

**Summary of Financial Statements for the Fiscal Year  
Ended March 31, 2021**



May 14, 2021

|                                       |  |                          |   |
|---------------------------------------|--|--------------------------|---|
| Listed company name                   | SEIKOH GIKEN Co., Ltd.                         | Listed market            | JASDAQ  |
| Code number                           | 6834   | URL                      | <a href="https://www.seikoh-giken.co.jp">https://www.seikoh-giken.co.jp</a> |
| Representative                        | (Title) President & CEO                        | (Name)                   | Masatoshi Ueno  |
| Inquiries                             | (Title) Executive Officer & Department Manager | (Name)                   | Yuji Saitoh   |
| Date of general shareholders' meeting | June 18, 2021                                  | Date of dividend payment | June 21, 2021   |
| Date of securities report submission  | June 18, 2021                                  |                          |   |

(All amounts rounded down to the nearest million yen.)

1. Consolidated business results for the fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Consolidated business performance

(Percentage figures show the changes from the previous year.)

|                           | Net sales   |       | Operating profit |        | Ordinary profit |        | Net profit  |        |
|---------------------------|-------------|-------|------------------|--------|-----------------|--------|-------------|--------|
|                           | Million yen | %     | Million yen      | %      | Million yen     | %      | Million yen | %      |
| Year ended March 31, 2021 | 14,818      | (5.8) | 1,324            | (17.9) | 1,431           | (15.2) | 983         | (14.7) |
| Year ended March 31, 2020 | 15,729      | 1.5   | 1,614            | (0.3)  | 1,688           | (3.8)  | 1,152       | (6.5)  |

|                           | Net profit per share | Fully diluted net profit per share | Net profit ratio per shareholders' equity | Ordinary profit ratio to total assets | Operating profit ratio to sales amount |
|---------------------------|----------------------|------------------------------------|---|---------------------------------------|--|
|                           | Yen                  | Yen                                | %   | %                                     | %                                      |
| Year ended March 31, 2021 | 107.88               | 107.67                             | 4.1                                       | 5.0                                   | 8.9                                    |
| Year ended March 31, 2020 | 125.78               | 125.17                             | 5.0                                       | 6.1                                   | 10.3                                   |

(2) Consolidated financial position

|                           | Total assets | Net assets  | Shareholders' equity ratio | Net assets per share |
|---------------------------|--------------|-------------|----------------------------|----------------------|
|                           | Million yen  | Million yen | %                          | Yen                  |
| Year ended March 31, 2021 | 28,966       | 24,213      | 83.3                       | 2,645.78             |
| Year ended March 31, 2020 | 27,744       | 23,528      | 84.5                       | 2,571.49             |

(Reference) Shareholders' equity Year ended March 31, 2021 24,137 million yen Year ended March 31, 2020 23,451 million yen

(3) Consolidated cash flow

|                           | Cash flow from operating activities | Cash flow from investing activities | Cash flow from financing activities | Cash and cash equivalents at the end of the period |
|---------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|
|                           | Million yen                         | Million yen                         | Million yen                         | Million yen  |
| Year ended March 31, 2021 | 2,374                               | (626)                               | (411)                               | 4,877  |
| Year ended March 31, 2020 | 2,225                               | (1,752)                             | (685)                               | 3,550  |

2. Dividend status

| (Base date)                           | Dividend per share       |                           |                          |                 |           | Gross dividend amount (annual) | Dividend propensity (consolidated) | Dividend ratio to net assets (consolidated) |
|---------------------------------------|--------------------------|---------------------------|--------------------------|-----------------|-----------|--------------------------------|------------------------------------|---|
|                                       | End of the first quarter | End of the second quarter | End of the third quarter | End of the year | Full year |                                |                                    |   |
|                                       | Yen                      | Yen                       | Yen                      | Yen             | Yen       | Million yen                    | %                                  | %   |
| Year ended March 31, 2020             | –                        | 0.00                      | –                        | 40.00           | 40.00     | 368                            | 31.8                               | 1.6   |
| Year ended March 31, 2021             | –                        | 0.00                      | –                        | 40.00           | 40.00     | 368                            | 37.1                               | 1.5   |
| Year ending March 31, 2022 (Forecast) | –                        | 0.00                      | –                        | 40.00           | 40.00     |                                | 33.2                               |   |

3. Forecast of consolidated business performance for the year ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(Percentage figures for "Full year" show the changes from the previous year,

and percentage figures for "Half year" show the changes from the previous interim period.)

