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



May 12, 2022

Company name: TENMA CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Code number: 7958

URL: <https://www.tenmacorp.co.jp>

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Scheduled date of Annual General Meeting of Shareholders: June 23, 2022

Scheduled date of filing annual securities report: June 23, 2022

Scheduled date of commencing dividend payments: June 24, 2022

Availability of supplementary briefing material on annual financial results: No

Schedule of annual financial results briefing session: Scheduled (for securities analysts and institutional investors)

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

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

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2022	82,697	12.3	1,970	(31.9)	2,430	(16.7)	1,058	(64.8)
March 31, 2021	73,639	(14.1)	2,892	(5.7)	2,919	(18.9)	3,006	20.0

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥4,547 million [76.8 %]

Fiscal year ended March 31, 2021: ¥ 2,572 million [37.2 %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets	Operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	46.61	-	1.4	2.6	2.4
March 31, 2021	127.08	-	4.1	3.1	3.9

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2022: ¥ 31 million

Fiscal year ended March 31, 2021: ¥(4) million

* 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. Regarding consolidated operating results, etc. of the previous consolidated fiscal year, the percent changes from the previous corresponding period are reference values due to non-application of retrospective calculation of said Accounting Standard, etc.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	93,984	73,197	77.9	3,299.10
As of March 31, 2021	92,387	72,895	78.9	3,153.43

(Reference) Equity: As of March 31, 2022: ¥ 73,197 million

As of March 31, 2021: ¥ 72,895 million

- * We have decided to apply the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., effective from the beginning of the consolidated fiscal year under review.
Each value for the year ended March 31, 2022 is after application of said Accounting Standard, etc.

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investment activities abstract	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	2,995	(229)	(4,724)	15,281
March 31, 2021	5,799	2,320	(4,241)	16,106

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	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	-	40.00	-	40.00	80.00	1,873	63.0	2.6
March 31, 2022	-	40.00	-	42.00	82.00	1,848	175.9	2.5
Fiscal year ending March 31, 2023 (Forecast)	-	40.00	-	40.00	80.00		93.4	

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2022	46,000	18.3	400	(54.4)	400	(65.0)	300	(47.3)	13.52
Full year	100,000	20.9	2,500	26.9	2,500	2.9	1,900	79.5	85.64

* Notes:

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2022 (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- * Further details are described on page 15 of the Attachments, “3. Consolidated Financial Statements and Primary Notes, (5) Notes to Consolidated Financial Statements, (Changes in accounting policies).”

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2022: 25,313,026 shares

March 31, 2021: 26,813,026 shares

2) Total number of treasury shares at the end of the period:

March 31, 2022: 3,126,076 shares

March 31, 2021: 3,696,769 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2022: 22,703,658 shares

Fiscal year ended March 31, 2021: 23,652,134 shares

* The Company's shares owned by the stock granting trust for Officers are included in the treasury shares to be deducted in the calculation of total number of treasury shares at the end of the period.

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2022	20,561	(10.0)	(578)	-	964	(51.7)	456	(74.2)
March 31, 2021	22,852	0.6	519	-	1,996	209.1	1,766	569.5

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended				
March 31, 2022	20.08		-	
March 31, 2021	74.66		-	

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	54,265	50,050	92.2	2,255.84
As of March 31, 2021	58,581	53,894	92.0	2,331.42

(Reference) Equity: As of March 31, 2022: ¥50,050 million

As of March 31, 2021: ¥53,894 million

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

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to "1. Overview of Business Results, etc., (4) Future Outlook" on page 5 of the Attachments for the assumptions underlying the forecasts and precautions when using the forecasts.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Period Under Review

The world economy during the fiscal year (from April 1, 2021 to March 31, 2022) faced acceleration of rising prices partly due to the recent situation in Ukraine and the turmoil in demand and logistics. Even though the impact varies in accordance with area, the impact of the novel coronavirus (COVID-19) still persisted, and uncertainty about the future still remained.

Meanwhile, the Japanese economy saw rises in raw material prices and the continued depreciation of the yen that have led to higher import prices. Also, uncertainty about corporate performance increased due to shortages of semiconductors, electronics parts, etc., and stagnant automotive exports, etc. Furthermore, the high cost of living strangled household budgets, therefore, it is difficult to assume improvement in personal consumption.

In these circumstances, the Group developed building a foundation for achievement of the mid- to long-term growth strategy based on the “Third Medium-term Management Plan” released in May 2021. Meanwhile, even during COVID-19 pandemic, the Company maintained production systems in order to accommodate changes in production plans of business partners.

As a result, net sales amounted to 82,697 million yen (112.3 % year on-year), and exceeded 81,000 million yen, the goal of the first year of the Third Medium-term Management Plan.

Regarding profit, rises in raw material prices have led to the worsening of profitability in the field of household synthetic resin products and related products. Also, production efficiency deteriorated due to shortages of semiconductors, etc., and declining factory operating ratios in the field of industrial and synthetic resin products caused by the spread of COVID-19. Therefore, operating income amounted to 1,970 million yen (68.1% year on-year), falling significantly below the 3,400 million yen goal for the first year of the Third Medium-term Management Plan. Ordinary income amounted to 2,430 million yen (83.3% year on-year) partly due to improvement of exchange gains and losses, etc., and profit loss attributable to owners of parent amounted to 1,058 million yen (35.2% year on-year) partly due to non-occurrence of gain on sales of non-current assets and compensation income for expropriation which were recorded in the previous consolidated fiscal year, and partly due to the increase of income taxes - deferred.

