

Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 [Japanese GAAP]



February 9, 2024

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 Securities Code: 6789
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 Scheduled date of Ordinary General Meeting of Shareholders: March 29, 2024
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 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on consolidated financial results: Available
 Schedule of consolidated financial results briefing session: Not Scheduled

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

(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 December 31, 2023	54,018	7.1	5,217	(14.2)	5,348	(12.7)	4,302
Fiscal year ended December 31, 2022	50,459	—	6,083	—	6,126	—	4,327

(Note) Comprehensive income: Fiscal year ended December 31, 2023: 5,756 million yen [8.2%]
 Fiscal year ended December 31, 2022: 5,321 million yen [—%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2023	354.51	—	12.6	10.7	9.7
Fiscal year ended December 31, 2022	347.69	—	14.2	13.8	12.1

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal Year Ended December 31, 2023: — million yen
 Fiscal Year Ended December 31, 2022: — million yen

(Note) The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. have been adopted from the beginning of the fiscal year ended December 31, 2022. As a result, the year-on-year percentage change for the fiscal year ended December 31, 2022 is not presented because in the prior year, the said standard, etc. was not yet applied.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of December 31, 2023	54,283	36,862	66.0	2,953.97
As of December 31, 2022	46,027	32,290	70.2	2,622.20

(Reference) Equity: As of December 31, 2023: 35,823 million yen
As of December 31, 2022: 32,290 million yen

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Fiscal year ended December 31, 2023	5,046	(4,772)	202	11,717
Fiscal year ended December 31, 2022	2,679	(2,724)	(2,214)	11,341

2. Dividends

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2022	—	50.00	—	80.00	130.00
Fiscal year ended December 31, 2023	—	55.00	—	0.00	55.00
Fiscal year ending December 31, 2024 (Forecast)	—	0.00	—	0.00	0.00

	Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	Millions of Yen	%	%
Fiscal year ended December 31, 2022	1,633	37.4	5.3
Fiscal year ended December 31, 2023	677	38.1	2.0
Fiscal year ending December 31, 2024 (Forecast)		—	

(Note) As announced in the press release “Notice Concerning Implementation of MBO and Recommendation of Tendering” dated February 9, 2024, the Company’s shares are scheduled to be delisted because of the Tender Offer by the Offeror and a series of subsequent procedures. Thus, the Company has not announced the dividends forecast for the fiscal year ending December 31, 2024.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024 (From January 1, 2024 to December 31, 2024)

As announced in the press release “Notice Concerning Implementation of MBO and Recommendation of Tendering” dated February 9, 2024, the Company’s shares are scheduled to be delisted because of the Tender Offer by the Offeror and a series of subsequent procedures. Thus, the Company has not announced the financial forecast for the fiscal year ending December 31, 2024.

*** Notes**

(1) Significant changes of subsidiaries during the fiscal year ended December 31, 2023 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and corrections of errors

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Any changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Corrections of errors: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

Fiscal year ended December 31, 2023	12,319,911 shares
Fiscal year ended December 31, 2022	12,656,311 shares

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

Fiscal year ended December 31, 2023	192,618 shares
Fiscal year ended December 31, 2022	342,208 shares

3) Average number of shares during the period:

Fiscal year ended December 31, 2023	12,135,769 shares
Fiscal year ended December 31, 2022	12,445,153 shares

(Note) The total number of treasury shares at the end of the period includes shares of the Company held by the Director Stock Benefit Trust and J-ESOP Trust (192,100 shares at the end of the fiscal year ended December 31, 2023 and 192,100 shares at the end of the fiscal year ended December 31, 2022). The number of treasury shares excluded from calculation of the average number of shares during the period includes shares of the Company held by the said Trusts (192,100 shares at the end of the fiscal year ended December 31, 2023 and 193,767 shares at the end of the fiscal year ended December 31, 2022).

