

ADVANEX INC.
Flash Report(Consolidated Basis) --Summary
Results for fiscal year ended March 31, 2022



May 13, 2022

Company name: ADVANEX INC.
 Code number: 5998
 Representative: Seiya Kato, CEO & President
 Inquiries: Tetsuya Yoshihara, Director & CFO

Stock listings: Tokyo Stock Exchange
 URL <https://www.advanex.co.jp>

Telephone: +81-3-3822-5865

Date of the General Meeting of the Shareholders: June 28, 2022
 Expected date of payment for dividends: June 29, 2022
 Filing date of securities report: June 29, 2022
 Supplementary explanation material for financial results: Yes
 Holding of presentation meeting for financial results: Yes

(Figures less than ¥1 million have been omitted.)

1. Performance

(1) Operating results

Years ended March 31

Percentages indicate year-on-year increase (decrease).

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|------|-----------------|-------|------------------|--------|-----------------|-------|-----------------|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| 2022 | 21,722 | 11.2 | 148 | (15.8) | 354 | (1.2) | (82) | - |
| 2021 | 19,539 | (8.2) | 176 | (32.4) | 359 | 91.6 | 633 | - |

Note: Comprehensive income(millions of yen): Mar. 2022: 650 (52.4)% Mar.2021: 1,367 -%

| | Net income per share | Net income per share after dilution | Return on equity | Ratio of ordinary income to total assets | Ratio of operating income to net sales |
|------|----------------------|-------------------------------------|------------------|--|--|
| | Yen | Yen | % | % | % |
| 2022 | (20.01) | - | (1.2) | 1.4 | 0.7 |
| 2021 | 154.61 | 154.97 | 11.2 | 1.6 | 0.9 |

Reference : Gain (Loss) on investment by equity method: Year ended March 31, 2022: ¥7,021 million

Year ended March 31, 2021: ¥6,299 million

(2) Consolidated Financial position

At March 31

(Figures less than ¥1 million have been omitted.)

| | Total assets | Net assets | Equity ratio | Net assets per share |
|------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| 2022 | 25,208 | 6,922 | 27.4 | 1,682.81 |
| 2021 | 23,730 | 6,323 | 26.5 | 1,537.15 |

(Reference) Total shareholders' equity: March 31, 2022: ¥7,021 million, March 31, 2021: ¥6,299 million

(3) Cash flows

Years ended March 31

(Figures less than ¥1 million have been omitted.)

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of year |
|------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| 2022 | 945 | (1,557) | (169) | 2,543 |
| 2021 | 1,404 | 327 | (753) | 3,093 |

2. Dividends

Years ended March 31

| Record date | Dividends per share | | | | |
|-----------------|------------------------------|-------------------------------|------------------------------|--------------------|-------|
| | First quarter -end dividends | Second quarter -end dividends | Third quarter -end dividends | Year-end dividends | Total |
| | Yen | Yen | Yen | Yen | Yen |
| 2021 | --- | --- | --- | 10.00 | 10.00 |
| 2022 | --- | --- | --- | 10.00 | 10.00 |
| 2023 (Forecast) | --- | -- | --- | 10.00 | 10.00 |

Note: The expected dividend amount has not been decided.

| Record date | Total amount of dividends (for the entire fiscal year) | Payout ratio (consolidated) | Dividends-to-net assets ratio (consolidated) |
|-----------------|--|-----------------------------|--|
| | Millions of yen | % | % |
| 2021 | 40 | 6.5 | 0.7 |
| 2022 | 41 | 236.8 | 0.6 |
| 2023 (Forecast) | | 34.2 | |

3. Forecasts for the Fiscal Year Ended March 31, 2023

Percentages indicate year-on-year increase (decrease).

| | Net sales | | Operating income | | Ordinary income | |
|-------------|-----------------|------|------------------|-------|-----------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year | 24,000 | 10.5 | 400 | 169.8 | 300 | (15.5) |

| | Net income (loss) | | Net income (loss) per share |
|-------------|-------------------|---|-----------------------------|
| | Millions of yen | % | Yen |
| Fiscal year | 120 | - | 29.23 |

4. Other

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): No
2. Changes in accounting principles, procedures, presentations, etc.
 - a. Changes associated with revision of accounting standards, etc: Yes
 - b. Changes other than a.: No
 - c. Changes in accounting estimates: No
 - d. Restatement: No
3. Number of shares outstanding (Common stock)

Number of shares outstanding at fiscal year-end(including treasury stock):

