

Translation

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MEMBERSHIP

May 10, 2022

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Under Japanese GAAP)

Company name: NITTO KOHKI CO., LTD.  
 Listing: Tokyo Stock Exchange  
 Securities code: 6151  
 URL: <https://www.nitto-kohki.co.jp>  
 Representative: Akinobu Ogata, Representative Director, President CEO  
 Inquiries: Kenji Mori, Director, Executive Senior Managing Officer, Chief Administrative Officer  
 TEL: +81-3-3755-1111

Scheduled date of annual general meeting of shareholders: June 23, 2022  
 Scheduled date to commence dividend payments: June 24, 2022  
 Scheduled date to file annual securities report: June 24, 2022  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	25,281	12.2	3,355	60.4	3,514	55.1	1,927	24.4
March 31, 2021	22,533	(16.7)	2,091	(47.3)	2,266	(43.3)	1,549	(43.7)

Note: Comprehensive income For the fiscal year ended March 31, 2022: ¥2,090 million [18.2%]  
 For the fiscal year ended March 31, 2021: ¥1,767 million [(26.2)%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
March 31, 2022	94.99	–	3.5	5.6	13.3
March 31, 2021	76.08	–	2.9	3.7	9.3

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended March 31, 2022: ¥– million  
 For the fiscal year ended March 31, 2021: ¥– million

## (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	64,334	55,730	86.6	2,746.45
March 31, 2021	61,721	54,502	88.3	2,685.92

Reference: Equity

As of March 31, 2022: ¥55,722 million

As of March 31, 2021: ¥54,494 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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	2,953	3,639	(1,152)	14,781
March 31, 2021	3,758	(6,115)	(1,643)	9,270

## 2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2021	–	12.50	–	18.50	31.00	628	40.6	1.2
Fiscal year ended March 31, 2022	–	24.00	–	16.50	40.50	821	42.6	1.5
Fiscal year ending March 31, 2023 (Forecast)	–	24.00	–	26.00	50.00		40.4	

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	13,755	11.4	1,785	4.6	1,809	5.4	1,218	0.6	60.03
Full year	27,560	9.0	3,620	7.9	3,660	4.1	2,510	30.2	123.71

\* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	21,803,295 shares
As of March 31, 2021	21,803,295 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2022	1,514,396 shares
As of March 31, 2021	1,514,346 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2022	20,288,913 shares
Fiscal year ended March 31, 2021	20,367,774 shares

**[Reference] Overview of non-consolidated financial results**

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

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	24,081	15.6	2,250	84.7	2,644	79.7	1,913	82.2
March 31, 2021	20,831	(18.1)	1,218	(57.1)	1,471	(51.8)	1,050	(52.4)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	94.30	—
March 31, 2021	51.57	—

**(2) Non-consolidated financial position**

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2022	53,129	46,681	87.9	2,300.82
March 31, 2021	50,997	45,685	89.6	2,251.76

Reference: Equity

As of March 31, 2022: ¥46,681 million

As of March 31, 2021: ¥45,685 million

**2. Non-consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)**

(Percentages indicate year-on-year changes)

	Net sales		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	12,644	7.4	1,214	4.0	833	(1.3)	41.05
Full year	25,570	6.2	2,650	0.2	1,880	(1.7)	92.66

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

\* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual results may differ substantially due to a variety of factors. For details on the assumptions used for the financial results forecasts and points to note when using the financial results forecasts, please see “(4) Future outlook” in “1. Overview of operating results, etc.” on page 4 of the attached material.

**Attached Material**

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## **1. Overview of operating results, etc.**

### **(1) Overview of operating results for the fiscal year under review**

In the world economy during the fiscal year under review, economic activities took a turn towards normalization owing to progress of vaccination and curative medicine against COVID-19, with developed countries in Europe and America at the core. Also in the domestic economy, economic activities resumed and personal consumption and capital investment by enterprises recovered as the number of infected people decreased. On the other hand, worldwide supply shortages of semiconductors and soaring of raw materials prices continued, the impact of the tense circumstances in Ukraine on the world economy spread gradually, and future prospects remain uncertain.

