

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

Company name: PUNCH INDUSTRY CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6165 URL <http://www.punch.co.jp/ir/>
 Representative: Chief Executive Officer Tetsuji Morikubo
 Inquiries: Chief Financial Officer Takao Murata TEL 03-5753-3130
 Scheduled date of ordinary general meeting of shareholders: June 23, 2022
 Scheduled date to file Securities Report: June 24, 2022
 Scheduled date to commence dividend payments: June 24, 2022
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	39,358	21.2	3,041	88.5	3,007	79.4	2,040	327.2
Year ended March 31, 2021	32,462	(8.2)	1,613	93.0	1,676	135.1	477	-

Note: Comprehensive income Year ended March 31, 2022: ¥3,889 million [431.6 %]
 Year ended March 31, 2021: ¥731 million [-%]

	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, 2022	93.36	84.36	14.2	11.2	7.7
Year ended March 31, 2021	21.90	21.78	4.0	6.7	5.0

Note: Share of profit (loss) of entities accounted for using equity method Year ended March 31, 2022: ¥- million
 Year ended March 31, 2021: ¥- million

(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, 2022	28,774	16,307	56.5	737.40
As of March 31, 2021	24,702	12,436	50.2	568.26

Reference: Equity As of March 31, 2022: ¥16,264 million
 As of March 31, 2021: ¥12,398 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 end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	2,941	(1,099)	(1,600)	4,669
Year ended March 31, 2021	2,942	(670)	(1,684)	3,962

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, 2021	–	0.00	–	2.00	2.00	43	9.1	0.4
Year ended March 31, 2022	–	4.00	–	9.00	13.00	285	13.9	2.0
Year ending March 31, 2023 (Forecast)	–	6.50	–	6.50	13.00		13.7	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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
Six months ending September 30, 2022	21,500	10.1	1,660	(6.1)	1,640	(5.5)	1,070	(15.0)	48.51
Full year	43,500	10.5	3,300	8.5	3,270	8.7	2,100	2.9	94.99

Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

Note: For details, please refer to “3. Consolidated Financial Statements Significant Notes Thereto, (5) Notes on consolidated financial statements, Changes in accounting policies” on page 12 of the attached material.

(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, 2022	22,332,400 shares	As of March 31, 2021	22,122,400 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	275,868 shares	As of March 31, 2021	303,406 shares
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Average number of shares during the period

Year ended March 31, 2022	21,858,118 shares	Year ended March 31, 2021	21,813,902 shares
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(Reference) Overview of non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	15,092	14.0	45	–	2,618	168.9	2,228	–
Year ended March 31, 2021	13,240	(13.5)	(402)	–	973	34.6	130	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended March 31, 2022	101.93		92.10	
Year ended March 31, 2021	5.96		5.93	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	14,235	5,860	41.0	264.54
As of March 31, 2021	12,672	3,651	28.6	166.12

Reference: Equity As of March 31, 2022: ¥5,834 million

As of March 31, 2021: ¥3,624 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Appropriate use of financial forecasts; other special items

(Caution concerning forward-looking statements)

Forward-looking statements provided in this document, including financial forecasts, are based on the information currently available to the Company and certain assumptions considered reasonable. Such statements are included without any guarantee as to their future achievement. Actual results, etc. may differ materially from the forecasts depending on various factors. For the related matters concerning the financial forecasts, please refer to “1. Overview of Operating Results, Etc., (4) Future prospects” on page 3 of the attached material.

(The Financial Results Briefing)

The company has scheduled an online briefing for institutional investors and analysts on Friday, May 27, 2022.

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1. Overview of Operating Results, Etc.

(1) Overview of operating results for the period

The global economy during the current fiscal year saw the progress of normalization of economic and social activities led by developed countries, resulting from the balance of the measures against the novel coronavirus disease (hereinafter “COVID-19”) and the relaxation of restrictions on economic activity. However, progress was halted by developments such as the emergence of new variants and their spread, the increase of geopolitical risk, and the disturbance of supply chains. Harsh conditions continue. In the manufacturing sector, the future remains uncertain for reasons including the marked increase of crude oil and raw material costs and the shortage of certain components, especially semiconductor components.

