

2. Dividends

	Annual dividend per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
Fiscal year ended June 30, 2022	Yen —	Yen 25.00	Yen —	Yen 35.00	Yen 60.00
Fiscal year ended June 30, 2023	—				
Fiscal year ending June 30, 2023 (forecast)		35.00	—	40.00	75.00

(Note) Revisions to the most recently announced dividend forecast during the period: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending June 30, 2023 (July 1, 2022 to June 30, 2023)

(Percentages indicate YoY change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	48,000	2.0	10,300	4.6	10,700	(1.4)	8,000	3.4	168.92

(Note) Revisions to the most recently announced financial forecast during the period: None

*Notes

- (1) Changes in significant subsidiaries during the period under review: None
(Transfers of specified subsidiaries associated with changes in the Company's scope of consolidation)
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies and accounting estimates and retrospective restatements
1. Accounting policy changes due to accounting standard revisions, etc.: Yes
 2. Other accounting policy changes: None
 3. Changes in accounting estimates: None
 4. Retrospective restatements: None

(4) Number of shares outstanding (common stock)

1. Shares outstanding (including treasury shares) at the end of the period	As of September 30, 2022	56,590,410	As of June 30, 2022	56,590,410
2. Treasury shares outstanding at the end of the period	As of September 30, 2022	9,230,127	As of June 30, 2022	9,229,915
3. Average number of shares outstanding during the period	Three months ended September 30, 2022	47,360,390	Three months ended September 30, 2021	47,357,047

*Summaries of quarterly financial statements are not subject to audit through certified public accountants or auditing corporations.

*Appropriate use of earnings forecast and other special notes

(Notes on forward-looking statements, etc.)

The forward-looking statements including the forecasts for the financial results contained in this document are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable, and actual results may differ from such statements due to a variety of factors. For the conditions assumed for the results forecasts and notes on the use of such forecasts, please refer to "1. Qualitative Analysis of Quarterly Financial Results, (3) Consolidated Financial Forecasts and Other Forward-Looking Statements on page 3 of the Accompanying Materials

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1. Qualitative Analysis of Quarterly Financial Results

(1) Explanation of Operating Results

During the first quarter of the fiscal year ending June 30, 2023, the spread of COVID-19 gradually subsided in Japan after a seventh wave of infections reached a peak in August 2022. However, the outlook for the Japanese economy remained uncertain due to factors such as the rapid depreciation of the yen caused by the impact of the interest rate differential between Japan and the United States and other factors, difficulties in procuring semiconductor components and other electronic components, economic slowdowns in Europe, the United States, and China, and the prolonged war between Russia and Ukraine.

In this economic environment, the Group reacted quickly and flexibly to changes in the business environment, strengthened and improved its internal systems with an eye toward efficiency and profitability, and promoted profit-oriented management.

As a result, for the first quarter of the fiscal year ending June 30, 2023, net sales were 10,796 million yen (-6.1% YoY), operating profit was 2,259 million yen (-10.5% YoY), ordinary profit was 2,641 million yen (-0.2% YoY), and profit attributable to owners of parent was 2,031 million yen (+1.3% YoY).

Segment results were as follows.

1. Security Equipment

In the Security Equipment business, renewal of agreements for the use of the Company's security systems and new orders for condominiums continued to be strong. However, there were no large-scale renewal of agreements as it had seen in the first quarter of the previous fiscal year. As a result, net sales were 3,445 million yen (-4.7% YoY) and segment profit was 1,435 million yen (-5.3% YoY).

2. Card Equipment and Other Office Equipment

In the Card Equipment and Other Office Equipment business, sales activities to hospitals and other major clients of card equipment remained strong. Segment results, however, were impacted by the Company's sale of shares of two group companies to Matica Fintec; in June 2022, the Company sold the shares of Card Technology Corporation, a US sub-subsidiary, and NBS Technologies Limited, a UK sub-subsidiary, to Matica Fintec. As a result, net sales were 692 million yen (-31.1% YoY) and segment profit was 155 million yen (-12.4% YoY).

