

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 15, 2023

Company name: Fabrica Communications Co., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 4193 URL <https://www.fabrica-com.co.jp/>
 Representative: Representative Director & President Masahito Taniguchi
 Inquiries: Director & Head of Administration Division Akira Watanabe TEL 052-959-3460
 Scheduled date of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	7,600	29.7	1,282	38.9	1,262	34.3	810	41.1
Year ended March 31, 2022	5,858	21.4	923	40.1	939	42.8	574	26.1

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	159.44	148.49	29.1	29.8	16.9
Year ended March 31, 2022	121.82	105.81	35.8	31.2	15.8

(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, 2023	4,702	3,178	67.5	595.57
As of March 31, 2022	3,762	2,395	63.7	481.00

(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
Year ended March 31, 2023	1,038	(753)	(240)	2,312
Year ended March 31, 2022	566	(100)	774	2,268

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend 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	%	%
Year ended March 31, 2022	—	0.00	—	25.00	25.00	124	20.5	7.4
Year ended March 31, 2023	—	0.00	—	35.00	35.00	186	22.0	6.5
Year ending March 31, 2024 (Forecast)	—	0.00	—	36.00	36.00		21.5	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	8,967	18.0	1,418	10.6	1,424	12.9	893	10.3	167.75

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2023	5,327,800 shares	As of March 31, 2022	4,981,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	78 shares	As of March 31, 2022	36 shares
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Average number of shares during the period

Year ended March 31, 2023	5,081,004 shares	Year ended March 31, 2022	4,713,350 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	2,296,105	2,265,070
Accounts receivable - trade	598,099	714,070
Merchandise and finished goods	37,262	91,600
Work in process	222	203
Raw materials and supplies	3,149	3,275
Other	188,143	238,198
Allowance for doubtful accounts	(3,047)	(3,186)
Total current assets	3,119,935	3,309,231
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	89,733	59,404
Machinery, equipment and vehicles, net	6,080	4,528
Tools, furniture and fixtures, net	25,799	26,680
Land	158,429	158,429
Leased assets, net	27,035	67,231
Total property, plant and equipment	307,078	316,274
Intangible assets		
Goodwill	–	23,051
Software	83,075	117,277
Software in progress	48,958	103,762
Other	328	770
Total intangible assets	132,362	244,861
Investments and other assets		
Investment securities	25,691	196,378
Shares of subsidiaries and associates	–	389,419
Distressed receivables	1,169	1,319
Insurance funds	37,181	42,337
Deferred tax assets	59,092	78,445
Other	79,898	124,527
Allowance for doubtful accounts	(1,231)	(1,342)
Total investments and other assets	201,801	831,085
Total non-current assets	641,242	1,392,220
Deferred assets		
Bond issuance costs	1,789	822
Total deferred assets	1,789	822
Total assets	3,762,967	4,702,275

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	356,854	443,076
Current portion of bonds payable	65,000	50,000
Current portion of long-term borrowings	94,064	86,300
Accounts payable - other	164,873	216,184
Accrued expenses	81,082	92,587
Income taxes payable	204,694	310,006
Contract liabilities	29,692	36,553
Lease liabilities	7,025	18,522
Provision for bonuses	9,960	9,825
Provision for point card certificates	63,387	74,969
Other	11,997	15,076
Total current liabilities	1,088,632	1,353,103
Non-current liabilities		
Bonds payable	80,000	30,000
Long-term borrowings	146,668	60,368
Lease liabilities	20,884	52,836
Asset retirement obligations	26,366	23,151
Other	4,564	4,149
Total non-current liabilities	278,483	170,505
Total liabilities	1,367,115	1,523,608
Net assets		
Shareholders' equity		
Share capital	617,442	645,106
Capital surplus	556,462	584,126
Retained earnings	1,222,114	1,907,692
Treasury shares	(167)	(316)
Total shareholders' equity	2,395,851	3,136,609
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	–	36,396
Total accumulated other comprehensive income	–	36,396
Share acquisition rights	–	5,660
Total net assets	2,395,851	3,178,666
Total liabilities and net assets	3,762,967	4,702,275

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	5,858,127	7,600,296
Cost of sales	2,703,304	3,736,658
Gross profit	3,154,822	3,863,637
Selling, general and administrative expenses	2,231,484	2,581,049
Operating profit	923,338	1,282,587
Non-operating income		
Interest income	11	15
Dividend income	307	5
Rental income from buildings	7,221	7,221
Gain on sale of non-current assets	2,226	6,104
Gain on sale of investment securities	100	2,500
Insurance claim income	1,596	3,777
Surrender value of insurance policies	30,934	–
Compensation income	462	800
Other	1,410	1,600
Total non-operating income	44,272	22,026
Non-operating expenses		
Interest expenses	3,018	1,855
Share of loss of entities accounted for using equity method	–	32,713
Share issuance costs	6,342	–
Rental expenses	2,251	2,251
Loss on retirement of non-current assets	10,645	0
Other	5,772	5,769
Total non-operating expenses	28,031	42,589
Ordinary profit	939,579	1,262,024
Extraordinary losses		
Impairment losses	24,044	39,322
Loss on valuation of investment securities	37,779	–
Total extraordinary losses	61,824	39,322
Profit before income taxes	877,755	1,222,701
Income taxes - current	308,632	449,014
Income taxes - deferred	(5,040)	(36,415)
Total income taxes	303,592	412,598
Profit	574,163	810,102
Profit attributable to owners of parent	574,163	810,102