Under such an operating environment, although the Company group (the “Group”) faced the impact of the spread of COVID-19 in areas such as restriction on face-to-face sales activities, securing raw materials, and procurement of parts, the Group worked to rationalize business processes through new work styles such as teleworking and web conferencing, and to reduce activity business costs throughout the Company. Meanwhile, the Group actively utilized product PR videos to expand business into new markets. The Group posted net sales of ¥25,281 million for the fiscal year under review, up 12.2% compared to ¥22,533 million in the previous fiscal year. Concerning profits, operating profit was ¥3,355 million, up 60.4% compared to ¥2,091 million in the previous fiscal year. Ordinary profit was ¥3,514 million, up 55.1% compared to ¥2,266 million in the previous fiscal year, and profit attributable to owners of parent was ¥1,927 million, up 24.4% compared to ¥1,549 million in the previous fiscal year.

Results by business segment are described below.

#### **Quick Connect Couplings Business**

In the Quick Connect Couplings Business, demand in the semiconductor/industrial machine industries continued to be favorable, leading to net sales of ¥11,440 million, up 21.1% year on year. Concerning profits, operating profit was ¥2,696 million, up 58.1% year on year, due to increased revenue.

#### **Power & Machine Tools Business**

In the Power & Machine Tools Business, domestic and overseas net sales were on the track to recovery because the restriction on sales activities was relaxed and event holding and face-to-face sales activities resumed, leading to net sales of ¥7,748 million, up 10.3% year on year. Concerning profits, operating profit was ¥440 million, up 69.2% year on year, due to increased revenue.

#### **Pumps & Compressors Business**

In the Pumps & Compressors Business, demand of pumps to be embedded were favorable in Europe and America, leading to net sales of ¥4,176 million, up 2.2% year on year. Concerning profits, operating profit was ¥250 million, up 138.7% year on year.

#### **Door Closers Business**

In the Door Closers Business, weak demand in construction in public/investment property led to net sales of ¥1,916 million, down 3.0% year on year. Concerning profits, operating loss was ¥32 million (compared to operating profit of ¥20 million in the previous fiscal year),

Overseas sales were ¥8,499 million, up 19.4% year on year, accounting for 33.6% of consolidated net sales.

## **(2) Overview of financial position for the fiscal year under review**

Assets, liabilities, and net assets

The balance of assets as of the end of the fiscal year under review increased by ¥2,613 million, or 4.2%, from the end of the previous fiscal year to ¥64,334 million. This is mainly due to an increase of ¥598 million in electronically recorded monetary claims - operating, ¥300 million of securities, ¥686 million of merchandise and finished goods, ¥447 million of raw materials and supplies, ¥374 million of leased assets, ¥494 million of intangible assets, and decrease of ¥352 million of land.

The balance of liabilities increased by ¥1,385 million, or 19.2%, from the end of the previous fiscal year to ¥8,604 million, mainly due to an increase of ¥110 million of notes and accounts payable - trade, ¥632 million of income taxes payable, and ¥567 million of lease (long term).

The balance of net assets increased by ¥1,228 million, or 2.3%, from the end of the previous fiscal year to ¥55,730 million. This is mainly due to an increase of ¥1,065 million of retained earnings and ¥275 million of foreign currency translation adjustment.

## **(3) Overview of cash flows for the fiscal year under review**

Cash and cash equivalents (“cash”) as of the end of the fiscal year under review stood at ¥14,781 million, an increase of ¥5,510 million from the end of the previous fiscal year, mainly due to increases resulting from proceeds from withdrawal of time deposits of ¥39,046 million, profit before income taxes of ¥2,898 million, and proceeds from redemption of securities of ¥1,600 million despite decreases resulting from payments into time deposits of ¥34,117 million, purchase of securities of ¥1,600 million, dividends paid by parent company of ¥858 million, and purchase of intangible assets of ¥693 million, and purchase of property, plant, and equipment of ¥534 million.

### *Cash flows from operating activities*

Net cash provided by operating activities for the fiscal year under review was ¥2,953 million, down 21.4% year on year. This was mainly because there was a decrease in cash, due to an increase in inventories of ¥983 million and accounts receivables-trade of ¥734 million, despite an increase in cash due to profit before income taxes of ¥2,898 million and depreciation of ¥1,497 million.

### *Cash flows from investing activities*

Net cash provided in investing activities for the fiscal year under review was ¥3,639 million (¥6,115 million was used in the previous fiscal year). This was because there was an increase in cash due to proceeds from withdrawal of time deposits of ¥39,046 million and proceeds from redemption of securities of ¥1,600 million, despite a decrease in cash due to payments into time deposits of ¥34,117 million, purchase of securities of ¥1,600 million, purchase of intangible assets of ¥693 million, and purchase of property, plant, and equipment of ¥534 million.

