

COMSYS Holdings Corporation

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 Under Japanese GAAP

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Stock Exchange Listings: Prime Market of Tokyo Stock Exchange (Securities code: 1721)
URL: <https://www.comsys-hd.co.jp/english/index.html>
Representative: Takashi Kagaya, President and Representative Director
For Inquiry: Hidehiko Ozaki, Director and General Manager of Financial Department (Telephone:81-3-3448-7000)
Scheduled Annual General Meeting of Shareholders: June 29, 2023
Scheduled Commencement of Dividend Payment: June 30, 2023
Scheduled Filing of Securities Report: June 29, 2023
Supplementary Materials on Financial Results: Attached
IR Presentation on Financial Results: Scheduled (For Institutional Investors and Analysts)

Amounts less than one million yen have been omitted.

1. Consolidated Financial Results (for the fiscal year ended March 31, 2023)

(1) Consolidated Operating Results

(Millions of yen, except per share data and percentages)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)
Year ended March 31, 2023	¥563,295	(4.4)%	¥32,104	(25.3)%	¥30,934	(29.8)%	¥19,338	(33.8)%
Year ended March 31, 2022	589,028	4.6	42,963	3.3	44,036	2.5	29,208	(0.5)

Notes: 1. Comprehensive income: Year ended March 31, 2023: ¥19,607 million [(32.9)%] Year ended March 31, 2022: ¥29,215 million [(17.4)%]
2. Percentages indicate the percentage change from the corresponding period of the previous fiscal year.

	Primary Earnings per Share	Diluted Earnings per Share	Return on Equity	Ordinary Profit / Total Assets	Operating Margin
Year ended March 31, 2023	¥158.83	¥158.71	5.7%	6.0%	5.7%
Year ended March 31, 2022	235.50	235.18	8.8	8.8	7.3

(Reference) Equity in earnings of affiliates: Year ended March 31, 2023: ¥ — million Year ended March 31, 2022: ¥ — million

(2) Consolidated Financial Position

(Millions of yen, except per share data and percentages)

	Total Assets	Net Assets	Equity Ratio	Book Value per Share
As of March 31, 2023	¥502,133	¥346,725	67.9%	¥2,824.12
As of March 31, 2022	524,062	343,489	64.5	2,761.15

(Reference) Shareholders' equity: As of March 31, 2023: ¥341,093 million As of March 31, 2022: ¥338,031 million

(3) Consolidated Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Year ended March 31, 2023	¥61,781	¥ (6,843)	¥(48,233)	¥40,788
Year ended March 31, 2022	5,244	(11,109)	6,171	34,033

2. Cash Dividends for Shareholders of Common Stock

(Millions of yen, except per share data and percentages)

	Dividends per Share					Total Dividends (Annual)	Consolidated Basis	
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-End	Annual		Dividend Payout Ratio	Ratio of Dividends to Net Assets
Year ended March 31, 2022	¥ —	¥45.00	¥ —	¥50.00	¥95.00	¥11,708	40.3%	3.5%
Year ended March 31, 2023	—	50.00	—	50.00	100.00	12,129	63.0	3.6
Year ending March 31, 2024 (Forecast)	—	50.00	—	55.00	105.00		55.1	

3. Consolidated Earnings Forecast (for the fiscal year ending March 31, 2024)

(Millions of yen, except per share data and percentages)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Primary Earnings per Share
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount
Year ending March 31, 2024	¥570,000	1.2%	¥34,000	5.9%	¥34,500	11.5%	¥23,000	18.9%	¥190.43

Note. For fiscal-year figures, percentages indicate the percentage change from the previous fiscal year. For first-half figures, percentages indicate the percentage change from the corresponding half of the previous fiscal year.