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Fiscal year ended December 31, 2023	32,798	18.0	3,526	33.8	5,348	(0.8)	4,651	1.8
Fiscal year ended December 31, 2022	27,798	—	2,634	—	5,388	—	4,568	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended December 31, 2023	383.25	—
Fiscal year ended December 31, 2022	367.08	—

(Note) The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. have been adopted from the beginning of the fiscal year ended December 31, 2022. As a result, the year-on-year percentage change for the fiscal year ended December 31, 2022 is not presented because in the prior year, the said standard, etc. was not yet applied.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of December 31, 2023	39,148	27,138	69.3	2,237.79
As of December 31, 2022	33,361	24,710	74.1	2,006.66

(Reference) Equity: As of December 31, 2023: 27,138 million yen

As of December 31, 2022: 24,710 million yen

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

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

1. Financial results forecast was prepared based on available information at the time of the release of this document, and the Company does not in any way guarantee the achievement of the projections. Actual results may be different from the projections due to various factors. For the notes concerning the use of financial results forecast, please refer to “Future Outlook” on page 13.
2. Materials to be distributed at the session will be posted on the Company’s website.

Table of Contents of Appendix

1. Overview of Results of Operations, etc.	6
(1) Overview of Results of Operations	6
(2) Overview of Financial Position	11
(3) Overview of Cash Flows	11
(4) Future Outlook	13
2. Basic Policy on Selection of Accounting Standards	14
3. Consolidated Financial Statements and Primary Notes	15
(1) Consolidated Balance Sheets	15
(2) Consolidated Statements of Operations and Comprehensive Income	17
(3) Consolidated Statements of Changes in Net Assets	20
(4) Consolidated Statements of Cash Flows	22
(5) Notes on Consolidated Financial Statements	24
(Significant Subsequent Events)	24
4. Other	25

1. Overview of Results of Operations, etc.

(1) Overview of Results of Operations

Roland DG Corporation (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) have formulated a three-year medium-term business plan (FY2021 – FY2023) based on the core strategies of transforming the Company into a lean organization and transforming the business portfolio and are working on transitioning from the business model that relies on eco-solvent printer for production of traditional signboards (advertising, etc.). During the fiscal year ended December 31, 2023, we actively launched new products and implemented global promotional activities as part of our aim to complete the transformation of our business portfolio. Demand for capital investment and output remained strong in line with the normalization of economic activities following the transition to the post-COVID-19 world. In terms of supply, procurement difficulties with certain parts continued from the beginning of the year to the second quarter. Therefore, in addition to flexibly reviewing production plans, we also took measures such as supplementing parts so as to reduce the impact on production and supply. However, order backlogs increased. Given that the situation with regard to procurement difficulties of certain parts has improved in the third quarter and onward, we have been able to clear the order backlogs by establishing a system for increasing production.

As a result of these initiatives, net sales for the fiscal year ended December 31, 2023 increased by 7.1% compared with the previous fiscal year to 54,018 million yen. The ratio of cost of sales improved by 0.7 percentage points from the previous fiscal year due to reductions in marine transportation costs relative to the previous fiscal year. Selling, general and administrative expenses were higher than the previous fiscal year due to increases in personnel expenses, advertising expenses, travel and transportation expenses, and transportation and storage costs, mainly as a result of aggressive promotional activities. As a result, operating profit decreased by 14.2% compared with the previous fiscal year to 5,217 million yen, and ordinary profit decreased by 12.7% to 5,348 million yen. Profit attributable to owners of parent decreased by 0.6% compared with the previous fiscal year to 4,302 million yen, due to the recording of a gain on sale of non-current assets in extraordinary income in the fourth quarter to account for the land and building of the old headquarters following the consolidation of bases.

The exchange rates for major currencies during the fiscal year ended December 31, 2023 (average rate during the period from January 2023 to December 2023) were 140.56 yen to the U.S. dollar (131.46 yen for the previous fiscal year) and 152.04 yen to the euro (138.11 yen for the previous fiscal year).

As the business of the Group is the manufacture and sale of computer peripheral devices and there are no other segments, it is represented as a single segment.