### *Cash flows from financing activities*

Net cash used in financing activities for the fiscal year under review was ¥1,152 million, down 29.8% year on year. This was due to dividends paid by parent company of ¥858 million and repayments of lease obligations of ¥294 million.

Trends in cash flow indicators for the Group are as follows:

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Equity-to-asset ratio (%)	88.3	86.6
Equity-to-asset ratio based on market value (%)	63.2	49.1
Interest-bearing debt to cash flow ratio (debt redemption period)	–	–
Interest coverage ratio	652.2	92.7

Calculation methods of the above indicators are as follows:

Equity-to-asset ratio = Equity / Total assets

Equity-to-asset ratio based on market value = Market capitalization / Total assets

Debt redemption period = Interest-bearing debt / Operating cash flow

Interest coverage ratio = Operating cash flow / Interest payments

- Notes:
1. All indicators are calculated based on consolidated financial figures.
  2. Market capitalization is calculated by multiplying the closing stock price at the end of the period by the total number of issued shares at the end of the period (excluding treasury shares).
  3. The figure for operating cash flow is “net cash provided by (used in) operating activities” on the consolidated statement of cash flows. Interest-bearing debt refers to all debt (excluding lease obligations) posted on the consolidated balance sheet for which interest is paid. Furthermore, interest payments refer to “interest paid” on the consolidated statement of cash flows.

#### (4) Future outlook

Regarding sales forecasts of the Group going forward, although there are many uncertain factors such as concerns about the slowdown of the global economy due to the impact of the spread of COVID-19, the Group plans to increase sales by actively conducting sales activities that accurately capture demand trends.

Concerning profits, the Group plans to increase profits in anticipation of increased sales.

Under such circumstances, as for the consolidated financial results forecasts for the next fiscal year (fiscal year ending March 31, 2023), we forecast consolidated net sales of ¥27,560 million, operating profit of ¥3,620 million, ordinary profit of ¥3,660 million, and profit attributable to owners of parent of ¥2,510 million.

The above forecasts are based on information available as of the date of the announcement of this document, and actual results may differ substantially due to a variety of factors going forward.

#### (5) Basic policy on profit distribution and dividends for the fiscal year under review and next fiscal year

To ensure both sustainable growth investments and business continuity even in unpredictable events such as natural disasters and novel infectious diseases, while enhancing internal reserves, the Company’s basic policy is to enhance the return of profits to its shareholders with at target dividend payout ratio of 40%.

Based on this basic policy, as for the dividend for the fiscal year ended March 2022 (the 66th term), the Company has already paid ¥24 per share as an interim dividend and plans to pay ¥16.50 per share as a year-end dividend. Although the annual dividend payout ratio of the fiscal year ended March 2022 (the 66th term) will be 42.6% due to the impact of extraordinary losses, the Company intends to pay ¥16.50 as a year-end dividend making the annual dividends of ¥40.50 as it was planned.

For the next fiscal year, we plan to pay an interim dividend of ¥24.00 per share and a year-end dividend of ¥26.00 per share, aiming for a dividend payout ratio of 40% based on the profit attributable to owners of parent presented in our consolidated earnings forecasts, for a total annual dividend of ¥50.00 per share.



Considering capital efficiency, the Company aims for a return on equity (ROE) of 8% or more over the medium-long term and will consider purchases of treasury shares based on a comprehensive evaluation of demand for capital, economic conditions, and the share price.

## **2. Basic rationale for selecting accounting standards**

The policy of the Group for the time being is to prepare its consolidated financial statements using Japanese GAAP, taking into consideration that this enables comparison of the consolidated financial statements between periods and between companies.

Furthermore, in preparation to apply International Financial Reporting Standards (IFRS) in the future, the Group is taking measures such as acquiring knowledge on IFRS and performing a gap analysis with Japanese GAAP, but the timing of the application of IFRS remains undecided.