***Notes:**

- (1) Changes in significant subsidiaries during the period under review (changes to subsidiaries that would alter the scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements due to error correction
- a) Changes in accounting policies due to revisions of accounting standards: No
 - b) Changes in accounting policies due to other reasons: No
 - c) Changes in accounting estimates: No
 - d) Restatements of prior period financial statements due to error correction: No

(3) Number of shares issued (common shares)

	As of March 31, 2023	As of March 31, 2022
a) Number of shares issued (including treasury shares)	141,000,000 shares	141,000,000 shares
b) Number of treasury shares	20,221,171 shares	18,575,585 shares
	Year ended March 31, 2023	Year ended March 31, 2022
c) Average number of shares issued in the period	121,758,706 shares	124,027,956 shares

(Reference) Summary of Non-Consolidated Financial Results

Non-Consolidated Financial Results (for the fiscal year ended March 31, 2023)

(1) Non-Consolidated Operating Results

(Millions of yen, except per share data and percentages)

	Operating Revenues		Operating Profit		Ordinary Profit		Profit	
Year ended March 31, 2023	¥14,233	(0.3)%	¥12,880	(0.4)%	¥12,894	(0.4)%	¥12,801	(0.5)%
Year ended March 31, 2022	14,275	8.4	12,931	9.3	12,940	9.4	12,863	9.4

Note: Percentages indicate the percentage change from the corresponding period of the previous fiscal year.

	Primary Earnings per Share	Diluted Earnings per Share
Year ended March 31, 2023	¥105.14	¥105.06
Year ended March 31, 2022	103.72	103.58

(2) Non-Consolidated Financial Position

(Millions of yen, except per share data and percentages)

	Total Assets	Net Assets	Equity Ratio	Book Value per Share
As of March 31, 2023	¥154,201	¥118,420	76.2%	¥972.70
As of March 31, 2022	186,000	121,741	65.0	987.92

(Reference) Shareholders' equity:

As of March 31, 2023: ¥117,480 million

As of March 31, 2022: ¥120,945 million

**This Consolidated Financial Results report has not been subjected to audit procedures by certified public accountants or an audit corporation.*

***Disclaimer concerning the Proper Use of Business Results Forecasts and Other Relevant Specific Items**

- Forward-looking statements including earnings forecasts contained in this document are based on certain reasonable assumptions and beliefs in light of information currently available to management. Readers are advised that actual results may differ materially from forecasts due to a variety of factors. With respect to the conditions that underpin earnings forecasts as well as cautionary statements regarding the proper use of earnings forecasts, please refer to "1. Business Review" of this Consolidated Financial Results report in the Accompanying Materials section on page 3.
- The Company plans to hold an IR presentation on its financial results for institutional investors and analysts on Friday, May 19, 2023. The materials and video of the briefing will be uploaded to the corporate website. (The video of the financial results briefing will be available only in Japanese.)

Accompanying Materials

1. Business Review

(1) Operating Results

During the fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023), the Japanese economy was expected to recover while social and economic activities began to normalize as the nation adapted to living with COVID-19. Nevertheless, it was necessary to continue to monitor soaring prices for energy and raw materials, supply side constraints including shortages of various parts and materials, and turbulence in financial and capital markets.

As for the business environment surrounding the COMSYS Group, in the communications infrastructure field, the development of digital infrastructure, including optic fiber and 5G, was promoted in order to accelerate the digitalization of regional areas under the Japanese government's Vision for a Digital Garden City Nation. In the social infrastructure field, developments in the areas of disaster prevention or mitigation and promotion of national resilience measures were expected to be made to address increasingly severe and frequent natural disasters and aging infrastructure. Also, growth investment was anticipated in the renewable energy field to achieve carbon neutrality by 2050. In the IT solutions field, there was digital transformation (DX)-related development, including the construction of data collaboration platforms that enable sharing and utilization of data in multiple sectors such as the administrative and public sectors as well as healthcare and nursing care.

The COMSYS Group faced a challenging business environment in the communications infrastructure field, including a decrease in large-scale projects like the High-Speed Wireless Environment Maintenance Promotion Project as well as a decline in mobile-related construction work. In these circumstances, the COMSYS Group worked to secure profits by expanding market share and obtaining peripheral business based on effective utilization of the Group's resources. The Group also endeavored to strengthen its area management system with the aim of Group-wide optimization. Other efforts included expanding business domains by training multi-disciplinary engineers. In growth IT solutions and social system-related fields, profitability decreased because of material shortages and soaring prices caused by supply chain disruptions and cost increases due to slow construction progress, and there were some unprofitable renewable energy-related projects. However, the COMSYS Group worked to increase sales by strengthening marketing capabilities using its virtual company structure and collaborating with alliance partners. Going forward, the Group will strengthen its project management systems, including risk management, with the focus on large-scale projects. The COMSYS Group will also continue to strengthen its management base by improving productivity leveraging DX, pursuing thorough diversity and flexible workstyle reforms, and training human resources for the new business environment.

