

Disclaimer: This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]



May 9, 2022

Company name: SUZUDEN CORPORATION
 Stock exchange listing: Tokyo Stock Exchange
 Securities code: 7480
 URL: <https://www.suzuden.co.jp/>
 Representative: Toshio Suzuki, Representative Director, Chairman and President
 Contact: Satoshi Nakano, Executive Officer
 Phone: +81-3-6910-6801
 Scheduled date of annual general meeting of shareholders: June 28, 2022
 Scheduled date of commencing dividend payments: June 13, 2022
 Scheduled date of filing annual securities report: June 29, 2022
 Availability of supplementary briefing materials on financial results: Not available
 Schedule of financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	59,690	–	3,051	129.1	3,367	115.5	2,342	163.4
March 31, 2021	45,281	1.6	1,332	(3.4)	1,562	(3.9)	889	(17.1)

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥2,306 million [144.1%]

Fiscal year ended March 31, 2021: ¥944 million [(12.4)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	167.82	–	13.8	11.4	5.1
March 31, 2021	63.89	–	5.4	5.9	2.9

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended March 31, 2022: ¥– million

Fiscal year ended March 31, 2021: ¥– million

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. from the beginning of the fiscal year ended March 31, 2022. For this reason, the year-on-year change in net sales before the application of the above accounting standard, etc. is not provided.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	32,736	17,627	53.8	1,261.67
As of March 31, 2021	26,441	16,396	62.0	1,175.22

(Reference) Equity: As of March 31, 2022: ¥17,627 million

As of March 31, 2021: ¥16,396 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	426	(696)	497	6,137
March 31, 2021	2,514	671	(1,768)	5,886

2. Dividends

	Annual dividends					Total dividends (total)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	–	18.00	–	54.00	72.00	1,012	112.7	6.1
Fiscal year ended	–	25.00	–	97.00	122.00	1,717	72.7	10.0
March 31, 2022								
Fiscal year ending	–	55.00	–	56.00	111.00		80.3	
March 31, 2023 (Forecast)								

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
First half	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	29,600	10.8	1,370	17.3	1,520	15.4	980	9.0	70.22
	59,400	(0.5)	2,700	(11.5)	2,990	(11.2)	1,930	(17.6)	138.29

* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

* Explanation on the proper use of financial results forecasts and other special notes

The financial results forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that have been deemed reasonable. They do not constitute a guarantee of future results. Actual performance may differ significantly from these forecasts due to a wide range of factors. For assumptions underlying the financial results forecasts and precautions regarding their use, please refer to “1. Overview of Operating Results, etc., (4) Future Outlook” on page 3 of the Attachments.

Table of Contents - Attachments

1. Overview of Operating Results, etc.....	2
(1) Overview of Operating Results for the Fiscal Year under Review.....	2
(2) Overview of Financial Position for the Fiscal Year under Review	3
(3) Overview of Cash Flows for the Fiscal Year under Review.....	3
(4) Future Outlook	3
(5) Company’s Medium- to Long-Term Management Strategies.....	4
2. Basic Policy on Selection of Accounting Standards.....	5
3. Consolidated Financial Statements and Principal Notes	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Statements of Income and Comprehensive Income	8
(3) Consolidated Statements of Changes in Equity	10
(4) Consolidated Statements of Cash Flows	12
(5) Notes to Consolidated Financial Statements	13
(Notes on going concern assumption).....	13
(Changes in accounting policies).....	13
(Additional information).....	13
(Segment information, etc.)	14
(Per share information)	15
(Significant subsequent events)	15
4. Others	16
(1) Purchases and Sales.....	16
(2) Changes in Officers	16

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year under review. Accordingly, net sales for the fiscal year under review are presented without a year-on-year comparison (%) with the previous fiscal year. Details are explained in “3. Consolidated Financial Statements and Principal Notes (5) Notes to Consolidated Financial Statements (Changes in accounting policies).”

Regarding the Group’s operating environment during the fiscal year under review (April 1, 2021 - March 31, 2022), amidst progress with COVID-19 vaccinations and relaxed restrictions on movement despite persistent uncertainties due to the impact of the disease, corporate production and capital investment demand have shown signs of recovery.

Within this environment, from the perspective of business continuity planning, the Company has adopted measures that prioritize the health and safety of its employees, and to assist manufacturing processes as a “Manufacturing Support Company,” possesses a comprehensive inventory and has strived to provide a stable supply of products to its customers. This inventory strategy has garnered positive feedback from our customers.

