

April 12, 2021

Consolidated Financial Results for Fiscal 2020

[Japanese Standards]

Name: **Hogy Medical Co., Ltd.**
Listing: **First Section, Tokyo Stock Exchange**
Stock code number: **3593**
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URL: **http://www.hogy.co.jp**
Representative: **Jun-ichi Hoki, President and CEO**
Contact: **Hideki Kawakubo, Executive Officer, Administration Div.**
Annual Meeting of Shareholders: **June 18, 2021**
Date of issue of Financial Report: **June 18, 2021**
Preparation of supplementary materials for financial results: **Yes**
Information meeting for financial results to be held: **Yes**
Start of cash dividend payments: **Undecided**

1. Financial results for fiscal 2020 (April 1, 2020–March 31, 2021)

(1) Results of operations

(Millions of yen, except per share data, rounded down; percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	(Yen)	(% change from previous year)	(Yen)	(% change)	(Yen)	(% change)	(Yen)	(% change)
Fiscal 2020	¥36,504	-2.0%	¥5,632	+6.1%	¥5,988	+3.4%	¥4,959	-10.3%
Fiscal 2019	37,232	+1.6%	5,307	+21.1%	5,791	+28.6%	5,529	-8.5%

Note: Comprehensive income

Fiscal 2020: ¥4,419 million (up 1.8%)

Fiscal 2019: ¥4,339 million (up 3.4%)

	Profit per share	Profit per share (fully diluted)	ROE	Ordinary income/ Total assets	Operating income/ Net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Fiscal 2020	¥164.03	—	5.2%	5.6%	15.4%
Fiscal 2019	183.07	—	6.0%	5.5%	14.3%

Reference: Gain/loss on investments based on equity method

Fiscal 2020: ¥—million

Fiscal 2019: ¥—million

(2) Financial position (year-end)

(Millions of yen, except per share data, rounded down)

	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
Fiscal 2020	¥105,644	¥95,951	90.8%	¥3,182.97
Fiscal 2019	106,664	93,921	88.0%	3,104.33

Reference: Equity capital at year-end

Fiscal 2020: ¥95,878 million

Fiscal 2019: ¥93,817 million

(3) Cash flows

(Millions of yen, rounded down)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Fiscal 2020	¥ 6,854	¥-6,950	¥-2,500	¥19,911
Fiscal 2019	10,295	-9,194	-1,989	22,658

2. Cash dividends

(Date of record)	Cash dividends per share (Yen)					Total dividends paid (full year) (Millions of yen)	Payout ratio (consolidated)	Dividends paid/ Net assets (consolidated) (%)
	1st quarter	2nd quarter	3rd quarter	Year-end	Full year			
Fiscal 2019	¥16.50	¥16.50	¥16.50	¥16.50	¥66.00	¥1,999	36.1%	2.2%
Fiscal 2020	17.00	17.00	17.00	17.00	68.00	2,057	41.5%	2.2%
Fiscal 2021 (est.)	17.00	17.00	17.00	17.00	68.00		43.4%	

3. Forecast for fiscal 2021 (April 1, 2021–March 31, 2022)

(Millions of yen, except per share data, rounded down; percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
First 2 quarters	¥19,080	+7.6%	¥3,220	+20.5%	¥3,250	+15.8%	¥2,350	-15.3%	¥ 78.02
Full year	38,400	+5.2%	6,350	+12.7%	6,620	+10.6%	4,720	-4.8%	156.69

4. Notes

- (1) Important changes in scope of consolidation during period (changes to specified subsidiaries accompanying changes in scope of consolidation): No
- (2) Changes in accounting policies; changes in accounting estimates; restatements
- (1) Changes in accounting policies due to amendment of accounting standards: No
- (2) Other changes in accounting policies: No
- (3) Changes in accounting estimates: No
- (4) Restatements: No
- (3) Shares outstanding (common stock) at year-end
1. Number of shares outstanding (including treasury stock)
- Fiscal 2020: 32,682,310
- Fiscal 2019: 32,682,310
2. Number of treasury shares outstanding
- Fiscal 2020: 2,559,982
- Fiscal 2019: 2,460,787
3. Average number of shares over period
- Fiscal 2020: 30,231,715
- Fiscal 2019: 30,204,965

(Reference) Summary of Non-Consolidated Financial Results

1. Financial results for fiscal 2020 (April 1, 2020–March 31, 2021)

(1) Results of operations

(Millions of yen, except per share data, rounded down; percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	(% change)		(% change)		(% change)		(% change)	
Fiscal 2020	¥35,813	-2.9%	¥5,043	+4.9%	¥5,522	+1.6%	¥4,669	-11.2%
Fiscal 2019	¥36,879	+1.6%	4,808	+39.7%	5,436	+47.4%	5,255	-4.0%