|           | Sales amount |   | Operating profit |   | Ordinary profit |   | Net profit  |   | Net profit per share |
|-----------|--------------|---|------------------|---|-----------------|---|-------------|---|----------------------|
|           | Million yen  | % | Million yen      | % | Million yen     | % | Million yen | % | Yen                  |
| Half year | 7,920        | – | 720              | – | 780             | – | 500         | – | 54.82                |
| Full year | 16,890       | – | 1,550            | – | 1,640           | – | 1,100       | – | 120.61               |

(Note) Because the Company will apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. from the beginning of the fiscal year ending March 31, 2022, the consolidated financial forecast above is the amount after the application of the said accounting standard, etc., and the rate of change from the previous fiscal year and the same quarter of the previous year is not stated.

## 1. Summary of business results, etc.

### (1) Business results in the fiscal year under review

During the fiscal year under review, the global economy generally showed a recovery trend in the second half of the fiscal year, despite a significant decline in the first half of the fiscal year due to the global spread of COVID-19. In the US, while the number of people infected with COVID-19 was the highest in the world, economic activity resumed due to additional economic measures and the dissemination of vaccines by the new Biden administration, which was started in January 2021, and corporate orders and production, personal consumption, and employment also recovered. China has quickly recovered from the impact of COVID-19, and this combined with proactive national policies allowed corporate exports and capital investment to recover rapidly since the spring of 2020. Despite the prolonged restrictions on activities in European countries, exports have picked up against the backdrop of improved external demand, and the economy has started to recover, albeit gradually, particularly in the manufacturing sector. In Japan, although personal service-related industries continued to face a difficult operating environment due to repeated declarations of a state of emergency and the disappearance of inbound tourism demand, business sentiment improved toward the latter half of the fiscal year in the information and telecommunications, electronic components, automobile, and other manufacturing industries due to increased remote work and rising external demand.

In the information and telecommunications-related markets and electronics related-markets relevant to the Group, base stations and optical communication networks were being developed in countries around the world in preparation for the full-scale operation of 5G. In Japan, several manufacturers have released new smartphone models compatible with 5G. In addition, demand for laptops and tablet devices increased as remote work expanded as a countermeasure against the spread of the COVID-19. In addition, DX (digital transformation), which is a drastic change in corporate business models and ways of providing value by improving productivity and saving manpower through the use of IT technology and digital data, has also advanced. Meanwhile, the automotive-related market is facing a major turning point, known as CASE (connected, autonomous, shared, and electric). In the period under review, several countries and cities have set targets to achieve gasoline-free vehicles in order to achieve carbon neutrality. Although demand for automobiles is on an upward trend, especially in China and the US, there is a sense of uncertainty about the future due to tightness in semiconductors and resin materials distributed in the market.

In this environment, the Group continued to work on promoting measures under its 6-year medium-term management plan "Master Plan 2016" initiated in fiscal year 2016, calling for "Strengthening the earning power of existing businesses," "Optimizing the business portfolio," and "Reinforcing the management base."

In order to strengthen the earning power of existing businesses, in two segments, the Precision Machinery Business (with main products in molded products, molds, and precision metal processed parts) and the Optical Products Business (with main products in optical communication network components, related equipment, lenses, optical transmission equipment, and optical electric field sensors), in addition to strengthening our sales and price competitiveness, we have applied the Company's technological resources of precision processing, precision molding, and optical technologies to develop new products and technologies that meet the needs of the market and customers.

In order to optimize the business portfolio, we have worked to strengthen partnerships with customers and partner companies to evolve our precision resin molded products and lenses, which are positioned as growth potential business, into growth driver businesses. At the same time, in order to create next-generation businesses that will promote the Group's sustainable growth, we also sought M&A and business partners to invest the funds acquired in growth driver businesses and income generator businesses.

In order to reinforce the management base, we actively used web conferences to promote communication among Group companies to share values and discuss solutions to business issues. At the Head Office, we continued to implement bottom-up improvement activities through sub-group activities and promoted flexible work schedules for work style reform to create a robust organizational structure to obtain more profits in a shorter period of time.

In parallel with these measures, all Group bases established protective measures against COVID-19 such as the implementation of remote work for a part of employees, restrictions on business trips, curbs on incoming visitor traffic, promotion of private car commuting and staggered work, use of non-contact thermometers to check temperature at work, and two lunch periods to avoid overcrowding in the cafeteria, mandatory wearing of masks, and thorough hand washing. However, in December 2020, several positive cases of COVID-19 occurred at our domestic subsidiary, Fuji Electronics Industries Co., Ltd. Based on the guidance of the health center, we promptly disinfected the workplaces concerned and common facilities, and there was no impact on production.

