

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

April 11, 2023

Financial Results for the Fiscal Year Ended February 28, 2023 (Under Japanese GAAP)(Consolidated)

Company name: RORZE CORPORATION
 Listing: Tokyo Stock Exchange
 Securities code: 6323
 URL: <https://www.rorze.com/en/>
 Representative: Yoshiyuki Fujishiro, Representative Director, President and Chief Executive Officer
 Inquiries: Eiichi Isemura, General Manager of Administration Department
 Telephone: +81-84-960-0001
 Scheduled date of Annual General Meeting of Shareholders : May 30, 2023
 Submission of securities report : May 31, 2023
 Scheduled date of payment of cash dividends : May 31, 2023
 The additional materials for the Fiscal year financial results: Yes (Japanese only)
 The briefing session for the Fiscal year financial results: Yes (for investors and analysts)

(Amounts less than one million yen are rounded down unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2023

(March 1,2022 through February 28, 2023)

(1) Consolidated operating results

(Percent indications show percentage of changes from corresponding figures for the previous period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2023	94,518	41.1	26,418	67.1	30,344	70.3	21,384	66.7
February 28, 2022	67,004	31.9	15,809	69.7	17,818	109.9	12,824	98.2

Note: Comprehensive income Fiscal year ended February 28, 2023: ¥ 26,256 million [62.9%]
 Fiscal year ended February 28, 2022: ¥16,118 million [146.6%]

Fiscal year ended	Earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
February 28, 2023	1,237.42	1,235.10	37.7	28.3	28.0
February 28, 2022	742.10	740.72	33.7	24.1	23.6

Reference: Equity in earnings (losses) of affiliates As of Fiscal year ended February 28, 2023: — million
 As of Fiscal year ended February 28, 2022: — million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets par share
	Millions of yen	Millions of yen	%	Yen
February 28, 2023	126,482	74,795	53.9	3,947.79
February 28, 2022	88,290	50,222	51.4	2,624.39

Reference: Shareholder's equity
 As of February 28, 2023: ¥68,222 million
 As of February 28, 2022: ¥45,352 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the fiscal year
As of	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2023	△ 1,920	△ 5,151	10,742	28,292
February 28, 2022	3,016	△916	3,578	23,631

2. Dividends

	Annual cash dividends per share					Total dividends	Dividend payout ratio (Consolidated)	Dividend on net assets ratio (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended February 28, 2022	—	0 00	—	65.00	65.00	1,123	8.8	2.9
Fiscal year ended February 28, 2023	—	0 00	—	135.00	135.00	2,332	10.9	4.1
Fiscal year ending February 29, 2024(Forecast)	—	0 00	—	135.00	135.00		15.1	

3. Forecast of consolidated operating results for the Fiscal year ending February 29, 2024 (March 1, 2023 through February 29, 2024)

(Percent indications show percentage of changes from corresponding figures for the previous period or the year-ago period)

	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
Six months ending August 31, 2023	43,127	△5.7	10,673	△2.4	10,643	△37.0	7,633	△38.3	433.29
Fiscal year ending February 29, 2024	88,026	△6.9	21,619	△18.2	21,553	△29.0	15,718	△26.5	892.13

***Notes**

- (1) Significant changes in scope of consolidated subsidiaries: None
- (2) Changes in accounting policies, accounting estimation change and restatement
- (2) -1 Changes in accounting policies due to the revision of the accounting standards. : Applicable
- (2) -2 Changes in accounting policies except for those in (2)-1 : None
- (2) -3 Changes due to accounting estimation change : None
- (2) -4 Restatement : None
- (3) Number of shares issued

- (3) -1 Total number of shares issued at the end of the period (including treasury stocks)

As of February 28, 2023	17,640,000 shares
As of February 28, 2022	17,640,000 shares

- (3) -2 Number of treasury stocks at the end of the period

As of February 28, 2023	358,747 shares
As of February 28, 2022	358,695 shares

- (3) -3 Average number of shares issued during the period

Fiscal year ended February 28, 2023	17,281,298 shares
Fiscal year ended February 28, 2022	17,281,319 shares