In the electrical equipment, electronic component, and industrial machinery industries, the principal markets of the Group, formerly stagnant production and capital investment demand have been showing signs of recovery from the latter half of the previous fiscal year. Moreover, with increased orders ahead of schedule due to the impact of shortages in semiconductors and resin materials, etc., as well as increased shipments from suppliers toward the end of the period, performance has been favorable. Especially regarding major customers of semiconductor manufacturing equipment, increased production and capital investment demand of semiconductor manufacturers on the back of the increased demand for semiconductors and worldwide shortages in semiconductors have fueled these favorable results throughout the fiscal year. In addition, additional orders received due to special demand unique to this fiscal year, which is attributable to shortages in goods, also contributed to the operating results. In terms of profit, the results in the previous fiscal year were surpassed as profit increased following the increase in sales.

As a result, for the fiscal year under review, net sales amounted to ¥59,690 million (¥45,281 million in the previous fiscal year), operating profit was ¥3,051 million (up 129.1% year-on-year), ordinary profit was ¥3,367 million (up 115.5% year-on-year), and profit attributable to owners of parent was ¥2,342 million (up 163.4% year-on-year). As such, both sales and profit increased year-on-year.

Net sales of the Group by product segment are as follows:

(1) FA equipment

Net sales amounted to ¥34,881 million with increased sales of RFID equipment, relay equipment, sensors, control equipment, etc.

(2) Information and communication equipment

Net sales amounted to ¥6,048 million with increased sales of CPUs, personal computers for industrial use, routers, network equipment, etc.

(3) Electronics and devices

Net sales amounted to ¥7,616 million with increased sales of connectors, switching power supplies, noise filters, etc.

(4) Materials for electric facilities

Net sales amounted to ¥11,143 million with increased sales of terminal blocks, cable accessories, boxes, etc.

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Total assets as of the end of the fiscal year under review amounted to ¥32,736 million, up ¥6,294 million from the end of the previous fiscal year.

Current assets increased by ¥5,517 million from the end of the previous fiscal year to ¥26,902 million.

This was primarily due to a ¥2,632 million increase in accounts receivable - trade, a ¥1,465 million increase in electronically recorded monetary claims - operating, and a ¥1,120 million increase in merchandise.

Non-current assets increased by ¥776 million from the end of the previous fiscal year to ¥5,833 million.

This was mainly due to a ¥1,001 million increase in buildings and structures associated with facility additions to Taiwa Plant.

(Liabilities)

Liabilities as of the end of the fiscal year under review amounted to ¥15,109 million, up ¥5,063 million from the end of the previous fiscal year.

Current liabilities increased by ¥5,252 million from the end of the previous fiscal year to ¥13,925 million.

This was primarily due to a ¥1,535 million increase in notes and accounts payable - trade and a ¥2,000 million increase in short-term borrowings.

Non-current liabilities decreased by ¥189 million from the end of the previous fiscal year to ¥1,183 million.

(Net assets)

Net assets as of the end of the fiscal year under review amounted to ¥17,627 million, up ¥1,230 million from the end of the previous fiscal year.

This was mainly due to the recording of profit attributable to owners of parent for the fiscal year under review of ¥2,342 million and dividend payments of ¥1,111 million. The equity ratio was 53.8%.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter referred to as “net cash”) as of the end of the fiscal year under review amounted to ¥6,137 million, up ¥250 million from the end of the previous fiscal year. The status of cash flows and its contributing factors during the fiscal year under review are as follows.

(Cash flows from operating activities)

Due to operating activities, net cash increased by ¥426 million. (Net cash increased by ¥2,514 million in the previous fiscal year)

This was mainly due to a ¥3,442 million increase in profit before income taxes, a ¥2,227 million increase in trade payables, a ¥4,041 million increase in trade receivables, and a ¥576 million decrease in income taxes paid.

(Cash flows from investing activities)

Due to investing activities, net cash decreased by ¥696 million. (Net cash increased by ¥671 million in the previous fiscal year)

This was mainly due to purchase of property, plant and equipment of ¥829 million associated with facility additions to Taiwa Plant.

(Cash flows from financing activities)

Due to financing activities, net cash increased by ¥497 million. (Net cash decreased by ¥1,768 million in the previous fiscal year)

This was mainly due to proceeds from short-term borrowings of ¥2,000 million and dividends paid of ¥1,111 million.