As a result of the various measures implemented, consolidated net sales in the period under review decreased 5.8% to 14,818,029 thousand yen, operating income decreased 17.9% to 1,324,727 thousand yen, ordinary income decreased 15.2% to 1,431,741 thousand yen, and net income attributable to shareholders of the parent company decreased 14.7% to 983,885 thousand yen.

Segment performances developed as follows.

(1) Precision Machinery Business

The Precision Machinery Business provides customers with press molding of metallic materials, precision molded products that utilize technologies such as insert molding for shaping objects consisting of combinations of resin and metals, high-quality molds for efficient mass production of molded products, and metal parts that require high dimensional accuracy. During the fiscal year under review, the Company increased sales of core elements of sensors that detect fuel injection pressure, brake pressure, sunlight, and other factors in automobiles, as well as in-vehicle insert-molded products such as cases for engine control units that electronically control fuel supply. The plant opened in Chitose City, Hokkaido in 2016 is also steadily increasing its production volume. On the other hand, sales of metal pressed molded products used for keyboards and other components of smartphones and mobile devices decreased due to shrinking demand in India and Europe, which are the consumption areas of smartphones, as a result of COVID-19, and because some customers stopped operating their plants. In terms of development, we have applied precision mold technology, thin-wall molding technology, and micro-transfer technology that applies micron-level unevenness to resin molded products, which we have cultivated since our founding, to solve technical problems for mass production of new products together with customers in automotive, medical, bio science, and other industrial fields.

As a result, net sales at the Precision Machinery Business in the period under review marked 8,675,946 thousand yen (1.5% decrease compared with the previous fiscal year).

(2) Optical Products Business

The Optical Products Business provides customers with products such as optical connectors and other connection components used in optical communication infrastructure, manufacturing equipment for these optical communication components, inspection and measurement devices, optical electric field sensors that accurately measure the distribution of electric field strength, optical transmission equipment for stable live transmission of radio waves for TVs and cell phones, and micro resin lenses used in smartphones and other devices. Currently, demand for optical communication components that connect base stations and data centers is on the rise on a global scale in preparation for the full-scale commercialization of 5G. In response, our China-based subsidiaries have seen a rapid recovery in sales of optical communication components since the spring of 2020, when the spread of COVID-19 in China subsided. However, some customers in North and South America and Europe, where the effects of COVID-19 are lingering, experienced stagnant operation rates, and some customers became cautious towards capital investment due to uncertainty about the future, resulting in a decline in sales of optical connector polishing machines and measuring equipment. In development, we conducted trial production aimed at the commercialization of optical electric field sensors that measure the strength of high-frequency radio waves emitted from 5G base station antennas.

As a result, net sales at the Optical Products Business in the period under review marked 6,142,083 thousand yen (-11.3% compared with the previous fiscal year).

(2) Financial status in the period under review

[Assets]

Consolidated assets at the end of the period under review totaled 28,966,138 thousand yen, reflecting an increase of 1,221,383 thousand yen compared with the end of the previous fiscal year. Current assets marked 19,026,406 thousand yen, an increase of 1,687,175 thousand yen compared with the end of the previous fiscal year. This was mainly due to an increase in cash and deposits and notes and accounts receivable-trade. Non-current assets decreased 465,792 thousand yen compared with the end of the previous fiscal year to 9,939,731 thousand yen. The main factor was progressing depreciation of buildings and machinery and amortization of goodwill.

[Liabilities]

Consolidated liabilities at the end of the period under review totaled 4,752,746 thousand yen, reflecting an increase of 536,075 thousand yen compared with the end of the previous fiscal year. Main factors were an increase in accounts payable for materials purchases due to an increase in orders received, and an increase in lease obligations as a result of a subsidiary renewing its office lease contract.

[Net assets]

Consolidated net assets at the end of the period under review totaled 24,213,391 thousand yen, reflecting an increase of 685,308 thousand yen compared with the end of the previous fiscal year. Main factor was an increase in retained earnings.

### (3) Cash flows in the period under review

Consolidated cash and cash equivalents at the end of the period under review totaled 4,877,382 thousand yen, which was 1,327,006 thousand yen higher than at the end of the previous fiscal year. Status of cash flows and underlying factors developed as follows.