2022: 4,153,370 shares 2021: 4,153,370 shares

Number of shares of treasury stock at fiscal year-end:

2022: 44,925 shares 2021: 55,446 shares

Average Number of outstanding at term-end:

2022: 4,105,314 shares 2021: 4,095,059 shares

(Reference) FLASH REPORT (NON-CONSOLIDATED BASIS)

(1) Operating results

Years ended March 31

Percentages indicate year-on-year increase (decrease).

| | Net sales | | Operating income | | Ordinary income (loss) | | Net income | |
|------|-----------------|-------|------------------|-------|------------------------|------|-----------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| 2022 | 9,753 | 9.8 | 271 | 164.4 | 703 | 70.7 | 677 | 110.2 |
| 2021 | 8,883 | (8.4) | 102 | 2.9 | 412 | 37.4 | 322 | 70.8 |

| | Net income per share | Net income per share after dilution |
|------|----------------------|-------------------------------------|
| | Yen | Yen |
| 2022 | 165.04 | 164.81 |
| 2021 | 78.70 | 78.38 |

(2) Financial position

At March 31

| | Total assets | Net assets | Equity ratio | Net assets per share |
|------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| 2022 | 17,414 | 2,782 | 15.9 | 675.09 |
| 2021 | 16,043 | 2,128 | 13.1 | 513.43 |

(Reference) Total shareholders' equity: March 31, 2022 ¥2,773 million, March 31, 2021: ¥2,103 million

Notes

- Audit procedures for financial statements under the Financial Instruments and Exchange Law are not completed at the time of disclosure of this Brief Report of Financial Results.

• The business forecasts presented in this report are based on information available to the management at the time of preparation, and are subject to a number of risks and uncertainties. Actual results may differ materially from those projected due to a wide range of factors.

Index

| | |
|---|----|
| 1. Overview of Business Performance and Financial Position | |
| (1) Overview of Business performance | 5 |
| (2) Overview of Financial Position | 6 |
| (3) The Status of Cash flow..... | 6 |
| (4) Outlook for the coming fiscal year | 7 |
| 2. Basic Rationale Regarding Selection of Accounting Standards..... | 7 |
| 3. Consolidated Financial Statements | |
| (1) Consolidated Balance Sheets | 8 |
| (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income | 11 |
| (3) Consolidated Statements of Cash Flows | 14 |
| (4) Segment Information..... | 16 |
| 5. Non-Consolidated Financial Statements | |
| (1) Condensed Non-Consolidated Balance Sheets | 17 |
| (2) Condensed Non-Consolidated Statements of Income..... | 20 |

1. Overview of Business Performance and Financial Position

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

In the fiscal year under review, the global economy saw progress in vaccination, mainly in developed countries, and the economy generally recovered despite differences in countries and regions due to government measures for corona. On the other hand, uncertainty increased due to soaring crude oil and natural gas prices following the worsening of the Ukrainian situation and the continuing rise in raw material prices since 2020. In the automotive industry, our main market, although demand is robust, delays in the supply of automotive parts due to the expansion of local infections in Corona, a shortage of raw materials such as semiconductors and resin materials, and a review of production plans continued due in part to a worsening situation in Ukraine.

Under these circumstances, for the fiscal year under review, net sales increased 11.2% year on year to ¥21,722 million, operating income decreased 15.7% year on year to ¥148 million, and ordinary income decreased 1.2% year on year to ¥354 million. Profit attributable to owners of parent decreased by 97.3% year on year to ¥17 million, due in part to the recording of a gain on sales of property, plant and equipment (¥875 million) in the previous fiscal year from the sale of the California Plant of a U.S. subsidiary.

Results by business segment are as follows.

[Japan]

Demand recovered, mainly for automobiles. As a result, net sales increased 6.6% year on year to ¥8,593 million, and segment income increased 136.3% to ¥273 million.

[Americas]

Net sales increased 15.9% year on year to ¥2,536 million due to a recovery in demand from the automobile and medical industries. However, segment loss was ¥611 million (compared with a loss of ¥527 million in the previous fiscal year), mainly due to project start-up costs at the Mexican plant.

[Europe]

Net sales increased 5.7% year on year to 2,046 million yen due to strong sales for automobiles and medical applications. However, segment income decreased 70.6% year on year to 52 million yen due to a deterioration in the product mix, including a decrease in sales for aircraft.

[Asia]

Demand recovered, mainly for automotive applications. As a result, net sales increased 16.2% year on year to ¥8,545 million, and segment income increased 7.8% to ¥442 million.