Operating results by segment are as follows.

(Japan)

In the field of industrial synthetic resin products, sales related to vehicles decreased due to the production adjustment of business partners caused by shortages of semiconductors, etc., on the other hand, sales related to electrical and electronics increased due to the increase in demand of printers, etc., caused by the increase in remote working. In the business activities in the fields of new businesses such as energy related to telecommunications and digital, sales of this field slightly increased. In the mainstay household synthetic resin products and related products, the Company expanded the sales of Covid-19 related products such as acrylic boards for prevention of airborne droplets and household related products such as “gravels, bricks, and towels,” in addition to original products. However, the slowdown in spending lingered after the decrease as a reaction to demand due to staying at home, and sales significantly decreased. Regarding profit, even though the Company worked on cost reduction by improvement of logistics efficiency, product assembly automation, etc., profit decreased due to the significant impact of a drop in sales in the field of household synthetic resin products and related products, and rises in raw material prices.

As a result, net sales for this segment amounted to 20,735 million yen (89.9% year on-year), and segment income (operating income) amounted to 669 million yen (37.2% year on-year.)

(China)

In the field of industrial synthetic resin products, production operation came back to normal due to a lesser impact of the novel coronavirus as a whole. Also, orders of molds, in addition to products, increased due to some business partners' production transfer from Southeast Asia. Furthermore, the yen conversion value increased due to the remaining depreciation trend of the yen against the U.S. dollar and the Chinese yuan. For these reasons listed above, etc., sales significantly increased in TENMA PRECISION (SHENZHEN) CO., LTD. and TENMA PRECISION (ZHONGSHAN) CO., LTD. In the field of household synthetic resin products and related products, sales in brick-and-mortar stores decreased due to competitors' similar products with lower prices. However, the Company worked on improvement and expansion of e-commerce, sales in the field of household synthetic resin products, and related products, resulting in a minor decrease. Regarding profit, rises in personnel expenses, etc., and the appreciation of the Chinese yuan against the U.S. dollar, the major transaction currency, remained, in addition to rises in raw material prices in the field of household synthetic resin products and related products. However, profit increased thanks to the increase in sales.

As a result, net sales for this segment amounted to 21,396 million yen (122.1% year on-year), and segment income (operating income) amounted to 1,046 million yen (108.0% year on-year.)

(Southeast Asia)

In the field of industrial synthetic resin products, some factories operations had to be suspended for approximately one month due to the resurgence of the novel coronavirus. However, sales significantly increased due to recovery in production related to parts for household electrical appliances in Thailand, the increase of orders related to vehicles as a reaction to the decline in the previous term, and furthermore, sales prices reflected rises in raw material prices. Regarding profit, even though profitability decreased due to inefficient production systems such as declining factory operating ratios of the Company due to frequent changes in production plans of business partners caused by shortages of semiconductors, electronics parts, etc., profit increased as it was absorbed by the increase in sales.

As a result, net sales for this segment amounted to 40,566 million yen (122.8% year on-year), and segment income (operating income) amounted to 1,449 million yen (106.4% year on-year.)

(2) Overview of Financial Position for the Period Under Review

(Assets)

The total assets at the end of the consolidated fiscal year under review increased by 1,598 million yen compared to the end of the previous consolidated fiscal year, reaching 93,984 million yen at the end of the fiscal year ended March 31, 2022. This was due to the increase of raw materials and supplies by 1,713 million yen, notes and accounts receivable – trade by 991 million yen, merchandise and finished goods by 780 million yen, and construction in progress by 594 million yen, etc., even though cash and deposits decreased by 2,885 million yen.

(Liabilities)

The total liabilities at the end of the consolidated fiscal year under review increased by 1,296 million yen compared to the end of the previous consolidated fiscal year, reaching 20,787 million yen at the end of the fiscal year ended March 31, 2022.

This was due to the increase of notes and accounts payable – trade by 837 million yen, deferred tax liabilities by 402 million yen, etc.

(Net assets)

The total net assets at the end of the consolidated fiscal year under review increased by 302 million yen compared to the end of the previous consolidated fiscal year, reaching 73,197 million yen at the end of the fiscal year ended March 31, 2022.

This was due to the increase of foreign currency translation adjustment by 3,526 million yen, treasury stock,

a deduction item, by 280 million yen, etc., even though capital surplus decreased by 2,675 million yen, and retained earnings by 792 million yen.

(3) Overview of Cash Flows for the Period Under Review

Cash and cash equivalents for the consolidated fiscal year under review decreased by 825 million yen compared to the end of the previous consolidated fiscal year, reaching 15,281 million yen at the end of the fiscal year ended March 31, 2022.

The following is a summary of cash flows for each activity and related causes.