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	574,163	810,102
Other comprehensive income		
Valuation difference on available-for-sale securities	38	36,396
Total other comprehensive income	38	36,396
Comprehensive income	574,202	846,499
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	574,202	846,499

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	100,000	39,020	668,469	–	807,489	(38)	(38)	–	807,451
Cumulative effects of changes in accounting policies			(20,519)		(20,519)		–		(20,519)
Restated balance	100,000	39,020	647,950	–	786,970	(38)	(38)	–	786,932
Changes during period									
Issuance of new shares	517,442	517,442			1,034,884		–		1,034,884
Profit attributable to owners of parent			574,163		574,163		–		574,163
Purchase of treasury shares				(167)	(167)		–		(167)
Net changes in items other than shareholders' equity					–	38	38	–	38
Total changes during period	517,442	517,442	574,163	(167)	1,608,880	38	38	–	1,608,919
Balance at end of period	617,442	556,462	1,222,114	(167)	2,395,851	–	–	–	2,395,851

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	617,442	556,462	1,222,114	(167)	2,395,851	–	–	–	2,395,851
Changes during period									
Issuance of new shares - exercise of share acquisition rights	27,664	27,664			55,328		–		55,328
Dividends of surplus			(124,524)		(124,524)		–		(124,524)
Profit attributable to owners of parent			810,102		810,102		–		810,102
Purchase of treasury shares				(149)	(149)		–		(149)
Net changes in items other than shareholders' equity					–	36,396	36,396	5,660	42,057
Total changes during period	27,664	27,664	685,578	(149)	740,757	36,396	36,396	5,660	782,815
Balance at end of period	645,106	584,126	1,907,692	(316)	3,136,609	36,396	36,396	5,660	3,178,666

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	877,755	1,222,701
Depreciation	87,020	68,145
Amortization of goodwill	–	390
Increase (decrease) in allowance for doubtful accounts	(480)	250
Increase (decrease) in provision for bonuses	(494)	(135)
Increase (decrease) in provision for point card certificates	9,694	11,581
Interest and dividend income	(319)	(21)
Insurance claim income	(1,596)	(3,777)
Surrender value of insurance policies	(30,934)	–
Interest expenses	3,018	1,855
Share issuance costs	6,342	–
Share of loss (profit) of entities accounted for using equity method	–	32,713
Loss (gain) on sale of non-current assets	(2,226)	(6,104)
Loss on retirement of non-current assets	10,645	0
Impairment losses	24,044	39,322
Loss (gain) on sale of investment securities	(100)	(2,500)
Loss (gain) on valuation of investment securities	37,779	–
Decrease (increase) in trade receivables	(122,179)	(115,970)
Decrease (increase) in inventories	(8,552)	(54,445)
Increase (decrease) in trade payables	123,195	86,222
Increase (decrease) in accrued expenses	4,327	11,505
Increase (decrease) in accounts payable - other	(37,205)	47,368
Other, net	(6,667)	18,089
Subtotal	973,068	1,357,191
Interest and dividends received	319	21
Interest paid	(2,895)	(1,831)
Income taxes paid	(405,037)	(320,624)
Proceeds from insurance income	1,462	3,276
Net cash provided by (used in) operating activities	566,917	1,038,034
Cash flows from investing activities		
Purchase of property, plant and equipment	(100,137)	(90,805)
Proceeds from sale of property, plant and equipment	64,203	78,783
Purchase of intangible assets	(66,498)	(100,352)
Payments for acquisition of businesses	–	(47,913)
Purchase of investment securities	(53,470)	(127,229)
Proceeds from sale of investment securities	–	12,500
Purchase of shares of subsidiaries and associates	–	(422,133)
Proceeds from cancellation of insurance funds	61,563	–
Other, net	(5,825)	(56,377)
Net cash provided by (used in) investing activities	(100,166)	(753,529)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(50,000)	–
Repayments of long-term borrowings	(124,816)	(94,064)
Repayments of lease liabilities	(5,787)	(11,752)
Redemption of bonds	(70,000)	(65,000)
Proceeds from issuance of shares	1,025,241	–
Proceeds from issuance of shares resulting from exercise of share acquisition rights	–	55,328
Purchase of treasury shares	(167)	(149)
Dividends paid	–	(124,524)
Net cash provided by (used in) financing activities	774,470	(240,161)
Net increase (decrease) in cash and cash equivalents	1,241,221	44,343
Cash and cash equivalents at beginning of period	1,027,084	2,268,305
Cash and cash equivalents at end of period	2,268,305	2,312,649