(2) Overview of Financial Position

1. Assets

Total assets at the end of the fiscal year under review increased 1,477 million yen from the end of the previous fiscal year, to 25,208 million yen.

Total current assets increased ¥176 million to ¥12,320 million. This was mainly due to an increase of 1,106 million yen in inventories, despite decreases of 724 million yen in cash and deposits and 359 million yen in notes and accounts receivable-trade. Total non-current assets increased by ¥1.3 billion to ¥12,887 million. This was due to increases of 1,097 million yen in property, plant and equipment and 158 million yen in investments and other assets.

2. Liabilities

In the Liabilities section, total liabilities were 18,285 million yen, an increase of 878 million yen from the end of the previous fiscal year.

The main factors were increases of 228 million yen in loans payable, 372 million yen in notes and accounts payable-trade, and 126 million yen in lease obligations.

3. Net assets

In net assets, total net assets were 6,922 million yen, an increase of 598 million yen from the end of the previous fiscal year. This was mainly due to an increase of 717 million yen in foreign currency translation adjustments.

As a result, the equity ratio was 27.4% (26.5% at the end of the previous fiscal year).

(3) The status of Cash flows

At the end of the fiscal year under review, cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year under review amounted to ¥2,543 million, a decrease of ¥550 million from the end of the previous fiscal year. Cash flows for each category and factors affecting cash flows are as follows.

Net cash provided by operating activities increased ¥945 million (compared with net cash provided by operating activities of ¥1.404 billion in the previous fiscal year). Major cash inflows included ¥1,288 million in retained earnings due to depreciation, a ¥338 million decrease in notes and accounts receivable-trade, and a ¥596 million increase in notes and accounts payable-trade. Major cash outflows included a ¥850 million decrease in inventories.

Net cash used in investing activities amounted to ¥1,557 million, compared with net cash provided by investing activities of ¥327 million in the previous fiscal year. This was mainly due to purchase of property, plant and equipment of 1,740 million yen.

Net cash used in financing activities amounted to ¥169 million, compared with net cash used in financing activities of ¥753 million in the previous fiscal year. This was mainly due to the repayment of lease obligations.

(4) Outlook for the coming fiscal year

Although the Corona measures differ by country and region, deregulation is expected to progress and economic activities are expected to normalize, mainly in developed countries. However, the situation in Ukraine is expected to worsen, and crude oil prices and raw material prices will continue to rise from 2020 for the foreseeable future. Thus, the situation is expected to remain unpredictable.

In this business environment, the outlook for the next fiscal year is for net sales to increase 10.5% year on year to ¥24 billion, operating income to increase 169.8% to ¥400 million, ordinary income to decrease 15.5% to ¥300 million, and profit attributable to owners of parent to increase to ¥120 million.

(5)Material Events Related to Going Concern Assumption

Not applicable.

2.Basic Concept Regarding Selection of Accounting Standards

The Group's policy for the time being is to prepare consolidated financial statements under Japanese GAAP, taking into account the comparability of consolidated financial statements among companies and other factors.

In the future, the Company plans to consider the application of IFRS in light of trends in the application of the International Financial Reporting Standards (IFRS).

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

| | As of March 31, 2022 | As of March 31, 2021 |
|-------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and time deposits | 3,175,062 | 3,899,489 |
| Trade notes and accounts receivable | 4,360,590 | 4,720,132 |
| Finished goods | 1,462,752 | 1,250,147 |
| Work in process | 835,012 | 697,541 |
| Raw materials and stored items | 1,693,896 | 937,769 |
| Other current assets | 824,332 | 683,769 |
| Allowance for doubtful accounts | (31,090) | (44,512) |
| Total current assets | 12,320,556 | 12,143,659 |
| Fixed assets: | | |
| Tangible fixed assets | | |
| Buildings and structures | 9,865,604 | 9,020,744 |
| Accumulated depreciation | (5,505,925) | (5,169,455) |
| Buildings and structures, net | 4,359,678 | 3,851,288 |
| Machinery and equipment | 15,645,959 | 14,369,672 |
| Accumulated depreciation | (11,393,123) | (10,660,624) |
| Machinery and equipment, net | 4,252,836 | 3,709,048 |
| Land | 1,428,985 | 997,270 |
| Leased assets | 1,659,626 | 1,316,144 |
| Accumulated depreciation | (505,483) | (282,379) |
| Leased assets, net | 1,154,143 | 1,033,764 |
| Construction in progress | 397,126 | 838,041 |
| Others | 2,391,225 | 2,365,113 |
| Accumulated depreciation | (2,027,642) | (1,935,279) |
| Other, net | 363,582 | 429,834 |
| Total tangible fixed assets | 11,956,352 | 10,859,246 |
| Intangible fixed assets | | |
| Software | 20,769 | 12,537 |
| Goodwill | - | 6,100 |
| Leased assets | 20,994 | 30,289 |
| Others | 65,662 | 13,384 |
| Total intangible fixed assets | 107,426 | 62,311 |
| Investments and other assets | | |
| Investment in securities | 159,078 | 45,834 |
| Deferred income tax | 46,421 | 26,300 |
| Real estate for investment | 474,816 | 470,692 |
| Accumulated depreciation | (119,315) | (104,620) |

