

April 12, 2022

Consolidated Financial Results for Fiscal 2021

[Japanese Standards]

Name: **Hogy Medical Co., Ltd.**
Listing: **First Section, Tokyo Stock Exchange**
Stock code number: **3593**
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URL: **https://www.hogy.co.jp**
Representative: **Jun-ichi Hoki, President and CEO**
Contact: **Hideki Kawakubo, Director, Administration Div.**
Annual Meeting of Shareholders: **June 24, 2022**
Date of issue of Financial Report: **June 24, 2022**
Preparation of supplementary materials for financial results: **Yes**
Information meeting for financial results to be held: **Yes**
Start of cash dividend payments: **May 31, 2022**

1. Financial results for fiscal 2021 (April 1, 2021–March 31, 2022)

(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 from previous year)		(% change)		(% change)		(% change)
Fiscal 2021	¥36,778	+0.8%	¥6,135	+8.9%	¥6,285	+5.0%	¥4,370	-11.9%
Fiscal 2020	36,504	-2.0%	5,632	+6.1%	5,988	+3.4%	4,959	-10.3%

Note: Comprehensive income

Fiscal 2021: ¥4,699 million (up 6.3%)

Fiscal 2020: ¥4,419 million (up 1.8%)

	Profit per share	Profit per share (fully diluted)	ROE	Ordinary income/ Total assets	Operating income/ Net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Fiscal 2021	¥153.00	—	5.0%	6.1%	16.7%
Fiscal 2020	164.03	—	5.2%	5.6%	15.4%

Reference: Gain/loss on investments based on equity method

Fiscal 2021: ¥—million

Fiscal 2020: ¥—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 2021	¥ 98,967	¥79,996	80.8%	¥3,296.32
Fiscal 2020	105,644	95,951	90.8%	3,182.97

Reference: Equity capital at year-end

Fiscal 2021: ¥79,959 million

Fiscal 2020: ¥95,878 million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of fiscal 2021. Figures for the period under review are based on figures after application of said accounting standards.

(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 2021	¥8,501	¥-3,812	¥-11,049	¥13,820
Fiscal 2020	6,854	-6,950	-2,500	19,911

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 2020	¥17.00	¥17.00	¥17.00	¥17.00	¥68.00	¥2,057	41.5%	2.2%
Fiscal 2021	17.00	17.00	17.00	17.00	68.00	1,895	44.4%	2.1%
Fiscal 2022 (est.)	17.50	17.50	17.50	17.50	70.00		37.2%	

3. Forecast for fiscal 2022 (April 1, 2022–March 31, 2023)

(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	¥19,070	+6.4%	¥3,170	+6.1%	¥3,210	+4.7%	¥2,250	+0.7%	¥ 92.76
Full year	38,720	+5.3%	6,510	+6.1%	6,570	+4.5%	4,570	+4.6%	188.40

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: Yes
- (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 2021: 32,682,310
- Fiscal 2020: 32,682,310
2. Number of treasury shares outstanding
- Fiscal 2021: 8,425,207
- Fiscal 2020: 2,559,982
3. Average number of shares over period
- Fiscal 2021: 28,563,593
- Fiscal 2020: 30,231,715

(Reference) Summary of Non-Consolidated Financial Results

1. Financial results for fiscal 2021 (April 1, 2021–March 31, 2022)

(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 2021	¥36,080	+0.7%	¥5,661	+12.2%	¥5,993	+8.5%	¥4,179	−10.5%
Fiscal 2020	35,813	−2.9%	5,043	+4.9%	5,522	+1.6%	4,669	−11.2%

	Profit per share (Yen)	Profit per share (fully diluted) (Yen)
Fiscal 2021	¥146.33	—
Fiscal 2020	154.45	—

(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 2021	¥92,200	¥71,977	78.1%	¥2,967.27
Fiscal 2020	99,829	88,962	89.1%	2,953.36

Reference: Equity capital at year-end

Fiscal 2021: ¥71,977 million

Fiscal 2020: ¥88,962 million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of fiscal 2021. Figures for the period under review are based on figures after application of said accounting standards.

