adjustment of 941 million yen, 786 million yen, 1,722 million yen, respectively.

This resulted in an equity ratio of 55.4% (52.5% at the end of the previous year).

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter referred to as “Net Cash”) at the end of the fiscal year under review increased by 2,411 million yen from the end of the previous year to 13,157 million yen, mainly due to a decrease in trade receivables, despite income taxes paid, dividends paid and other factors, as profit before income taxes was 4,666 million yen (32.2% decrease from the previous fiscal year).

Status of cash flows and factors behind them for the fiscal year ended March 31, 2024 are as follows.

(Cash flows from operating activities)

Net Cash provided in operating activities was 4,697 million yen (905 million yen used in the previous fiscal year). This is mainly attributable to 4,666 million yen in profit before income taxes and a decrease in trade receivables of 3,383 million yen, despite 2,537 million yen in income taxes paid, a decrease in increase/decrease in other assets/liabilities of 1,727 million yen.

(Cash flows from investing activities)

Net Cash provided by investing activities was 105 million yen (9 million yen provided in the previous fiscal year). This is mainly attributable to 285 million yen in proceeds from sale of investment securities and 132 million yen in proceeds from liquidation of subsidiaries and associates, despite 130 million yen in purchase of investment securities and 106 million yen in purchase of property, plant and equipment.

(Cash flows from financing activities)

Net Cash used in financing activities was 2,757 million yen (682 million yen provided in the previous fiscal year). This is mainly attributable to 2,248 million yen in dividends paid and 1,600 million yen in repayments of long-term borrowings, despite 1,300 million yen in proceeds from long-term borrowings.

(Reference) Trends in cash flow-related indicators

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Equity ratio (%)	68.0	67.7	57.8	52.5	55.4
Equity ratio on a market value basis (%)	45.8	40.4	37.3	41.0	39.7
Cash flow to interest-bearing debt ratio (%)	71.5	–	–	–	377.5
Interest coverage ratio (times)	88.8	–	–	–	25.5

Equity ratio: equity / total assets

Equity ratio on market value basis: market capitalization / total assets

Cash flow to interest-bearing debt ratio: interest-bearing debt / cash flow

Interest coverage ratio: operating cash flow / interest expense

Note 1) All of the above indicators are calculated from financial figures on a consolidated basis.

Note 2) Market capitalization is calculated based on the number of outstanding shares after deducting treasury shares.

Note 3) Operating cash flow is used for cash flows.

Note 4) Interest-bearing debt includes all liabilities on which interest is paid, out of liabilities recorded in consolidated balance sheets.

(4) Future Outlook

The Company projects consolidated financial results for the fiscal year ending March 31, 2025 of consolidated net sales of 112,000 million yen, operating profit of 1,000 million yen, ordinary profit of 1,000 million yen, and profit attributable to owners of parent of 1,000 million yen. Regarding dividends, we plan to pay an annual dividend of 15.5 yen per share based on a target consolidated payout ratio of 50%.

2. Basic Policy on Selection of Accounting Standards

The Group's policy is to prepare its consolidated financial statements in accordance with Japanese GAAP, for the time being, taking into consideration the comparability of the consolidated financial statements from period to period and the comparability among companies.

The Group intends to consider the application of international accounting standards (IFRS) in the future, based on trends in the ratio of foreign shareholders and the application of IFRS by other domestic companies in the same industry.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	10,929	13,389
Notes and accounts receivable - trade, and contract assets	38,531	36,410
Merchandise and finished goods	31,384	31,683
Work in process	48	52
Accounts receivable - other	11,679	11,128
Other	188	206
Allowance for doubtful accounts	(41)	(41)
Total current assets	92,720	92,829
Non-current assets		
Property, plant and equipment		
Buildings and structures	823	841
Accumulated depreciation	(646)	(666)
Buildings and structures, net	176	174
Land	200	200
Other	1,187	1,243
Accumulated depreciation	(792)	(924)
Other, net	395	318
Total property, plant and equipment	771	693
Intangible assets	386	218
Investments and other assets		
Investment securities	3,458	4,465
Deferred tax assets	228	307
Other	1,262	1,298
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	4,949	6,071
Total non-current assets	6,107	6,983
Total assets	98,827	99,813