	Profit per share (Yen)	Profit per share (fully diluted) (Yen)
Fiscal 2020	¥154.45	—
Fiscal 2019	174.00	—

(2) Financial position

(Millions of yen, except per share data, rounded down)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share (Yen)
Fiscal 2020	¥ 99,829	¥88,962	89.1%	¥2,953.36
Fiscal 2019	100,686	86,890	86.3%	2,875.13

Reference: Equity capital at year-end

Fiscal 2020: ¥88,962 million

Fiscal 2019: ¥86,890 million

2. Forecast for fiscal 2021 (April 1, 2021–March 31, 2022)

(Millions of yen, except per share data, rounded down; percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
First 2 quarters	¥18,720	+7.3%	¥2,940	+23.4%	¥2,920	+18.7%	¥2,090	-15.9%	¥69.38
Full year	37,680	+5.2%	5,790	+14.8%	6,200	+12.3%	4,440	-4.9%	147.40

*** This financial report is not subject to audits by certified public accountants or auditing companies.**

***Appropriate use of business forecasts; other special items**

Performance forecasts and other forward-looking statements contained in this report are based on information currently available and on certain assumptions deemed rational at the time of this report's release. Accordingly, the Company cannot make promises to achieve such forecasts. Due to various circumstances, however, actual results may differ significantly from such statements. For cautionary notes on assumptions underlying the Company's forecasts and the usage of such forecasts, please refer "(1) Performance" on page 6.

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1. Performance and Financial Position

(1) Performance

In the fiscal year under review, the Japanese economy continued to be greatly affected by the COVID-19 pandemic. The number of infected people in Japan decreased temporarily following an emergency declaration by the government in April 2020, but has been on an upward trend since the declaration was lifted, and the situation has remained uncertain as another emergency declaration was made in January 2021.

The Japanese government will substantially increase emergency comprehensive support grants in its fiscal 2021 supplementary budget to secure healthcare delivery systems and strengthen support for medical institutions. It is also taking various measures to resolve the situation, including by starting a COVID-19 vaccination program in February 2021. However, the outlook remains uncertain as more infectious mutations have emerged and the number of people infected with them has increased in some areas.

In the healthcare sector, as well, the number of hospital beds available for inpatients is tightening due to an increase in infected patients, and medical institutions are busy taking measures to secure hospital beds. Meanwhile, facilities that receive infected patients are working hard to secure medical care delivery systems while thoroughly implementing measures to prevent mass infections. In addition, the burden on medical personnel in hospitals is increasing, while the labor shortage is becoming even more serious as the turnover rate among nurses is rising in some medical fields. Moreover, the spread of infections is leading to reduced patient visits and having an impact on the number of surgeries and medical tests. These and other factors underscore the difficult challenges faced by medical institutions.

Under such circumstances, the Hogy Medical Group promoted sales activities aimed at helping improve operational efficiency on the medical frontlines while giving top priority to the safety of its customers. During the year under review, we modified our sales activities according to rules governing visits to each medical facility, the number of infected patients in each region, and increases or decreases in the number of infections. As a member of the medical community, however, our first priority is to prevent the spread of infections, and for this reason our sales activities reflected our policy of voluntary restraint and we made visits based on customer requests. In addition, we emphasized the safety of our customers and employees, including by conducting voluntary PCR screening tests on a regular basis for all employees who visit medical facilities.

For the year, we enjoyed steady sales of non-woven fabric products. During the year, there was a global supply shortage due to increased demand for surgical gowns, especially in the first half of the year. Nevertheless, we were able to secure a stable supply of products to our customers. We also posted increases in sales of masks and precaution sets, which are infectious disease protection products, due to the COVID-19 pandemic. Sales of surgical kit products decreased due to a decline in the number of surgeries caused by an increase in the number of infected patients. However, sales of Premium Kit, our most important strategic product, grew steadily. Premium Kit is a high-value-added product that allows hospitals to streamline their operations—from the preparatory stage to the intraoperative and postoperative stages—while ensuring safety during surgery. Accordingly, it has been warmly received among customers because it supports the operations of medical institutions even in challenging circumstances.