Net Sales by Market

(Millions of Yen)

Market	Fiscal year ended December 31, 2022		Fiscal year ended December 31, 2023		Changes	Changes in composition ratio (pp)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Visual Communication	23,846	47.3	26,875	49.8	3,028	2.5	112.7
Digital Fabrication	10,926	21.6	11,034	20.4	107	(1.2)	101.0
Dental	6,969	13.8	7,097	13.1	127	(0.7)	101.8
Service, Software & Others	8,716	17.3	9,011	16.7	295	(0.6)	103.4
Total	50,459	100.0	54,018	100.0	3,559	—	107.1

Net Sales by Product

(Millions of Yen)

Product	Fiscal year ended December 31, 2022		Fiscal year ended December 31, 2023		Changes	Changes in composition ratio (pp)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Hardware	25,694	50.9	26,722	49.5	1,027	(1.4)	104.0
Supplies	16,319	32.3	18,610	34.5	2,290	2.2	114.0
Service Parts & Other	8,444	16.7	8,684	16.0	240	(0.7)	102.8
Total	50,459	100.0	54,018	100.0	3,559	—	107.1

[Visual Communication (VC)]

VC comprises our eco-solvent printers (VC Solvent) and non-solvent printers (VC-Other) such as UV printers and textile printers, and our aim in this area is to secure revenue by developing new markets and bolstering our customer base by offering an increased variety of inks and expanding the range of solutions we offer. In the fiscal year ended December 31, 2023, against a backdrop of changes in consumer needs in terms of the production of signboards (advertising, etc.) and a diversification of where they are used, we made revisions to the brand concept of large format printers from ink types to a product lineup targeted at developed markets and growth markets. TrueVIS, our brand for developed markets, launched the following six models simultaneously worldwide in January: the AP-640—the Company’s first environmentally-friendly resin ink model for addressing environmental needs, the LG-640/540/300—high-productivity UV ink models, and their dissemination models, MG-640/300. Together with the four eco-solvent inks launched in March 2022, we now have a lineup comprising 10 models. We also launched the region-specific DGXPRESS brand, a brand that focuses on productivity and cost performance for growth markets, with the UG-642/641 UV printer models launched in March 2023 and the ER-642 eco-solvent printer launched in September. For VC-Solvent, sales of the TrueVIS Series of eco-solvent printers were strong, with sales of ink supplies also up significantly relative to the previous fiscal year. For VC-Other, sales of non-solvent printers, such as UV and resin types, and ink supplies increased. As a result, VC sales were 26,875 million yen, or 112.7% of the previous fiscal year, exceeding the level of the previous fiscal year.

[Digital Fabrication (DF)]

For DF, our goal is to create new markets and applications by proposing to small businesses, online vendors, and retailers the product categories that can meet the demand for personalization geared towards specific customer needs that are rapidly expanding in recent years as well as for customization for meeting specific niche applications. In the fiscal year ended December 31, 2023, as part of efforts to strengthen our product lineup of VersaSTUDIO desktop products, we launched the BN-20D in January, the Company's first DTF (Direct To Film) technology type compact printer for apparel. In September, we launched the BN2-20/20A, the first fully remodeled desktop type eco-solvent printer of the same series in 12 years, which has sold more than 25,000 units in total since its launch. As a result, we recorded steady sales. In March, we launched VersaOBJECT as a new brand for global rollout, with the launch of six CO Series models, in response to seeing a certain level of demand for direct printing onto 3D objects through the proposal of the LEC2 S Series UV printer, a region-specific co-creation model. Despite such aggressive measures to develop new markets, sales of 3D milling machines and small type cutting machines decreased compared to the previous fiscal year. As a result, DF sales were 11,034 million yen, or 101.0% of the previous fiscal year.

[Dental]

For Dental, we offer dental milling machines for promoting the digitization of the workflow for fabricated dental prostheses in the dental (dentistry) market. In the fiscal year ended December 31, 2023, despite a decrease in sales of the existing DWX-52D, DWX-4, and DWX-42W models, sales of the high productivity DWX-53DC model, which was launched in September, 2022, was favorable in developed countries. In growth markets, sales of the highly price-competitive DWX-52Di model significantly increased in the Middle East, Central America, Asia, and Eastern Europe. As a result, Dental sales were 7,097 million yen, or 101.8% of the previous fiscal year, in line with the previous fiscal year.

[Service, Software & Others (SSO)]

In the fiscal year ended December 31, 2023, we launched the Roland DG Connect subscription service; a connected service for commercial-use inkjet type printers. As a result, sales of service parts and other services increased, resulting in net sales for SSO of 9,011 million yen, or 103.4% of the previous fiscal year.