(Reference): Summary of non-consolidated financial results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2023

(1) Non-consolidated operating results

(Percent indications show percentage of changes from corresponding figures for the previous period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2023	62,910	28.8	12,368	11.6	13,937	9.1	9,686	5.0
February 28, 2022	48,844	80.4	11,079	172.3	12,771	209.0	9,222	193.7

Fiscal year ended	Earnings per share	Diluted earnings per share
	Yen	Yen
February 28, 2023	560.50	559.45
February 28, 2022	533.66	532.67

(2) Non-consolidated financial position

Fiscal year ended	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
February 28, 2023	74,029	37,321	50.3	2,154.72
February 28, 2022	55,173	28,826	52.1	1,663.38

Reference: Shareholder's equity

As of February 28, 2023: ¥37,236 million

As of February 28, 2022: ¥28,745 million

※ This Financial Results report is out of scope of review by certified public accountants or an audit firm

※ Explanation regarding the appropriate use of forecast of operating results and other special notes

(Notes on forward-looking statements)

The financial forecast of operating results is based on judgements and estimates that have been made using currently available information. By nature, such financial forecast is subject to uncertainty and risk. Therefore, the final results might be significantly different from the aforementioned forecast due to changes in economic environments related to our business, market trends, exchange rate, etc.

(Notes on change in presentation of amounts)

Amounts given on the Company's Quarterly consolidated financial statements and other items were previously rounded down to thousands, but starting from the first quarter of the current fiscal year and the three months ended May 31, 2022, figures are rounded down to millions.

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	23,631	28,292
Notes and accounts receivable - trade	18,915	-
Notes receivable - trade	-	1,709
Accounts receivable - trade	-	25,013
Merchandise and finished goods	1,742	2,778
Work in process	6,019	14,067
Raw materials and supplies	14,662	25,988
Other	1,538	2,150
Allowance for doubtful accounts	△53	△12
Total current assets	66,455	99,986
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,182	15,047
Accumulated depreciation	△3,995	△4,649
Buildings and structures, net	7,187	10,398
Machinery, equipment and vehicles	8,357	10,708
Accumulated depreciation	△3,080	△4,499
Machinery, equipment and vehicles, net	5,276	6,209
Land	3,537	4,415
Leased assets	8	-
Accumulated depreciation	△7	-
Leased assets	0	-
Construction in progress	726	343
Other	2,024	2,382
Accumulated depreciation	△1,272	△1,645
Other, net	752	736
Total property, plant and equipment	17,481	22,102
Intangible assets		
Software	392	400
Other	222	243
Total intangible assets	614	643
Investments and other assets		
Investment securities	1,318	1,369
Long-term loans receivable	274	5
Retirement benefit asset	-	189
Deferred tax assets	1,771	1,290
Other	423	948
Allowance for doubtful accounts	△47	△53
Total investments and other assets	3,739	3,749
Total non-current assets	21,834	26,496
Total assets	88,290	126,482

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,850	7,350
Short-term borrowings	11,923	14,936
Lease liabilities	1	-
Income taxes payable	4,362	4,268
Accrued consumption taxes	81	91
Provision for bonuses	853	1,021
Provision for bonuses for directors (and other officers)	72	72
Provision for product warranties	1,163	1,287
Other	3,183	4,016
Total current liabilities	28,491	33,044
Non-current liabilities		
Long-term borrowings	8,961	17,887
Deferred tax liabilities	-	105
Provision for retirement benefits for directors (and other officers)	291	306
Retirement benefit liability	115	67
Asset retirement obligations	202	272
Other	5	3
Total non-current liabilities	9,576	18,643
Total liabilities	38,068	51,687
Net assets		
Shareholders' equity		
Share capital	982	982
Capital surplus	1,470	1,470
Retained earnings	41,506	61,221
Treasury shares	△54	△55
Total shareholders' equity	43,905	63,619
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	168	153
Foreign currency translation adjustment	1,278	4,449
Total accumulated other comprehensive income	1,447	4,602
Share acquisition rights	81	85
Non-controlling interests	4,788	6,487
Total net assets	50,222	74,795
Total liabilities and net assets	88,290	126,482