As a result, consolidated net sales for the period amounted to ¥36,504 million, down 2.0% year on year. Sales of surgical kit products declined 5.8%, to ¥21,187 million, of which Premium Kit sales rose 9.1%, to ¥11,249 million. In addition, the cost of sales ratio improved year on year due to a decrease in depreciation expenses. We also posted a decline in selling, general, and administrative (SG&A) expenses due to restraint of activities aimed at preventing the spread of infections. As a result, operating income increased 6.1%, to ¥5,632 million. Ordinary income rose 3.4%, to ¥5,988 million, partly due to subsidy income received from Ushiku City related to our

new surgical kit factory (reported as non-operating income). We also posted ¥1,030 million in extraordinary income from the sale of some shareholdings (from ¥1,943 million in the previous year). Accordingly, profit attributable to owners of parent decreased 10.3%, to ¥4,959 million.

(Outlook)

It is difficult to determine the future outlook for the healthcare sector, as it is impossible to measure the social and economic impact of the prolonged spread of COVID-19. Although expectations are high for the rollout of vaccines, there is still a great level of uncertainty due to concerns about the spread of more infectious mutations and the effectiveness of vaccines against such mutations.

In this business environment, the Hogy Medical Group will continue taking all possible measures to ensure the hygiene of its employees and propose solutions to help solve the problems of its customers. Through the sale of Premium Kit, we will thoroughly reduce the workload of customers working in harsh environments while ensuring their medical safety. At the same time, we will continue working closely with our customers to address management issues, such as labor shortages and declining productivity on the medical frontlines, which are becoming serious.

Meanwhile, we will proceed steadily with Stage 2 construction of the new surgical kit plant to help increase production volume and improve production efficiency for Premium Kit products, demand for which is expected to grow in the future. We will also step up cost reductions and other efforts to improve operating efficiency.

In our overseas business, Hogy Medical Asia Pacific Pte. Ltd. (subsidiary in Singapore) and P.T. Hogy Medical Sales Indonesia (sub-subsidiary in Indonesia) will actively expand sales activities targeting major hospitals in Southeast Asia, especially Singapore. We will also continue improving productivity and promoting in-house production at P.T. Hogy Indonesia, a key manufacturing subsidiary.

With respect to our new remanufactured single-use device (R-SUD) business, we will strive to facilitate inspection, testing, and remanufacturing processes and speed up the application and approval processes. As of March 31, 2021, we had received four approvals and had one application in progress.

Our consolidated forecasts for the fiscal year to March 2022 are shown below. These are based on the assumption that the COVID-19 pandemic will settle down after a certain period of time, but may change depending on circumstances. We will disclose any changes promptly if the need arises.

(Consolidated performance forecasts)

Net sales	¥38,400 million	(up 5.2%)
Operating income	¥ 6,350 million	(up 12.7%)
Ordinary income	¥ 6,620 million	(up 10.6%)
Profit attributable to owners of parent	¥ 4,720 million	(down 4.8%)

(2) Financial Position

1) Assets, Liabilities, and Net Assets

At March 31, 2021, total assets amounted to ¥105,644 million, down ¥1,019 million from March 31, 2020.

During the period, total current assets declined ¥1,906 million, to ¥41,322 million. This reflected a number of factors, including a ¥2,827 million decrease in cash and bank deposits and a ¥695 million increase in goods and merchandise. Within fixed assets, tangibles edged up ¥943 million, to ¥52,794 million, reflecting a ¥3,702

million rise in construction in progress—due to capital investments for Stage 2 construction of the new surgical kit plant—as well as an ¥840 million decrease in buildings and structures stemming from depreciation and a ¥1,597 million decrease in machinery and equipment stemming from depreciation. Intangibles decreased ¥348 million, to ¥1,951 million, due mainly to depreciation. Investments and other assets edged up ¥292 million, to ¥9,576 million. As a result, total fixed assets ended the period at ¥64,322 million.

At fiscal year-end, total liabilities amounted to ¥9,692 million, down ¥3,050 million. Current liabilities declined ¥2,770 million, to ¥7,590 million, mainly reflecting a ¥2,211 million decrease in accrued payables and a ¥306 million decrease in equipment-related notes payable. Long-term liabilities declined ¥279 million, to ¥2,102 million. This stemmed mainly from a ¥175 million decrease stemming from the transfer of long-term debt to current liabilities.

Net assets at year-end totaled ¥95,951 million, up ¥2,030 million. Main factors were ¥4,959 million in profit attributable to owners of parent, ¥2,044 million in distributions from retained earnings, and a ¥336 million decrease in translation adjustment.

As a result, the equity ratio increased from 88.0% to 90.8%.