Sales by region are as follows.

Net sales by region

(Millions of Yen)

Region	Fiscal year ended December 31, 2022		Fiscal year ended December 31, 2023		Changes	Changes in composition ratio (pp)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Japan	4,786	9.5	4,616	8.5	(170)	(1.0)	96.4
North America	18,452	36.6	18,677	34.6	225	(2.0)	101.2
Europe	17,444	34.6	19,076	35.3	1,631	0.7	109.4
Asia	2,890	5.7	3,668	6.8	777	1.1	126.9
Others	6,885	13.6	7,980	14.8	1,094	1.2	115.9
Total	50,459	100.0	54,018	100.0	3,559	—	107.1

[Japan]

For VC, sales of eco-solvent printers for sign market with print width 54" and wider, UV and other non-solvent printers and ink supplies increased although sales of eco-solvent printers for the sign market remained flat from the previous fiscal year. For DF, while sales of the BN Series desktop printers increased, sales of 3D milling

machines decreased. For Dental, sales of the DWX-53DC high-productivity model increased, but sales of existing models, such as the DWX-52D and DWX-4 which had been selling well following the expansion of insurance coverage in the previous fiscal year, decreased. As a result, net sales in Japan were 4,616 million yen, or 96.4% of the previous fiscal year, falling below the level of the previous fiscal year.

[North America]

For VC, although sales of eco-solvent printers for the sign market remained flat from the previous fiscal year, sales of new UV printers and UV inks increased. For DF, sales of the CO Series of the new brand VersaOBJECT increased. On the other hand, while sales of the new BN-20D compact printers for apparel were strong, sales of existing models in the same series decreased significantly. For Dental, sales of the DWX-53DC high-productivity model was favorable, but owing to sluggish sales of existing models, sales decreased from the previous fiscal year. As a result, net sales in North America were 18,677 million yen, or 101.2% of the previous fiscal year, an increase partly attributable to the effects of a weaker yen against the dollar

[Europe]

For VC, sales of eco-solvent printers for the sign market and ink supplies were steady, and the new MG and LG Series of UV printers along with supplies of UV ink also contributed to revenue growth. For DF, sales of the BN Series desktop printers exceeded the level for the previous fiscal year. For Dental, sales exceeded the level for the previous fiscal year due to the effect of the launch of the new DWX-53DC high-productivity model and firm demand for the DWX-52Di in Eastern Europe. As a result, net sales in Europe were 19,076 million yen, or 109.4% of the previous fiscal year, an increase partly attributable to the effects of a weaker yen against the euro.

[Asia]

Sales of new VC products and the DWX-52Di model for growth markets in Dental increased, particularly in China, where economic activity has resumed after the zero corona policy was scrapped, India, where we are developing and improving our distribution network, and the ASEAN region. As a result, net sales for Asia were 3,668 million yen, or 126.9% of the previous fiscal year, exceeding the level of the previous fiscal year.

[Other Regions]

In the Middle East and Central America regions, sales of the DWX-52Di, a model for growth markets, boosted the sales for Dental, exceeding the levels of the previous fiscal year. In Brazil, sales for the DGXPRESS UV printer and the DWX-53DC high-productivity model in Dental were strong. In Australia, sales for VC, particularly of UV printers, increased. As a result, net sales for Other Regions were 7,980 million yen, or 115.9% of the previous fiscal year.

Basic Policy on Earnings Distributions and Dividend for Current and Next Fiscal Years

We believe in prioritizing profit returns for shareholders, and therefore we will work to maintain the stability of those returns in light of our performance. At the same time, from a mid-to-long term standpoint, since we must allocate funds for future investments in equipment, R&D and sales, we are working to bolster our internal reserves, prepare the required capital, and strengthen the constitution of our business.

In terms of actual policy, while also accounting for future business needs, we set 30% payout ratio to consolidated net income and 2% dividend on equity (DOE) as our metrics and pay the higher of the two amounts in order to provide stable dividends to our shareholders.

As for dividends in the current fiscal year, year-end dividends will be 80 yen, which makes the annual payout 135 yen, 30 yen higher than the previous fiscal year, resulting in an annual payout ratio of 38.1% of consolidated profit.