In such an environment, the Group worked to rebuild financially from the negative effects of the prolonged US-China trade friction and COVID-19 with its Mid-term Business Plan “Value Creation (VC) 2020 Plus” that had started in April 2020. The Group achieved its goal of a V-shaped recovery.

The consolidated operating results for the current fiscal year surpassed those of the previous fiscal year in all regions, riding on the general conditions of recovery from the spread of COVID-19. Net sales amounted to ¥14,020 million (up 13.6% year on year) for Japan; ¥20,956 million (up 24.1% year on year) for China; ¥1,740 million (up 26.4% year on year) for Southeast Asia; and ¥2,641 million (up 42.2% year on year) for Europe and the United States. This brought consolidated net sales to ¥39,358 million (up 21.2% year on year).

All results by industry also surpassed those of the previous fiscal year. The results were ¥16,442 million (up 20.2% year on year) for automobile; ¥8,043 million (up 27.4% year on year) for electronic devices & semiconductors; ¥4,192 million (up 7.8% year on year) for consumer electronics & precision equipment; and ¥10,679 million (up 24.5% year on year) for other.

As for profits, the Company posted the highest since it was listed. The rise in selling, general and administrative expenses accompanying the increase in sales was countered by the improved cost rate due to effects of increased revenue and raised factory operation and other factors such as reductions for depreciation as a result of recording impairment losses of past years. Operating profit was ¥3,041 million (up 88.5% year on year); ordinary profit was ¥3,007 million (up 79.4% year on year); and profit attributable to owners of parent was ¥2,040 million (up 327.2% year on year).

(2) Overview of financial position for the period

Assets

Total assets as of the end of the current fiscal year amounted to ¥28,774 million, an increase of ¥4,071 million compared with the end of the previous fiscal year. This was mainly due to an increase of trade receivables.

Liabilities

Total liabilities amounted to ¥12,466 million, an increase of ¥200 million compared with the end of the previous fiscal year. This was mainly due to an increase in trade payables and a decrease in interest-bearing debt.

Net Assets

Total net assets amounted to ¥16,307 million, an increase of ¥3,870 million compared with the end of the previous fiscal year. This was mainly due to an increase of retained earnings as a result of recording profit attributable to owners of parent and an increase of foreign currency translation adjustment.

(3) Overview of cash flows for the period

Cash and cash equivalents as of the end of the current fiscal year increased by ¥707 million compared to the end of the previous fiscal year and amounted to ¥4,669 million.

Cash flows from operating activities

Net cash provided by operating activities for the current fiscal year amounted to ¥2,941 million (compared to ¥2,942 million provided for the previous fiscal year).

This was mainly due to profit before income taxes of ¥2,847 million and non-cash items such as impairment losses of ¥159 million and depreciation of ¥971 million, as well as an increase of trade receivables by ¥286 million and income taxes paid of ¥732 million.

Cash flows from investing activities

Net cash used in investing activities for the current fiscal year amounted to ¥1,099 million (compared to ¥670 million used for the previous fiscal year).

This was mainly due to purchase of property, plant and equipment of ¥999 million.

Cash flows from financing activities

Net cash used in financing activities for the current fiscal year amounted to ¥1,600 million (compared to ¥1,684 million used for the previous fiscal year.)

This was mainly due to net increase (decrease) of short-term borrowings of ¥739 million, repayments of long-term borrowings of ¥653 million, and dividends paid of ¥131 million.

(4) Future prospects

The environment surrounding the management of the Group is one of general recovery, of the normalization of economic and social activities led by developed countries resulting from the balance of the measures against COVID-19 and the relaxation of restrictions on economic activity. In the manufacturing sector, however, the future is still uncertain for reasons including the marked increase of crude oil and raw material costs and the shortage of certain components, especially semiconductor components, as well as the threat of COVID-19, which continues to produce variants and shows no sign of abating.