2) Cash Flows

Cash and cash equivalents at the end of the period stood at ¥19,911 million, down ¥2,746 million from a year earlier. This reflected cash flow factors described below.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥6,854 million, down ¥3,440 million from the previous year. Factors in this result included ¥6,989 million in income before income taxes, ¥4,549 million in depreciation, a ¥1,028 million gain on sales of investment securities, a ¥1,050 million increase in inventories, a ¥380 million decrease in accrued consumption tax, and ¥2,025 million in income taxes paid.

(Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥6,950 million, down ¥2,243 million from the previous fiscal year. Main factors included ¥1,409 million in proceeds from sales of investment securities, ¥7,350 million in purchase of tangible fixed assets—due to capital investments for Stage 2 construction of the new surgical kit plant—and ¥929 million in purchase of investment securities.

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥2,500 million, up ¥510 million from the previous year. Main factors included ¥2,044 million in dividends paid, ¥453 million in purchase of treasury stock (according to resolution of the Board of Directors on March 8, 2021), ¥110 million in repayment of long-term debt associated with our trust-type employee stock ownership incentive plan (E-Ship®), and ¥108 million in proceeds from disposal of treasury stock.

For the next fiscal year, we expect net cash provided by operating activities to be around ¥8,900 million; net cash used in investing activities of around ¥3,700 million; and net cash used in financing activities of around ¥6,500 million, mainly influenced by purchase of treasury stock and payment of cash dividends.

(Cash Flow Indicators)

	Fiscal 2017	Fiscal 2019	Fiscal 2020	Fiscal 2021
Equity ratio (%)	88.6	88.5	88.0	90.8
Equity ratio based on market price (%)	131.9	123.5	103.1	104.4
Debt coverage (years)	—	—	0.0	0.0
Interest coverage ratio (times)	—	—	10,224.5	3,288.3

Notes:

Equity ratio: Equity capital/Total assets

Equity ratio based on market price: Total stock value based on market price/Total assets

Debt coverage: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest paid

1. Each index is calculated based on consolidated financial figures.
2. Market value of total stock is calculated by multiplying the stock price (closing price at the end of the year) by the number of shares outstanding at the end of the year.
3. Operating cash flow is calculated using net cash provided by operating activities (listed in the Consolidated Statements of Cash Flows).
4. Interest-bearing debt refers to all debt that incurs interest (listed in the Consolidated Balance Sheets). However, it does not include long-term debt stated under guidance of “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015). For interest paid, the amount shown in the Consolidated Statements of Cash Flows is used.

2. Basic Approach to Selection of Accounting Standards

To allow reliable year-on-year and company-to-company comparisons, the Hogy Medical Group’s policy for the time being is to prepare its consolidated financial statements according to Japanese accounting standards.

With respect to application of IFRS, our policy is to respond appropriately based on consideration of various domestic and overseas circumstances.

3. Consolidated Financial Statements

(1) Balance Sheets

(Millions of yen, rounded down)

	Fiscal 2019 (At March 31, 2020)	Fiscal 2020 (At March 31, 2021)
ASSETS		
Current assets		
Cash and bank deposits	¥ 23,377	20,549
Notes and accounts receivable	11,352	11,390
Goods and merchandise	3,823	4,518
Products in progress	366	393
Materials and supplies	3,678	3,893
Other	631	576
Allowance for doubtful accounts	-0	-0
Total current assets	43,229	41,322
Fixed assets		
Tangibles		
Buildings and structures	46,188	46,372
Accumulated depreciation	-23,014	-24,039
Buildings and structures (net)	23,173	22,333
Machinery and vehicles	43,289	43,551
Accumulated depreciation	-34,523	-36,383
Machinery and vehicles (net)	8,765	7,167
Land	9,604	9,580
Construction in progress	8,995	12,697
Other	5,692	5,813
Accumulated depreciation	-4,380	-4,798
Other (net)	1,311	1,015
Total tangibles	51,851	52,794
Intangibles		
Software	1,496	1,117
Software in progress	676	710
Telephone subscription rights	13	13
Other	113	109
Total intangibles	2,300	1,951
Investments and other assets		
Investment securities	7,941	7,987
Guaranty deposit	356	357
Deferred income taxes	168	175
Other	823	1,063
Allowance for doubtful accounts	-7	-7
Total investments and other assets	9,283	9,576
Total fixed assets	63,434	64,322
Total assets	106,664	105,644

(Millions of yen, rounded down)