(4) Future Outlook

Regarding the future outlook, in the electrical equipment, electronic component, and industrial machinery industries, the principal markets of the Company, a high level of order volume is expected to continue mainly for manufacturers of semiconductor manufacturing equipment due to longer delivery times, and at present, the Company assumes that the same level of order volume will continue in the future. However, the Company assumes that net sales will decrease due to a fallback after the special demand unique to this fiscal year

attributable to shortages in goods and withdrawal of overseas subsidiaries. In addition, uncertainties remain such as supply concerns due to shortages in parts and materials, the impact of COVID-19, and geopolitical risks in the external environment. On the profit front, the Company expects that expenses, etc. will increase due to the impact of upfront investments to meet customer requirements, surging crude oil prices, etc., and that both sales and profit will decrease on a full-year basis.

Forecasts and other forward-looking information are based on information currently available to the Company, and actual performance, etc. may vary due to a variety of factors. If there are any changes in the future, they will be disclosed appropriately.

(5) Company's Medium- to Long-Term Management Strategies

With its management strategies aiming for enhancement of corporate value at the core, the Company will, as a "Manufacturing Support Company," supply and provide support for facilities, equipment, components, services, etc. for manufacturing sites (production sites such as plants, construction sites, etc.).

In addition, with the aim of further improving quality, productivity, and efficiency, the Company will make investment mainly in information technology (IT) and robotics to promote digital transformation (DX) for the purpose of, among others, making operations and logistics functions more efficient. In addition, the Company will work on efforts to enhance its educational system so that each and every employee can improve. In these ways, the Company will strive for sustainable growth and enhancement of corporate value.

(i) Sales strategy

The Company will concentrate management resources to selected growth markets and areas, and work to improve financial results by expanding, strengthening, and cultivating market territories to a deeper extent with a "customer-first" spirit.

As part of priority measures, the Company will work to eliminate labor shortages, improve productivity and enhance quality management by selling robot- and Internet of Things (IoT)-based products. The Company will also make proposals for construction of smart plants. The Robots and Solutions Section, established as an engineering department, is committed to the provision of comprehensive solutions for making customers' production sites a smart plant. Such solutions include selection of equipment such as robots, and data accumulation and utilization. In addition, as the semiconductor industry is expected to continue to grow following the practical application of 5G communications, AI, autonomous driving, etc. and accelerated development of technologies, the Company will concentrate its management resources and focus on customers related to semiconductor manufacturing equipment and electronic components. Moreover, for medical markets including the medical equipment-related market and the medical practice- and nursing care-related market, on which the Company has placed an emphasis over the medium to long term, and for the Internet business in which demand is expected to continue to increase in association with changes in customers' purchasing modes, the Company has identified the expansion of functions of and the range of products handled at "FAUbon," the e-commerce website it operates, as one of its priority strategies. The Company will also add various services to accommodate major customers' centralization of purchasing, etc. to the website, and thereby work to improve financial results.

As a "manufacturing" base of the Company, Taiwa Plant (Kurokawa County, Miyagi Prefecture) has long engaged in assembly, processing, etc. of custom-build personal computers, terminal blocks, unit products, etc. The Company will shortly build an extension to the plant for purposes including assembly of aluminum frames for semiconductor manufacturing equipment, and whereby strengthen its manufacturing functions and respond to customers' requirements. The Company will continue to further strengthen the system to provide high-value-added products and meet advanced requirements for supply chain management (SCM).

(ii) Product strategy

As a "Manufacturing Support Company," the Company will promote proposals for cutting-edge controlling equipment and materials for electric facilities and push forward with the sale of mechatronics

products, safety products, environment-related products, etc. in response to key words such as “quality, environment (saving), and safety,” improvement of which is required by production sites at all times. In the robot and IoT areas, which are growth areas, the Company will make solution proposals such as energy saving, labor saving, and introduction of IoT in line with customers’ needs, through strengthening of the ability to make proposals by providing training programs for manufacturers and other efforts to develop human resources, cooperation with systems integrators, and collaboration with the engineering departments of the Company.

In addition, as for the original brand “Ubon,” the Company will further enhance the product assortments of mainstay wiring accessories and in-panel parts and accelerate development of products proactively incorporating customers’ needs including high-value-added products such as customized personal computers, as well as testing kits, and thereby work to improve customers’ convenience and increase revenue.