In terms of dividends in the following fiscal year, interim and year-end payouts are expected to be ● yen and ● yen per share, respectively, based on the above basic policy, resulting in an annual payout of ● yen.

(2) Overview of Financial Position

[Assets]

Total assets as of the end of the fiscal year under review increased by 8,256 million yen compared with the end of the previous fiscal year to a total of 54,283 million yen (117.9% of the previous fiscal year).

Current assets increased by 3,813 million yen to 36,251 million yen (111.8% of the previous fiscal year), and non-current assets increased by 4,443 million yen to 18,032 million yen (132.7% of the previous fiscal year). With regard to current assets, cash and deposits and inventories increased by 946 million yen and 2,341 million yen, respectively. In non-current assets, while construction in progress decreased by 1,118 million yen due to the completion of construction of a new building of headquarters and other factors, buildings and structures, machinery, equipment and vehicles, and tools, furniture and fixtures increased by 3,344 million yen, 589 million yen, and 648 million yen, respectively. In addition, goodwill increased by 1,159 million yen.

[Liabilities]

Liabilities as of the end of the fiscal year under review increased by 3,684 million yen to a total of 17,421 million yen (126.8% of the previous fiscal year). With regard to current liabilities, long-term borrowings (including current portion of long-term borrowings) increased by 600 million yen, and income taxes payable increased by 489 million yen. In not current liabilities, long-term borrowings for capital investment increased by 2,250 million yen.

[Net assets]

Net assets as of the end of the fiscal year under review increased by 4,571 million yen to a total of 36,862 million yen (114.2% of the previous fiscal year). Compared with the end of the previous fiscal year, capital surplus decreased by 999 million yen and treasury shares decreased by 454 million yen due to purchase and cancellation of treasury shares. Although there was a decrease compared with the end of the previous fiscal year due to payments of dividends, retained earnings increased by 2,624 million yen mainly due to the financial results for the fiscal year under review. Also, foreign currency translation adjustment increased by 1,169 million yen mainly due to the effects of a weaker yen.

(3) Overview of Cash Flows

Summary of Consolidated Statements of Cash Flows

(Millions of Yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023	Changes
Net cash provided by (used in) operating activities	2,679	5,046	2,367
Net cash provided by (used in) investing activities	(2,724)	(4,772)	(2,047)
Net cash provided by (used in) financing activities	(2,214)	202	2,416
Effect of exchange rate change on cash and cash equivalents	(364)	(100)	263
Net increase (decrease) in cash and cash equivalents	(2,624)	375	3,000
Cash and cash equivalents at end of period	11,341	11,717	375

[Net cash provided by (used in) operating activities]

Net cash provided by operating activities for the fiscal year under review was 5,046 million yen, an increase of 2,367 million yen from the previous fiscal year. Main positive factors for the cash flows include a smaller increase in trade receivables, a decrease in income taxes paid, and an increase in accounts payable - other. Main negative factors include a decrease in profit before income taxes and a decrease in trade payables. Negative factors for the previous fiscal year include extra retirement payments associated with the implementation of an early voluntary retirement program.

[Net cash provided by (used in) investing activities]

Net cash used in investing activities for the fiscal year under review was 4,772 million yen, an increase in outflow of 2,047 million yen from the previous fiscal year's outflow of 2,724 million yen. The main factor was an increase in purchase of shares of subsidiaries resulting in change in scope of consolidation.

[Net cash provided by (used in) financing activities]

Net cash provided by financing activities for the fiscal year under review was 202 million yen, an increase in inflow of 2,416 million yen from an outflow of 2,214 million yen in the previous fiscal year. The main factor was cash inflows exceeding cash outflows due to an increase in proceeds from long-term borrowings, despite an increase in dividends paid compared to the previous fiscal year.

(4) Future Outlook

As announced in the press release “Notice Concerning Implementation of MBO and Recommendation of Tendering” dated February 9, 2024, the Company’s shares are scheduled to be delisted because of the Tender Offer by the Offeror and a series of subsequent procedures. Thus, the Company has not announced the financial forecast for the fiscal year ending December 31, 2024.

2. Basic Policy on Selection of Accounting Standards

The group applies the Japanese Accounting Standards.