	Fiscal 2019 (At March 31, 2020)	Fiscal 2020 (At March 31, 2021)
LIABILITIES		
Current liabilities		
Notes and accounts payable	¥ 4,675	¥ 4,615
Long-term debt due within one year	—	64
Accrued income tax	1,060	1,107
Reserve for employees' bonuses	366	440
Reserve for directors' bonuses	100	80
Equipment-related notes payable	572	266
Payables	2,575	363
Other current liabilities	1,009	651
Total current liabilities	10,360	7,590
Long-term liabilities		
Long-term borrowings	175	—
Deferred income taxes	1,232	1,145
Liability related to employees' retirement benefits	468	449
Long-term payables	36	36
Other long-term liabilities	468	471
Total long-term liabilities	2,381	2,102
Total liabilities	12,742	9,692
NET ASSETS		
Shareholders' equity		
Common stock	7,123	7,123
Capital surplus	8,336	8,336
Retained earnings	83,234	86,149
Treasury stock	-8,557	-8,902
Total shareholders' equity	90,136	92,706
Valuation/translation gains or losses		
Net unrealized gain or loss on securities	3,623	3,340
Deferred hedging gain or loss	189	262
Translation adjustment	9	-326
Cumulative adjustment related to employees' retirement benefits	-141	-104
Total valuation/translation gains or losses	3,681	3,172
Non-controlling interests	103	73
Total net assets	93,921	95,951
Total liabilities and net assets	¥106,664	¥105,644

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

(Millions of yen, rounded down)

	Fiscal 2019 (April 1, 2019– March 31, 2020)	Fiscal 2020 (April 1, 2020– March 31, 2021)
Net sales	¥37,232	¥36,504
Cost of sales	21,798	21,177
Gross profit	15,434	15,326
Selling, general, and administrative expenses	10,126	9,694
Operating income	5,307	5,632
Other income		
Interest income	70	63
Dividend income	70	60
Foreign exchange gain	36	10
Subsidy income	274	236
Other	53	50
Total other income	505	421
Other expenses		
Interest expense	1	2
Loss on investment partnership	18	61
Treasury stock acquisition cost	—	1
Other	3	0
Total other expenses	22	65
Ordinary income	5,791	5,988
Extraordinary income		
Gain on sales of fixed assets	1	1
Gain on sales of investment securities	1,942	1,028
Total extraordinary income	1,943	1,030
Extraordinary expenses		
Loss on disposal of fixed assets	5	28
Loss on valuation of golf memberships	4	—
Total extraordinary expenses	9	28
Income before income taxes	7,725	6,989
Income taxes	2,194	2,081
Income tax adjustment	40	–21
Total income taxes	2,235	2,060
Profit	5,489	4,928
Profit attributable to non-controlling interests	–40	–30
Profit attributable to owners of parent	5,529	4,959

(Statements of Comprehensive Income)

(Millions of yen, rounded down)

	Fiscal 2019 (April 1, 2019– March 31, 2020)	Fiscal 2020 (April 1, 2020– March 31, 2021)
Profit	¥5,489	¥4,928
Other comprehensive income		
Net unrealized gain or loss on securities	-1,070	-282
Deferred hedging gain or loss	61	73
Translation adjustment	-100	-336
Adjustment related to employees' retirement benefits	-39	36
Total other comprehensive income	-1,149	-509
Comprehensive income	4,339	4,419
(Breakdown)		
Comprehensive income attributable owners of parent	4,379	4,450
Comprehensive income attributable to non-controlling interests	-40	-30

(3) Statements of Changes in Shareholders' Equity

Fiscal 2019 (April 1, 2019–March 31, 2020)

(Millions of yen, rounded down)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at beginning of the term	¥7,123	¥8,336	¥79,770	¥-8,663	¥86,566
Changes during term in review					
Distribution of retained earnings			-1,983		-1,983
Profit attributable to owners of parent			5,529		5,529
Purchase of treasury stock				-1	-1
Disposal of treasury stock				106	106
Changes in scope of consolidation			-81		-81
Changes during term not related to shareholders' equity (net)					
Total changes during term	—	—	3,463	105	3,569
Balance at end of term	¥7,123	¥8,336	¥83,234	¥-8,557	¥90,136

	Valuation and translation adjustments						
	Net unrealized gain or loss on securities	Deferred hedging gain or loss	Translation adjustment	Cumulative adjustment related to employees' retirement benefits	Total valuation and translation adjustments	Non-controlling interests	Total net assets
Balance at beginning of the term	¥4,693	¥127	¥110	¥-101	¥4,830	¥ 7	¥91,404
Changes during term in review							
Distribution of retained earnings							-1,983
Profit attributable to owners of parent							5,529
Purchase of treasury stock							-1
Disposal of treasury stock							106
Changes in scope of consolidation							-81
Changes during term not related to shareholders' equity (net)	-1,070	61	-100	-39	-1,149	96	-1,053
Total changes during term	-1,070	61	-100	-39	-1,149	96	2,516
Balance at end of term	¥3,623	¥189	¥ 9	¥-141	¥3,681	¥103	¥93,921