Cash flows from operating activities

Cash flows from operating activities increased by 3,054 million yen (decreased by 2,746 million yen year on-year.) This was mainly due to 4,096 million yen in depreciation and amortization, 2,303 million yen in income before income taxes, in spite of the increase of 2,237 million yen in inventories, payment of 759 million yen of income taxes, etc.

Cash flows from investing activities

Cash flows from investing activities decreased by 288 million yen (decreased by 2,608 million yen year on-year.) This was mainly due to 28,605 million yen in payments into time deposits, 2,948 million yen in purchase of property, in spite of 31,330 million yen in proceeds from withdrawal of time deposits, etc.

Cash flows from financing activities

Cash flows from financing activities decreased by 4,724 million yen (decreased by 483 million yen year on-year.) This was mainly due to increase in treasury stock by 2,395 million yen, and cash dividends paid by 1,841 million yen.

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Equity ratio (%)	82.0	81.3	78.4	78.9	77.9
Equity ratio based on fair value (%)	53.3	54.2	41.1	55.7	57.1
Years of debt redemption (years)	-	-	-	-	-
Interest coverage ratio	-	-	-	-	-

(Notes) Equity ratio: Shareholders' equity / Total assets
 Equity ratio based on fair value: Total market value of shares / Total assets
 Years of debt redemption: Interest-bearing debts / Operating cash flow
 Interest coverage ratio: Operating cash flow / Interest paid

- The indicators were calculated using consolidated financial figures.
- The total market value of shares was calculated by multiplying the closing price of the closing date by the total number of shares outstanding (less the treasury shares).
- Operating cash flow is the figure of net cash provided by (used in) operating activities recorded in the Consolidated Statements of Cash Flows. Interest-bearing debts include all debts recorded on the Consolidated Balance Sheets for which interest is paid. Interest paid is the interest expenses paid shown in the Consolidated Statements of Cash Flows.
- Years of debt redemption and interest coverage ratio are deducted due to no interest-bearing debts or interest paid.

(4) Future Outlook

Regarding future of global economy, during the chaotic situation in Ukraine, there is no indication that rising resource prices and turmoil of logistics will settle down. Due to the growing risk of geopolitics, there is the potential for putting a lot of extra drag on the economic growth. Also, the novel coronavirus is mutating repeatedly, and this may include the prolongation risk of negative impact to economic activities caused by the resurgence of the novel coronavirus. Regarding the Japanese economy, while shifting to an increase in consumer spending, the unclear situation may continue due to the price fluctuation, etc., triggered by sudden changes in the exchange rate, rising resource prices, etc.

In the context of this situation, the Group has established the Third Medium-term Management Plan (released on May 13, 2021), with the 76th fiscal year (fiscal year ended March 31, 2024) as the target year for its fulfillment.

Under the theme of “Progress toward 100-Year-Old Company”, the Company set a goal of realizing an “Affluent society which harmonizes well with people and plastic products” as a long-term vision, and is operating with the basic policy of “Implementation of sustainable management” and “Building a foundation for growth.”

Regarding numerical targets, the Company targets 87 billion yen in consolidated net sales for the final year, 4.2 billion yen in consolidated operating income, and 4.6% or higher in ROE. The Company positioned these three years as the transition period for the realization of the long-term vision and achievement of long-term numerical targets (fiscal year ended March 31, 2031), 110 billion yen in net sales, 9 billion yen in consolidated operating income, 9% or higher in ROE, and 9% or higher in ROIC.

To achieve the goal, the company will drive the management strategies, “1. human resource efforts,” “2. environmental issue efforts,” “3. enhancement of governance,” “4. implementation of DX (digital transformation) and automation,” “5. implementation of technology development,” “6. Expansion of business areas,” bolster sustainable growth and our corporate value, and seek to continued development of the Group.

For the consolidated full-year results for fiscal year 2023, factoring in the recent depreciation trend of the yen and rises in raw material prices, in addition to the recovery in production in the field of industrial and synthetic resin products, the Company expects 100 billion yen in net sales, 2.5 billion yen in operating income, 2.5 billion yen in ordinary income, and 1.9 billion yen in profit.

(5) Profit Distribution Policy and Payments for This Period and Next Period

The Company regards striving ongoingly to enhance the distribution of profits as one of the important management issues while investing for the achievement of the mid- to long-term growth strategy, achieving sustainable growth of the corporate value, and maintaining the financial soundness to cope with changes in the business environment. Our Company’s basic policies are to aim to achieve 2.5% or higher in consolidated dividends to net assets (DOE) based on a continued stable dividend, to aim to further improvement of distribution of profits, and to deliberate on dividend increases in response to enhancement of business performance and achievement of business goals.

Regarding purchase of own shares, while considering changes in free cash flow and situations, the Company deliberates expeditiously and proactively on the option of distribution to the shareholders.

In the end of the consolidated fiscal year under review, net assets per share increased due to the purchase of 929 thousand shares (purchase cost of the shares 2,395 million yen) of treasury shares, which is equivalent to the percentage of the total number, 3.47%, of issued shares before retirement of treasury shares, improvement of capital efficiency, and change in foreign currency translation adjustment caused by exchange rate fluctuations.

To make the annual dividend at the end of the consolidated fiscal year under review amount to 82 yen per share, which is 2.5% or higher in consolidated dividends to net assets (DOE.), the year-end dividend has been revised to 42 yen per share. This is an increase of 2 yen per share from the initial dividend forecast.