2. Forecast for fiscal 2022 (April 1, 2022–March 31, 2023)

(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	¥18,770	+6.8%	¥3,060	+10.8%	¥3,090	+9.6%	¥2,150	+6.6%	¥88.63
Full year	38,100	+5.6%	6,060	+7.0%	6,320	+5.4%	4,410	+5.5%	181.80

*** 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 to "(1) Performance" on page 6.

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1. Performance and Financial Position

(1) Performance

In the fiscal year under review, the number of COVID-19 infections in Japan fluctuated repeatedly, which had an impact on the nation's economy and society. In first half of the year, the number of infections increased mainly in large cities, then began to decline. In the second half, however, local governments took priority measures to prevent the spread of the mutant Omicron variant, and the infection situation and its impact varied greatly depending on the timing and region of the outbreak.

Since 2020, the national government has spearheaded efforts to encourage vaccinations and additional booster shots, and the vaccination rate has been increasing with the third-dose rate exceeding 40% in all age groups. However, the efficacy and preventive effect of vaccines against COVID-19, including its variants, are still being verified, and there is no immediate prospect of a turnaround in the current situation.

In the healthcare sector, the number of medical examinations, surgeries, and tests has changed in tandem with the number of COVID-infected patients. Medical institutions are working hard to ensure effective medical care delivery while taking rigorous measures to prevent infections. However, conditions surrounding such institutions, which are our customers, remain challenging, as staff shortages have become the norm due to the uneven distribution of medical personnel and rising turnover rates.

Under these circumstances, the Hogy Medical Group been proposing solutions to foster enhanced efficiency of operations in the medical field, placing the highest priority on customer safety. In the year under review, we adopted a flexible approach in our sales activities according to each medical institution's rules on hospital visits and the infection situation in each region, with the prevention of infections as our top priority. We also gave proper consideration to the safety of customers and employees, including by conducting voluntary regular screening PCR tests for all employees who visit medical institutions.

With respect to revenue, we posted an increase in sales of surgical kit products on the back of steady demand for Premium Kit, our most important strategic product. Premium Kit is a high-value-added offering that allows hospitals to streamline operations—from the preparatory stage to the intraoperative and postoperative stages—while ensuring safety during surgery. Because it supports the activities of medical institutions facing challenging conditions, Premium Kit has been warmly received among customers. Sales of non-woven fabric products decreased due to the negative impact of surgical gowns and infection protection products, such as precaution sets, which saw a sharp increase in demand in the previous year.

As a result, consolidated net sales amounted to ¥36,778 million, up 0.8% from the previous fiscal year. Sales of surgical kit products rose 6.5%, to ¥22,557 million, of which Premium Kit sales jumped 18.4%, to ¥13,314 million. The cost of sales ratio increased from the previous year due to the write-down of inventories and other factors. This was despite a decrease in depreciation expenses associated with construction of a new plant. We also posted a decline in selling, general, and administrative (SG&A) expenses due to restraint of activities aimed at preventing the spread of COVID-19 infections. As a result, operating income rose 8.9%, to ¥6,135 million. Ordinary income increased 5.0%, to ¥6,285 million, due partly to commissions associated with share buybacks conducted during the period. This was despite receiving subsidy income from Ushiku City related to our new surgical kit factory, as in the previous year. Profit attributable to owners of parent fell 11.9%, to ¥4,370 million. This was due to a ¥1,028 million year-on-year decline in extraordinary income compared with the previous year, when we reported a gain on the partial sale of shares.

(Outlook)

Looking ahead, the impact on society and the economy due to the spread of COVID-19, which is becoming a common occurrence, is expected to continue for the time being. While expectations are rising that mass immunization through expanded vaccination and the development and spread of oral drugs will be effective, it is difficult to assume that the situation will improve quickly due to the emergence of new mutant strains and concerns about the spread of infections. For these reasons, we expect business conditions to remain challenging.

Meanwhile, the unstable global situation triggered by Russia's invasion of Ukraine, as well as rising prices of crude oil, natural gas, and other resources, have led to higher costs of materials and utilities. In addition, foreign exchange rate fluctuations have led to higher prices for materials procured overseas, while container shortages and marine transportation costs have continued to rise since the outbreak of COVID-19. With raw material prices entering an upward phase worldwide, it is difficult for us to absorb costs through corporate efforts alone. Under these conditions, the Hogy Medical Group will continue striving to reduce outgoings by cutting costs and improving productivity. At the same time, we will implement price revisions and other measures with top priority on ensuring the stable and continuous supply of products that help maximize value for customers.