### 3. Consolidated financial statements and significant notes thereto

#### (1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	26,004	26,298
Notes and accounts receivable - trade	3,898	4,070
Electronically recorded monetary claims - operating	2,203	2,802
Securities	5,199	5,499
Merchandise and finished goods	3,734	4,420
Work in process	308	272
Raw materials and supplies	2,248	2,695
Other	459	616
Allowance for doubtful accounts	(2)	(2)
Total current assets	44,054	46,675
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,285	11,353
Accumulated depreciation	(6,230)	(6,522)
Buildings and structures, net	5,054	4,830
Machinery, equipment and vehicles	4,615	4,718
Accumulated depreciation	(3,270)	(3,576)
Machinery, equipment and vehicles, net	1,345	1,141
Tools, furniture and fixtures	7,336	7,430
Accumulated depreciation	(6,745)	(6,888)
Tools, furniture and fixtures, net	591	542
Land	3,665	3,313
Leased assets	2,034	2,581
Accumulated depreciation	(877)	(1,049)
Leased assets, net	1,156	1,531
Construction in progress	262	128
Total property, plant and equipment	12,076	11,487
Intangible assets		
Other	1,051	1,546
Total intangible assets	1,051	1,546
Investments and other assets		
Investment securities	3,118	3,070
Long-term loans receivable	37	32
Deferred tax assets	1,126	1,239
Other	273	300
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	4,539	4,625
Total non-current assets	17,667	17,659
Total assets	61,721	64,334

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	866	977
Lease obligations	262	275
Income taxes payable	136	769
Provision for bonuses	551	585
Provision for bonuses for directors (and other officers)	30	30
Other	1,297	1,487
Total current liabilities	3,144	4,124
Non-current liabilities		
Lease obligations	893	1,460
Retirement benefit liability	2,509	2,491
Provision for retirement benefits for directors (and other officers)	333	123
Asset retirement obligations	10	32
Other	327	372
Total non-current liabilities	4,074	4,479
Total liabilities	7,219	8,604
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,850	1,850
Capital surplus	1,924	1,924
Retained earnings	53,054	54,119
Treasury shares	(2,892)	(2,892)
Total shareholders' equity	53,935	55,000
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	807	751
Foreign currency translation adjustment	(204)	71
Remeasurements of defined benefit plans	(44)	(101)
Total accumulated other comprehensive income	559	721
Non-controlling interests	7	7
Total net assets	54,502	55,730
Total liabilities and net assets	61,721	64,334

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	22,533	25,281
Cost of sales	11,958	13,492
Gross profit	10,575	11,788
Selling, general and administrative expenses		
Salaries and allowances	2,449	2,468
Provision for bonuses	296	290
Retirement benefit expenses	205	174
Provision for retirement benefits for directors (and other officers)	107	28
Promotion expenses	455	126
Research and development expenses	819	917
Other	4,148	4,427
Total selling, general and administrative expenses	8,483	8,433
Operating profit	2,091	3,355
Non-operating income		
Interest income	26	19
Dividend income	57	55
Foreign exchange gains	–	8
Subsidies for employment adjustment	91	1
Rental income from buildings	36	41
Other	97	75
Total non-operating income	308	202
Non-operating expenses		
Interest expenses	5	31
Sales discounts	84	–
Foreign exchange losses	8	–
Loss on retirement of non-current assets	4	7
Commission for purchase of treasury shares	15	–
Other	15	3
Total non-operating expenses	134	43
Ordinary profit	2,266	3,514
Extraordinary losses		
Loss on disaster	–	5
Impairment losses	–	610
Loss on sale of non-current assets	8	–
Total extraordinary losses	8	616
Profit before income taxes	2,257	2,898
Income taxes - current	646	1,025
Income taxes - deferred	61	(54)
Total income taxes	707	970
Profit	1,549	1,927
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	1,549	1,927

**Consolidated statement of comprehensive income**

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	1,549	1,927
Other comprehensive income		
Valuation difference on available-for-sale securities	297	(55)
Foreign currency translation adjustment	(201)	275
Remeasurements of defined benefit plans, net of tax	121	(57)
Total other comprehensive income	218	162
Comprehensive income	1,767	2,090
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,768	2,090
Comprehensive income attributable to non-controlling interests	(0)	0

**(3) Consolidated statement of changes in equity**

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholder' equity
Balance at beginning of period	1,850	1,924	52,201	(2,216)	53,759
Cumulative effects of changes in accounting policies					–
Restated balance	1,850	1,924	52,201	(2,216)	53,759
Changes during period					
Dividends of surplus			(697)		(697)
Profit attributable to owners of parent			1,549		1,549
Purchase of treasury shares				(675)	(675)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	852	(675)	176
Balance at end of period	1,850	1,924	53,054	(2,892)	53,935