Fiscal 2020 (April 1, 2020–March 31, 2021)

(Millions of yen, rounded down)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at beginning of the term	¥7,123	¥8,336	¥83,234	¥-8,557	¥90,136
Changes during term in review					
Distribution of retained earnings			-2,044		-2,044
Profit attributable to owners of parent			4,959		4,959
Purchase of treasury stock				-453	-453
Disposal of treasury stock				108	108
Changes during term not related to shareholders' equity (net)					
Total changes during term	—	—	2,914	-344	2,570
Balance at end of term	¥7,123	¥8,336	¥86,149	¥-8,902	¥92,706

	Valuation and translation adjustments						
	Net unrealized gain or loss on securities	Deferred hedging gain or loss	Translation adjustment	Cumulative adjustment related to employees' retirement benefits	Total valuation and translation adjustments	Non-controlling interests	Total net assets
Balance at beginning of the term	¥3,623	¥189	¥ 9	¥-141	¥3,681	¥103	¥93,921
Changes during term in review							
Distribution of retained earnings							-2,044
Profit attributable to owners of parent							4,959
Purchase of treasury stock							-453
Disposal of treasury stock							108
Changes during term not related to shareholders' equity (net)							
Total changes during term	-282	73	-336	36	-509	-30	-539
Balance at end of term	¥3,340	¥262	¥-326	¥-104	¥3,172	¥ 73	¥95,951

(4) Statements of Cash Flows

(Millions of yen, rounded down)

	Fiscal 2019 (April 1, 2019– March 31, 2020)	Fiscal 2020 (April 1, 2020– March 31, 2021)
Operating activities		
Income before income taxes	¥7,725	¥6,989
Depreciation	5,283	4,549
Increase (decrease) in liability related to employees' retirement benefits	69	43
Increase (decrease) in allowance for doubtful accounts	0	0
Interest and dividend income	–141	–124
Interest expense	1	2
Loss (gain) on investment partnership	18	61
Foreign exchange gain	–53	–0
Loss (gain) on sales of tangible fixed assets	–1	–1
Loss (gain) on disposal of tangible fixed assets	5	28
Loss (gain) on sales of investment securities	–1,942	–1,028
Loss on valuation of golf memberships	4	—
Changes in assets and liabilities:		
Notes and accounts receivable	641	–79
Inventories	399	–1,050
Notes and accounts payable	96	–28
Accrued consumption tax payables and other	535	–380
Accrued consumption tax receivables and other	21	—
Other current assets	–104	115
Other current liabilities	94	–153
Other investments and others	106	–188
Other long-term liabilities	9	3
Other	–21	–0
Subtotal	12,747	8,758
Interest and dividends received	139	124
Interest paid	–1	–2
Incomes taxes paid	–2,590	–2,025
Net cash provided by operating activities	10,295	6,854

(Millions of yen, rounded down)

	Fiscal 2019 (April 1, 2019– March 31, 2020)	Fiscal 2020 (April 1, 2020– March 31, 2021)
Investing activities		
Increase in time deposits	¥ -289	¥ -12
Proceeds from withdrawals from time deposits	3	78
Purchase of investment securities	-1,163	-929
Proceeds from sales of investment securities	2,356	1,409
Purchase of tangible fixed assets	-9,767	-7,350
Proceeds from sales of tangible fixed assets	1	3
Purchase of intangible fixed assets	-377	-190
Proceeds from distribution from investment partnership	44	38
Expenditures by loans receivable	-0	-0
Collection of loans receivable	0	0
Increase (decrease) in other investments	-2	3
Net cash used in investing activities	-9,194	-6,950
Financing activities		
Repayment of long-term borrowings	-110	-110
Proceeds from sale of treasury stock	106	108
Purchase of treasury stock	-1	-453
Cash dividends paid	-1,984	-2,044
Net cash used in financing activities	-1,989	-2,500
Effect of exchange rate changes on cash and cash equivalents	63	-150
Net change in cash and cash equivalents	-825	-2,746
Cash and cash equivalents at beginning of year	22,903	22,658
Increase (decrease) in cash and cash equivalents due to change in scope of consolidation	580	—
Cash and cash equivalents at end of year	22,658	19,911