As we have already paid an interim dividend of 40 yen, the annual dividend will amount to 82 yen per share.

In regard to per share dividends for the next consolidated fiscal year, we forecast an interim dividend of 40

yen and a year-end dividend of 40 yen respectively, and an annual dividend of 80 yen. Regarding year-end dividends, we will deliberate flexibly with due consideration of the external environment based on dividend policies.

2. Basic Stance Concerning Choice of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Group applies Japanese GAAP. Regarding application of IFRS (International Financial Reporting Standards), the Group will deliberate in consideration of the application trends of other companies in Japan.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
Assets abstract		
Current assets abstract		
Cash and deposits	30,249,244	27,364,663
Notes and accounts receivable - trade	16,114,081	17,104,604
Merchandise and finished goods	2,694,082	3,474,046
Work in process	590,893	711,353
Raw materials and supplies	3,089,375	4,802,790
Other	1,775,395	1,700,291
Allowance for doubtful accounts	(1,866)	(1,979)
Current assets	54,511,203	55,155,769
Non-current assets abstract		
Property, plant and equipment abstract		
Buildings and structures	25,437,066	26,908,693
Accumulated depreciation	(12,050,168)	(13,540,306)
Buildings and structures, net	13,386,898	13,368,387
Machinery, equipment and vehicles	33,829,631	36,181,579
Accumulated depreciation	(25,092,313)	(27,596,310)
Machinery, equipment and vehicles, net	8,737,318	8,585,269
Land	2,461,045	2,480,578
Right of use assets	4,093,109	4,638,934
Accumulated depreciation	(894,167)	(1,485,171)
Right of use assets net	3,198,943	3,153,764
Construction in progress	250,613	844,693
Other	8,858,627	9,102,089
Accumulated depreciation	(8,078,440)	(8,333,456)
Other, net	780,187	768,633
Property, plant and equipment	28,815,004	29,201,324
Intangible assets abstract		
Other	2,450,333	2,595,040
Intangible assets	2,450,333	2,595,040
Investments and other assets abstract		
Investment securities	4,054,680	4,032,851
Net defined benefit asset	1,977,255	2,214,175
Deferred tax assets	181,652	141,179
Other	403,091	650,950
Allowance for doubtful accounts	(6,482)	(6,903)
Investments and other assets	6,610,196	7,032,253
Non-current assets	37,875,533	38,828,616
Assets	92,386,737	93,984,385

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities abstract		
Current liabilities abstract		
Income taxes payable	8,641,580	9,478,595
Provision for bonuses	306,580	372,621
Provision for taxes related expenses	820,938	826,783
Provision for loss on liquidation of subsidiaries and affiliates	133,968	128,895
Other	35,358	6,844
Current liabilities	4,358,253	4,022,871
Non-current liabilities abstract	14,296,677	14,836,609
Long-term accounts payable other		
Provision for share based remuneration for directors (and other officers)	22,531	22,531
Net defined benefit liability	40,647	62,118
Lease obligations	331,793	318,787
Asset retirement obligations	3,101,198	3,146,876
Deferred tax liabilities	219,389	522,367
Provision for business structure improvement	1,410,662	1,812,871
Non-current liabilities	68,374	65,254
Total non-current liabilities	5,194,593	5,950,804
Liabilities	19,491,270	20,787,413
Net assets abstract		
Shareholders' equity abstract		
Capital stock	19,225,350	19,225,350
Capital surplus	17,531,538	14,856,522
Retained earnings	40,388,885	39,596,800
Treasury shares	(5,871,390)	(5,591,856)
Shareholders' equity	71,274,383	68,086,815
Valuation and translation adjustments abstract		
Valuation difference on available for sale securities	1,050,488	996,970
Foreign currency translation adjustment	(197,145)	3,328,466
Remeasurements of defined benefit plans	767,677	784,648
Valuation and translation adjustments	1,621,020	5,110,083
Non-controlling interests	64	74
Net assets	72,895,467	73,196,972
Liabilities and net assets	92,386,737	93,984,385

(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	73,638,812	82,696,820
Cost of sales	59,321,310	69,607,791
Gross profit	14,317,502	13,089,029
Selling, general and administrative expenses abstract		
Freightage and packing expenses	4,247,310	3,709,714
Salaries and allowances	2,563,085	2,643,798
Other	4,615,133	4,765,220
Selling, general and administrative expenses	11,425,528	11,118,731
Operating income	2,891,974	1,970,297
Non-operating income abstract		
Interest income	137,873	131,018
Dividends income	126,493	127,853
Equity in earnings of affiliates	—	31,168
Foreign exchange gains	—	167,100
Other	167,247	148,769
Non-operating income	431,612	605,908
Non-operating expenses abstract		
Sales discounts	84,177	—
Interest expenses	100,320	115,658
Foreign exchange losses	193,138	—
Other	27,183	30,257
Non-operating expenses	404,818	145,916
Ordinary income	2,918,768	2,430,289
Extraordinary income abstract		
Gain on sales of non-current assets	850,720	30,627
Compensation income for expropriation	216,131	—
Reversal of provision for business structure improvement	—	918
Other	40,366	—
Extraordinary income	1,107,217	31,546
Extraordinary loss abstract		
Loss on sales of non-current assets	14,212	2,572
Loss on retirement of non-current assets	28,643	26,141
Impairment loss	141,550	—
Provision for business structure improvement	71,451	—
Loss related to COVID-19	185,673	92,424
Loss on valuation of stocks of subsidiaries and affiliates	—	37,566
Extraordinary loss	441,529	158,703
Income before income taxes	3,584,456	2,303,132
Income taxes - current	763,522	789,471
Income taxes - deferred	(184,736)	455,452
Income taxes	578,786	1,244,923
Profit loss	3,005,670	1,058,209
Profit loss attributable to non-controlling interests	(5)	3
Profit loss attributable to owners of parent	3,005,675	1,058,206