3. Peripheral Computer Equipment

In the Peripheral Computer Equipment business, both sales and profits were affected by difficulties in procuring semiconductor components and other electronic components, soaring logistics costs, and concerns about an economic slowdown in Europe and in the US, which are major sales destinations for small cutting machines. As a result, net sales were 3,881 million yen (-13.2% YoY) and segment profit was 484 million yen (-36.8% YoY).

4. Design

In the Design business, the Company shifted its revenue focus from seismic diagnosis to structural design. As a result, net sales totaled 1,056 million yen (+17.9% YoY) and segment profit was 19 million yen (+300.3% YoY).

(2) Explanation of Financial Position

Total assets as of September 30, 2022 were 75,867 million yen, an increase of 448 million yen from the end of the previous consolidated fiscal year. This was mainly due to 513 million yen decrease in cash and deposits, 1,487 million yen increase in merchandise and finished goods, 1,647 million yen decrease in notes and accounts receivable in current assets and 1,394 million yen increase in investment securities in non-current assets. This reflects an increased inventory in Peripheral Computer Equipment business and receipt of shares as consideration for M&A transactions during the period under review.

Total liabilities amounted to 13,594 million yen, a decrease of 486 million yen from the end of the previous consolidated fiscal year. The main factors of this result include 1,514 million yen decrease in income taxes payable, 412 million yen increase in notes and accounts payable, 363 million yen increase in provision for bonuses, 358 million yen increase in advances received under current liabilities. This reflects income tax payments and an increase in accounts payable due to higher inventory.

Net assets totaled 62,272 million yen, an increase of 935 million yen from the end of the previous consolidated fiscal year. This was chiefly due to recording 2,031 million yen in profit attributable to owners of parent, 1,657 million yen in dividends paid, and 386 million yen increase in foreign currency translation adjustment. As a result, the equity ratio

rose to 81.7%, up from 81.2% at the end of the previous consolidated fiscal year.

(3) Consolidated Financial Forecasts and Other Forward-Looking Statements

The Company has made no change to its consolidated earnings forecast announced in Consolidated Financial Results for the Fiscal Year Ended June 30, 2022, dated August 19, 2022. Should any revisions be made to the earnings forecast, the Company will promptly disclose such revisions.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Three months ended September 30, 2021 (as of September 30, 2021)	Three months ended September 30, 2022 (as of September 30, 2022)
Assets		
Current assets		
Cash and deposits	36,483	35,969
Notes and accounts receivable - trade, and contract assets	7,049	7,038
Investments in leases	846	812
Merchandise and finished goods	5,651	7,139
Work in process	99	112
Costs on uncompleted construction contracts	62	50
Raw materials and supplies	631	769
Other	4,829	2,325
Allowance for doubtful accounts	(140)	(75)
Total current assets	55,513	54,142
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,754	1,737
Land	6,052	6,052
Other	1,772	1,793
Total property, plant and equipment	9,579	9,583
Intangible assets		
Goodwill	1,566	1,744
Other	285	288
Total intangible assets	1,852	2,032
Investments and other assets		
Investment securities	1,685	3,080
Shares of subsidiaries and associates	5,034	5,077
Other	1,839	2,037
Allowance for doubtful accounts	(86)	(86)
Total investments and other assets	8,473	10,108
Total non-current assets	19,905	21,724
Total assets	75,418	75,867

Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,951	4,363
Lease liabilities	446	433
Income taxes payable	1,842	327
Provision for bonuses	174	538
Provision for product warranties	12	12
Provision for loss on orders received	1	1
Liabilities related to paid supply transactions	166	172
Other	3,861	4,300
Total current liabilities	10,457	10,150
Non-current liabilities		
Lease liabilities	986	945
Net defined benefit liability	1,385	1,362
Other	1,251	1,135
Total non-current liabilities	3,623	3,443
Total liabilities	14,081	13,594
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	9,048	9,065
Retained earnings	49,927	50,439
Treasury shares	(4,704)	(4,705)
Total shareholders' equity	59,270	59,799
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	210	60
Foreign currency translation adjustment	1,761	2,147
Remeasurements of defined benefit plans	12	13
Total accumulated other comprehensive income	1,984	2,221
Non-controlling interests	81	251
Total net assets	61,337	62,272
Total liabilities and net assets	75,418	75,867

(2) Quarterly Consolidated Statement of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(Millions of yen)

	Three months ended September 30, 2021 (from July 1, 2021 to September 30, 2021)	Three months ended September 30, 2022 (from July 1, 2022 to September 30, 2022)
Net sales	11,499	10,796
Cost of sales	5,903	5,290
Gross profit	5,596	5,505
Selling, general and administrative expenses		
Director's compensations	85	101
Payroll and allowance	1,029	1,074
Bonuses	0	0
Provision for bonuses	282	273
Defined benefit expenses	55	37
Other	1,617	1,759
Total selling, general and administrative expenses	3,070	3,246
Operating profit	2,525	2,259
Non-operating income		
Interest income	5	6
Dividend income	0	8
Share of profit of entities accounted for using equity method	59	98
Foreign exchange gains	55	271
Other	3	9
Total non-operating income	125	395
Non-operating expenses		
Interest expenses	1	1
Commission expenses	—	9
Other	2	1
Total non-operating expenses	4	12
Ordinary profit	2,646	2,641
Extraordinary income		
Gain on sale of investment securities	59	—
Gain on sale of non-current assets	—	1
Gain on sale of shares of subsidiaries	—	4
Gain on bad debts recovered	—	99
Total extraordinary income	59	105
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on disaster	2	2
Total extraordinary losses	2	2
Profit before income taxes	2,703	2,744
Income taxes – current	757	842
Income taxes – deferred	(62)	(132)
Total income taxes	694	709
Profit	2,009	2,034
Profit attributable to non-controlling interests	3	3
Profit attributable to owners of parent	2,006	2,031

Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended September 30, 2021 (from July 1, 2021 to September 30, 2021)	Three months ended September 30, 2022 (from July 1, 2022 to September 30, 2022)
Profit	2,009	2,034
Other comprehensive income		
Valuation difference on available-for-sale securities	(33)	(133)
Foreign currency translation adjustment	72	331
Remeasurements of defined benefit plans, net of tax	0	0
Share of other comprehensive income of entities accounted for using equity method	77	38
Total other comprehensive income	117	236
Comprehensive income	2,126	2,271
(Breakdown)		
Comprehensive income attributable to owners of parent	2,123	2,268
Comprehensive income attributable to non-controlling interests	3	3

(3) Primary Notes to Consolidated Financial Statements

(Notes to going concern assumptions)

None to be reported.

(Changes in scope of consolidation and application of the equity method)

(1) Significant changes in scope of consolidation

Effective from the first quarter of the current fiscal year, Winglet Systems Inc., and Social Area Networks Co., Ltd., are included in scope of consolidation due to their increased importance.

(2) Significant changes in scope of application of the equity method

None to be reported.

(Significant changes in the amount of shareholders' equity)

None to be reported.

(Application of special accounting methods for preparation of quarterly consolidated financial statements)

None to be reported.

(Changes in accounting policies)

(Application of Revised Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company adopted the Revised Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred to as the "Guidance on Accounting Standard for Fair Value Measurement") from the beginning of the first quarter of the current fiscal year under review. The new accounting policy prescribed by the Guidance on Accounting Standard for Fair Value Measurement is applied prospectively in accordance with the transitional treatment prescribed in Section 27-2. This change had no impact on results recorded in the quarterly consolidated financial statements.

(Changes in accounting estimates)

None to be reported.