Under these circumstances, orders received in the fiscal year ended March 31, 2023 decreased 0.7% year on year to ¥553,065 million, and net sales decreased 4.4% year on year to ¥563,295 million. From a profit perspective, operating profit decreased by 25.3% year on year to ¥32,104 million, while profit attributable to owners of parent decreased 33.8% year on year to ¥19,338 million.

(2) Financial Position

(a) Assets

Current assets as of March 31, 2023 stood at ¥303,983 million, ¥18,232 million lower than at the end of the previous fiscal year. This was mainly attributable to a ¥34,999 million decrease in notes receivable, accounts receivable from completed construction contracts and other, and increases of ¥6,259 million in cash and deposits and ¥5,964 million in costs on construction contracts in progress. Non-current assets as of March 31, 2023 stood at ¥198,149 million, ¥3,697 million lower than at the end of the previous fiscal year. This was mainly attributable to decreases of ¥2,145 million in property and equipment, ¥1,111 million in intangible assets, and ¥439 million in investments and other assets.

As a result, total assets amounted to ¥502,133 million as of March 31, 2023, a decrease of ¥21,929 million compared with the end of the previous fiscal year.

(b) Liabilities

Current liabilities as of March 31, 2023 stood at ¥134,446 million, down ¥24,317 million compared with the previous fiscal year-end. This was mainly attributable to a decrease of ¥27,894 million in short-term borrowings. As of March 31, 2023, non-current liabilities amounted to ¥20,961 million, ¥847 million lower than at the end of the previous fiscal year. This was mainly attributable to decreases of ¥306 million in long-term borrowings and ¥238 million in deferred tax liabilities.

As a result, total liabilities amounted to ¥155,407 million, a decrease of ¥25,165 million compared with the end of the previous fiscal year.

(c) Net assets

Net assets stood at ¥346,725 million as of March 31, 2023, an increase of ¥3,235 million compared with the end of the previous fiscal year. This was primarily due to a ¥7,126 million increase in retained earnings mainly resulting from the recording of profit attributable to owners of parent.

As of the end of the fiscal year under review, the equity ratio stood at 67.9%, up from 64.5% as of March 31, 2022.

(3) Cash Flow

Cash and cash equivalents stood at ¥40,788 million at the end of the fiscal year, an increase of ¥6,755 million, or 19.8%, compared with the end of the previous fiscal year.

The principal factors underpinning movements in each of the Group's major cash flows for the fiscal year ended March 31, 2023 are presented as follows.

(a) Cash flows from operating activities

Net cash provided by operating activities stood at ¥61,781 million compared with ¥5,244 million for the previous fiscal year. The major cash inflows were profit before income taxes of ¥30,541 million and trade receivables of ¥33,378 million.

(b) Cash flows from investing activities

Net cash used in investing activities totaled ¥6,843 million for the fiscal year under review compared with net cash of ¥11,109 million used in the previous fiscal year. The major cash outflows were purchase of property, plant and equipment of ¥7,520 million and purchase of intangible assets of ¥1,162 million.

(c) Cash flows from financing activities

Net cash provided by financing activities was ¥48,233 million for the fiscal year ended March 31, 2023, compared with ¥6,171 million used in financing activities in the previous fiscal year. The major cash outflows were net decrease in short-term borrowings of ¥27,595 million, dividends paid of ¥12,211 million and purchase of treasury shares of ¥7,014 million.

(4) Outlook for fiscal year ending March 31, 2024

With regard to the business performance outlook for the fiscal year ending March 31, 2024, the challenging business environment is forecast to continue in the communications infrastructure field where a decrease in capital investment is anticipated. However, in growth IT solutions and social system-related fields, expansion of the IT market due to promotion of society-wide digital transformation (DX), including cloud migration can be anticipated. We also expect promotion of disaster prevention and mitigation and national resilience measures, including utility pole underground projects and river basin flood control work, as well as the construction and renovation of social infrastructure, including data centers and water and sewerage projects. In addition, private sector capital investment is expected to recover. As a result, the Group expects revenue and profit growth in these fields. The COMSYS Group will continue working to secure profits by improving profitability through topline growth with stronger Group collaboration making use of the virtual companies. The Group will also expand its business domains by training multidisciplinary engineers, consolidate its backyard operations, and promote digital transformation DX.