#### [Cash flows from operating activities]

Net cash provided by operating activities totaled 2,374,046 thousand yen (compared with an increase of 2,225,752 thousand yen in the previous fiscal year). Main factors providing cash from operating activities were 1,434,718 thousand yen in income before income taxes, 1,235,570 thousand yen in depreciation, 306,581 thousand yen in amortization of goodwill, and a 267,184 thousand yen increase in accounts payable-trade. Main factors using cash were 530,530 thousand yen in income taxes paid, a 407,778 thousand yen increase in accounts receivable-trade, and a 117,488 thousand yen increase in inventories.

#### [Cash flows from investing activities]

Net cash used in investing activities was 626,188 thousand yen (compared with a decrease of 1,752,988 thousand yen in the previous fiscal year). Main factors were 831,600 thousand yen in purchase of property, plant and equipment, specifically machinery, etc.

#### [Cash flows from financing activities]

Net cash used in financing activities was 411,245 thousand yen (compared with a decrease of 685,909 thousand yen in the previous fiscal year). The main factor was 368,622 thousand yen in dividends paid.

### (4) Outlook

COVID-19, which has been spreading worldwide since the beginning of 2020, has subsided in some countries and regions such as China. On the other hand, in South America, India, and other countries, the number of newly infected people continues to increase, and consumption and production have stagnated as a result. Although vaccinations have begun in countries around the world, it is expected to take a considerable amount of time before the movement of people and goods between countries becomes free and the global economy returns to the state it was in before the outbreak of COVID-19.

In the telecommunications and electronic equipment markets, where the Group operates, the spread and expansion of optical communication networks and 5G-compatible mobile terminals is expected ahead of the full-scale operation of the new 5G mobile communication standard. In the automotive-related market, the spread of eco-friendly electric vehicles and hydrogen vehicles is expected to advance, and the development of automated driving technology is expected to accelerate in order to achieve driving environments of higher comfort and safety. On the other hand, the supply of semiconductors and resin materials is tight at present, and there is a possibility that price hikes in purchasing and delays in materials deliveries may become a point of concern in the future.

The fiscal year ending March 31, 2022 (April 1, 2021 to March 31, 2022) will mark the 50th fiscal year of the Group and the final year of the six-year medium-term management plan "Master Plan 2016," which we have been working on since the fiscal year ended March 31, 2017. Consolidated results projections for the Group for the next fiscal year call for net sales of 16,890 million yen, with operating income of 1,550 million yen, ordinary income of 1,640 million yen, and 1,100 million yen in net income attributable to shareholders of the parent company. The management targets of net sales of 25 billion yen and operating income of 2.5 billion yen or more, which were set in the medium-term management plan "Master Plan 2016", are expected to unfortunately be unachievable, due to the effects of the US-China trade friction and COVID-19 that occurred during the period under review, as well as delays in developing new customers and launching new products. We will continue to work on strengthening the earning power of existing businesses, optimizing the business portfolio, and reinforcing the management base, in order to build a foundation to become a business group that will grow continuously for the next 50 years.

As for the impact of COVID-19 on the outlook for the next fiscal year, we expect a slight negative impact to remain throughout the year due to the inability to conduct overseas business trips and face-to-face sales, and the prospect of continued stagnation in consumption and production in countries where the infection is spreading rapidly. If the spread of the infection is prolonged due to factors such as the spread of virus variants, and demand become even more weak, actual results could deviate from estimates.

Because the Group will apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) from the beginning of the fiscal year ending March 31, 2022, the consolidated financial forecast above is the amount after the application of the said accounting standard.

## 2. Fundamental concepts concerning the selection of accounting standards

With consideration of the inter-periodic comparability and inter-company comparability of consolidated financial statements, for the time being, it remains the fundamental policy of the Company to prepare its consolidated financial statements in accordance with Japan-GAAP.

With respect to the application of IFRS, it is the policy of the Company that appropriate action will be taken with consideration of the situations in Japan and overseas.