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit	3,005,670	1,058,209
Other comprehensive income abstract		
Valuation difference on available-for-sale securities, net of tax	821,396	(53,519)
Foreign currency translation adjustment, net of tax	(1,829,655)	3,481,153
Remeasurements of defined benefit plans, net of tax	606,764	16,971
Share of other comprehensive income of associates accounted for using equity method	(32,447)	44,465
Other comprehensive income	(433,942)	3,489,071
Comprehensive income	2,571,729	4,547,279
(Comprehensive income attributable to abstract)		
Comprehensive income attributable to owners of parent	2,571,739	4,547,269
Comprehensive income attributable to non-controlling interests	(11)	10

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31, 2021

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,225,350	17,531,538	39,298,419	(3,954,500)	72,100,807
Cumulative effects of changes in accounting policies					—
Restated balance	19,225,350	17,531,538	39,298,419	(3,954,500)	72,100,807
Changes of items during period					
Dividends of surplus			(1,915,209)		(1,915,209)
Profit attributable to owners of parent			3,005,675		3,005,675
Purchase of treasury shares				(1,999,085)	(1,999,085)
Disposal of treasury shares				82,195	82,195
Cancellation of treasury shares					—
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	—	1,090,466	(1,916,890)	(826,424)
Balance at end of current period	19,225,350	17,531,538	40,388,885	(5,871,390)	71,274,383

	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	Non-controlling interests	
Balance at beginning of current period	229,092	1,664,951	160,913	2,054,956	74	74,155,837
Cumulative effects of changes in accounting policies						—
Restated balance	229,092	1,664,951	160,913	2,054,956	74	74,155,837
Changes of items during period						
Dividends of surplus						(1,915,209)
Profit attributable to owners of parent						3,005,675
Purchase of treasury shares						(1,999,085)
Disposal of treasury shares						82,195
Cancellation of treasury shares						—
Net changes of items other than shareholders' equity	821,396	(1,862,096)	606,764	(433,936)	(11)	(433,947)
Total changes of items during period	821,396	(1,862,096)	606,764	(433,936)	(11)	(1,260,370)
Balance at end of current period	1,050,488	(197,145)	767,677	1,621,020	64	72,895,467

For the fiscal year ended March 31, 2022

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,225,350	17,531,538	40,388,885	(5,871,390)	71,274,383
Cumulative effects of changes in accounting policies			(9,490)		(9,490)
Restated balance	19,225,350	17,531,538	40,379,395	(5,871,390)	71,264,893
Changes of items during period					
Dividends of surplus			(1,840,801)		(1,840,801)
Profit attributable to owners of parent			1,058,206		1,058,206
Purchase of treasury shares				(2,395,483)	(2,395,483)
Disposal of treasury shares					—
Cancellation of treasury shares		(2,675,016)		2,675,016	—
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	(2,675,016)	(782,596)	279,533	(3,178,078)
Balance at end of current period	19,225,350	14,856,522	39,596,800	(5,591,856)	68,086,815

	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	Non-controlling interests	
Balance at beginning of current period	1,050,488	(197,145)	767,677	1,621,020	64	72,895,467
Cumulative effects of changes in accounting policies						(9,490)
Restated balance	1,050,488	(197,145)	767,677	1,621,020	64	72,885,977
Changes of items during period						
Dividends of surplus						(1,840,801)
Profit attributable to owners of parent						1,058,206
Purchase of treasury shares						(2,395,483)
Disposal of treasury shares						—
Cancellation of treasury shares						—
Net changes of items other than shareholders' equity	(53,519)	3,525,611	16,971	3,489,063	10	3,489,074
Total changes of items during period	(53,519)	3,525,611	16,971	3,489,063	10	310,995
Balance at end of current period	996,970	3,328,466	784,648	5,110,083	74	73,196,972