Consolidated Earnings Forecast

(Millions of yen, except percentages)

	Year ended March 31, 2023	Year ending March 31, 2024	Change
Orders received	¥553,065	¥570,000	3.1%
Net sales	563,295	570,000	1.2
Gross profits	69,541	70,000	0.7
Operating profit	32,104	34,000	5.9
Ordinary profit	30,934	34,500	11.5
Profit attributable to owners of parent	19,338	23,000	18.9

2. Basic Approach to Selection of Accounting Standard

The COMSYS Group's policy for the time being is to use Japanese GAAP for the preparation of its consolidated financial statements because its business operations are primarily carried out in Japan, and comparison with other Japanese companies is thus facilitated.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of yen	
	As of March 31, 2022	As of March 31, 2023
ASSETS		
Current assets:		
Cash and deposits	35,107	41,367
Notes receivable, accounts receivable		
from completed construction contracts and other	222,954	187,954
Investments in leases	5,073	6,600
Costs on construction contracts in progress	46,027	51,992
Real estate for sale	2,050	1,757
Merchandise	999	1,148
Raw materials and supplies	2,494	2,692
Other current assets	7,618	11,761
Allowance for doubtful accounts	(109)	(1,291)
Total current assets	322,216	303,983
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	99,423	100,241
Accumulated depreciation	(54,084)	(55,743)
Buildings and structures, net	45,338	44,498
Machinery, equipment and vehicles and tools, furniture and fixtures	65,997	66,329
Accumulated depreciation	(39,438)	(41,886)
Machinery, equipment and vehicles and tools, furniture and fixtures, net	26,559	24,442
Land	70,714	70,084
Lease assets	3,385	3,525
Accumulated depreciation	(1,815)	(2,014)
Lease assets, net	1,570	1,510
Construction in progress	1,199	2,700
Total property, plant and equipment	145,382	143,236
Intangible assets		
Goodwill	2,261	1,648
Other intangible assets	5,587	5,089
Total intangible assets	7,848	6,737
Investments and other assets:		
Investment securities	22,890	25,454
Long-term loans receivable	3,150	3,006
Deferred tax assets	3,698	4,470
Retirement benefit asset	14,687	12,912
Other assets	4,599	5,141
Allowance for doubtful accounts	(411)	(2,809)
Total investments and other assets	48,615	48,175
Total non-current assets	201,846	198,149
Total assets	524,062	502,133

	Millions of yen	
	As of March 31, 2022	As of March 31, 2023
LIABILITIES		
Current liabilities:		
Notes payable, accounts payable for construction contracts and other	87,514	82,842
Short-term borrowings	31,845	3,950
Income taxes payable	4,967	5,075
Advances received on construction contracts in progress	11,585	7,771
Provision for warranties for completed construction	142	145
Provision for loss on construction contracts	2,152	5,236
Provision for loss compensation	463	679
Other current liabilities	20,093	28,745
Total current liabilities	158,764	134,446
Non-current liabilities:		
Long-term borrowings	486	179
Deferred tax liabilities	689	451
Deferred tax liabilities for land revaluation	1,213	1,213
Retirement benefit liability	14,200	14,151
Provision for retirement benefits for directors (and other officers)	628	616
Provision for environmental measures	400	400
Other non-current liabilities	4,191	3,948
Total non-current liabilities	21,809	20,961
Total liabilities	180,573	155,407
NET ASSETS		
Shareholders' equity:		
Share capital	10,000	10,000
Capital surplus	92,700	93,113
Retained earnings	279,157	286,284
Treasury shares	(40,851)	(45,318)
Total shareholders' equity	341,006	344,079
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	3,117	3,722
Deferred gains or losses on hedges	0	(78)
Revaluation reserve for land	(8,250)	(8,250)
Remeasurements of defined benefit plans	2,157	1,620
Total accumulated other comprehensive income	(2,975)	(2,985)
Share acquisition rights	795	939
Non-controlling interests	4,662	4,692
Total net assets	343,489	346,725
Total liabilities and net assets	524,062	502,133