2. Basic Policy on Selection of Accounting Standards

Many of the stakeholders of the Group are shareholders, creditors and business partners in Japan and overseas subsidiaries of domestic business partners, among others, and there is little necessity to procure funds from overseas. Therefore, the Company has adopted Japanese generally accepted accounting principles.

Going forward, it is the policy of the Company to consider applying International Financial Reporting Standards taking into account factors especially such as the trends in the application of such accounting standards by other companies listed in the market of Tokyo Stock Exchange, which is the same exchange market as the Company.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	5,907,920	6,148,188
Notes receivable - trade	1,678,191	1,628,772
Accounts receivable - trade	7,812,054	10,444,542
Electronically recorded monetary claims - operating	3,120,337	4,585,551
Merchandise	2,536,758	3,657,056
Other	331,942	441,830
Allowance for doubtful accounts	(2,515)	(3,326)
Total current assets	21,384,689	26,902,616
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,051,449	4,052,689
Accumulated depreciation	(1,546,821)	(1,602,214)
Buildings and structures, net	1,504,627	2,450,474
Land	1,909,493	1,909,493
Leased assets	86,867	75,379
Accumulated depreciation	(31,848)	(37,055)
Leased assets, net	55,018	38,323
Construction in progress	9,350	11,000
Other	293,485	221,931
Accumulated depreciation	(176,492)	(156,685)
Other, net	116,993	65,245
Total property, plant and equipment	3,595,483	4,474,538
Intangible assets		
Other	66,266	113,767
Total intangible assets	66,266	113,767
Investments and other assets		
Investment securities	498,848	394,752
Deferred tax assets	329,669	459,881
Other	602,717	425,224
Allowance for doubtful accounts	(35,842)	(34,592)
Total investments and other assets	1,395,392	1,245,265
Total non-current assets	5,057,141	5,833,572
Total assets	26,441,831	32,736,188

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,663,370	6,198,414
Electronically recorded obligations - operating	2,381,604	3,077,472
Short-term borrowings	–	2,000,000
Current portion of long-term borrowings	354,084	41,544
Lease liabilities	37,421	27,995
Income taxes payable	340,109	1,002,683
Provision for bonuses	244,133	459,936
Provision for bonuses for directors (and other officers)	70,700	211,000
Asset retirement obligations	44,600	–
Other	536,332	905,992
Total current liabilities	8,672,355	13,925,038
Non-current liabilities		
Long-term borrowings	41,544	–
Lease liabilities	212,601	33,980
Provision for share-based remuneration for directors (and other officers)	43,993	57,010
Retirement benefit liability	957,709	927,843
Asset retirement obligations	1,816	49,145
Other	115,529	115,989
Total non-current liabilities	1,373,194	1,183,969
Total liabilities	10,045,550	15,109,008
Net assets		
Shareholders' equity		
Share capital	1,819,230	1,819,230
Capital surplus	1,541,190	1,558,048
Retained earnings	13,530,310	14,761,556
Treasury shares	(604,973)	(586,718)
Total shareholders' equity	16,285,757	17,552,116
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	98,604	36,915
Foreign currency translation adjustment	7,549	31,757
Remeasurements of defined benefit plans	4,369	6,391
Total accumulated other comprehensive income	110,523	75,063
Total net assets	16,396,280	17,627,179
Total liabilities and net assets	26,441,831	32,736,188