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

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Net sales	67,004	94,518
Cost of sales	44,364	59,712
Gross profit	22,639	34,806
Selling, general and administrative expenses	6,829	8,388
Operating profit	15,809	26,418
Non-operating income		
Interest income	12	19
Dividend income	7	8
Foreign exchange gains	2,175	3,948
Electricity sale income	58	61
Rental income from buildings	26	34
Royalty income	16	24
Other	54	217
Total non-operating income	2,351	4,315
Non-operating expenses		
Interest expenses	38	49
Electricity sale expenses	23	25
Derivative Expense	205	289
Other	74	25
Total non-operating expenses	341	389
Ordinary profit	17,818	30,344
Extraordinary income		
Gain on sale of non-current assets	887	14
Gain on sale of investment securities	11	-
Total extraordinary income	899	14
Extraordinary losses		
Loss on sale of non-current assets	6	-
Loss on retirement of non-current assets	146	5
Loss on valuation of investment securities	79	-
Total extraordinary losses	233	5
Profit before income taxes	18,485	30,352
Income taxes - current	5,449	6,919
Income taxes - deferred	△788	735
Total income taxes	4,661	7,654
Profit	13,824	22,698
Profit attributable to non-controlling interests	999	1,313
Profit attributable to owners of parent	12,824	21,384

(Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Profit	13,824	22,698
Other comprehensive income		
Valuation difference on available-for-sale securities	30	△15
Foreign currency translation adjustment	2,264	3,574
Total other comprehensive income	2,294	3,558
Comprehensive income	16,118	26,256
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,024	24,539
Comprehensive income attributable to non-controlling interests	1,094	1,717

(3) Statements of changes in equity

Fiscal year ended February 28, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	982	1,470	29,200	△54	31,600
Changes during period					
Dividends of surplus			△518		△518
Profit attributable to owners of parent			12,824		12,824
Purchase of treasury shares				△0	△0
Net changes in items other than shareholders' equity					
Total changes during period	—	—	12,305	△0	12,305
Balance at end of period	982	1,470	41,506	△54	43,905

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	138	△891	△752	64	3,693	34,605
Changes during period						
Dividends of surplus						△518
Profit attributable to owners of parent						12,824
Purchase of treasury shares						△0
Net changes in items other than shareholders' equity	30	2,169	2,200	16	1,094	3,311
Total changes during period	30	2,169	2,200	16	1,094	15,616
Balance at end of period	168	1,278	1,447	81	4,788	50,222

Fiscal year ended February 28, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	982	1,470	41,506	△54	43,905
Cumulative effects of changes in accounting policies			△546		△546
Restated balance	982	1,470	40,960	△54	43,359
Changes during period					
Dividends of surplus			△1,123		△1,123
Profit attributable to owners of parent			21,384		21,384
Purchase of treasury shares				△0	△0
Net changes in items other than shareholders' equity					
Total changes during period	—	—	20,260	△0	20,260
Balance at end of period	982	1,470	61,221	△55	63,619

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	168	1,278	1,447	81	4,788	50,222
Cumulative effects of changes in accounting policies						△546
Restated balance	168	1,278	1,447	81	4,788	49,676
Changes during period						
Dividends of surplus						△1,123
Profit attributable to owners of parent						21,384
Purchase of treasury shares						△0
Net changes in items other than shareholders' equity	△15	3,170	3,155	4	1,699	4,859
Total changes during period	△15	3,170	3,155	4	1,699	25,119
Balance at end of period	153	4,449	4,602	85	6,487	74,795