	Accumulated other comprehensive income				Non-controlling interests	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	509	(3)	(165)	340	7	54,107
Cumulative effects of changes in accounting policies						–
Restated balance	509	(3)	(165)	340	7	54,107
Changes during period						
Dividends of surplus						(697)
Profit attributable to owners of parent						1,549
Purchase of treasury shares						(675)
Net changes in items other than shareholders' equity	297	(200)	121	218	(0)	218
Total changes during period	297	(200)	121	218	(0)	394
Balance at end of period	807	(204)	(44)	559	7	54,502

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,850	1,924	53,054	(2,892)	53,935
Cumulative effects of changes in accounting policies					-
Restated balance	1,850	1,924	53,054	(2,892)	53,935
Changes during period					
Dividends of surplus			(862)		(862)
Profit attributable to owners of parent			1,927		1,927
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,065	(0)	1,064
Balance at end of period	1,850	1,924	54,119	(2,892)	55,000

	Accumulated other comprehensive income				Non-controlling interests	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	807	(204)	(44)	559	7	54,502
Cumulative effects of changes in accounting policies						-
Restated balance	807	(204)	(44)	559	7	54,502
Changes during period						
Dividends of surplus						(862)
Profit attributable to owners of parent						1,927
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	(55)	275	(57)	162	0	163
Total changes during period	(55)	275	(57)	162	0	1,228
Balance at end of period	751	71	(101)	721	7	55,730



**(4) Consolidated statement of cash flows**

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,257	2,898
Depreciation	1,501	1,497
Amortization of long-term prepaid expenses	18	20
Increase (decrease) in provision for retirement benefits for directors (and other officers)	106	(210)
Increase (decrease) in provision for bonuses	(10)	33
Increase (decrease) in allowance for doubtful accounts	0	0
Increase (decrease) in retirement benefit liability	62	(102)
Interest and dividend income	(84)	(75)
Interest expenses	5	31
Impairment losses	-	610
Loss (gain) on sale of property, plant and equipment	8	-
Decrease (increase) in trade receivables	817	(734)
Decrease (increase) in inventories	(11)	(983)
Decrease (increase) in other current assets	5	22
Increase (decrease) in trade payables	84	105
Increase (decrease) in accrued consumption taxes	(97)	(117)
Increase (decrease) in other current liabilities	(21)	208
Increase (decrease) in other non-current liabilities	0	44
Other, net	102	34
<b>Subtotal</b>	<b>4,745</b>	<b>3,285</b>
Interest and dividends received	89	80
Interest paid	(5)	(31)
Income taxes paid	(1,070)	(379)
<b>Net cash provided by (used in) operating activities</b>	<b>3,758</b>	<b>2,953</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(37,733)	(34,117)
Proceeds from withdrawal of time deposits	33,433	39,046
Purchase of securities	(2,699)	(1,600)
Proceeds from redemption of securities	2,599	1,600
Purchase of investment securities	(19)	(18)
Purchase of property, plant and equipment	(1,146)	(534)
Proceeds from sale of property, plant and equipment	4	4
Purchase of intangible assets	(506)	(693)
Purchase of long-term prepaid expenses	(31)	(30)
Loan advances	(0)	(2)
Proceeds from collection of loans receivable	9	7
Other, net	(24)	(21)
<b>Net cash provided by (used in) investing activities</b>	<b>(6,115)</b>	<b>3,639</b>
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(675)	(0)
Dividends paid	(696)	(858)
Repayments of lease obligations	(270)	(294)
<b>Net cash provided by (used in) financing activities</b>	<b>(1,643)</b>	<b>(1,152)</b>
Effect of exchange rate change on cash and cash equivalents	(62)	69
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(4,063)</b>	<b>5,510</b>
Cash and cash equivalents at beginning of period	13,334	9,270
Cash and cash equivalents at end of period	9,270	14,781

## **(5) Notes to consolidated financial statements**

### **Uncertainties of entity's ability to continue as going concern**

Not applicable.

### **Changes in accounting policies**

Application of Accounting Standard for Revenue Recognition, etc.

“Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31; 2020, “Accounting Standard for Revenue Recognition”), etc. has been applied from the beginning of the fiscal year under review. Accordingly, booking method of monetary contributions, etc. which had previously been recognized as promotion expenses, etc., has been changed to the reduction of net sales.