## 4. Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Unit: Thousands of yen)

|  | Previous Consolidated Accounting Year<br>(As of March 31, 2020) | Current Consolidated Accounting Year<br>(As of March 31, 2021) |
|--|---|--|
| <b>Assets</b>                              |   |  |
| Current assets                             |   |  |
| Cash and deposits                          | 11,066,728  | 12,256,376   |
| Notes and accounts receivable-trade        | 3,366,856   | 3,820,846  |
| Merchandise and finished goods             | 690,424   | 732,157  |
| Work in process                            | 619,794   | 617,725  |
| Raw materials and supplies                 | 788,100   | 884,015  |
| Income taxes receivable                    | 111,786   | 82,179   |
| Other                                      | 697,137   | 634,461  |
| Allowance for doubtful accounts            | (1,596)   | (1,355)  |
| <b>Total current assets</b>                | <b>17,339,230</b>   | <b>19,026,406</b>  |
| Noncurrent assets                          |   |  |
| Property, plant and equipment              |   |  |
| Buildings and structures                   | 6,632,188   | 6,763,302  |
| Accumulated depreciation                   | (4,181,365)   | (4,365,095)  |
| Buildings and structures, net              | 2,450,822   | 2,398,207  |
| Machinery, equipment and vehicles          | 6,767,219   | 7,032,783  |
| Accumulated depreciation                   | (4,808,719)   | (4,994,197)  |
| Machinery, equipment and vehicles, net     | 1,958,500   | 2,038,585  |
| Land                                       | 2,335,796   | 2,335,796  |
| Construction in progress                   | 542,114   | 379,682  |
| Other                                      | 5,984,957   | 6,277,842  |
| Accumulated depreciation                   | (5,276,238)   | (5,534,778)  |
| Other, net                                 | 708,718   | 743,063  |
| <b>Total property, plant and equipment</b> | <b>7,995,952</b>  | <b>7,895,334</b>   |
| Intangible assets                          |   |  |
| Goodwill                                   | 1,061,590   | 764,626  |
| Customer related assets                    | 212,891   | 145,662  |
| Other                                      | 79,082  | 61,035   |
| <b>Total intangible assets</b>             | <b>1,353,564</b>  | <b>971,323</b>   |
| Investments and other assets               |   |  |
| Investment securities                      | 45,634  | 69,543   |
| Real estate for investment, net            | 884,557   | 852,747  |
| Other                                      | 125,815   | 150,782  |
| <b>Total investments and other assets</b>  | <b>1,056,007</b>  | <b>1,073,073</b>   |
| <b>Total noncurrent assets</b>             | <b>10,405,523</b>   | <b>9,939,731</b>   |
| <b>Total assets</b>                        | <b>27,744,754</b>   | <b>28,966,138</b>  |

(Unit: Thousands of yen)

|   | Previous Consolidated Accounting Year<br>(As of March 31, 2020) | Current Consolidated Accounting Year<br>(As of March 31, 2021) |
|---|---|--|
| <b>Liabilities</b>                                    |   |  |
| <b>Current liabilities</b>                            |   |  |
| Accounts payable-trade                                | 1,563,813   | 1,834,628  |
| Income taxes payable                                  | 227,274   | 224,241  |
| Reserve for bonuses                                   | 111,357   | 112,241  |
| Other   | 1,048,372   | 1,204,716  |
| <b>Total current liabilities</b>                      | <b>2,950,817</b>  | <b>3,375,826</b>   |
| <b>Noncurrent liabilities</b>                         |   |  |
| Pension liabilities                                   | 937,909   | 958,428  |
| Provision for stock awards for corporate officers     | 65,399  | 85,054   |
| Long-term accounts payable-other                      | 144,870   | 144,870  |
| Long-term lease deposited                             | 19,037  | 19,037   |
| Deferred tax liability                                | 28,918  | 27,911   |
| Other   | 69,719  | 141,618  |
| <b>Total noncurrent liabilities</b>                   | <b>1,265,853</b>  | <b>1,376,919</b>   |
| <b>Total liabilities</b>                              | <b>4,216,671</b>  | <b>4,752,746</b>   |
| <b>Net assets</b>                                     |   |  |
| <b>Shareholders' equity</b>                           |   |  |
| Capital stock   | 6,791,682   | 6,791,682  |
| Capital surplus                                       | 10,624,801  | 10,624,196   |
| Retained earnings                                     | 6,508,894   | 7,124,121  |
| Treasury stock  | (564,553)   | (555,460)  |
| <b>Total Shareholders' equity</b>                     | <b>23,360,825</b>   | <b>23,984,540</b>  |
| <b>Accumulated other comprehensive income</b>         |   |  |
| Valuation difference on available-for-sale securities | (624)   | 15,340   |
| Foreign currency translation adjustment               | 165,282   | 193,521  |
| Cumulative pension adjustment amount                  | (74,327)  | (55,411)   |
| <b>Total accumulated other comprehensive income</b>   | <b>90,331</b>   | <b>153,450</b>   |
| <b>Subscription rights to shares</b>                  | <b>58,788</b>   | <b>56,468</b>  |
| <b>Equity of non-controlling shareholders</b>         | <b>18,137</b>   | <b>18,932</b>  |
| <b>Total net assets</b>                               | <b>23,528,083</b>   | <b>24,213,391</b>  |
| <b>Total liabilities and net assets</b>               | <b>27,744,754</b>   | <b>28,966,138</b>  |