Concerning the future adoption of the International Financial Reporting Standards (IFRS), the group will consider its application while taking into consideration factors such as global business development and domestic trends.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousands of Yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	11,362,258	12,308,896
Notes and accounts receivable - trade	5,796,564	6,473,700
Merchandise and finished goods	8,471,192	10,228,052
Work in process	146,623	66,253
Raw materials and supplies	4,584,100	5,248,668
Other	2,132,408	1,984,750
Allowance for doubtful accounts	(54,724)	(58,881)
Total current assets	32,438,423	36,251,441
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,541,328	9,204,474
Accumulated depreciation	(4,716,767)	(3,035,842)
Buildings and structures, net	2,824,560	6,168,631
Machinery, equipment and vehicles	1,055,159	1,773,254
Accumulated depreciation	(741,000)	(869,388)
Machinery, equipment and vehicles, net	314,158	903,866
Tools, furniture and fixtures	4,439,330	5,324,557
Accumulated depreciation	(3,639,943)	(3,876,839)
Tools, furniture and fixtures, net	799,386	1,447,718
Land	3,158,234	2,475,295
Leased asset-use rights	1,649,201	1,490,250
Construction in progress	1,141,326	23,183
Total property, plant and equipment	9,886,868	12,508,945
Intangible assets		
Goodwill	–	1,159,376
Software	894,722	1,089,856
Telephone subscription right	7,406	40,124
Total intangible assets	902,128	2,289,357
Investments and other assets		
Investment securities	200	200
Deferred tax assets	1,933,132	2,047,879
Other	867,580	1,186,020
Allowance for doubtful accounts	(1,051)	(189)
Total investments and other assets	2,799,861	3,233,910
Total non-current assets	13,588,858	18,032,213
Total assets	46,027,282	54,283,654

(Thousands of Yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,923,387	4,037,074
Short-term borrowings	5,104	—
Current portion of long-term borrowings	—	600,000
Accounts payable - other	1,508,569	1,683,189
Lease liabilities	484,350	561,660
Income taxes payable	247,111	737,060
Provision for bonuses	652,466	660,087
Provision for bonuses for directors (and other officers)	67,631	57,388
Provision for product warranties	680,335	861,165
Other	2,087,047	2,209,838
Total current liabilities	9,656,004	11,407,464
Non-current liabilities		
Long-term borrowings	—	2,250,000
Lease liabilities	1,232,934	1,004,046
Deferred tax liabilities	—	94,755
Provision for employee stock ownership plan trust	143,943	143,943
Provision for share awards for directors (and other officers)	152,132	148,458
Retirement benefit liability	867,632	515,641
Long-term accounts payable - other	93,899	90,217
Other	1,590,531	1,767,090
Total non-current liabilities	4,081,074	6,014,154
Total liabilities	13,737,079	17,421,619
Net assets		
Shareholders' equity		
Share capital	3,668,700	3,668,700
Capital surplus	3,700,608	2,700,899
Retained earnings	25,168,080	27,792,277
Treasury shares	(952,632)	(497,706)
Total shareholders' equity	31,584,756	33,664,170
Accumulated other comprehensive income		
Foreign currency translation adjustment	904,524	2,074,421
Remeasurements of defined benefit plans	(199,230)	85,053
Total accumulated other comprehensive income	705,294	2,159,474
Non-controlling interests	151	1,038,389
Total net assets	32,290,202	36,862,034
Total liabilities and net assets	46,027,282	54,283,654