The government's revision of medical service fees in fiscal 2022 will incorporate measures to provide advanced and specialized acute care for emergency or severely ill patients. We expect this will accelerate functional differentiation and collaboration among hospitals in the future as Japan's Regional Medical Care Visions takes shape. To address the management issues of highly acute care hospitals and acute care hospitals, where surgeries are likely to be concentrated, we will aggressively propose solutions while highlighting the value provided by Premium Kit. In addition, the shortage of medical personnel and regional maldistribution of medical personnel are becoming more apparent. In response, medical institutions are discussing ways to improve work styles and workplace environments, including measures to reform the way doctors work and regulations on overtime work for nurses. To address these issues faced by our customers, we step up promotion of Premium Kit, which enables hospitals to significantly reduce workloads, thus compensating for workforce shortages and fostering improvements in productivity.

In our overseas business, Hogy Medical Asia Pacific Pte. Ltd. (sales subsidiary in Singapore) and P.T. Hogy Medical Sales Indonesia (sales sub-subsiary in Indonesia) will actively introduce our products to key hospitals in Singapore and other Southeast Asia countries.

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. P.T. Hogy Indonesia (manufacturing subsidiary in Indonesia) will also work to reduce costs by promoting in-house production and improving productivity. However, its cost of sales ratio is expected to increase due to market conditions described earlier.

With respect to our new remanufactured single-use device (R-SUD) business, we will work to speed up the application and approval processes, while at the same promoting commercialization. As of March 31, 2022, we had received five approvals and had one application pending.

Our consolidated forecasts for the fiscal year to March 2023 are shown below. These are based on the assumption that the COVID-19 pandemic will settle down to a certain period degree but may change depending on circumstances. We will disclose any changes promptly if the need arises.

(Consolidated performance forecasts)

Net sales	¥38,720 million	(up 5.3%)
Operating income	¥ 6,510 million	(up 6.1%)
Ordinary income	¥ 6,570 million	(up 4.5%)
Profit attributable to owners of parent	¥ 4,570 million	(up 4.6%)

(2) Financial Position

1) Assets, Liabilities, and Net Assets

At March 31, 2022, total assets amounted to ¥98,967 million, down ¥6,677 million from March 31, 2021. During the period, total current assets declined ¥6,031 million, to ¥35,290 million. This reflected a number of factors, including a ¥6,185 million decrease in cash and bank deposits and a ¥213 million increase in currency swaps. Within fixed assets, tangibles edged down ¥35 million, to ¥52,759 million, reflecting a ¥2,078 million rise in construction in progress—due to capital investments for Stage 2 construction of the new surgical kit plant—as well as an ¥755 million decrease in buildings and structures stemming from depreciation and a ¥1,094 million decrease in machinery and equipment stemming from depreciation. Intangibles decreased ¥415 million, to ¥1,536 million, due mainly to depreciation. Investments and other assets edged down ¥194 million, to ¥9,381 million, mainly reflecting a ¥118 million increase in investment securities due to purchases and market valuations, as well as a ¥134 million decrease in insurance reserve. As a result, total fixed assets ended the period at ¥63,676 million.

At fiscal year-end, total liabilities amounted to ¥18,970 million, up ¥9,278 million. Current liabilities increased ¥1,758 million, to ¥9,348 million, mainly reflecting a ¥1,934 million rise in long-term borrowings due within one year due to borrowing of funds to acquire treasury stock, as well as a ¥278 million decrease in notes and accounts payable. Long-term liabilities rose ¥7,519 million, to ¥9,622 million. This stemmed mainly from a ¥7,667 million increase in long-term borrowings due to borrowing of funds to acquire treasury stock, as well as a ¥218 million decrease in deferred tax liabilities.

Net assets at year-end totaled ¥79,996 million, down ¥15,955 million. Main factors were an ¥18,658 million increase in treasury stock due to purchase of said stock per resolution of the Board of Directors meeting held on March 8, 2021 and February 8, 2022, as well as ¥4,370 million in profit attributable to owners of parent and ¥1,995 million in distributions from retained earnings.

As a result, the equity ratio decreased from 90.8% to 80.8%.

2) Cash Flows

Cash and cash equivalents at the end of the period stood at ¥13,820 million, down ¥6,091 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 ¥8,501 million, up ¥1,647 million from the previous year. Factors in this result included ¥6,286 million in income before income taxes, ¥4,115 million in depreciation, a ¥337 million decrease in accounts payable, a ¥212 million decrease in inventories, and ¥2,089 million in income taxes paid.

(Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥3,812 million, down ¥3,138 million from the previous fiscal year. Main factors included ¥3,048 million in purchase of tangible fixed assets, ¥946 million in purchase of investment securities, and ¥153 million in purchase of intangible fixed assets.

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥11,049 million, up ¥8,549 million from the previous year. Main factors included ¥18,773 million in purchase of treasury stock (per resolution of the Board of Directors meeting held on March 8, 2021 and February 8, 2022), ¥10,000 million in new borrowings (per resolution of the Board of Directors meeting held on February 8, 2022), ¥1,995 million in dividends paid, and ¥117 million in proceeds from disposal of treasury stock associated with our trust-type employee stock ownership incentive plan (E-Ship®).

For the next fiscal year, we expect net cash provided by operating activities to be around ¥9,000 million, net cash used in investing activities of around ¥2,520 million (due mainly to purchases of tangible fixed assets), and net cash used in financing activities of around ¥1,690 million (due mainly to payment of cash dividends).

(Cash Flow Indicators)

	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Equity ratio (%)	88.5	88.0	90.8	80.8
Equity ratio based on market price (%)	123.5	103.1	104.4	107.0
Debt coverage (years)	—	0.0	0.0	1.1
Interest coverage ratio (times)	—	10,224.5	3,288.3	1,292.1

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 2020 (At March 31, 2021)	Fiscal 2021 (At March 31, 2022)
ASSETS		
Current assets		
Cash and bank deposits	¥ 20,549	¥ 14,364
Notes and accounts receivable	11,390	11,341
Goods and merchandise	4,518	4,272
Products in progress	393	428
Materials and supplies	3,893	4,110
Other	576	773
Allowance for doubtful accounts	-0	-0
Total current assets	41,322	35,290
Fixed assets		
Tangibles		
Buildings and structures	46,372	47,131
Accumulated depreciation	-24,039	-25,553
Buildings and structures (net)	22,333	21,578
Machinery and vehicles	43,551	44,445
Accumulated depreciation	-36,383	-38,372
Machinery and vehicles (net)	7,167	6,073
Land	9,580	9,625
Construction in progress	12,697	14,775
Other	5,813	5,781
Accumulated depreciation	-4,798	-5,075
Other (net)	1,015	706
Total tangibles	52,794	52,759
Intangibles		
Software	1,117	672
Software in progress	710	742
Telephone subscription rights	13	13
Other	109	106
Total intangibles	1,951	1,536
Investments and other assets		
Investment securities	7,987	8,105
Guaranty deposit	357	388
Deferred income taxes	175	204
Other	1,063	689
Allowance for doubtful accounts	-7	-7
Total investments and other assets	9,576	9,381
Total fixed assets	64,322	63,676
Total assets	105,644	98,967

(Millions of yen, rounded down)

	Fiscal 2020 (At March 31, 2021)	Fiscal 2021 (At March 31, 2022)
LIABILITIES		
Current liabilities		
Notes and accounts payable	¥ 4,615	¥ 4,336
Long-term debt due within one year	64	1,999
Accrued income tax	1,107	980
Reserve for employees' bonuses	440	398
Reserve for directors' bonuses	80	80
Equipment-related notes payable	266	337
Payables	363	628
Other current liabilities	651	587
Total current liabilities	7,590	9,348
Long-term liabilities		
Long-term borrowings	—	7,667
Deferred income taxes	1,145	927
Liability related to employees' retirement benefits	449	478
Long-term payables	36	32
Other long-term liabilities	471	516
Total long-term liabilities	2,102	9,622
Total liabilities	9,692	18,970
NET ASSETS		
Shareholders' equity		
Common stock	7,123	7,123
Capital surplus	8,336	8,336
Retained earnings	86,149	88,523
Treasury stock	-8,902	-27,561
Total shareholders' equity	92,706	76,422
Valuation/translation gains or losses		
Net unrealized gain or loss on securities	3,340	2,831
Deferred hedging gain or loss	262	261
Translation adjustment	-326	608
Cumulative adjustment related to employees' retirement benefits	-104	-164
Total valuation/translation gains or losses	3,172	3,536
Non-controlling interests	73	37
Total net assets	95,951	79,996
Total liabilities and net assets	¥105,644	¥98,967

(2) Statements of Income and Statements of Comprehensive Income

(Statements of Income)

(Millions of yen, rounded down)