## (2) Consolidated Income Statement

(Unit: Thousands of yen)

|  | Previous Consolidated Accounting Year<br>(from April 1, 2019 to March 31, 2020) | Current Consolidated Accounting Year<br>(from April 1, 2020 to March 31, 2021) |
|--|---|--|
| Sales amount   | 15,729,674  | 14,818,029   |
| Cost of sales  | 10,600,428  | 10,223,090   |
| Gross profit   | 5,129,246   | 4,594,939  |
| Selling, general and administrative expenses                                 | 3,515,098   | 3,270,212  |
| Operating income   | 1,614,147   | 1,324,727  |
| Non-operating income   |   |  |
| Interest income  | 24,054  | 21,345   |
| Dividends income   | 1,018   | 1,063  |
| Compensation received  | 21,400  | -  |
| Royalties received   | 2,452   | 501  |
| Income from subsidiaries   | 34,604  | 29,185   |
| Subsidy income   | -   | 23,784   |
| Rent of real estate for investment   | 55,995  | 53,198   |
| Equity in earnings of affiliates   | -   | 2,270  |
| Other  | 15,737  | 21,346   |
| Total non-operating income   | 155,265   | 152,696  |
| Non-operating expenses   |   |  |
| Cost of real estate rent   | 29,069  | 12,337   |
| Foreign exchange losses  | 10,906  | 20,731   |
| Equity in losses of affiliates   | 2,586   | -  |
| Compensation expenses  | 34,511  | -  |
| Loss on retirement of non-current assets                                     | -   | 9,928  |
| Other  | 3,505   | 2,685  |
| Total non-operating expenses   | 80,579  | 45,682   |
| Ordinary income  | 1,688,833   | 1,431,741  |
| Extraordinary income   |   |  |
| Gain on sales of noncurrent assets   | 3,333   | 4,407  |
| Total extraordinary income   | 3,333   | 4,407  |
| Extraordinary loss   |   |  |
| Loss on disposition of non-current assets                                    | 926   | 1,431  |
| Total extraordinary losses   | 926   | 1,431  |
| Net income before income taxes and minority interests                        | 1,691,240   | 1,434,718  |
| Income taxes-current   | 517,260   | 479,407  |
| Income taxes-deferred  | 15,591  | (32,536)   |
| Total income taxes   | 532,852   | 446,870  |
| Net income for the period  | 1,158,388   | 987,847  |
| Net income for the period attributable to non-controlling shareholders       | 5,547   | 3,961  |
| Net income for the period attributable to shareholders of the parent company | 1,152,840   | 983,885  |

## (Statement of Consolidated Comprehensive Income)

(Unit: Thousands of yen)

|   | Previous Consolidated Accounting Year<br>(from April 1, 2019 to March 31, 2020) | Current Consolidated Accounting Year<br>(from April 1, 2020 to March 31, 2021) |
|---|---|--|
| Net income for the quarter  | 1,158,388   | 987,847  |
| Other comprehensive income  |   |  |
| Net unrealized holding gains on securities                        | (4,678)   | 15,965   |
| Foreign currency translation adjustments                          | (140,092)   | 28,238   |
| Cumulative adjustment of retirement benefits                      | (64,721)  | 18,915   |
| Total other comprehensive income                                  | (209,491)   | 63,119   |
| Comprehensive income  | 948,896   | 1,050,966  |
| (Items)   |   |  |
| Comprehensive income attributable to owners of the parent         | 943,897   | 1,046,539  |
| Comprehensive income attributable to non-controlling shareholders | 4,998   | 4,426  |



## 3) Consolidated Statements of Changes in Net Assets

Previous Consolidated Accounting Year (from April 1, 2019 to March 31, 2020)