The application of the Accounting Standard for Revenue Recognition has been implemented in accordance with the transitional measures set forth in the provisory clause of paragraph 84 of the Accounting Standard for Revenue Recognition. Accordingly, the cumulative effect of applying the new accounting policy retrospectively prior to the beginning of the current fiscal year was reflected in the opening balance of retained earnings of the current fiscal year, and the new accounting policy has been applied from the opening balance of the current fiscal year.

As a result, net sales and gross profit of the fiscal year under review decreased by ¥662 million and operating profit decreased by ¥99 million. There was no impact on ordinary profit and profit before income taxes. Also, there was no impact on opening balance of retained earnings of the current fiscal year.

Application of Accounting Standard for Fair Value Measurement, etc.

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

### **Change of presentation method**

Consolidated statement of income

“Interest expenses” and “Loss on retirement of non-current assets,” which were previously included in “Other” of Non-operating expenses, have been presented separately because their quantitative materiality has increased in the fiscal year under review. In order to reflect the change of their presentation method, consolidated financial statements of the previous fiscal year have been recombined.

As a result, ¥25 million of “Other” of Non-operating expenses in the consolidated statement of income for the previous fiscal year have been reclassified as “Interest expenses” of ¥5 million, “Loss on retirement of non-current assets” of ¥4 million, and “Other” of ¥15 million.

Consolidated statement of cash flows

“Interest expenses” and “Interest paid,” which were previously included in “Other” of “Cash flows from operating activities”, have been presented separately from the fiscal year under review, because their quantitative materiality has increased. In order to reflect the change of their presentation method, consolidated financial statements of the previous fiscal year have been recombined.

As a result, ¥102 million of “Other” of Cash flows from operating activities in the consolidated statement of cash flows of the previous fiscal year have been reclassified as “Interest expenses” of ¥5 million, “Interest paid” of ( ¥5 million) and “Other” of ¥102 million.

**Additional information**

Accounting estimates on spread of COVID-19

Accounting estimates concerning the impact of COVID-19 have been made under the assumption that the situation will recover gradually in the fiscal year ending March 2023. There is no material change from the previous fiscal year on this matter.

## Segment information, etc.

### Segment information

#### 1. Description of reportable segments

The reportable segments of the Company are constituent units of the Company whose separate financial information can be obtained. The Board of Directors periodically examines these segments to decide on the allocation of management resources and evaluate operating performance. The reportable segments of the Company are composed of four, by merchandise: “Quick Connect Couplings Business,” “Power & Machine Tools Business,” “Pumps & Compressors Business” and “Door Closers Business”.

The Quick Connect Couplings Business is mainly involved in the development, manufacturing, and sales of couplings with push-to-connect design for industrial fluid piping.

The Power & Machine Tools Business is involved in the development, manufacturing, and sales of labor-saving machine tools.

The Pumps & Compressors Business is mainly involved in the development, manufacturing, and sales of septic tank blowers and miniature labor-saving pumps used in health and medical devices.

The Door Closers Business is mainly involved in the development, manufacturing, and sales of armless door closers.

#### 2. Explanation of measurements of net sales, profit (loss), and other items for each reportable segment

As described in “Changes in accounting policies,” the Company has applied the “Accounting Standard for Revenue Recognition” from the beginning of the current fiscal year, and changed the accounting treatment for revenue recognition. Accordingly, the Company has changed the method of measuring profit or loss of operating segments.

As a result of the change, net sales of the “Quick Connect Couplings” Segment decreased by ¥351 million and its segment profit decreased by ¥42 million; net sales of the “Power & Machine Tools” Segment decreased by ¥251 million and its segment profit decreased by ¥31 million; net sales of the “Pumps & Compressors” Segment decreased by ¥42 million and its segment profit decreased by ¥9 million; and net sales of “Door Closers” decreased by ¥16 million and its segment loss increased by ¥16 million in comparison with using the previous method.

Segment profits of reportable segments are provided on an operating profit basis.

#### 3. Disclosure of net sales, profit (loss), and other items for each reportable segment

##### I Fiscal year ended March 31, 2021

	Reportable segment				Total
	Quick Connect Couplings	Power & Machine Tools	Pumps & Compressors	Door Closers	
Net sales					
Revenues from external customers	9,445	7,025	4,086	1,976	22,533
Transactions with other segments	—	—	—	—	—
Total	9,445	7,025	4,086	1,976	22,533
Segment profit	1,705	260	104	20	2,091
Other items					
Depreciation	551	473	390	104	1,519

(Millions of yen)

- Notes: 1. Total amount of segment profit agrees with operating profit presented in the consolidated statement of income.  
 2. Segment assets and liabilities have not been presented, as they are not used as the basis for deciding the allocation of management resources or evaluating operating performance.  
 3. Depreciation includes amortization of long-term prepaid expenses.

II Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment				Total
	Quick Connect Couplings	Power & Machine Tools	Pumps & Compressors	Door Closers	
Net sales					
Revenue from contracts with customers	11,440	7,748	4,176	1,916	25,281
Other revenue	–	–	–	–	–
Revenues from external customers	11,440	7,748	4,176	1,916	25,281
Transactions with other segments	–	–	–	–	–
Total	11,440	7,748	4,176	1,916	25,281
Segment profit (loss)	2,696	440	250	(32)	3,355
Other items					
Depreciation	631	462	331	89	1,515

- Notes: 1. Total amount of segment profit agrees with operating profit presented in the consolidated statement of income.  
 2. Segment assets and liabilities have not been presented, as they are not used as the basis for deciding the allocation of management resources or evaluating operating performance.  
 3. Depreciation includes amortization of long-term prepaid expenses.

*Information associated with reportable segments*

Fiscal year ended March 31, 2021

1. Information for each product or service

This information has been omitted, as identical information is disclosed in segment information.

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	Americas	Europe	East Asia	Southeast Asia	Asia and Oceania	Total
15,415	1,708	1,428	2,150	532	1,298	22,533

Note: Net sales are classified by country and region based on customer location.

(2) Property, plant, and equipment

(Millions of yen)

Japan	Americas	Europe	East Asia	Southeast Asia	Asia and Oceania	Total
11,010	182	130	0	659	91	12,076

3. Information for each main customer

(Millions of yen)

Name of customer or individual	Net sales	Related segment
YAMAZEN CORPORATION	3,628	Quick Connect Couplings, Power & Machine Tools, Pumps & Compressors, and others

Fiscal year ended March 31, 2022

1. Information for each product or service

This information has been omitted, as identical information is disclosed in segment information.

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	Americas	Europe	East Asia	Southeast Asia	Asia and Oceania	Total
16,781	1,991	1,629	2,581	785	1,511	25,281

Notes: Net sales are classified by country and region based on customer location.

(2) Property, plant, and equipment

(Millions of yen)

Japan	Americas	Europe	East Asia	Southeast Asia	Asia and Oceania	Total
10,529	193	98	0	596	68	11,487

3. Information for each main customer

(Millions of yen)

Name of customer or individual	Net sales	Related segment
YAMAZEN CORPORATION	4,633	Quick Connect Couplings, Power & Machine Tools, Pumps & Compressors, and others

*Disclosure of impairment loss on non-current assets for each reportable segment*

There were no impairment losses allocated to any reportable segment. Impairment losses which were not allocated to any reportable segment were ¥610 million, and their main details were “Land” and “Leased assets.”

*Amortization and unamortized balance of goodwill for each reportable segment*

Not applicable.

*Information about gain on bargain purchase for each reportable segment*

Not applicable.

## Per share information

(Yen)

Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
Net assets per share	2,685.92	Net assets per share	2,746.45
Basic earnings per share	76.08	Basic earnings per share	94.99
Diluted earnings per share is not presented, because there are no potential shares.		Diluted earnings per share is not presented, because there are no potential shares.	

Notes: 1. The basis for calculating basic earnings per share is as follows:

(Millions of yen, unless otherwise noted)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Basic earnings per share		
Profit attributable to owners of parent	1,549	1,927
Amounts not attributable to common shareholders	—	—
Profit attributable to owners of parent pertaining to common shares	1,549	1,927
Average number of outstanding common shares during period (shares)	20,367,774	20,288,913

2. The basis for calculating net assets per share is as follows:

(Millions of yen, unless otherwise noted)

	As of March 31, 2021	As of March 31, 2022
Total net assets	54,502	55,730
Amounts subtracted from total net assets	7	7
[Non-controlling interests]	[7]	[7]
Net assets attributable to common shares at end of period	54,494	55,722
Number of common shares at end of period used for calculating net assets per share (shares)	20,288,949	20,288,899

## Significant events after reporting period

Not applicable.



#### **4. Other information**

Changes in officers

- (i) Change in representative directors  
Not applicable.
  
- (ii) Changes in other officers  
Not applicable.