	Fiscal 2020 (April 1, 2020– March 31, 2021)	Fiscal 2021 (April 1, 2021– March 31, 2022)
Net sales	¥36,504	¥36,778
Cost of sales	21,177	21,361
Gross profit	15,326	15,416
Selling, general, and administrative expenses	9,694	9,281
Operating income	5,632	6,135
Other income		
Interest income	63	39
Dividend income	60	45
Foreign exchange gain	10	—
Subsidy income	236	207
Insurance income	2	73
Other	48	40
Total other income	421	406
Other expenses		
Interest expense	2	6
Foreign exchange loss	—	43
Loss on investment partnership	61	90
Treasury stock acquisition cost	1	112
Other	0	3
Total other expenses	65	255
Ordinary income	5,988	6,285
Extraordinary income		
Gain on sales of fixed assets	1	1
Gain on sales of investment securities	1,028	—
Total extraordinary income	1,030	1
Extraordinary expenses		
Loss on disposal of fixed assets	28	1
Total extraordinary expenses	28	1
Income before income taxes	6,989	6,286
Income taxes	2,081	1,952
Income tax adjustment	–21	–0
Total income taxes	2,060	1,951
Profit	4,928	4,334
Profit attributable to non-controlling interests	–30	–35
Profit attributable to owners of parent	4,959	4,370

(Statements of Comprehensive Income)

(Millions of yen, rounded down)

	Fiscal 2020 (April 1, 2020– March 31, 2021)	Fiscal 2021 (April 1, 2021– March 31, 2022)
Profit	¥4,928	¥4,334
Other comprehensive income		
Net unrealized gain or loss on securities	–282	–508
Deferred hedging gain or loss	73	–1
Translation adjustment	–336	935
Adjustment related to employees’ retirement benefits	36	–60
Total other comprehensive income	–509	364
Comprehensive income	4,419	4,699
(Breakdown)		
Comprehensive income attributable owners of parent	4,450	4,734
Comprehensive income attributable to non-controlling interests	–30	–35

(3) Statements of Changes in Shareholders' Equity

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 in parent company's interest in transactions with non-controlling shareholders					
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 in parent company's interest in transactions with non-controlling shareholders							
Changes during term not related to shareholders' equity (net)	-282	73	-336	36	-509	-30	-539
Total changes during term	-282	73	-336	36	-509	-30	2,030
Balance at end of term	¥3,340	¥262	¥-326	¥-104	¥3,172	¥ 73	¥95,951

Fiscal 2021 (April 1, 2021–March 31, 2022)

(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	¥86,149	¥-8,902		¥92,706	
Changes during term in review							
Distribution of retained earnings			-1,995			-1,995	
Profit attributable to owners of parent			4,370			4,370	
Purchase of treasury stock				-18,773		-18,773	
Disposal of treasury stock				114		114	
Changes in parent company's interest in transactions with non-controlling shareholders		0				0	
Changes during term not related to shareholders' equity (net)							
Total changes during term	—	0	2,374	-18,658		-16,284	
Balance at end of term	¥7,123	¥8,336	¥88,523	¥-27,561		¥76,422	
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	¥3,340	¥262	¥-326	¥-104	¥3,172	¥73	¥95,951
Changes during term in review							
Distribution of retained earnings							-1,995
Profit attributable to owners of parent							4,370
Purchase of treasury stock							-18,773
Disposal of treasury stock							114
Changes in parent company's interest in transactions with non-controlling shareholders							0
Changes during term not related to shareholders' equity (net)	-508	-1	935	-60	364	-36	328
Total changes during term	-508	-1	935	-60	364	-36	-15,955
Balance at end of term	¥2,831	¥261	¥608	¥-164	¥3,536	¥37	¥79,996

(4) Statements of Cash Flows

(Millions of yen, rounded down)