Under this recognition of the current state, the Company announced its three-year mid-term business plan “VC 2024” to work on initiatives that were not completed under the previous mid-term business plan and to work with new policies to increase corporate value. This plan, which commenced in April 2022, declared that always being the “customer’s first choice” is the Company’s “ideal state” and poised the use of “automation and labor-saving demand as the new growth engine.” With “Expansion of new and existing businesses,” “Strengthening the production system,” and “Strengthening R&D” as the three priority initiatives, the Company will pursue “DX promotion,” “Financial strategy,” and “Sustainability” to strengthen the management foundations that will support the pursuit of the initiatives.

The prospective consolidated financial performance for the following fiscal year (ending March 31, 2023) forecasted by the company is an increase in revenue and profit. The company forecasts net sales of ¥43,500 million (an increase of 10.5% year on year); operating profit of ¥3,300 million (an increase of 8.5% year on year); ordinary profit of ¥3,270 million (an increase of 8.7% year on year); and profit attributable to owners of parent of ¥2,100 million (an increase of 2.9% year on year).

The foregoing forecast of financial results have been prepared based on information currently obtainable by the Company as of the publication date of this document, and actual financial performance may differ from the forecast values due to various factors that arise.

2. Basic Policy Regarding Selection of Accounting Standards

The Group prepares its consolidated financial statements based on Japanese GAAP. The Company is considering the voluntary adoption of International Financial Reporting Standards (IFRS), but the adoption date is yet to be determined. The appropriate decision will be made by taking into account the coming state of affairs in Japan and the globe.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheets

	(Thousands of yen)	
	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	4,092,012	4,816,271
Notes receivable - trade	1,542,116	2,043,258
Accounts receivable - trade	8,087,626	9,191,812
Merchandise and finished goods	2,053,536	2,408,754
Work in process	532,853	813,141
Raw materials and supplies	1,378,841	1,569,159
Other	429,129	485,384
Allowance for doubtful accounts	(55,416)	(48,002)
Total current assets	18,060,701	21,279,780
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,351,094	5,905,167
Accumulated depreciation	(3,830,312)	(4,140,358)
Buildings and structures, net	1,520,782	1,764,809
Machinery, equipment and vehicles	14,824,703	16,310,582
Accumulated depreciation	(11,570,501)	(12,703,869)
Machinery, equipment and vehicles, net	3,254,202	3,606,712
Tools, furniture and fixtures	2,332,870	2,514,054
Accumulated depreciation	(1,922,961)	(2,081,516)
Tools, furniture and fixtures, net	409,908	432,538
Land	775,341	778,847
Construction in progress	60,862	168,440
Other	255,554	392,570
Accumulated depreciation	(82,115)	(131,311)
Other, net	173,438	261,259
Total property, plant and equipment	6,194,535	7,012,607
Intangible assets		
Other	175,119	177,903
Total intangible assets	175,119	177,903
Investments and other assets		
Deferred tax assets	110,804	118,693
Other	178,857	198,737
Allowance for doubtful accounts	(17,486)	(13,623)
Total investments and other assets	272,175	303,807
Total non-current assets	6,641,830	7,494,318
Total assets	24,702,531	28,774,098