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

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net sales	45,281,607	59,690,852
Cost of sales	38,719,067	50,552,605
Gross profit	6,562,539	9,138,247
Selling, general and administrative expenses		
Packing and transportation costs	479,673	559,941
Salaries, allowances and bonuses	2,359,440	2,519,896
Share-based payment expenses	26,589	34,989
Legal welfare expenses	376,316	439,099
Retirement benefit expenses	139,710	139,312
Rent expenses	377,578	427,837
Depreciation	189,806	191,572
Provision of allowance for doubtful accounts	(1,635)	(439)
Provision for bonuses	244,133	459,936
Provision for bonuses for directors (and other officers)	70,700	211,000
Other	967,887	1,103,324
Total selling, general and administrative expenses	5,230,200	6,086,471
Operating income	1,332,339	3,051,775
Non-operating income		
Interest income	8,987	868
Dividend income	15,721	17,636
Purchase discounts	208,957	262,760
Foreign exchange gains	–	23,041
Other	32,307	30,273
Total non-operating income	265,973	334,581
Non-operating expenses		
Interest expenses	13,045	9,703
Loss on sale of notes receivable - trade	1,837	2,395
Sales discounts	5,576	–
Foreign exchange losses	7,565	–
Loss on cancellation of leases	3,970	3,497
Other	3,669	3,389
Total non-operating expenses	35,665	18,986
Ordinary profit	1,562,648	3,367,370
Extraordinary income		
Gain on sale of investment securities	14,359	1,418
Gain on reversal of lease obligations	–	108,746
Total extraordinary income	14,359	110,164
Extraordinary losses		
Loss on retirement of non-current assets	8,431	1,177
Impairment losses	124,995	10,474
Loss on valuation of investment securities	20,327	–
Extra retirement payments	–	23,024
Total extraordinary losses	153,754	34,676
Profit before income taxes	1,423,253	3,442,858
Income taxes - current	544,061	1,205,388
Income taxes - deferred	(10,216)	(104,795)
Total income taxes	533,845	1,100,592
Profit	889,408	2,342,265
Profit attributable to owners of parent	889,408	2,342,265

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit	889,408	2,342,265
Other comprehensive income		
Valuation difference on available-for-sale securities	54,666	(61,689)
Foreign currency translation adjustment	1,248	24,208
Remeasurements of defined benefit plans, net of tax	(448)	2,021
Total other comprehensive income	55,467	(35,459)
Comprehensive income	944,875	2,306,806
Comprehensive income attributable to		
Owners of parent	944,875	2,306,806
Non-controlling interests	—	—

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,819,230	1,530,825	13,623,165	(642,661)	16,330,559
Changes during period					
Dividends of surplus			(982,263)		(982,263)
Profit attributable to owners of parent			889,408		889,408
Disposal of treasury shares		10,365		37,687	48,053
Net changes of items other than shareholders' equity					
Total changes during period		10,365	(92,855)	37,687	(44,802)
Balance at end of period	1,819,230	1,541,190	13,530,310	(604,973)	16,285,757

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	43,937	6,300	4,818	55,056	16,385,615
Changes during period					
Dividends of surplus					(982,263)
Profit attributable to owners of parent					889,408
Disposal of treasury shares					48,053
Net changes of items other than shareholders' equity	54,666	1,248	(448)	55,467	55,467
Total changes during period	54,666	1,248	(448)	55,467	10,664
Balance at end of period	98,604	7,549	4,369	110,523	16,396,280

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,819,230	1,541,190	13,530,310	(604,973)	16,285,757
Changes during period					
Dividends of surplus			(1,111,020)		(1,111,020)
Profit attributable to owners of parent			2,342,265		2,342,265
Disposal of treasury shares		16,858		18,255	35,113
Net changes of items other than shareholders' equity					
Total changes during period	—	16,858	1,231,245	18,255	1,266,358
Balance at end of period	1,819,230	1,558,048	14,761,556	(586,718)	17,552,116

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	98,604	7,549	4,369	110,523	16,396,280
Changes during period					
Dividends of surplus					(1,111,020)
Profit attributable to owners of parent					2,342,265
Disposal of treasury shares					35,113
Net changes of items other than shareholders' equity	(61,689)	24,208	2,021	(35,459)	(35,459)
Total changes during period	(61,689)	24,208	2,021	(35,459)	1,230,899
Balance at end of period	36,915	31,757	6,391	75,063	17,627,179