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

	Millions of yen	
	Year ended March 31, 2022	Year ended March 31, 2023
Net sales	589,028	563,295
Cost of sales	510,601	493,754
Gross profits	78,427	69,541
Selling, general and administrative expenses	35,463	37,436
Operating profit	42,963	32,104
Non-operating income:		
Interest income	23	23
Dividend income	848	850
Rental income from non-current assets	285	283
Other	494	580
Total non-operating income	1,651	1,738
Non-operating expenses:		
Interest expenses	31	26
Provision for allowance for doubtful receivables	—	2,397
Rent expenses	157	99
Other	390	383
Total non-operating expenses	579	2,907
Ordinary profit	44,036	30,934
Extraordinary income:		
Gain on sales of non-current assets	473	503
Gain on sales of investment securities	223	67
Gain on sales of shares of subsidiaries and associates	—	218
Gain on bargain purchase	170	28
Gain on transfer of business	210	—
Gain on extinguishment of tie-in shares	182	—
Other	86	115
Total extraordinary income	1,346	933
Extraordinary loss:		
Loss on retirement of non-current assets	92	176
Loss on sales of non-current assets	41	144
Loss on valuation of investment securities	3	132
Extra retirement payments	102	288
Impairment loss	118	99
Business structure reform expenses	260	109
Compensation for damage	487	—
Provision of allowance for loss on compensation	463	244
Other	327	130
Total extraordinary loss	1,897	1,326
Profit before income taxes	43,484	30,541
Income taxes:		
Current	14,534	11,945
Deferred	(476)	(1,019)
Total income taxes	14,058	10,925
Profit	29,426	19,615
Profit attributable to non-controlling interests	218	276
Profit attributable to owners of parent	29,208	19,338

(Consolidated Statements of Comprehensive Income)

	Millions of yen	
	Year ended March 31, 2022	Year ended March 31, 2023
Profit	29,426	19,615
Other comprehensive income:		
Valuation difference on available-for-sale securities	(204)	608
Deferred gains or losses on hedges	0	(79)
Remeasurements of defined benefit plans	(6)	(536)
Total other comprehensive loss	(210)	(7)
Comprehensive income	29,215	19,607
(Breakdown)		
Comprehensive income attributable to owners of parent	28,996	19,327
Comprehensive income attributable to non-controlling interests	219	279

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2022	Millions of yen				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of period	10,000	92,552	260,846	(33,284)	330,114
Changes in items during period:					
Dividends of surplus			(11,213)		(11,213)
Profit attributable to owners of parent			29,208		29,208
Purchase of treasury shares				(8,004)	(8,004)
Disposal of treasury shares		84		437	522
Purchase of treasury shares of subsidiaries		62			62
Purchase of shares of consolidated subsidiaries		1			1
Changes of scope of consolidation			113		113
Increase by share exchanges					—
Reversal of revaluation reserve for land			203		203
Net changes in items other than shareholders' equity					—
Total changes in items during period	—	148	18,311	(7,566)	10,892
Balance at end of period	10,000	92,700	279,157	(40,851)	341,006

Year ended March 31, 2022	Millions of yen							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	3,322	0	(8,046)	2,163	(2,559)	764	2,489	330,807
Changes in items during period:								
Dividends of surplus								(11,213)
Profit attributable to owners of parent								29,208
Purchase of treasury shares								(8,004)
Disposal of treasury shares								522
Purchase of treasury shares of subsidiaries								62
Purchase of shares of consolidated subsidiaries								1
Changes of scope of consolidation								113
Increase by share exchanges								—
Reversal of revaluation reserve for land								203
Net changes in items other than shareholders' equity	(205)	0	(203)	(6)	(415)	31	2,172	1,788
Total changes in items during period	(205)	0	(203)	(6)	(415)	31	2,172	12,681
Balance at end of period	3,117	0	(8,250)	2,157	(2,975)	795	4,662	343,489

Year ended March 31, 2023	Millions of yen				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of period	10,000	92,700	279,157	(40,851)	341,006
Changes in items during period:					
Dividends of surplus			(12,211)		(12,211)
Profit attributable to owners of parent			19,338		19,338
Purchase of treasury shares				(7,002)	(7,002)
Disposal of treasury shares		14		160	175
Purchase of treasury shares of subsidiaries					—
Purchase of shares of consolidated subsidiaries					—
Changes of scope of consolidation					—
Increase by share exchanges		398		2,373	2,772
Reversal of revaluation reserve for land					—
Net changes in items other than shareholders' equity					—
Total changes in items during period	—	413	7,126	(4,467)	3,072
Balance at end of period	10,000	93,113	286,284	(45,318)	344,079