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,342,543	2,738,725
Electronically recorded obligations - operating	954,991	1,078,059
Short-term borrowings	2,007,163	1,774,655
Current portion of long-term borrowings	1,317,488	710,978
Income taxes payable	270,698	384,126
Accrued expenses	1,155,002	1,540,016
Provision for bonuses	271,444	400,265
Provision for bonuses for directors (and other officers)	–	17,183
Other	1,135,535	1,357,042
Total current liabilities	9,454,866	10,001,052
Non-current liabilities		
Long-term borrowings	1,251,698	907,890
Retirement benefit liability	1,083,928	1,145,220
Other	475,800	412,726
Total non-current liabilities	2,811,426	2,465,836
Total liabilities	12,266,293	12,466,888
Net assets		
Shareholders' equity		
Share capital	2,897,732	2,944,776
Capital surplus	2,590,646	2,512,189
Retained earnings	7,016,866	9,057,592
Treasury shares	(149,905)	(136,301)
Total shareholders' equity	12,355,340	14,378,256
Accumulated other comprehensive income		
Foreign currency translation adjustment	119,846	1,962,065
Remeasurements of defined benefit plans	(76,306)	(75,761)
Total accumulated other comprehensive income	43,540	1,886,303
Share acquisition rights	26,970	26,130
Non-controlling interests	10,386	16,518
Total net assets	12,436,237	16,307,209
Total liabilities and net assets	24,702,531	28,774,098

(2) Consolidated statements of income and consolidated statements of comprehensive income**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	32,462,017	39,358,634
Cost of sales	23,375,159	27,913,724
Gross profit	9,086,857	11,444,910
Selling, general and administrative expenses	7,473,695	8,403,308
Operating profit	1,613,162	3,041,601
Non-operating income		
Interest income	42,659	53,047
Gain on sale of scraps	27,338	27,879
Dividend income	249	–
Subsidies for employment adjustment	179,533	20,542
Other	44,645	28,960
Total non-operating income	294,425	130,430
Non-operating expenses		
Interest expenses	107,414	53,909
Foreign exchange losses	75,231	73,225
Other	48,422	37,243
Total non-operating expenses	231,068	164,378
Ordinary profit	1,676,518	3,007,653
Extraordinary income		
Gain on sale of non-current assets	1,669	6,035
Gain on reversal of reserve for loss on dissolution of employee's pension fund	81,581	–
Total extraordinary income	83,250	6,035
Extraordinary losses		
Loss on sale and retirement of non-current assets	15,011	5,953
Impairment losses	730,296	159,926
Total extraordinary losses	745,307	165,880
Profit before income taxes	1,014,462	2,847,808
Income taxes - current	539,799	805,177
Income taxes - deferred	(4,133)	(2,994)
Total income taxes	535,666	802,183
Net profit	478,796	2,045,624
Profit attributable to non-controlling interests	1,081	4,899
Profit attributable to owners of parent	477,714	2,040,725

Consolidated statements of comprehensive income

	(Thousands of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net profit	478,796	2,045,624
Other comprehensive income		
Foreign currency translation adjustment	216,202	1,843,452
Remeasurements of defined benefit plans, net of tax	36,614	544
Total other comprehensive income	252,817	1,843,996
Comprehensive income	731,613	3,889,621
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	731,163	3,883,489
Comprehensive income attributable to non-controlling interests	450	6,132

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,897,732	2,631,489	6,539,152	(154,543)	11,913,830
Changes during period					
Issuance of new shares					
Dividends of surplus		(43,619)			(43,619)
Profit attributable to owners of parent			477,714		477,714
Disposal of treasury shares		2,776		4,638	7,414
Net changes in items other than shareholders' equity					
Total changes during period	–	(40,842)	477,714	4,638	441,509
Balance at end of period	2,897,732	2,590,646	7,016,866	(149,905)	12,355,340

	Accumulated other comprehensive income			Share acquisition rights	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	(96,987)	(112,920)	(209,908)	33,479	9,936	11,747,338
Changes during period						
Issuance of new shares						
Dividends of surplus						(43,619)
Profit attributable to owners of parent						477,714
Disposal of treasury shares						7,414
Net changes in items other than shareholders' equity	216,834	36,614	253,448	(6,509)	450	247,389
Total changes during period	216,834	36,614	253,448	(6,509)	450	688,899
Balance at end of period	119,846	(76,306)	43,540	26,970	10,386	12,436,237