4. Non-Consolidated Financial Statements

(1) Balance Sheets

(Millions of yen, rounded down)

	Fiscal 2019 (At March 31, 2020)	Fiscal 2020 (At March 31, 2021)
ASSETS		
Current assets		
Cash and bank deposits	¥20,276	¥17,766
Notes receivable	6,180	6,143
Accounts receivable	5,070	5,040
Goods and merchandise	3,470	4,080
Products in progress	142	185
Materials and supplies	2,361	2,605
Advances paid	120	61
Prepaid expenses	188	203
Exchange contracts	156	224
Other	29	46
Allowance for doubtful accounts	-0	-0
Total current assets	37,998	36,357
Fixed assets		
Tangibles		
Buildings	41,776	42,078
Accumulated depreciation	-19,397	-20,452
Buildings (net)	22,379	21,626
Structures	1,535	1,535
Accumulated depreciation	-1,202	-1,238
Structures (net)	332	296
Machinery and equipment	40,145	40,353
Accumulated depreciation	-32,105	-33,971
Machinery and equipment (net)	8,039	6,381
Vehicles and transport equipment	63	65
Accumulated depreciation	-60	-62
Vehicles and transport equipment (net)	2	3
Tools, instruments, and fixtures	5,373	5,493
Accumulated depreciation	-4,103	-4,520
Tools, instruments, and fixtures (net)	1,269	973
Land	9,172	9,172
Construction in progress	8,995	12,697
Total tangibles	50,191	51,150
Intangibles		
Software	1,496	1,117
Software in progress	676	710
Telephone subscription rights	13	13
Other	113	109
Total intangibles	2,300	1,951

(Millions of yen, rounded down)

	Fiscal 2019 (At March 31, 2020)	Fiscal 2020 (At March 31, 2021)
Investments and other assets		
Investment securities	¥ 7,941	¥ 7,987
Shares of affiliated companies	1,242	1,242
Long-term loans	1	1
Bankruptcy rehabilitation claims	0	0
Long-term prepaid expenses	17	80
Guaranty deposit	356	357
Insurance reserve fund	407	397
Golf club memberships	95	95
Currency swaps	25	63
Exchange contracts	113	150
Allowance for doubtful accounts	-7	-7
Total investments and other assets	10,195	10,370
Total fixed assets	62,687	63,472
Total assets	100,686	99,829
LIABILITIES		
Current liabilities		
Notes payable	¥ 2,480	¥ 2,578
Accounts payable	2,252	2,303
Long-term debt due within one year	—	64
Accrued payables	2,575	363
Accrued expenses	205	210
Accrued income tax	1,040	1,032
Accrued consumption tax	535	155
Advances received	0	0
Deposits received	31	29
Reserve for employees' bonuses	366	440
Reserve for directors' bonuses	100	80
Equipment-related notes payable	572	266
Other current liabilities	67	56
Total current liabilities	10,227	7,583
Long-term liabilities		
Long-term borrowings	175	—
Long-term borrowings of affiliates	1,632	1,660
Deferred income taxes	1,272	1,146
Long-term payables	36	36
Other long-term liabilities	451	441
Total long-term liabilities	3,567	3,284
Total liabilities	13,795	10,867

(Millions of yen, rounded down)

	Fiscal 2019 (At March 31, 2020)	Fiscal 2020 (At March 31, 2021)
NET ASSETS		
Shareholders' equity		
Common stock	¥ 7,123	¥ 7,123
Capital surplus		
Capital reserve	8,336	8,336
Total capital reserve	8,336	8,336
Retained earnings		
Retained earnings	564	564
Other retained earnings		
Other general reserve	19,300	19,300
Retained earnings carried forward	56,311	58,936
Total retained earnings	76,176	78,801
Treasury stock	-8,557	-8,902
Total shareholders' equity	83,077	85,358
Valuation/translation gains or losses		
Net unrealized gain or loss on securities	3,623	3,340
Deferred hedging gain or loss	189	262
Total valuation/translation gains or losses	3,812	3,603
Total net assets	86,890	88,962
Total liabilities and net assets	100,686	99,829

(2) Statements of Income

(Millions of yen, rounded down)