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,061	16,354
Electronically recorded obligations - operating	2,350	2,400
Short-term borrowings	9,025	8,982
Current portion of long-term borrowings	1,600	700
Accounts payable - other	3,621	1,359
Income taxes payable	1,477	607
Provision for bonuses	785	590
Provision for bonuses for directors	129	98
Other	1,901	2,309
Total current liabilities	36,952	33,401
Non-current liabilities		
Long-term borrowings	7,200	7,800
Deferred tax liabilities	398	677
Provision for share awards for directors	108	124
Provision for share awards for employees	322	435
Retirement benefit liability	815	802
Other	469	451
Total non-current liabilities	9,314	10,291
Total liabilities	46,266	43,693
Net assets		
Shareholders' equity		
Share capital	9,501	9,501
Capital surplus	9,599	9,599
Retained earnings	33,577	34,518
Treasury shares	(4,608)	(4,585)
Total shareholders' equity	48,070	49,034
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,063	1,850
Deferred gains or losses on hedges	(0)	0
Revaluation reserve for land	(61)	(61)
Foreign currency translation adjustment	2,762	4,484
Remeasurements of defined benefit plans	25	18
Total accumulated other comprehensive income	3,789	6,293
Non-controlling interests	700	791
Total net assets	52,560	56,119
Total liabilities and net assets	98,827	99,813

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income for the fiscal year ended March 31, 2024)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	179,076	175,847
Cost of sales	162,074	161,144
Gross profit	17,002	14,702
Selling, general and administrative expenses	9,873	9,823
Operating profit	7,128	4,878
Non-operating income		
Interest income	12	83
Dividend income	92	108
Purchase discounts	4	7
Subsidy income	23	14
Miscellaneous income	45	38
Total non-operating income	177	252
Non-operating expenses		
Interest expenses	148	171
Foreign exchange losses	231	119
Arrangement fee	56	54
Miscellaneous expenses	28	16
Total non-operating expenses	464	363
Ordinary profit	6,841	4,768
Extraordinary income		
Gain on liquidation of subsidiaries and associates	–	80
Gain on sale of non-current assets	39	–
Gain on sale of investment securities	–	83
Gain on sale of golf club membership	2	–
Total extraordinary income	41	163
Extraordinary losses		
Loss on sale and retirement of non-current assets	1	33
Settlement payments	–	232
Total extraordinary losses	1	266
Profit before income taxes	6,881	4,666
Income taxes - current	2,030	1,550
Income taxes - deferred	25	(159)
Income taxes	2,055	1,390
Profit	4,825	3,275
Profit attributable to non-controlling interests	119	80
Profit attributable to owners of parent	4,706	3,194

(Consolidated Statements of Comprehensive Income for the fiscal year ended March 31, 2024)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	4,825	3,275
Other comprehensive income		
Valuation difference on available-for-sale securities	238	789
Deferred gains or losses on hedges	(4)	1
Foreign currency translation adjustment	1,219	1,730
Remeasurements of defined benefit plans, net of tax	22	(6)
Total other comprehensive income	1,476	2,514
Comprehensive income	6,301	5,789
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,177	5,698
Comprehensive income attributable to non-controlling interests	124	90

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained Earnings	Treasury shares	Total shareholder's equity
Balance at beginning of period	9,501	9,599	31,225	(1,286)	49,039
Changes during period					
Dividends of surplus			(2,364)		(2,364)
Profit attributable to owners of parent			4,706		4,706
Reversal of revaluation reserve for land			10		10
Purchase of treasury shares				(3,354)	(3,354)
Disposal of treasury shares				33	33
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	2,352	(3,321)	(969)
Balance at end of period	9,501	9,599	33,577	(4,608)	48,070

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	826	4	(50)	1,547	2	2,329	575	51,945
Changes during period								
Dividends of surplus								(2,364)
Profit attributable to owners of parent								4,706
Reversal of revaluation reserve for land								10
Purchase of treasury shares								(3,354)
Disposal of treasury shares								33
Net changes in items other than shareholders' equity	237	(4)	(10)	1,214	22	1,459	124	1,584
Total changes during period	237	(4)	(10)	1,214	22	1,459	124	615
Balance at end of period	1,063	(0)	(61)	2,762	25	3,789	700	52,560

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained Earnings	Treasury shares	Total shareholder's equity
Balance at beginning of period	9,501	9,599	33,577	(4,608)	48,070
Changes during period					
Dividends of surplus			(2,253)		(2,253)
Profit attributable to owners of parent			3,194		3,194
Reversal of revaluation reserve for land					—
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				23	23
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	941	23	964
Balance at end of period	9,501	9,599	34,518	(4,585)	49,034