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

(Thousands of Yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Net sales	50,459,277	54,018,422
Cost of sales	25,399,417	26,806,587
Gross profit	25,059,860	27,211,835
Selling, general and administrative expenses		
Transportation and storage costs	1,153,015	1,453,256
Advertising and promotion expenses	1,159,309	1,442,685
Provision of allowance for doubtful accounts	23,060	46,941
Provision for product warranties	5,563	136,540
Salaries and bonuses	7,780,224	8,679,464
Provision for bonuses	398,174	414,252
Provision for bonuses for directors (and other officers)	67,631	56,680
Provision for employee stock ownership plan trust	6,504	—
Provision for share awards for directors (and other officers)	65,182	—
Retirement benefit expenses	245,613	354,382
Travel and transportation expenses	462,344	745,876
Depreciation	903,814	1,061,689
Commission expenses	1,590,042	1,869,766
Research and development expenses	3,134,608	3,346,086
Other	1,980,772	2,387,065
Total selling, general and administrative expenses	18,975,861	21,994,688
Operating profit	6,083,998	5,217,146
Non-operating income		
Interest income	13,646	43,895
Dividend income	3,304	4,260
Gain on valuation of investments in money held in trust	—	45,375
Refunds	—	26,972
Foreign exchange gains	39,434	—
Other	79,193	65,224
Total non-operating income	135,577	185,728
Non-operating expenses		
Interest expenses	39,310	42,753
Loss on valuation of investments in money held in trust	47,635	—
Other	6,000	11,241
Total non-operating expenses	92,947	53,994
Ordinary profit	6,126,629	5,348,880

(Thousands of Yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Extraordinary income		
Gain on sale of non-current assets	19,340	348,275
Total extraordinary income	19,340	348,275
Extraordinary losses		
Loss on sale and retirement of non-current assets	60,260	85,518
Total extraordinary losses	60,260	85,518
Profit before income taxes	6,085,709	5,611,637
Income taxes - current	1,350,747	1,504,928
Income taxes - deferred	407,921	(195,635)
Total income taxes	1,758,669	1,309,292
Profit	4,327,039	4,302,344
Profit attributable to non-controlling interests	18	80
Profit attributable to owners of parent	4,327,021	4,302,263

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit	4,327,039	4,302,344
Other comprehensive income		
Foreign currency translation adjustment	1,239,599	1,169,919
Remeasurements of defined benefit plans, net of tax	(244,987)	284,283
Total other comprehensive income	994,611	1,454,202
Comprehensive income	5,321,651	5,756,547
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,321,613	5,756,444
Comprehensive income attributable to non-controlling interests	37	103

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended December 31, 2022

(Thousands of Yen)

	Shareholder's equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,668,700	3,700,608	22,233,208	(516,151)	29,086,365
Changes during period					
Dividends of surplus			(1,392,149)		(1,392,149)
Profit attributable to owners of parent			4,327,021		4,327,021
Purchase of treasury shares				(455,572)	(455,572)
Treasury stock transfer of stock ownership plan trust				19,091	19,091
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	2,934,872	(436,481)	2,498,390
Balance at end of period	3,668,700	3,700,608	25,168,080	(952,632)	31,584,756

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	(335,055)	45,757	(289,297)	113	28,797,181
Changes during period					
Dividends of surplus			—		(1,392,149)
Profit attributable to owners of parent			—		4,327,021
Purchase of treasury shares			—		(455,572)
Treasury stock transfer of stock ownership plan trust			—		19,091
Net changes in items other than shareholders' equity	1,239,579	(244,987)	994,592	37	994,630
Total changes during period	1,239,579	(244,987)	994,592	37	3,493,020
Balance at end of period	904,524	(199,230)	705,294	151	32,290,202

Fiscal year ended December 31, 2023

(Thousands of Yen)

	Shareholder's equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,668,700	3,700,608	25,168,080	(952,632)	31,584,756
Changes during period					
Dividends of surplus			(1,678,066)		(1,678,066)
Profit attributable to owners of parent			4,302,263		4,302,263
Change in scope of consolidation					—
Purchase of treasury shares				(544,782)	(544,782)
Cancellation of treasury shares		(999,708)		999,708	—
Net changes in items other than shareholders' equity					—
Total changes during period	—	(999,708)	2,624,197	454,926	2,079,414
Balance at end of period	3,668,700	2,700,899	27,792,277	(497,706)	33,664,170

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	904,524	(199,230)	705,294	151	32,290,202
Changes during period					
Dividends of surplus			—		(1,678,066)
Profit attributable to owners of parent			—		4,302,263
Change in scope of consolidation			—	1,038,134	1,038,134
Purchase of treasury shares			—		(544,782)
Cancellation of treasury shares			—		—
Net changes in items other than shareholders' equity	1,169,896	284,283	1,454,180	103	1,454,283
Total changes during period	1,169,896	284,283	1,454,180	1,038,237	4,571,832
Balance at end of period	2,074,421	85,053	2,159,474	1,038,389	36,862,034