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	1,423,253	3,442,858
Depreciation	189,806	191,572
Impairment losses	124,995	10,474
Increase (decrease) in provision for bonuses	2,217	215,803
Increase (decrease) in provision for bonuses for directors (and other officers)	(3,300)	140,300
Increase (decrease) in provision for share awards for directors (and other officers)	18,434	17,157
Increase (decrease) in retirement benefit liability	(23,543)	(29,866)
Increase (decrease) in allowance for doubtful accounts	(1,635)	(439)
Interest and dividend income	(24,709)	(18,505)
Interest expenses	13,045	9,703
Loss (gain) on valuation of investment securities	20,327	–
Loss (gain) on sale of investment securities	(14,359)	(1,418)
Loss on retirement of property, plant and equipment	8,431	1,177
Gain on reversal of lease obligations	–	(108,746)
Extra retirement payments	–	23,024
Decrease (increase) in trade receivables	811,985	(4,041,432)
Decrease (increase) in inventories	59,524	(1,118,912)
Increase (decrease) in trade payables	171,613	2,227,584
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	146,200	(71,962)
Other	32,028	105,366
Subtotal	2,954,315	993,738
Interest and dividends received	36,256	18,289
Interest paid	(12,966)	(9,638)
Income taxes paid	(462,718)	(576,175)
Net cash provided by (used in) operating activities	2,514,888	426,213
Cash flows from investing activities		
Purchase of property, plant and equipment	(49,076)	(829,655)
Purchase of intangible assets	(11,450)	(69,369)
Proceeds from redemption of securities	900,000	–
Purchase of investment securities	(25,988)	(26,005)
Proceeds from sale of investment securities	55,085	36,329
Payments of leasehold and guarantee deposits	(207,470)	(6,921)
Proceeds from refund of leasehold and guarantee deposits	9,983	188,822
Payments into time deposits	(21,000)	(11,000)
Proceeds from withdrawal of time deposits	21,000	21,000
Net cash provided by (used in) investing activities	671,084	(696,799)
Cash flows from financing activities		
Proceeds from short-term borrowings	–	2,000,000
Repayments of short-term borrowings	(1,342)	–
Proceeds from long-term borrowings	2,000,000	–
Repayments of long-term borrowings	(2,749,968)	(354,084)
Repayments of finance lease obligations	(34,553)	(37,036)
Dividends paid	(982,263)	(1,111,525)
Net cash provided by (used in) financing activities	(1,768,127)	497,353
Effect of exchange rate change on cash and cash equivalents	812	23,501
Net increase (decrease) in cash and cash equivalents	1,418,657	250,268
Cash and cash equivalents at beginning of period	4,468,262	5,886,920
Cash and cash equivalents at end of period	5,886,920	6,137,188

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of accounting standard for revenue recognition, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, hereinafter “Revenue Recognition Standard”), etc. from the beginning of the fiscal year under review. Accordingly, revenue is recognized at the point in time at which control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. As a result, for some transactions, the Company had previously recognized revenue on a gross basis, but has changed to a method of recognizing revenue on a net basis for transactions in which the role of the Company in providing a good or service to the customer is an agent.

The Group primarily sells products related to electrical and electronic components, and the performance obligations related to the sale of such products are to be fulfilled at a point in time. Therefore, the revenue is recognized at the point in time at which a product has been shipped and requirements are judged to have been met in light of the contractual terms with the customer and the number of days required for shipping and delivery.

The application of the Revenue Recognition Standard, etc. is in accordance with the transitional treatment set forth in the proviso of Paragraph 84 of the Revenue Recognition Standard, and the aggregate amount of the impact of retroactively applying the new accounting policy prior to the beginning of the fiscal year under review is added to or subtracted from retained earnings at the beginning of the fiscal year under review. The new accounting policy is applied from the said beginning balance of retained earnings, but there will be no impact on such balance.

As a result, net sales and cost of sales for the fiscal year under review each decreased by ¥247,618 thousand, while there is no impact on operating profit, ordinary profit, and profit before income taxes.

There is no impact on per share information.

(Application of accounting standard for fair value measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019, hereinafter “Fair Value Measurement Standard”), etc. from the beginning of the fiscal year under review, and plans to prospectively apply the new accounting policy determined by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019).” There was no impact on the consolidated financial statements.

(Additional information)

(Accounting estimate related to the impact of the spread of COVID-19)

The Group makes accounting estimates based on the information available at the time of preparing the consolidated financial statements. At this point in time, the Group believes that there is no significant impact of the spread of COVID-19 on the assumptions used to make the accounting estimates.

As the impact of COVID-19 on economic activities is highly uncertain, if there are any changes in the assumptions caused by the future situation, they may affect the future financial position and operational results of the Group.

(Segment information, etc.)

[Segment information]

The business segments of the Group are the Company's constituent units for which separate financial information is available and are subject to regular review by the Board of Directors to determine the allocation of management resources and evaluate performance.

The Group primarily engages in the business of purchasing and selling products related to electrical and electronic components, and its business segments consist of its subsidiaries and departments.

However, each of these segments is business related to the "Sale of Electrical and Electronic Components." In addition, unification of them can be judged to help provide appropriate information on the details of business activities and the business environment to understand past financial results of the Group and evaluate future cash flow forecast appropriately. Accordingly, the Group uses the unified business segment, "Sale of Electrical and Electronic Components," as the single reportable segment.