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,897,732	2,590,646	7,016,866	(149,905)	12,355,340
Changes during period					
Issuance of new shares	47,044	47,044			94,088
Dividends of surplus		(131,013)			(131,013)
Profit attributable to owners of parent			2,040,725		2,040,725
Disposal of treasury shares		5,511		13,603	19,115
Net changes in items other than shareholders' equity					
Total changes during period	47,044	(78,457)	2,040,725	13,603	2,022,915
Balance at end of period	2,944,776	2,512,189	9,057,592	(136,301)	14,378,256

	Accumulated other comprehensive income			Share acquisition rights	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	119,846	(76,306)	43,540	26,970	10,386	12,436,237
Changes during period						
Issuance of new shares						94,088
Dividends of surplus						(131,013)
Profit attributable to owners of parent						2,040,725
Disposal of treasury shares						19,115
Net changes in items other than shareholders' equity	1,842,218	544	1,842,763	(839)	6,132	1,848,056
Total changes during period	1,842,218	544	1,842,763	(839)	6,132	3,870,972
Balance at end of period	1,962,065	(75,761)	1,886,303	26,130	16,518	16,307,209

(4) Consolidated statements of cash flows

	(Thousands of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	1,014,462	2,847,808
Depreciation	968,873	971,746
Impairment losses	730,296	159,926
Increase (decrease) in retirement benefit liability	56,245	61,324
Increase (decrease) in provision for bonuses	2,582	128,343
Increase (decrease) in provision for bonuses for directors (and other officers)	–	17,183
Increase (decrease) in allowance for doubtful accounts	(34,938)	(16,968)
Increase (decrease) in reserve for loss on dissolution of employee's pension fund	(92,819)	–
Interest and dividend income	(42,908)	(53,047)
Interest expenses	107,414	53,909
Subsidies for employment adjustment	(179,533)	(20,542)
Foreign exchange losses (gains)	(43,289)	699
Loss (gain) on sale and retirement of non-current assets	13,341	(81)
Decrease (increase) in trade receivables	433,563	(286,768)
Decrease (increase) in inventories	276,749	(417,353)
Increase (decrease) in trade payables	(250,751)	25,882
Increase (decrease) in accounts payable - other, and accrued expenses	280,654	168,135
Other, net	100,979	26,783
Subtotal	3,340,922	3,666,982
Interest and dividends received	42,908	53,047
Interest paid	(122,869)	(66,319)
Subsidies for employment adjustment received	179,533	20,542
Income taxes paid	(497,718)	(732,778)
Net cash provided by (used in) operating activities	2,942,775	2,941,474
Cash flows from investing activities		
Net decrease (increase) in time deposits	(106,212)	(17,212)
Purchase of property, plant and equipment	(502,981)	(999,260)
Proceeds from sale of property, plant and equipment	9,879	10,997
Purchase of intangible assets	(80,647)	(73,376)
Proceeds from sale of intangible assets	315	–
Proceeds from sale of investment securities	14,201	–
Proceeds from collection of long-term loans receivable	8,519	9,948
Long-term loan advances	(13,830)	(4,650)
Other, net	555	(26,006)
Net cash provided by (used in) investing activities	(670,198)	(1,099,559)

	(Thousands of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(338,342)	(739,954)
Proceeds from long-term borrowings	50,000	–
Repayments of long-term borrowings	(1,220,016)	(653,228)
Repayments of installment payables	(80,111)	(81,889)
Repayments of lease liabilities	(52,643)	(94,166)
Proceeds from issuance of share acquisition rights	–	5,750
Proceeds from issuance of shares	–	93,605
Dividends paid	(43,619)	(131,013)
Other, net	9	6
Net cash provided by (used in) financing activities	<u>(1,684,722)</u>	<u>(1,600,888)</u>
Effect of exchange rate change on cash and cash equivalents	<u>8,185</u>	<u>466,019</u>
Net increase (decrease) in cash and cash equivalents	<u>596,040</u>	<u>707,045</u>
Cash and cash equivalents at beginning of period	<u>3,366,094</u>	<u>3,962,135</u>
Cash and cash equivalents at end of period	<u>3,962,135</u>	<u>4,669,180</u>

(5) Notes on consolidated financial statements

Notes related to the going concern assumption

There is nothing to report.