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,063	(0)	(61)	2,762	25	3,789	700	52,560
Changes during period								
Dividends of surplus								(2,253)
Profit attributable to owners of parent								3,194
Reversal of revaluation reserve for land								—
Purchase of treasury shares								(0)
Disposal of treasury shares								23
Net changes in items other than shareholders' equity	786	1	—	1,722	(6)	2,503	90	2,594
Total changes during period	786	1	—	1,722	(6)	2,503	90	3,558
Balance at end of period	1,850	0	(61)	4,484	18	6,293	791	56,119

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	6,881	4,666
Depreciation	328	375
Amortization of goodwill	13	18
Increase (decrease) in allowance for doubtful accounts	32	(5)
Increase (decrease) in provision for bonuses for directors	57	(31)
Increase (decrease) in provision for share awards for directors	19	16
Increase (decrease) in provision for share awards for employees	136	113
Increase (decrease) in provision for bonuses	161	(196)
Increase (decrease) in retirement benefit liability	(54)	(14)
Interest and dividend income	(104)	(192)
Interest expenses	148	171
Loss (gain) on sale and retirement of property, plant and equipment	(37)	33
Loss (gain) on sale of investment securities	–	(83)
Settlement payments	–	232
Decrease (increase) in trade receivables	(6,352)	3,383
Decrease (increase) in accounts receivable - other	(1,540)	196
Decrease (increase) in inventories	(1,360)	697
Increase (decrease) in trade payables	(1,609)	(496)
Increase (decrease) in accrued consumption taxes	1,449	484
Increase/decrease in other assets/liabilities	2,712	(1,727)
Non cash flow transaction	(148)	(183)
Subtotal	734	7,459
Interest and dividends received	103	192
Interest paid	(121)	(184)
Income taxes refund (paid)	(1,622)	(2,537)
Settlement paid	–	(232)
Net cash provided by (used in) operating activities	(905)	4,697
Cash flows from investing activities		
Purchase of investment securities	(10)	(130)
Proceeds from sale of investment securities	–	285
Purchase of property, plant and equipment	(105)	(106)
Proceeds from sale of property, plant and equipment	190	–
Purchase of intangible assets	(33)	(42)
Proceeds from liquidation of subsidiaries and associates	–	132
Purchase of other investments	(155)	(45)
Proceeds from sales and cancelation of other investments	124	11
Net cash provided by (used in) investing activities	9	105

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,464	(123)
Proceeds from long-term borrowings	5,000	1,300
Repayments of long-term borrowings	–	(1,600)
Repayments of lease liabilities	(70)	(85)
Purchase of treasury shares	(3,354)	(0)
Dividends paid	(2,356)	(2,248)
Net cash provided by (used in) financing activities	682	(2,757)
Effect of exchange rate change on cash and cash equivalents	380	365
Net increase (decrease) in cash and cash equivalents	166	2,411
Cash and cash equivalents at beginning of period	10,579	10,746
Cash and cash equivalents at end of period	10,746	13,157

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in presentation)

“Proceeds from short-term borrowings” and “Repayments of short-term borrowings” shown in “Cash flows from financing activities” in the previous consolidated fiscal year are shown as “Net increase (decrease) in short-term borrowings” from this consolidated fiscal year in order to enhance the higher operability of inspection. The consolidated financial statement in the previous consolidated fiscal year is reclassified in order to reflect the change of the method of presentation.

As a result, 7,430 million yen in “Proceeds from short-term borrowings” and (5,966) million yen in “Repayments of short-term borrowings” shown in “Cash flows from financing activities” in the consolidated statements of cash flows in the previous consolidated fiscal year are reclassified as 1,464 million yen in “Net increase (decrease) in short-term borrowings”.

(Changes in accounting estimate)

The Group adopts a method of write-down of book value based on downturned profitability by which the amount of inventory is evaluated on the balance sheet. Affected by the movement for inventory adjustment due to the recoil from the significant increase in demand caused by COVID-19, the evaluation criteria of write-down of book value have been changed to reflect the fact of decrease of profitability of inventory in the financial position and operating results more properly.

As a result, the increased cost of sales during this consolidated financial period has reached 853 million yen in comparison with the method before change, and the operating profit, ordinary profit, and profit before income taxes have decreased in the same amount respectively.

(Segment information, etc.)

[Segment information]

1. Summary of reportable segments

The Group’s reportable segments are components of the Group for which separate financial information is available and which are subject to management review by the Board of Directors.

The Group is engaged in sales of electronic devices, assembly products, and electronic products, as well as contract development of microcomputer software at its headquarters and domestic and overseas locations.

Consequently, the Group has three reportable segments: “Electronic Device Business,” “Assembly Business,” and “Other Businesses,” with categories based on the type of products handled.