[Related information]

For the fiscal year ended March 31, 2021

Information by major customer

Name of customer	Net sales
Tokyo Electron Miyagi Ltd.	¥6,108,087 thousand

The Group has transactions with Tokyo Electron Technology Solutions Ltd. and Tokyo Electron Kyushu Ltd., which are group companies of the above-mentioned customer, and the trends in capital investment, changes in production plans, etc. of the customer's group may have an impact on operating results, financial position, etc. of the Group.

For the fiscal year ended March 31, 2022

Information by major customer

Name of customer	Net sales
Tokyo Electron Miyagi Ltd.	¥9,117,022 thousand

The Group has transactions with Tokyo Electron Technology Solutions Ltd. and Tokyo Electron Kyushu Ltd., which are group companies of the above-mentioned customer, and the trends in capital investment, changes in production plans, etc. of the customer's group may have an impact on operating results, financial position, etc. of the Group.

(Per share information)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net assets per share	¥1,175.22	¥1,261.67
Basic earnings per share	¥63.89	¥167.82

Notes 1. Diluted earnings per share are not presented, as there are no potential shares with dilutive effects.

2. The basis for calculation of basic earnings per share is as follows.

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Basic earnings per share		
Profit attributable to owners of parent (Thousand yen)	889,408	2,342,265
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit attributable to owners of parent relating to common shares (Thousand yen)	889,408	2,342,265
Average number of common shares outstanding during the period (Shares)	13,920,912	13,956,612

3. The basis for calculation of net assets per share is as follows.

	As of March 31, 2021	As of March 31, 2022
Total net assets (Thousand yen)	16,396,280	17,627,179
Amounts deducted from total net assets (Thousand yen)	—	—
(Of which, share acquisition rights (Thousand yen))	(—)	(—)
Net assets relating to common shares at end of period (Thousand yen)	16,396,280	17,627,179
Number of common shares at end of period used to calculate net assets per share (Shares)	13,951,613	13,971,313

4. In calculating net assets per share, shares of the Company remaining in the trust, which are recorded as treasury shares under shareholders' equity, are included in treasury shares deducted from the total number of shares issued as of the end of period (112 thousand shares for the previous fiscal year and 107 thousand shares for the fiscal year under review).

In addition, in calculating basic earnings per share, such treasury shares are included in treasury shares deducted when calculating the average number of shares during the period (121 thousand shares for the previous fiscal year and 108 thousand shares for the fiscal year under review).

(Significant subsequent events)

Not applicable.

4. Others

(1) Purchases and Sales

Purchases

(Thousand yen)

Item name	For the fiscal year ended March 31, 2022	Year-on-year change (%)
FA equipment	31,131,045	—
Information and communication equipment	5,425,124	—
Electronics and devices	6,142,573	—
Materials for electric facilities	8,972,366	—
Total	51,671,110	—

Notes: 1. Amounts of less than one thousand yen are rounded down.

2. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. from the beginning of the fiscal year under review. Accordingly, the year-on-year change in values before the application of the above accounting standard, etc. is not provided.

Sales

(Thousand yen)

Item name	For the fiscal year ended March 31, 2022	Year-on-year change (%)
FA equipment	34,881,739	—
Information and communication equipment	6,048,374	—
Electronics and devices	7,616,883	—
Materials for electric facilities	11,143,855	—
Total	59,690,852	—

Notes: 1. Amounts of less than one thousand yen are rounded down.

2. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. from the beginning of the fiscal year under review. Accordingly, the year-on-year change in values before the application of the above accounting standard, etc. is not provided.

(2) Changes in Officers

(i) Changes in representatives

Newly appointed representative directors (on April 1, 2022)

Takefumi Takaya, Representative Director and Senior Managing Director

Sokichi Yasutake, Representative Director and Senior Managing Director

(ii) Other changes in officers (planned for June 28, 2022)

1. Candidates for new director

Kazuhiro Minegishi, Director

Masahiro Nakajima, Director and Audit & Supervisory Committee Member (currently Director)

(Note) Candidates for new director, Messrs. Kazuhiro Minegishi and Masahiro Nakajima are Outside Directors.

2. Directors who are slated to retire

Shigeru Suzuki, Director

Masahiro Nakajima, Director

Kenji Sada, Director and Audit & Supervisory Committee Member

Hiroaki Sasaki, Director and Audit & Supervisory Committee Member