Changes in accounting policies

Application of Accounting Standard for Revenue Recognition, Etc.

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. It has applied the alternative accounting treatment provided for in paragraph 98 of the “Implementation Guidance on Accounting Standard for Revenue Recognition” and, for domestic sales of merchandise or finished goods, recognizes revenue at the time the said merchandise or finished goods is shipped if the time elapsed from the time the product is shipped to the time the control of said goods is transferred to the customer is of an ordinary duration.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The opening balance of retained earnings of the current fiscal year was adjusted with the cumulative effect of applying the new accounting policy retrospectively prior to the beginning of the current fiscal year, and the new accounting policy was applied from the opening balance of the current fiscal year as a change in the accounting policy.

There is no resulting effect on the gains or losses of the current fiscal year. Neither is there an effect on the opening balance of retained earnings of the current fiscal year.

Application of Accounting Standard for Fair Value Measurement, Etc.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the current fiscal year under review, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no effect of the foregoing on the consolidated financial statements of the current fiscal year.

Segment information, etc.

[Segment Information]

This information is omitted because the Group has only one segment, the parts of molds and dies business.

[Related Information]

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

1. Information by Finished Goods or Service

This information is omitted because the Group's net sales to external customers in one category of finished goods or service exceeds 90% of net sales on the consolidated statement of income.

2. Information by Region

(1) Net sales

(Thousands of yen)

Japan	China	Other	Total
12,338,335	16,888,743	3,234,938	32,462,017

Note: Sales are categorized by country or region based on the customer's location.

(2) Property, plant and equipment

(Thousands of yen)

Japan	China	Other	Total
1,527,010	4,026,494	641,030	6,194,535

3. Information by Major Customer

Information by major customer is omitted because, compared to net sales to all external customers, net sales to a specific customer does not amount to 10% of the net sales on the consolidated statement of income.

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

1. Information by Finished Goods or Service

This information is omitted because the Group's net sales to external customers in one category of finished goods or service exceeds 90% of net sales on the consolidated statement of income.

2. Information by Region

(1) Net sales

(Thousands of yen)

Japan	China	Other	Total
14,020,213	20,956,488	4,381,932	39,358,634

Note: Sales are categorized by country or region based on the customer's location.

(2) Property, plant and equipment

(Thousands of yen)

Japan	China	Other	Total
1,341,296	5,056,548	614,762	7,012,607

3. Information by Major Customer

Information by major customer is omitted because, compared to net sales to all external customers, net sales to a specific customer does not amount to 10% of the net sales on the consolidated statement of income.

[Information on Impairment Losses on Non-Current Assets by Reporting Segment]

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

Consolidated impairment losses on non-current assets recorded in the current fiscal year amounted to ¥730,296 thousand. The information is not presented by reporting segment because the Group has only one segment, the parts of molds and dies business.

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

Consolidated impairment losses on non-current assets recorded in the current fiscal year amounted to ¥159,926 thousand. The information is not presented by reporting segment because the Group has only one segment, the parts of molds and dies business.

[Information on Amortization and Unamortized Balance of Goodwill by Reporting Segment]

There is nothing to report.

[Information on Gain on Bargain Purchase by Reporting Segment]

There is nothing to report.

Per share information

(Yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net assets per share	568.26	737.40
Earnings per share	21.90	93.36
Diluted earnings per share	21.78	84.36

Note: 1. The calculations for the earnings per share and the diluted earnings per share are based on the following.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Earnings per share		
Profit attributable to owners of parent (thousands of yen)	477,714	2,040,725
Profit not attributable to common shareholders (thousands of yen)	–	–
Profit attributable to owners of parent pertaining to common shares (thousands of yen)	477,714	2,040,725
Average number of common shares during the period (thousand shares)	21,813	21,858
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (thousands of yen)	–	–
Number of increased common shares (thousand shares)	120	2,332
[Share acquisition rights (thousand shares)]	[120]	[2,332]
Overview of dilutive shares not included in calculating diluted earnings per share due to no dilutive effect	–	–

Significant events after the reporting period

There is nothing to report.