The main products in the Electronic Device Business segment are semiconductors and electronic devices. The main products of the Assembly Business are assembly products. The Other Businesses segment mainly sells electronic products and performs contract development of microcomputer software.

2. Calculation of net sales, profit (loss), assets, liabilities and other items by reportable segment

The accounting method for reported business segments is the same as that described in “Significant accounting policies for preparation of consolidated financial statements.”

Profit by reportable segment is based on operating profit.

3. Information on net sales, profit (loss), assets, liabilities, and other items by reportable segment

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segment				Adjustment amount	Amounts recorded in the consolidated financial statements
	Electronic device business	Assembly business	Other businesses	Total		
Net sales:						
Sales to external customers	158,115	16,110	4,851	179,076	–	179,076
Inter-segment sales and transfers	–	–	–	–	–	–
Total	158,115	16,110	4,851	179,076	–	179,076
Segment profit	8,418	642	315	9,376	(2,247)	7,128
Segment assets	67,342	8,887	2,676	78,905	19,921	98,827
Segment liabilities	17,259	3,731	493	21,484	24,782	46,266
Other items:						
Depreciation	–	–	14	14	314	328
Increase in property, plant and equipment and intangible assets	–	–	31	31	107	139

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment				Adjustment amount	Amounts recorded in the consolidated financial statements
	Electronic device business	Assembly business	Other businesses	Total		
Net sales:						
Sales to external customers	153,371	17,937	4,538	175,847	–	175,847
Inter-segment sales and transfers	–	–	–	–	–	–
Total	153,371	17,937	4,538	175,847	–	175,847
Segment profit	6,056	825	284	7,166	(2,287)	4,878
Segment assets	64,586	9,760	2,664	77,011	22,801	99,813
Segment liabilities	15,712	3,480	412	19,605	24,088	43,693
Other items:						
Depreciation	–	–	15	15	360	375
Increase in property, plant and equipment and intangible assets	–	–	20	20	128	148

4. Differences between the totals of reportable segments and the amounts recorded in the consolidated financial statements, and major components of such differences (notes on adjustments)

(Millions of yen)

Profit	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Reportable segment total	9,376	7,166
Companywide expenses (Note)	(2,247)	(2,287)
Operating profit on consolidated financial statements	7,128	4,878

(Note) Companywide expenses consist mainly of common expenses not attributable to reportable segments and administrative division expenses.

(Millions of yen)

Assets	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Reportable segment total	78,905	77,011
Companywide assets (Note)	19,921	22,801
Total assets on consolidated financial statements	98,827	99,813

(Note) Companywide assets consist mainly of common assets, etc. not attributable to reportable segments and administrative assets, etc. in the administrative division.

(Millions of yen)

Liabilities	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Reportable segment total	21,484	19,605
Companywide liabilities (Note)	24,782	24,088
Total liabilities on consolidated financial statements	46,266	43,693

(Note) Companywide liabilities consist mainly of common liabilities, etc. not attributable to reportable segments and administrative liabilities, etc. in the administrative division.

(Millions of yen)

Other	Reportable Segment Total		Adjustment amount		Amounts recorded in the consolidated financial statements	
	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year
Depreciation	14	15	314	360	328	375
Increase in property, plant and equipment, and intangible assets	31	20	107	128	139	148

(Note) Amounts in the adjustment amount column are mainly for common assets, etc. not attributable to reportable segments, and administrative assets, etc. in the administrative division.

(Per share information)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net assets per share	1,567.87 yen	1,671.25 yen
Basic earnings per share	137.77 yen	96.53 yen

- (Notes) 1. Diluted earnings per share are not stated since there are no dilutive shares.
2. The number of shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) is included as treasury shares in calculation of treasury shares in shareholders' equity. For the purpose of calculating the amounts of net assets per share, it was included in the number of treasury shares, which was to be deducted from the number of shares issued at the end of the fiscal year. For the purpose of calculating basic earnings per share, it was included in the number of treasury shares, which was to be deducted from the calculation of the average number of shares during the period.
- Number of such treasury shares at the end of the fiscal year deducted from the calculation of net assets per share
- Board Benefit Trust (BBT) for officers
481,800 shares for the previous fiscal year and 471,500 shares for the current fiscal year
- Employee Stock Ownership Plan (J-ESOP)
330,900 shares for the previous fiscal year and 312,300 shares for the current fiscal year
- Average number of such treasury shares during the period deducted from the calculation of basic earnings per share
- Board Benefit Trust (BBT) for officers
497,146 shares for the previous fiscal year and 474,669 shares for the current fiscal year
- Employee Stock Ownership Plan (J-ESOP)
340,462 shares for the previous fiscal year and 317,831 shares for the current fiscal year