	Fiscal 2020 (April 1, 2020– March 31, 2021)	Fiscal 2021 (April 1, 2021– March 31, 2022)
Operating activities		
Income before income taxes	¥6,989	¥ 6,286
Depreciation	4,549	4,115
Increase (decrease) in liability related to employees' retirement benefits	43	–83
Increase (decrease) in allowance for doubtful accounts	0	0
Interest and dividend income	–124	–84
Interest expense	2	6
Loss (gain) on investment partnership	61	90
Foreign exchange gain	–0	49
Loss (gain) on sales of tangible fixed assets	–1	–1
Loss (gain) on disposal of tangible fixed assets	28	1
Loss (gain) on sales of investment securities	–1,028	—
Changes in assets and liabilities:		
Notes and accounts receivable	–79	160
Inventories	–1,050	212
Notes and accounts payable	–28	–337
Accrued consumption tax payables and other	–380	0
Other current assets	115	67
Other current liabilities	–153	–60
Other investments and others	–188	124
Other long-term liabilities	3	38
Other	–0	–70
Subtotal	8,758	10,514
Interest and dividends received	124	83
Interest paid	–2	–6
Incomes taxes paid	–2,025	–2,089
Net cash provided by operating activities	6,854	8,501

(Millions of yen, rounded down)

	Fiscal 2020 (April 1, 2020– March 31, 2021)	Fiscal 2021 (April 1, 2021– March 31, 2022)
Investing activities		
Increase in time deposits	¥ -12	¥ -25
Proceeds from withdrawals from time deposits	78	141
Purchase of investment securities	-929	-946
Proceeds from sales of investment securities	1,409	—
Purchase of tangible fixed assets	-7,350	-3,048
Proceeds from sales of tangible fixed assets	3	2
Purchase of intangible fixed assets	-190	-153
Proceeds from distribution from investment partnership	38	11
Expenditures by loans receivable	-0	-0
Collection of loans receivable	0	0
Proceeds from maturity of insurance funds	—	271
Increase (decrease) in other investments	3	-65
Net cash used in investing activities	-6,950	-3,812
Financing activities		
Proceeds from long-term borrowings	—	10,000
Repayment of long-term borrowings	-110	-398
Proceeds from sale of treasury stock	108	117
Purchase of treasury stock	-453	-18,773
Cash dividends paid	-2,044	-1,995
Other	—	-0
Net cash used in financing activities	-2,500	-11,049
Effect of exchange rate changes on cash and cash equivalents	-150	269
Net change in cash and cash equivalents	-2,746	-6,091
Cash and cash equivalents at beginning of year	22,658	19,911
Cash and cash equivalents at end of year	19,911	13,820

4. Non-Consolidated Financial Statements

(1) Balance Sheets

(Millions of yen, rounded down)

	Fiscal 2020 (At March 31, 2021)	Fiscal 2021 (At March 31, 2022)
ASSETS		
Current assets		
Cash and bank deposits	¥17,766	¥10,839
Notes receivable	6,143	6,066
Accounts receivable	5,040	5,165
Goods and merchandise	4,080	3,759
Products in progress	185	172
Materials and supplies	2,605	2,630
Advances paid	61	57
Prepaid expenses	203	179
Currency swaps	—	213
Exchange contracts	224	268
Other	46	22
Allowance for doubtful accounts	-0	-0
Total current assets	36,357	29,375
Fixed assets		
Tangibles		
Buildings	42,078	42,520
Accumulated depreciation	-20,452	-21,612
Buildings (net)	21,626	20,908
Structures	1,535	1,535
Accumulated depreciation	-1,238	-1,273
Structures (net)	296	262
Machinery and equipment	40,353	40,875
Accumulated depreciation	-33,971	-35,530
Machinery and equipment (net)	6,381	5,345
Vehicles and transport equipment	65	67
Accumulated depreciation	-62	-64
Vehicles and transport equipment (net)	3	3
Tools, instruments, and fixtures	5,493	5,432
Accumulated depreciation	-4,520	-4,771
Tools, instruments, and fixtures (net)	973	660
Land	9,172	9,172
Construction in progress	12,697	14,700
Total tangibles	51,150	51,053
Intangibles		
Software	1,117	672
Software in progress	710	742
Telephone subscription rights	13	13
Other	109	106
Total intangibles	1,951	1,536

(Millions of yen, rounded down)