4. Non-consolidated Financial Statements and Significant Notes Thereto

(1) Non-consolidated balance sheets

	(Thousands of yen)	
	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	392,839	259,786
Notes receivable - trade	540,718	665,123
Accounts receivable - trade	2,189,951	2,289,892
Merchandise and finished goods	775,086	734,626
Work in process	91,833	115,821
Raw materials and supplies	253,102	266,997
Advance payments to suppliers	1	-
Prepaid expenses	49,423	53,088
Accounts receivable from subsidiaries and associates - other	1,100,436	2,455,899
Short-term loans receivable from subsidiaries and associates	45,430	-
Other	90,726	87,429
Allowance for doubtful accounts	(3,829)	(1,975)
Total current assets	5,525,722	6,926,689
Non-current assets		
Property, plant and equipment		
Buildings	487,758	471,854
Structures	0	0
Machinery and equipment	0	0
Vehicles	0	0
Tools, furniture and fixtures	0	0
Land	639,951	639,951
Total property, plant and equipment	1,127,712	1,111,808
Intangible assets		
Total intangible assets	-	-
Investments and other assets		
Investment securities	386	386
Shares of subsidiaries and associates	2,045,665	2,045,665
Investments in capital	6,295	6,295
Investments in capital of subsidiaries and associates	3,785,672	3,995,672
Long-term loans receivable	7,063	1,603
Distressed receivables	2,980	1,865
Long-term loans receivable from subsidiaries and associates	2,025,993	2,141,825
Long-term loans receivable from employees	10,375	9,819
Prepaid pension costs	94,597	67,503
Other	76,792	71,824
Allowance for doubtful accounts	(2,036,480)	(2,145,778)
Total investments and other assets	6,019,340	6,196,683
Total non-current assets	7,147,052	7,308,491
Total assets	12,672,775	14,235,180

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes payable - trade	38,899	23,499
Electronically recorded obligations - operating	954,991	1,078,059
Accounts payable - trade	989,421	999,738
Short-term borrowings	2,007,163	1,774,655
Current portion of long-term borrowings	1,307,480	700,970
Accounts payable - other	616,477	722,535
Accrued expenses	103,335	110,054
Income taxes payable	158,520	305,430
Deposits received	22,323	22,260
Unearned revenue	198	–
Provision for bonuses	246,032	374,010
Provision for bonuses for directors (and other officers)	–	17,183
Other	90,942	148,091
Total current liabilities	6,535,785	6,276,488
Non-current liabilities		
Long-term borrowings	1,217,544	883,744
Deferred tax liabilities	190	184
Provision for retirement benefits	991,183	1,019,124
Asset retirement obligations	112,238	114,093
Other	164,357	80,651
Total non-current liabilities	2,485,514	2,097,799
Total liabilities	9,021,300	8,374,287
Net assets		
Shareholders' equity		
Share capital	2,897,732	2,944,776
Capital surplus		
Legal capital surplus	431,094	491,240
Other capital surplus	2,159,551	2,020,948
Total capital surplus	2,590,646	2,512,189
Retained earnings		
Legal retained earnings	63,970	63,970
Other retained earnings		
General reserve	210,000	210,000
Retained earnings brought forward	(1,987,939)	240,128
Total retained earnings	(1,713,969)	514,098
Treasury shares	(149,905)	(136,301)
Total shareholders' equity	3,624,504	5,834,762
Share acquisition rights	26,970	26,130
Total net assets	3,651,474	5,860,893
Total liabilities and net assets	12,672,775	14,235,180