(Unit: Thousands of yen)

|  | Shareholders' equity |                 |                   |                |                            |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the end of previous period  | 6,791,682            | 10,571,419      | 5,634,918         | (169,267)      | 22,828,753                 |
| Changes of items during the period   |                      |                 |                   |                |                            |
| Distribution of surplus  |                      |                 | (278,864)         |                | (278,864)                  |
| Net income for the period attributable to shareholders of the parent company |                      |                 | 1,152,840         |                | 1,152,840                  |
| Purchase of treasury stock   |                      |                 |                   | (424,256)      | (424,256)                  |
| Disposal of treasury share   |                      | 53,381          |                   | 28,970         | 82,352                     |
| Net change during the period in items other than shareholders' equity        |                      |                 |                   |                |                            |
| Total changes of items during the period                                     | —                    | 53,381          | 873,976           | (395,285)      | 532,072                    |
| Balance at the end of current period   | 6,791,682            | 10,624,801      | 6,508,894         | (564,553)      | 23,360,825                 |

|  | Accumulated other comprehensive income                |   |  |  | Subscription rights to shares | Equity of non-controlling shareholders | Total net assets |
|--|---|---|--|--|-------------------------------|--|------------------|
|  | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Cumulative adjustment of retirement benefits | Total accumulated other comprehensive income |                               |  |                  |
| Balance at the end of previous period  | 4,054   | 305,374                                 | (9,605)                                      | 299,822                                      | 59,140                        | 17,069                                 | 23,204,786       |
| Changes of items during the period   |   |   |  |  |                               |  |                  |
| Distribution of surplus  |   |   |  |  |                               |  | (278,864)        |
| Net income for the period attributable to shareholders of the parent company |   |   |  |  |                               |  | 1,152,840        |
| Purchase of treasury stock   |   |   |  |  |                               |  | (424,256)        |
| Disposal of treasury share   |   |   |  |  |                               |  | 82,352           |
| Net change during the period in items other than shareholders' equity        | (4,678)   | (140,092)                               | (64,721)                                     | (209,491)                                    | (351)                         | 1,067                                  | (208,775)        |
| Total changes of items during the period                                     | (4,678)   | (140,092)                               | (64,721)                                     | (209,491)                                    | (351)                         | 1,067                                  | 323,296          |
| Balance at the end of current period   | (624)   | 165,282                                 | (74,327)                                     | 90,331                                       | 58,788                        | 18,137                                 | 23,528,083       |

## Current Consolidated Accounting Year (April 1, 2020 to March 31, 2021)

(Unit: Thousands of yen)

|  | Shareholders' equity |                 |                   |                |                            |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the end of previous period  | 6,791,682            | 10,624,801      | 6,508,894         | (564,553)      | 23,360,825                 |
| Changes of items during the period   |                      |                 |                   |                |                            |
| Distribution of surplus  |                      |                 | (368,658)         |                | (368,658)                  |
| Net income for the period attributable to shareholders of the parent company |                      |                 | 983,885           |                | 983,885                    |
| Purchase of treasury stock   |                      |                 |                   | (141)          | (141)                      |
| Disposal of treasury share   |                      | (605)           |                   | 9,234          | 8,629                      |
| Net change during the period in items other than shareholders' equity        |                      |                 |                   |                |                            |
| Total changes of items during the period                                     | —                    | (605)           | 615,227           | 9,093          | 623,715                    |
| Balance at the end of current period   | 6,791,682            | 10,624,196      | 7,124,121         | (555,460)      | 23,984,540                 |

|  | Accumulated other comprehensive income                |   |  |  | Subscription rights to shares | Equity of non-controlling shareholders | Total net assets |
|--|---|---|--|--|-------------------------------|--|------------------|
|  | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Cumulative adjustment of retirement benefits | Total accumulated other comprehensive income |                               |  |                  |
| Balance at the end of previous period  | (624)   | 165,282                                 | (74,327)                                     | 90,331                                       | 58,788                        | 18,137                                 | 23,528,083       |
| Changes of items during the period   |   |   |  |  |                               |  |                  |
| Distribution of surplus  |   |   |  |  |                               |  | (368,658)        |
| Net income for the period attributable to shareholders of the parent company |   |   |  |  |                               |  | 983,885          |
| Purchase of treasury stock   |   |   |  |  |                               |  | (141)            |
| Disposal of treasury share   |   |   |  |  |                               |  | 8,629            |
| Net change during the period in items other than shareholders' equity        | 15,965  | 28,238                                  | 18,915                                       | 63,119                                       | (2,320)                       | 794                                    | 61,593           |
| Total changes of items during the period                                     | 15,965  | 28,238                                  | 18,915                                       | 63,119                                       | (2,320)                       | 794                                    | 685,308          |
| Balance at the end of current period   | 15,340  | 193,521                                 | (55,411)                                     | 153,450                                      | 56,468                        | 18,932                                 | 24,213,391       |