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net cash provided by (used in) operating activities abstract		
Income before income taxes	3,584,456	2,303,132
Depreciation and amortization	3,913,073	4,096,205
Impairment loss	141,550	—
Increase (decrease) in provision for bonuses	(75,629)	(42,657)
Increase (decrease) in allowance for doubtful accounts	(75)	113
Increase (decrease) in provision for share based remuneration for directors and other officers	(58,678)	21,472
Increase (decrease) in provision for taxes related expenses	(8,297)	(17,922)
Increase (decrease) in provision for business structure improvement	68,374	(3,119)
Increase (decrease) in provision for loss on liquidation of subsidiaries and affiliates	35,358	(28,514)
Increase (decrease) in net defined benefit asset	(85,894)	(212,466)
Increase (decrease) in net defined benefit liability	21,182	(30,517)
Interest and dividend income	(264,366)	(258,871)
Interest expenses	100,320	115,658
Compensation income for expropriation	(216,131)	—
Foreign exchange losses (gains)	19,208	(210,680)
Loss on retirement of non-current assets	28,643	26,141
Loss (gain) on sales of non-current assets	(836,507)	(28,055)
Loss (gain) on valuation of stocks of subsidiaries and affiliates	—	37,566
Loss (gain) on valuation of investments in capital	—	8,938
Decrease/increase in notes and accounts receivable - trade	316,759	(225,321)
Decrease/increase in inventories	428,538	(2,237,328)
Increase (decrease) in notes and accounts payable - trade	(47,690)	(47,649)
Equity in earnings losses of affiliates	3,808	(31,168)
Other, net	(864,446)	352,339
Subtotal	6,203,554	3,587,297
Interest and dividends income received	292,568	225,136
Income taxes paid	(696,902)	(758,903)
Net cash provided by (used in) operating activities	5,799,220	3,053,529

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net cash provided by (used in) investment activities abstract		
Payments into time deposits	(43,249,276)	(28,605,038)
Proceeds from withdrawal of time deposits	47,165,068	31,329,961
Purchase of property plant and equipment	(3,309,085)	(2,948,125)
Proceeds from sales of property plant and equipment	1,329,759	45,210
Payments for Retirement of property plant and equipment	(49,068)	3,139
Purchase of intangible assets	(48,371)	(53,293)
Proceeds from sales of intangible assets	268,031	—
Purchase of investment securities	(2,176)	(1,794)
Payments for investments in capital to investment partnerships	—	(58,887)
Collection of loans receivable	1,286	1,295
Payments of loans receivable	(2,112)	(116)
Proceeds from compensation income for expropriation	216,131	—
Net cash provided by (used in) operating activities	2,320,187	(287,648)
Net cash provided by (used in) financing activities abstract		
Net decrease/increase in treasury stock	(1,941,546)	(2,395,483)
Cash dividends paid	(1,913,176)	(1,841,205)
Payments for lease obligations	(386,769)	(487,344)
Net cash provided by (used in) financing activities	(4,241,491)	(4,724,032)
Effect of exchange rate change on cash and cash equivalents	(492,854)	1,133,193
Net increase (decrease) in cash and cash equivalents	3,385,062	(824,957)
Cash and cash equivalents	12,720,772	16,105,834
Cash and cash equivalents	16,105,834	15,280,877

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes to Consolidated Balance Sheets)

Contingent liabilities

The Company received from the third-party committee its investigation report on March 13, 2020. The report stated that offering bribes or suspected actions related to tax inspections, etc., to foreign public officials were carried out by an overseas subsidiary of the Company (in regard to the investigation report (the published version), the Company had released on April 2, 2020.) We aim to restore the trust of our stakeholders and society by addressing the measures to prevent the issue disclosed on May 1, 2020 from recurring as urgent management issues. Regarding this issue, there is a possibility of a financial penalty being imposed. However, it is difficult to estimate the amount of financial impact as related legal procedures include uncertainty and complicated elements at this time, therefore, it is not reflected in the consolidated financial statements. Also, because similar financial penalties may be imposed in the countries where overseas subsidiaries of the Company are located, it is difficult to estimate the amount of financial impact at this time, therefore, it is not reflected in the non-consolidated financial statements.

(Changes in accounting policies)

For the fiscal year ended March 31, 2022
<p>(Changes in accounting policies)</p> <p>(Application of Accounting Standard for Revenue Recognition, etc.)</p> <p>We have decided to apply the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter the “Revenue Recognition Accounting Standard”), etc., effective from the beginning of the consolidated fiscal year under review and recognize revenue at the amount expected to be received in exchange for the goods or services when control over the promised goods or services is transferred to a customer.</p> <p>As a result, we changed the method of sales discount to be deducted from net sales as sales allowance and returns which had previously been recognized as non-operating expenses. In addition, the goal achievement rebate is reflected in the transaction price only to the extent when it is probable that a significant reversal in the amount of cumulative revenue recorded will not occur when the uncertainty associated with the variable consideration is subsequently resolved.</p> <p>The application of the Revenue Recognition Accounting Standard, etc., are subject to the transitional treatment specified in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of the retrospective application of the new accounting policy to periods prior to the beginning of the consolidated fiscal year under review was added to or subtracted from the beginning balance of retained earnings for the consolidated fiscal year under review, and the new accounting policy has been applied from the beginning balance of the period.</p> <p>As a result, in the consolidated fiscal year ended March 31, 2022, net sales and operating income decreased by</p>

102,899 thousand yen, and ordinary income, income before income taxes and profit decreased by 33,105 thousand yen, respectively. Also, the beginning balance of retained earnings decreased by 9,490 thousand yen.

In accordance with the transitional treatment specified in Paragraph 89-2 of the Revenue Recognition Accounting Standard, we have not used the new presentation method to restate figures for the previous fiscal year.