(Additional information)

(1) Impact of COVID-19 pandemic on the application of accounting estimates

No significant changes were made to the accounting estimates and assumptions underlying such estimates used in the Company's securities report for the previous fiscal year, specifically in the management's discussion and analysis of financial position, operating results, and cash flows.

(2) Application of the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System

Effective from the first quarter of the current fiscal year, the Company and some of its subsidiaries transitioned from a consolidated taxation system to a group tax sharing system. Consequently, the accounting treatment and disclosure of corporate and local income taxes and tax effect accounting has been implemented in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (PITF No. 42, August 12, 2021). Furthermore, in accordance with Paragraph 32 (1) of the PITF No. 42, the Company has deemed that there is no impact on financial results reported in the period under review from the change in accounting policy resulting from the application of the PITF No. 42.

(Segment Information)

[Segment Information]

First quarter of the fiscal year ending June 30, 2022 (from July 1 to September 30, 2021)

1. Sales, profit or loss for each reportable segment

(Millions of yen)

	Reportable segments					Other*1	Adjustments *2	Amount recorded in consolidated financial statements * 3
	Security Equipment	Card Equipment and Other Office Equipment	Peripheral Computer Equipment	Design	Total			
Sales								
Sales generated through external customers	3,613	1,005	4,473	895	9,988	1,511	-	11,499
Intersegment sales and transfers	40	12	11	0	64	22	△87	-
Total	3,654	1,017	4,484	896	10,052	1,533	△87	11,499
Segment profit (or loss)	1,515	177	766	4	2,464	70	△9	2,525

Notes: 1. "Other" is a business segment not included in the reportable segments and includes the manufacture and sale of card readers and automatic wet hand towel dispensers; development and sale of software; maintenance services for security equipment, card equipment, etc.; lease and installment sales business; development, manufacture and sale of measuring equipment and metal testing equipment; and others.

2. In "Segment profit (loss)", (9 million yen) includes intersegment eliminations of (7 million yen) and company-wide amount of (1 million yen) that is not allocated to each reportable segment.

3. "Segment profit (loss)" is adjusted based on operating profit in the quarterly consolidated statement of income.

2. Information regarding impairment loss on non-current assets and goodwill by reportable segment

(Significant impairment loss associated with non-current assets)

None to be reported.

(Significant changes in amount of goodwill)

None to be reported.

(Significant gains on negative goodwill)

None to be reported.

First quarter of the fiscal year ending June 30, 2023 (from July 1 to September 30, 2022)

1. Sales, profit or loss for each reportable segment

	Reportable segments					Other*1	Adjustments *2	Amount recorded in consolidated financial statements * 3
	Security Equipment	Card Equipment and Other Office Equipment	Peripheral Computer Equipment	Design	Total			
Sales								
Sales generated through external customers	3,445	692	3,881	1,056	9,075	1,720	—	10,796
Intersegment sales and transfers	16	9	5	0	31	21	△52	—
Total	3,461	701	3,886	1,056	9,106	1,741	△52	10,796
Segment profit	1,435	155	484	19	2,095	137	26	2,259

Notes: 1. "Other" is a business segment not included in the reportable segments and includes the manufacture and sale of card readers and automatic wet hand towel dispensers; development and sale of software; maintenance services for security equipment, card equipment, etc.; lease and installment sales business; development, manufacture and sale of measuring equipment and metal testing equipment; and others.

2. "Segment profit (loss)" totaling 26 million yen include intersegment eliminations of 3 million yen and company-wide amount of 22 million yen that is not allocated to each reportable segment.

3. "Segment profit (loss)" is adjusted based on operating profit in the quarterly consolidated statement of income.

2. Information regarding impairment loss on non-current assets and goodwill by reportable segment

(Significant impairment loss associated with non-current assets)

None to be reported.

(Significant changes in amount of goodwill)

None to be reported.

(Significant gains on negative goodwill)

None to be reported.