	Fiscal 2020 (At March 31, 2021)	Fiscal 2021 (At March 31, 2022)
Investments and other assets		
Investment securities	¥ 7,987	¥ 8,030
Shares of affiliated companies	1,242	1,317
Long-term loans	1	1
Bankruptcy rehabilitation claims	0	0
Long-term prepaid expenses	80	40
Guaranty deposit	357	388
Insurance reserve fund	397	263
Golf club memberships	95	95
Currency swaps	63	—
Exchange contracts	150	104
Allowance for doubtful accounts	-7	-7
Total investments and other assets	10,370	10,235
Total fixed assets	63,472	62,824
Total assets	99,829	92,200
LIABILITIES		
Current liabilities		
Notes payable	¥ 2,578	¥ 2,378
Accounts payable	2,303	2,085
Long-term borrowings due within one year	64	1,999
Long-term borrowings of affiliates due within one year	—	1,836
Accrued payables	363	628
Accrued expenses	210	210
Accrued income tax	1,032	954
Accrued consumption tax	155	155
Advances received	0	0
Deposits received	29	30
Reserve for employees' bonuses	440	398
Reserve for directors' bonuses	80	80
Equipment-related notes payable	266	337
Other current liabilities	56	—
Total current liabilities	7,583	11,096
Long-term liabilities		
Long-term borrowings	—	7,667
Long-term borrowings of affiliates	1,660	—
Deferred income taxes	1,146	927
Long-term payables	36	32
Other long-term liabilities	441	498
Total long-term liabilities	3,284	9,127
Total liabilities	10,867	20,223

(Millions of yen, rounded down)

	Fiscal 2020 (At March 31, 2021)	Fiscal 2021 (At March 31, 2022)
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	58,936	61,121
Total retained earnings	78,801	80,985
Treasury stock	-8,902	-27,561
Total shareholders' equity	85,358	68,883
Valuation/translation gains or losses		
Net unrealized gain or loss on securities	3,340	2,831
Deferred hedging gain or loss	262	261
Total valuation/translation gains or losses	3,603	3,093
Total net assets	88,962	71,977
Total liabilities and net assets	99,829	92,200

(2) Statements of Income

(Millions of yen, rounded down)

	Fiscal 2020 (April 1, 2020– March 31, 2021)	Fiscal 2021 (April 1, 2021– March 31, 2022)
Net sales		
Product sales	¥33,580	¥34,019
Commodity sales	2,233	2,060
Total net sales	35,813	36,080
Cost of sales		
Product inventory at beginning of term	2,171	2,572
Commodity inventory at beginning of term	636	780
Manufacturing costs during term	20,952	20,340
Commodity purchases during term	1,551	1,356
Total	25,311	25,049
Transfer to other accounts	644	594
Product inventory at end of term	2,572	2,392
Commodity inventory at end of term	780	674
Total cost of sales	21,313	21,387
Gross profit	14,499	14,692
Selling, general, and administrative expenses	9,455	9,031
Operating income	5,043	5,661
Other income		
Interest income	25	27
Dividend income	263	268
Foreign exchange gain	5	—
Subsidy income	236	207
Insurance income	—	73
Other	35	32
Total other income	566	609
Other expenses		
Interest expense	23	30
Foreign exchange loss	—	44
Loss on investment partnership	61	90
Treasury stock acquisition cost	1	112
Total other expenses	87	276
Ordinary income	5,522	5,993
Extraordinary income		
Gain on sales of fixed assets	—	1
Gain on sales of investment securities	1,028	—
Total extraordinary income	1,028	1
Extraordinary expenses		
Loss on disposal of fixed assets	28	1
Total extraordinary expenses	28	1
Income before income taxes	6,522	5,994
Income taxes	1,890	1,814
Income tax adjustment	–36	–0
Total income taxes	1,853	1,814
Net income	4,669	4,179

(3) Statements of Changes in Shareholders' Equity

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			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	¥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

Fiscal 2021 (April 1, 2021–March 31, 2022)

(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	¥58,936	¥78,801	¥-8,902	¥85,358	
Changes during term in review										
Distribution of retained earnings						-1,995	-1,995		-1,995	
Net income						4,179	4,179		4,179	
Purchase of treasury stock								-18,773	-18,773	
Disposal of treasury stock								114	114	
Changes during term not related to shareholders' equity (net)										
Total changes during term	—	—	—	—	—	2,184	2,184	-18,658	-16,474	
Balance at end of term	¥7,123	¥8,336	¥8,336	¥564	¥19,300	¥61,121	¥80,985	¥-27,561	¥68,883	

	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	¥3,340	¥262	¥3,603	¥88,962
Changes during term in review				
Distribution of retained earnings				-1,995
Net income				4,179
Purchase of treasury stock				-18,773
Disposal of treasury stock				114
Changes during term not related to shareholders' equity (net)				
	-508	-1	-510	-510
Total changes during term	-508	-1	-510	-16,984
Balance at end of term	¥2,831	¥261	¥3,093	¥71,977