	Fiscal 2019 (April 1, 2019– March 31, 2020)	Fiscal 2020 (April 1, 2020– March 31, 2021)
Net sales		
Product sales	¥34,751	¥33,580
Commodity sales	2,128	2,233
Total net sales	36,879	35,813
Cost of sales		
Product inventory at beginning of term	2,271	2,171
Commodity inventory at beginning of term	772	636
Manufacturing costs during term	21,436	20,952
Commodity purchases during term	1,236	1,551
Total	25,716	25,311
Transfer to other accounts	694	644
Product inventory at end of term	2,171	2,572
Commodity inventory at end of term	636	780
Total cost of sales	22,214	21,313
Gross profit	14,664	14,499
Selling, general, and administrative expenses	9,855	9,455
Operating income	4,808	5,043
Other income		
Interest income	22	25
Dividend income	275	263
Foreign exchange gain	48	5
Subsidy income	274	236
Other	49	35
Total other income	670	566
Other expenses		
Interest expense	24	23
Loss on investment partnership	18	61
Treasury stock acquisition cost	—	1
Total other expenses	42	87
Ordinary income	5,436	5,522
Extraordinary income		
Gain on sales of investment securities	1,942	1,028
Total extraordinary income	1,942	1,028
Extraordinary expenses		
Loss on disposal of fixed assets	5	28
Loss on valuation of golf memberships	4	—
Total extraordinary expenses	9	28
Income before income taxes	7,369	6,522
Income taxes	2,080	1,890
Income tax adjustment	33	–36
Total income taxes	2,114	1,853
Net income	5,255	4,669

(3) Statements of Changes in Shareholders' Equity

Fiscal 2019 (April 1, 2019–March 31, 2020)

(Millions of yen, rounded down)

	Shareholders' equity								
	Capital surplus			Retained earnings					
	Common stock	Capital reserve	Total capital surplus	Earned reserve	Other earned surplus			Treasury stock	Total shareholders' equity
Other general reserve					Retained earnings carried forward	Total retained earnings			
Balance at beginning of the term	¥7,123	¥8,336	¥8,336	¥564	¥19,300	¥53,039	¥72,904	¥-8,663	¥79,700
Changes during term in review									
Distribution of retained earnings						-1,983	-1,983		-1,983
Net income						5,255	5,255		5,255
Purchase of treasury stock								-1	-1
Disposal of treasury stock								106	106
Changes during term not related to shareholders' equity (net)									
Total changes during term	—	—	—	—	—	3,271	3,271	105	3,377
Balance at end of term	¥7,123	¥8,336	¥8,336	¥564	¥19,300	¥56,311	¥76,176	¥-8,557	¥83,077

	Valuation/translation gains or losses			
	Net unrealized gain or loss on securities	Deferred hedging gain or loss	Total valuation/translation gains or losses	Total net assets
Balance at beginning of the term	¥4,693	¥127	¥4,821	¥84,522
Changes during term in review				
Distribution of retained earnings				-1,983
Net income				5,255
Purchase of treasury stock				-1
Disposal of treasury stock				106
Changes during term not related to shareholders' equity (net)	-1,070	61	-1,008	-1,008
Total changes during term	-1,070	61	-1,008	2,368
Balance at end of term	¥3,623	¥189	¥3,812	¥86,890

Fiscal 2020 (April 1, 2020–March 31, 2021)

(Millions of yen, rounded down)

	Shareholders' equity									
	Capital surplus			Retained earnings						
	Common stock	Capital reserve	Total capital surplus	Earned reserve	Other earned surplus			Total retained earnings	Treasury stock	Total shareholders' equity
					Other general reserve	Retained earnings carried forward				
Balance at beginning of the term	¥7,123	¥8,336	¥8,336	¥564	¥19,300	¥56,311	¥76,176	¥-8,557	¥83,077	
Changes during term in review										
Distribution of retained earnings						-2,044	-2,044		-2,044	
Net income						4,669	4,669		4,669	
Purchase of treasury stock								-453	-453	
Disposal of treasury stock								108	108	
Changes during term not related to shareholders' equity (net)										
Total changes during term	—	—	—	—	—	2,624	2,624	-344	2,280	
Balance at end of term	¥7,123	¥8,336	¥8,336	¥564	¥19,300	¥58,936	¥78,801	¥-8,902	¥85,358	

	Valuation/translation gains or losses			
	Net unrealized gain or loss on securities	Deferred hedging gain or loss	Total valuation/translation gains or losses	Total net assets
Balance at beginning of the term	¥3,623	¥189	¥3,812	¥86,890
Changes during term in review				
Distribution of retained earnings				-2,044
Net income				4,669
Purchase of treasury stock				-453
Disposal of treasury stock				108
Changes during term not related to shareholders' equity (net)	-282	73	-209	-209
Total changes during term	-282	73	-209	2,071
Balance at end of term	¥3,340	¥262	¥3,603	¥88,962