3. The basis for calculating basic earnings per share is as follows

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit attributable to owners of parent (millions of yen)	4,706	3,194
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent relating to common shares (millions of yen)	4,706	3,194
Average number of shares during the period (thousands of shares)	34,160	33,097

(Significant subsequent events)

(Termination of Distribution Agreement with Major Business Partner)

We hereby notify termination of Distribution Agreement with Renesas Electronics Corporation (hereinafter called “Renesas”), our major business partner, with which we have previously concluded, as follows:

1. History up to termination

We have sold and distributed Renesas products as their distributor. However, we would terminate the Distribution Agreement as of September 30, 2024 upon the request by Renesas.

2. Summary of the business partner

(1) Name	Renesas Electronics Corporation	
(2) Address	TOYOSU FORESIA, 3-2-24 Toyosu, Koto-ku, Tokyo, Japan	
(3) Name and title of representative	Hidetoshi Shibata, Director, Representative Executive Officer, President and CEO	
(4) Detail of operations	Research, development, design, manufacture, sale, and servicing of semiconductor products	
(5) Capital Stock	153,209 million yen	
(6) Established	November 1, 2002	
(7) Relationships with listed company	Capital relationship	Nil
	Personal relationship	Nil
	Business relationship	Purchase and sale of their products
	Matters applicable to related parties	Nil

3. Details of Transaction

Category of transaction	Net Sales of Renesas products (fiscal year ending in March 2024)	Ratio to our consolidated Net Sales (fiscal year ending in March 2024)
Purchase and sale of Renesas products	92,241 million yen	52.5%

4. Future Outlook

The impact on the fiscal year ending March 31, 2025 caused by termination of this agreement is uncertain at this moment, since we are discussing the details of the transfer of commercial channel with Renesas.

(Disposal of Treasury Stock by Private Allocation Due to Additional Contribution to Stock Benefit Trust (J-ESOP))

We resolved at a Board of Directors meeting held on May 15, 2024 to dispose of treasury stock by private allotment (“this Treasury Stock Disposal”). Pursuant to a resolution of the Board of Directors meeting held on June 13, 2018, the Company has introduced a Stock Benefit Trust (J-ESOP) (hereinafter referred to as the “Scheme” and the trust established pursuant to a trust agreement concluded with Mizuho Trust & Banking Co., Ltd. as the “Trust”). In the continuation of the Scheme, the Company has decided to conduct an additional cash contribution to the Trust so that the Trust may acquire the shares forecast to be necessary for future awards and to dispose of treasury stock by private allotment to the Trust Account E set up by Custody Bank of Japan, Ltd. (the re-trustee to which Mizuho Trust & Banking Co., Ltd., the trustee of the Trust, has re-entrusted the Trust’s assets) for the holding and disposal of the Company’s shares in the operation of the Scheme.

(1) Date of disposal	Friday, May 31, 2024
(2) Class and number of shares to be disposed	Common stock: 400,000 shares
(3) Disposal price	Per share: 1,014 yen
(4) Total value of shares to be disposed	405,600,000 yen
(5) Scheduled allottee	Custody Bank of Japan, Ltd. (Trust Account E)
(6) Other	This Treasury Stock Disposal shall be conditional on the entry into effect of a Securities Registration Statement pursuant to the Financial Instruments and Exchange Act.

(Recruiting of Applicants for Early Retirement)

We have adopted a resolution at the board of directors held on May 15, 2024 regarding recruiting of applicants for early retirement.

1. Reason of recruiting of applicants for early retirement

We are tackling with drastic review of cost structure to cope with the change in business environment due to termination of the distribution agreement with our major business partner. As part of efforts, we have decided to recruit applicants for early retirement aiming at improving allocation of personnel properly and strengthening of the business constitution to be brought through enhanced efficiency of human resources.

Further, we figure out a supporting plan on outplacement for employees who want to turn their job and to build a business career in other company in this occasion.

2. Overview of recruiting of applicants for early retirement

Number of applicants for early retirement	40 or so
Those who eligible for early retirement	Our employees (40 years old or more but less than 65) who is approved as eligible by us.
Period of recruiting	June 17 to July 5, 2024
Date of retirement	September 30, 2024
Details of support	Retirement fee as specified in the rules of retirement fee plus specially added fee would be paid. Outplacement support would be provided to applicants by an outside outplacement support company.

3. Effect on business performances

Effect on business performances expected to be brought by this plan in this and following business years would be uncertain at this moment.