(4) Consolidated Statements of Cash Flows

(Thousands of Yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	6,085,709	5,611,637
Depreciation	1,320,966	1,599,407
Amortization of goodwill	42,642	–
Increase (decrease) in allowance for doubtful accounts	1,866	(2,230)
Increase (decrease) in provision for bonuses	(21,533)	4,921
Increase (decrease) in provision for bonuses for directors (and other officers)	63,631	(10,243)
Increase (decrease) in provision for product warranties	29,380	129,056
Increase (decrease) in provision for employee stock ownership plan trust	12,131	–
Increase (decrease) in provision for share awards for directors (and other officers)	64,120	(3,674)
Increase (decrease) in retirement benefit liability	(41,145)	53,317
Interest and dividend income	(16,950)	(48,155)
Interest expenses	39,310	42,753
Loss (gain) on sale and retirement of intangible assets	9,131	4,545
Loss (gain) on sale of property, plant and equipment	31,789	(267,302)
Decrease (increase) in trade receivables	(723,951)	(229,798)
Decrease (increase) in inventories	(1,133,932)	(1,030,261)
Decrease (increase) in other current assets	(218,388)	382,923
Decrease (increase) in other non-current assets	69,818	(159,276)
Increase (decrease) in trade payables	484,158	(123,838)
Increase (decrease) in accounts payable - other	(416,971)	116,695
Increase (decrease) in other current liabilities	(136,661)	15,375
Increase (decrease) in other non-current liabilities	140,713	93,500
Other, net	1,011	(163,626)
Subtotal	5,686,847	6,015,728
Interest and dividends received	38,056	71,796
Interest paid	(40,393)	(44,221)
Extra retirement payments	(455,104)	–
Income taxes paid	(2,549,878)	(996,475)
Net cash provided by (used in) operating activities	2,679,527	5,046,828

(Thousands of Yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from investing activities		
Payments into time deposits	–	(95,547)
Proceeds from withdrawal of time deposits	97,450	210
Purchase of property, plant and equipment	(2,256,532)	(3,760,009)
Proceeds from sale of property, plant and equipment	36,978	1,435,417
Payments for retirement of property, plant and equipment	(140,846)	(30,534)
Purchase of intangible assets	(449,147)	(690,766)
Purchase of investment securities	(12,254)	(8,336)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,623,205)
Other, net	(635)	338
Net cash provided by (used in) investing activities	(2,724,987)	(4,772,432)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,713	(4,814)
Proceeds from long-term borrowings	–	3,000,000
Repayments of long-term borrowings	–	(150,000)
Repayments of lease liabilities	(372,769)	(422,583)
Purchase of treasury shares	(456,347)	(545,708)
Dividends paid	(1,391,192)	(1,674,887)
Net cash provided by (used in) financing activities	(2,214,596)	202,006
Effect of exchange rate change on cash and cash equivalents	(364,470)	(100,814)
Net increase (decrease) in cash and cash equivalents	(2,624,527)	375,587
Cash and cash equivalents at beginning of period	13,966,394	11,341,867
Cash and cash equivalents at end of period	11,341,867	11,717,454

(5) Notes on Consolidated Financial Statements

(Significant Subsequent Events)

(Revision of retirement benefit plans)

The Company revised its retirement benefit plans on January 1, 2024 and transferred a portion of its defined benefit corporate pension plans to defined contribution pension plans. The Guidance on Accounting for Transfer between Retirement Benefit Plans (ASBJ Guidance No. 1) and the Practical Solution on Accounting for Transfer between Retirement Benefit Plans (PITF No. 2) have been applied to account for this revision. As a result of the transfer, an extraordinary income of approximately 400 million yen is expected to arise in the next fiscal year.

4. Other

Changes to Officers

(Scheduled on March 29, 2024)

(1) Changes to Representative Director

Not applicable.

(2) Changes to Other Officers

1) Director scheduled for retirement

Director Managing Executive Officer : Toshiharu Uwai

2) ●●Auditor scheduled for resignation

Audit and Supervisory Board Member : Masayasu Suzuki