In accordance with the transitional treatment specified in Paragraph 89-3 of the Revenue Recognition Accounting Standard, notes to “Revenue Recognition related” for the previous fiscal year ended is not described.

(Changes in accounting policies)

(Application of Accounting Standard for Fair Value Measurement, etc.)

We have decided to apply the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter the “Fair Value Measurement Accounting Standard”), etc., effective from the beginning of the consolidated fiscal year ended March 31, 2022 and apply the new accounting policy specified in the Fair Value Measurement Accounting Standard, etc., prospectively, in accordance with the transitional treatment specified in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No.10, July 4, 2019). There is no impact of the application of said Accounting Standard on our consolidated financial statements.

(Additional information)

(Accounting estimates associated with the spread of COVID-19)

Regarding accounting estimates associated with the spread of COVID-19, the spread of COVID-19 is the event that widely influences the economy and business activities; in some of the Company’s locations, factory operations are affected due to travel restrictions, etc., to prevent the spread of COVID-19 imposed by governments, etc., of each country, and the business partners’ production adjustment, etc. It is difficult to reasonably forecast when COVID-19 will be resolved, and the impact to the future business performance of the Group at this time. Regarding estimation of collectability for deferred tax assets and impairment of non-current assets, they are analyzed and assessed based on currently available external sources. As a result, we assume that the impact to the future business performance of the Group is limited and are working on accounting estimates. The impact of the spread of COVID-19 is high in uncertainty, therefore, in the event of a change in assumption mentioned above, it may impact the financial condition and operating results.

(Stock granting trust for Officers)

The Company implemented the stock compensation system “Stock granting trust for Officers” for Directors (excluding Outside Directors and Directors who are members of the Audit and Supervisory Committee, hereinafter the same) and Corporate Executive Officers (hereinafter referred to as the “Directors, etc.”) with the aim of achieving the targets by boosting the motivation of Directors, etc., to contribute to the improvement of the Company’s mid- to long-term business performance and enhancement of its corporate value.

(1) Details of the transaction

This system is a stock compensation system that the Trustor (hereinafter referred to as the “Trust”) acquires the Company’s shares by contributing to the Trust of the Company through the Trust, and executes the granting of

Company shares equivalent to the number of points which were awarded to each Director, etc., by the Company. The timing of execution of the Company's shares in principle is at retirement of Officers, etc.

(2) Company shares remaining in the Trust

The Company shares remaining in the Trust are recorded in net assets as treasury stock with the book value of the Trust (excluding the amount of incidental cost). The carrying amount and the number of shares for the previous consolidated fiscal year resulted 77,615 thousand yen, 33,997 shares, and for the consolidated fiscal year under review resulted 77,615 thousand yen, 33,997 shares.

(Segment information, etc.)

[Segment information]

1. Description of reportable segments

The Company's reportable segments shall be part of its organizational units whose financial information is individually available, and shall be subject to regular review by its Board of Directors for the purpose of deciding the allocation of its managerial resources and evaluating its business performance.

The Company mainly operates in the manufacture and sales of synthetic resin products. The Company is responsible for businesses in Japan, and overseas subsidiaries of China (including Hong Kong) and Southeast Asia (Indonesia, Thailand, and Vietnam) are responsible for each area. Each subsidiary is an independent management unit, and engages in its business activities by comprehensively developing strategies.

Therefore, the Group is composed of the segments based on the Company and consolidated subsidiaries. In order to provide appropriate information regarding business activities and business environment, the Company consolidated three segments whose areas of manufacture/sale or elements of products are generally similar, defined as "Japan," "China," and "Southeast Asia" as reportable segments.

2. Method of measurement for the amounts of sales, profits/losses, assets, liabilities, and other items for each reportable segment

The accounting method used for reportable business segments is generally the same as stated in "Important Matters That Form the Basis for Preparing Consolidated Financial Statements." Reportable segment income figures are based on operating income. Inter-segment sales and transfers are mainly based on market prices.

3. Information on net sales and income (loss) by reportable segment

For the fiscal year ended March 31, 2021

(Thousand yen)

	Reportable segment			Total
	Japan	China	Southeast Asia	
Net sales				
Net sales to outside customers	23,075,224	17,523,795	33,039,794	73,638,812
Inter-segment net sales or transfers	89,972	234,495	566	325,033
Total	23,165,196	17,758,290	33,040,359	73,963,846
Segment income	1,798,628	968,888	1,362,505	4,130,020
Segment assets	21,658,812	22,800,639	31,545,077	76,004,528
Other				
Depreciation and amortization	995,190	921,129	1,983,358	3,899,677
Increase in property, plant and equipment and Intangible assets	1,903,193	235,242	1,372,655	3,511,091

For the fiscal year ended March 31, 2022

(Thousand yen)

	Reportable segment			Total
	Japan	China	Southeast Asia	
Net sales				
Net sales to outside customers	20,735,214	21,395,749	40,565,858	82,696,820
Inter-segment net sales or transfers	93,771	247,566	94	341,431
Total	20,828,984	21,643,315	40,565,952	83,038,251
Segment income	669,194	1,046,347	1,449,298	3,164,840
Segment assets	22,470,323	25,893,113	34,734,028	83,097,464
Other				
Depreciation and amortization	1,057,457	973,485	2,049,241	4,080,184
Increase in property, plant and equipment and Intangible assets	801,281	343,873	1,482,556	2,627,711