## (4) Consolidated Statement of Cash Flows

(Unit: Thousands of yen)

|  | Previous Consolidated Accounting Year<br>(from April 1, 2019 to March 31, 2020) | Current Consolidated Accounting Year<br>(from April 1, 2020 to March 31, 2021) |
|--|---|--|
| Net cash provided by (used in) operating activities                      |   |  |
| Income before income taxes and minority interest                         | 1,691,240   | 1,434,718  |
| Depreciation and amortization  | 1,179,307   | 1,235,570  |
| Amortization of goodwill   | 304,657   | 306,581  |
| Interest and dividends income  | (25,073)  | (22,408)   |
| Investment loss (gain) on equity method                                  | 2,586   | (2,270)  |
| Property rents received  | (55,995)  | (53,198)   |
| Compensation received  | (21,400)  | -  |
| Loss (gain) on sales of noncurrent assets                                | (34,604)  | (29,185)   |
| Subsidy income   | -   | (23,784)   |
| Compensation paid  | 34,511  | -  |
| Increase (decrease) in allowance for doubtful accounts                   | (2,407)   | (2,976)  |
| Loss on retirement of non-current assets                                 | -   | 9,928  |
| Increase (decrease) in provisioning for bonuses                          | (650)   | (221)  |
| Increase (decrease) in provision for retirement benefits                 | 4,743   | 884  |
| Increase (decrease) in pension liabilities                               | 34,032  | 39,434   |
| Increase (decrease) in provisions for stock awards to corporate officers | 21,865  | 19,654   |
| Foreign exchange losses (gains)  | 13,186  | (15,578)   |
| Decrease (increase) in notes and accounts receivable-trade               | 118,728   | (407,778)  |
| Decrease (increase) in inventories                                       | (195,319)   | (117,488)  |
| Decrease (increase) in other current assets                              | 19,627  | 15,593   |
| Increase (decrease) in notes and accounts payable-trade                  | (106,444)   | 267,184  |
| Increase (decrease) in accounts payable                                  | (10,464)  | (6,399)  |
| Increase (decrease) in other current liabilities                         | (100,688)   | 71,713   |
| Subtotal   | 2,871,440   | 2,719,970  |
| Interest and dividends income received                                   | 23,720  | 21,465   |
| Income taxes refund  | 59,849  | 101,033  |
| Subsidies received   | 32,309  | 38,335   |
| Proceeds from subsidy income   | -   | 23,773   |
| Amount of compensation received  | 17,899  | -  |
| Amount of compensation paid  | (26,472)  | -  |
| Income taxes paid  | (752,993)   | (530,530)  |
| Net cash provided by (used in) operating activities                      | 2,225,752   | 2,374,046  |
| Net cash provided by (used in) investing activities                      |   |  |
| Payments into time deposits  | (8,746,168)   | (8,064,848)  |
| Proceeds from withdrawal of time deposits                                | 8,686,896   | 8,215,877  |
| Purchase of property, plant and equipment                                | (1,697,646)   | (831,600)  |
| Proceeds from sales of property, plant and equipment                     | 5,276   | 4,953  |
| Purchase of intangible assets  | (56,132)  | (2,824)  |
| Purchase of investment securities  | (506)   | (426)  |
| Proceeds from rental of real estate for investment                       | 55,995  | 53,198   |
| Other  | (703)   | (517)  |
| Net cash provided by (used in) investing activities                      | (1,752,988)   | (626,188)  |

(Unit: Thousands of yen)

|   | Previous Consolidated Accounting Year<br>(from April 1, 2019 to March 31, 2020) | Current Consolidated Accounting Year<br>(from April 1, 2020 to March 31, 2021) |
|---|---|--|
| Net cash provided by (used in) financing activities         |   |  |
| Expenditure for the settlement of lease obligations         | (38,479)  | (45,807)   |
| Purchase of treasury shares                                 | (424,256)   | (141)  |
| Dividend payment amount                                     | (279,165)   | (368,622)  |
| Dividends paid to non-controlling interests                 | (3,931)   | (3,632)  |
| Income from the exercise of stock options                   | 59,923  | 6,958  |
| Net cash provided by (used in) financing activities         | (685,909)   | (411,245)  |
| Effect of exchange rate change on cash and cash equivalents | (52,637)  | (9,606)  |
| Net increase (decrease) in cash and cash equivalents        | (265,782)   | 1,327,006  |
| Cash and cash equivalents at beginning of period            | 3,816,159   | 3,550,376  |
| Cash and cash equivalents at end of period                  | 3,550,376   | 4,877,382  |