(4) statement of cash flows

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Cash flows from operating activities		
Profit before income taxes	18,485	30,352
Depreciation	1,419	1,862
Amortization of intangible assets	102	118
Increase (decrease) in allowance for doubtful accounts	△16	△42
Interest and dividend income	△19	△28
Interest expenses	38	49
Foreign exchange losses (gains)	△1,231	△1,821
Loss (gain) of derivatives	205	289
Loss on retirement of property, plant and equipment	146	5
Loss on retirement of intangible assets	0	-
Loss (gain) on sale of property, plant and equipment	△881	△14
Loss (gain) on sale of investment securities	△11	-
Loss (gain) on valuation of investment securities	79	-
Decrease (increase) in trade receivables	△7,105	△8,601
Decrease (increase) in inventories	△10,479	△16,801
Increase (decrease) in trade payables	4,038	△186
Decrease (increase) in other current assets	△736	△597
Increase (decrease) in other current liabilities	1,290	593
Other, net	84	△83
Subtotal	5,408	5,093
Interest and dividends received	18	28
Interest paid	△40	△50
Income taxes paid	△2,369	△6,991
Net cash provided by (used in) operating activities	3,016	△1,920
Cash flows from investing activities		
Purchase of property, plant and equipment	△2,040	△4,510
Proceeds from sale of property, plant and equipment	1,987	29
Purchase of intangible assets	△76	△62
Purchase of investment securities	△500	△21
Proceeds from sale of investment securities	18	-
Loan advances	△274	△7
Proceeds from collection of loans receivable	1	0
Other, net	△32	△579
Net cash provided by (used in) investing activities	△916	△5,151

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,000	350
Proceeds from long-term borrowings	9,100	18,200
Repayments of long-term borrowings	△6,000	△6,664
Dividends paid	△518	△1,123
Purchase of treasury shares	△0	△0
Repayments of lease liabilities	△2	△1
Dividends paid to non-controlling interests	-	△17
Net cash provided by (used in) financing activities	3,578	10,742
Effect of exchange rate change on cash and cash equivalents	1,128	989
Net increase (decrease) in cash and cash equivalents	6,806	4,660
Cash and cash equivalents at beginning of period	16,825	23,631
Cash and cash equivalents at end of period	23,631	28,292

(5) Notes to Quarterly Consolidated Financial Statements.

(Notes to the going concern)

Not applicable

(Changes in accounting policies)

(Application of accounting standard for revenue recognition)

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020, hereinafter, "Revenue Recognition Accounting Standard") since the beginning of the fiscal year ended February 28, 2023, and recognizes revenue based on the amounts expected to be received in exchange for the promised goods or services as the control of those goods or services are transferred to customers. Accordingly, the Company has recognized the revenue of some product sales which had been recognized at shipment at the arrival of products to customers and the revenue of products sold with services at the completion of services.

In addition, in cases where the control of products is transferred to customers from the shipment in normal period, the Company recognizes revenue upon the shipment of the products under the application of alternative treatment allowed under paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No.30, March 26, 2021)

When applying the Revenue Recognition Accounting Standard, the Company follows the transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative amount of effect from retroactive application of the new accounting policy prior to the beginning of the consolidated fiscal year is added to or subtracted from the retained earnings at the beginning of the fiscal year under review, and the new accounting policy is applied from the beginning balance after such addition/subtraction.

In addition, "Notes and accounts receivable - trade" which was presented under "Current assets" in the consolidated balance sheet for the prior fiscal year, is included in "Notes" and "Accounts receivable- trade" respectively from the current fiscal year.

However, in accordance with the transitional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Accounting Standard, no reclassification has been made for the previous consolidated fiscal year using the new presentation method.

As a result, for the fiscal year under review, net sales increased by ¥472 million, with the cost of sales increasing by ¥65 million and operating profit, ordinary profit and profit before income taxes increasing by ¥406 million. In addition, the beginning balance of retained earnings decreased by ¥546 million.

RORZE CORPORATION (6323)

In addition, information on disaggregated revenue from contracts with customers is not presented for the fiscal year under review in accordance with the transitional treatment stipulated in Paragraph 89-3 of the Revenue Recognition Accounting Standard,

(Application of accounting standard for fair value measurement)

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No.30, July 4, 2019, hereinafter, "Fair Value Measurement Accounting Standard") since the beginning of the fiscal year ended February 28, 2023. In accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No.10, July 4, 2019) the Company has decided to apply the new accounting policies stipulated by the Fair Value Measurement Accounting Standard prospectively in future statements. This change has no impact on the consolidated financial statements.