Year ended March 31, 2023	Millions of yen							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	3,117	0	(8,250)	2,157	(2,975)	795	4,662	343,489
Changes in items during period:								
Dividends of surplus								(12,211)
Profit attributable to owners of parent								19,338
Purchase of treasury shares								(7,002)
Disposal of treasury shares								175
Purchase of treasury shares of subsidiaries								—
Purchase of shares of consolidated subsidiaries								—
Changes of scope of consolidation								—
Increase by share exchanges								2,772
Reversal of revaluation reserve for land								—
Net changes in items other than shareholders' equity	605	(79)		(536)	(10)	144	29	163
Total changes in items during period	605	(79)	—	(536)	(10)	144	29	3,235
Balance at end of period	3,722	(78)	(8,250)	1,620	(2,985)	939	4,692	346,725

(4) Consolidated Statements of Cash Flows

	Millions of yen	
	Year ended March 31, 2022	Year ended March 31, 2023
Cash flows from operating activities:		
Profit before income taxes	43,484	30,541
Depreciation	9,974	10,376
Impairment loss	118	99
Amortization of goodwill	997	1,093
Gain on bargain purchase	(170)	(28)
Gain on transfer of business	(210)	—
Increase (decrease) in allowance for doubtful accounts	(65)	3,579
Increase in retirement benefit liability	125	36
Interest and dividend income	(871)	(873)
Interest expenses	31	26
Decrease (increase) in trade receivables	(25,331)	33,378
Increase in costs on construction contracts in progress	(1,349)	(5,779)
Decrease in trade payables	(4,879)	(5,021)
Gain on sale of investment securities	(218)	(67)
Loss on valuation of investment securities	3	132
Decrease (increase) in other assets	5,962	(703)
Increase (decrease) in other liabilities	(4,662)	8,711
Other, net	490	82
	23,428	75,587
Interest and dividends received	871	873
Interest paid	(31)	(26)
Income taxes paid	(19,024)	(14,652)
Net cash provided by operating activities	5,244	61,781
Cash flows from investing activities:		
Net decrease in time deposits	247	495
Purchase of investment securities	(13)	(21)
Proceeds from sale of investment securities	1,060	957
Purchase of shares of subsidiaries	(3,374)	(761)
Proceeds from transfer of business	243	—
Purchase of property, plant and equipment	(8,279)	(7,520)
Purchase of intangible assets	(2,541)	(1,162)
Proceeds from sales of property, plant and equipment	1,163	956
Loan advances	(2)	(31)
Collection of loans receivable	196	212
Purchase of insurance funds	(279)	(304)
Proceeds from cancellation of insurance funds	596	176
Other, net	(128)	159
Net cash used in investing activities	(11,109)	(6,843)

	Millions of yen	
	Year ended March 31, 2022	Year ended March 31, 2023
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	26,504	(27,595)
Repayments of long-term borrowings	(706)	(807)
Purchase of treasury shares	(8,021)	(7,014)
Proceeds from sales of treasury shares	305	47
Purchase of shares of subsidiaries		
not resulting in change in scope of consolidation	(29)	—
Purchase of treasury shares of subsidiaries	(1)	—
Dividends paid	(11,213)	(12,211)
Dividends paid to non-controlling interests	(13)	(23)
Repayments of finance lease obligations	(651)	(628)
Net cash used in financing activities	6,171	(48,233)
Effect of exchange rate change on cash and cash equivalents	5	(0)
Net increase in cash and cash equivalents	312	6,703
Cash and cash equivalents at beginning of period	32,936	34,033
Increase in cash and cash equivalents resulting from change in scope of consolidation	576	—
Increase in cash and cash equivalents resulting from merger	208	51
Cash and cash equivalents at end of period	34,033	40,788

(Per share Information)

	Yen	
	Year ended March 31, 2022	Year ended March 31, 2023
Book value per share	2,761.15	2,824.12
Primary earnings per share	235.50	158.83
Diluted earnings per share	235.18	158.71