(2) Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	13,240,271	15,092,217
Cost of sales	9,745,000	11,051,260
Gross profit	3,495,270	4,040,957
Selling, general and administrative expenses	3,897,965	3,995,128
Operating profit (loss)	(402,695)	45,828
Non-operating income		
Interest income	65,500	22,358
Dividend income	1,335,973	2,794,456
Other	156,291	20,754
Total non-operating income	1,557,766	2,837,569
Non-operating expenses		
Interest expenses	87,547	37,122
Foreign exchange losses	25,471	–
Provision of allowance for doubtful accounts	28,938	201,471
Other	39,356	26,289
Total non-operating expenses	181,314	264,883
Ordinary profit	973,756	2,618,514
Extraordinary income		
Gain on reversal of reserve for loss on dissolution of employee's pension fund	81,581	–
Gain on sale of non-current assets	108	1,774
Reversal of allowance for doubtful accounts	–	91,016
Total extraordinary income	81,689	92,790
Extraordinary losses		
Loss on sale and retirement of non-current assets	7,997	488
Impairment losses	730,058	159,926
Total extraordinary losses	738,056	160,414
Profit before income taxes	317,390	2,550,890
Income taxes - current	187,521	322,828
Income taxes - deferred	(246)	(6)
Total income taxes	187,274	322,822
Net profit	130,115	2,228,068

(3) Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at beginning of period	2,897,732	2,626,732	4,756	2,631,489	63,970	210,000	(2,118,055)	(1,844,085)
Changes during period								
Issuance of new shares								
Transfer from legal capital surplus to other capital surplus		(2,200,000)	2,200,000	-				
Dividends of surplus		4,361	(47,981)	(43,619)				
Net profit							130,115	130,115
Disposal of treasury shares			2,776	2,776				
Net changes in items other than shareholders' equity								
Total changes during period	-	(2,195,638)	2,154,795	(40,842)	-	-	130,115	130,115
Balance at end of period	2,897,732	431,094	2,159,551	2,590,646	63,970	210,000	(1,987,939)	(1,713,969)

	Shareholders' equity		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity		
Balance at beginning of period	(154,543)	3,530,593	33,479	3,564,072
Changes during period				
Issuance of new shares				
Transfer from legal capital surplus to other capital surplus		-		-
Dividends of surplus		(43,619)		(43,619)
Net profit		130,115		130,115
Disposal of treasury shares	4,638	7,414		7,414
Net changes in items other than shareholders' equity			(6,509)	(6,509)
Total changes during period	4,638	93,910	(6,509)	87,401
Balance at end of period	(149,905)	3,624,504	26,970	3,651,474

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at beginning of period	2,897,732	431,094	2,159,551	2,590,646	63,970	210,000	(1,987,939)	(1,713,969)
Changes during period								
Issuance of new shares	47,044	47,044		47,044				
Transfer from legal capital surplus to other capital surplus								
Dividends of surplus		13,101	(144,114)	(131,013)				
Net profit							2,228,068	2,228,068
Disposal of treasury shares			5,511	5,511				
Net changes in items other than shareholders' equity								
Total changes during period	47,044	60,145	(138,603)	(78,457)	-	-	2,228,068	2,228,068
Balance at end of period	2,944,776	491,240	2,020,948	2,512,189	63,970	210,000	240,128	514,098

	Shareholders' equity		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity		
Balance at beginning of period	(149,905)	3,624,504	26,970	3,651,474
Changes during period				
Issuance of new shares		94,088		94,088
Transfer from legal capital surplus to other capital surplus				
Dividends of surplus		(131,013)		(131,013)
Net profit		2,228,068		2,228,068
Disposal of treasury shares	13,603	19,115		19,115
Net changes in items other than shareholders' equity			(839)	(839)
Total changes during period	13,603	2,210,258	(839)	2,209,418
Balance at end of period	(136,301)	5,834,762	26,130	5,860,893