4. Difference between the total reportable segment and the amount recorded in consolidated financial statements, and description of said difference (comparability adjustment)

(Thousand yen)

Net sales	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Total reportable segment	73,963,846	83,038,251
Inter-segment eliminations	(325,033)	(341,430)
Net sales in Consolidated Financial Statements	73,638,812	82,696,820

(Thousand yen)

Income	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Total reportable segment	4,130,020	3,164,840
Inter-segment eliminations	(1,001)	31,290
Corporate expenses*	(1,237,045)	(1,225,834)
Operating income in Consolidated Financial Statements	2,891,974	1,970,297

* Corporate expenses are mainly the expenses of the parent company's management department which does not belong to a reportable segment.

(Thousand yen)

Assets	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Total reportable segment	76,004,528	83,097,464
Corporate assets *1	25,276,056	19,387,713
Other adjustment *2	(8,893,847)	(8,500,791)
Total assets in Consolidated Financial Statements	92,386,737	93,984,385

*1 Corporate assets are mainly the assets of the parent company's management department which does not belong to a reportable segment.

*2 Other adjustment is mainly the amount of transaction elimination.

(Thousand yen)

Other	Total Reportable segment		Adjustment		Consolidation	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Depreciation and amortization	3,899,677	4,080,184	13,396	16,021	3,913,073	4,096,205
Increase in property, plant and equipment and Intangible assets	3,511,091	2,627,711	113,639	83,844	3,624,730	2,711,555

* The adjustment of increase in property, plant and equipment and intangible assets is mainly the capital expenditure and the transaction elimination of the parent company's management department which does not belong to a reportable segment.

(Revenue Recognition related)

Broken-down information of revenue from contracts with customers

For the fiscal year ended March 31, 2022

(Thousand yen)

	Synthetic resin product related business	Other*	Total
Japan	20,706,255	—	20,706,255
China	21,395,749	—	21,395,749
Southeast Asia	40,565,858	—	40,565,858
Revenue from contracts with customers	82,667,862	—	82,667,862
Other	—	28,958	28,958
Net sales to outside customers	82,667,862	28,958	82,696,820

* Other indicates the real-estate rental business.

(Per share information)

For the fiscal year ended March 31, 2021		For the fiscal year ended March 31, 2022	
Net assets per share	¥3,153.43	Net assets per share	¥3,299.10
Basic earnings per share	¥127.08	Basic earnings per share	¥46.61

(Notes) 1. Diluted earnings per share is not described as dilutive shares do not exist.

2. For the purpose of calculating the basic earnings per share, the treasury shares remaining in trust posted as treasury shares in Shareholders' equity are included in the treasury shares deducted in the calculation of the average number of shares during the fiscal year under review. For the purpose of calculating the net assets per share, the treasury shares so remaining in trust are included in the treasury shares deducted from the total number of shares issued at the end of the fiscal year under review.

For the purpose of calculating the basic earnings per share, the average number of treasury shares, so deducted, during the previous consolidated fiscal year was 47,014 shares, and during the consolidated fiscal year under review was 33,997 shares. For the purpose of calculating the net assets per share, the number of treasury shares, so deducted, as of the end of the previous consolidated fiscal year was 33,997 shares, and as of the end of the consolidated fiscal year under review was 33,997 shares.

3. The basis for the 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
Net income per share		
Profit attributable to owners of parent reported in the consolidated statement of income (Thousand Yen)	3,005,675	1,058,206
Amount not attributable to common shareholders (Thousand Yen)	—	—
Profit attributable to owners of parent relevant to common shares (Thousand Yen)	3,005,675	1,058,206
Average number of common shares during period (Shares)	23,652,134	22,703,658

4. Calculation basis for net assets per share is as follows:

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net assets per share		
Total of net assets reported in the consolidated balance sheet (Thousand Yen)	72,895,467	73,196,972
Main items of the difference (Thousand Yen) (Of which Non-controlling interests)	64 (64)	74 (74)
Net assets relevant to common shares (Thousand Yen)	72,895,403	73,196,898
Total number of issued common shares (Shares)	26,813,026	25,313,026
Total number of treasury shares of common shares (Shares)	3,696,769	3,126,076
Number of common shares used to calculate net asset per share (Shares)	23,116,257	22,186,950

(Significant subsequent events)

The Company, at the Board of Directors meeting held on May 12, 2022, resolved regarding purchase of treasury shares as follows.

- | | |
|---|--|
| 1. Reason for purchase of treasury shares | In order to enable expeditious capital policy corresponding to changes in the business environment, along with improving capital efficiency. |
| 2. Class of shares for purchase | Common shares of the Company |
| 3. Total shares for purchase | 500,000 shares (Maximum) |
| 4. Total purchase cost of the shares | 1,000,000,000 yen (Maximum) |
| 5. Purchase period | May 13, 2022 to April 28, 2023 |
| 6. The method of acquisition | Market buying in the Tokyo Stock Exchange |