Notes. The bases for calculation of primary earnings per share and diluted earnings per share are as follows:

	Millions of yen, except per share data and number of shares	
	Year ended March 31, 2022	Year ended March 31, 2023
Primary earnings per share		
Profit attributable to owners of parent	29,208	19,338
Amount not attributable to common shareholders	—	—
Profit attributable to owners of parent attributable to common shares	29,208	19,338
Average number of common shares during the period (in thousands)	124,027	121,758
Diluted earnings per share		
Adjustment for profit attributable to owners of parent	—	—
Increase in number of shares of common shares (in thousands)	166	91
[Of which share acquisition rights (in thousands)]	[166]	[91]
Outline of dilutive shares which were not included in the calculation of “Diluted earnings per share” because they do not have dilutive effect:	August 7, 2020	August 7, 2020
	Board of Directors resolution	Board of Directors resolution
	Stock options	Stock options
	(Share acquisition rights)	(Share acquisition rights)
	Common stock 550 thousand shares	Common stock 542 thousand shares
	August 6, 2021	August 6, 2021
	Board of Directors resolution	Board of Directors resolution
	Stock options	Stock options
	(Share acquisition rights)	(Share acquisition rights)
	Common stock 540 thousand shares	Common stock 529 thousand shares
		June 29, 2022
		Board of Directors resolution
		Stock options
		(Share acquisition rights)
		Common stock 529 thousand shares

(Significant Subsequent Event)

(Acquisition of Treasury Shares)

The meeting of the Board of Directors held on May 11, 2023 resolved as follows on the matters related to the acquisition of treasury shares in accordance with Article 156 of Japan's Companies Act, as applied pursuant to paragraph 3, Article 165 of the Act.

(a) Reason for Purchase

The Company will acquire treasury shares in order to facilitate enhancement of shareholder returns and the execution of flexible capital policies that respond to changes in the corporate environment.

(b) Details of Acquisition

1) Type of shares to be acquired	Common shares of the Company
2) Total number of shares to be acquired	Up to 2,000,000 shares
3) Total acquisition price	Up to ¥4,000,000,000
4) Acquisition period	From May 12, 2023 to March 31, 2024
5) Acquisition method	Purchase on the Tokyo Stock Exchange

(Cancellation of Treasury Shares)

The meeting of the Company's Board of Directors held on May 11, 2023 resolved as outlined below on the cancellation of treasury shares in accordance with the provisions of Article 178 of the Companies Act.

(a) Details of Acquisition

1) Type of shares cancelled	Common shares of the Company
2) Total number of shares to be cancelled	8,000,000 shares (Ratio to the total number of issued shares before cancellation: 5.67%)
3) Total number of issued shares after cancellation	133,000,000 shares
4) Scheduled date of cancellation	May 31, 2023

4. Other

Change of Directors

- 1) Changes in Representatives (scheduled for June 29, 2023)
 1. Candidate for Appointment as New Representative Director
Hiroshi Tanabe, Vice President and Representative Director (currently Associate Director)

- 2) Changes in Other Officers (scheduled for June 29, 2023)
 1. Candidate for Appointment as New Directors (excluding Audit and Supervisory Committee Members)
Toru Mashimo, Director (currently Associate Director)

 2. Retiring Directors (excluding Audit and Supervisory Committee Members)
Kenichi Sato, Director (expected to assume the office of Associate Director)
Yoshihisa Omura, Director (expected to assume the office of Associate Director)
Satoshi Tamamura, Director (expected to assume the office of Associate Director)
Hidehiko Ozaki, Director (expected to assume the office of Special Consultant, Nippon COMSYS Corporation)
Takaya Kitaguchi, Director (expected to assume the office of Associate Director)

 3. Candidates for Appointment as New Directors (Audit and Supervisory Committee Members)
Kyoko Ichikawa, Outside Director (currently Director of Ichikawa CPA Office
and Representative Partner of Mitsuba Audit Corporation)
Masaya Hirano, Outside Director (currently Attorney, TMI Associates)

 4. Retiring Directors (Audit and Supervisory Committee Members)
Masahiko Miyashita, Outside Director
Koichi Kawana, Outside Director
Hideo Yamamoto, Outside Director