| | As of March 31, 2022 | As of March 31, 2021 |
|--|----------------------|----------------------|
| Real estate for investment, net | 355,501 | 366,072 |
| Others | 263,228 | 231,272 |
| Allowance for doubtful accounts | (245) | (3,878) |
| Total investments and other assets | 823,983 | 665,601 |
| Total fixed assets | 12,887,763 | 11,587,159 |
| Total assets | 25,208,319 | 23,730,818 |
| LIABILITIES | | |
| Current liabilities: | | |
| Trade notes and accounts payable | 3,660,399 | 3,287,463 |
| Short-term borrowings | 1,442,302 | 1,868,510 |
| Long-term borrowings due within one year | 3,124,881 | 2,905,859 |
| Lease obligations | 216,004 | 168,697 |
| Accrued income taxes | 160,618 | 193,134 |
| Allowance for bonus | 283,980 | 151,075 |
| Provision for product warranties | - | 77,637 |
| Other current liabilities | 1,470,269 | 1,318,307 |
| Total current liabilities | 10,358,456 | 9,970,684 |
| Long-term liabilities: | | |
| Long-term borrowings | 5,398,400 | 4,963,115 |
| Lease obligations | 1,012,725 | 933,352 |
| Deferred tax liabilities | 251,339 | 254,450 |
| Asset retirement obligations | 54,244 | 52,275 |
| Liabilities for Retirement Benefits | 1,159,114 | 1,207,178 |
| Other long-term liabilities | 51,700 | 26,394 |
| Total long-term liabilities | 7,927,524 | 7,436,767 |
| Total liabilities | 18,285,981 | 17,407,451 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Common stock | 1,000,000 | 1,000,000 |
| Capital surplus | 250,000 | 250,000 |
| Retained earnings | 5,064,348 | 5,201,273 |
| Treasury stock | (77,765) | (96,212) |
| Total shareholders' equity | 6,236,582 | 6,355,060 |
| Accumulated other comprehensive income | | |
| Valuation gain (loss) on other securities | 25,720 | 5,091 |
| Foreign exchange adjustment | 632,086 | (85,504) |
| Accumulated adjustment for Retirement Benefits | 19,354 | 24,483 |
| Total accumulated other comprehensive income | 677,161 | (55,759) |
| Subscription rights to shares | 8,594 | 24,235 |
| Total net assets | 6,922,338 | 6,323,366 |

| | As of March 31, 2022 | As of March 31, 2021 |
|----------------------------------|----------------------|----------------------|
| Total liabilities and net assets | 25,208,319 | 23,730,818 |

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

(Thousands of yen)

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|---------------------------|---------------------------|
| Net sales | 21,722,466 | 19,539,638 |
| Cost of sales | 16,955,105 | 15,138,345 |
| Gross income | 4,767,361 | 4,401,293 |
| Selling, general and administrative expenses | | |
| Delivery | 660,248 | 607,521 |
| Salary | 1,987,583 | 1,831,260 |
| Reserves for bonuses allowance | 59,329 | 31,144 |
| Retirement benefit expenses | 82,289 | 90,170 |
| Depreciation and amortization | 88,617 | 98,656 |
| Others | 1,741,054 | 1,566,396 |
| Total selling, general and administrative expenses | 4,619,122 | 4,225,149 |
| Operating income | 148,238 | 176,143 |
| Non-operating income | | |
| Interests | 18,022 | 27,317 |
| Dividends | - | 29 |
| Rental fees | 82,427 | 65,304 |
| Foreign exchange gains | 370,466 | 171,256 |
| Dividend income of insurance | 581 | 784 |
| Subsidy income | 14,259 | 14,221 |
| Subsidy income 2 | 19,041 | 123,193 |
| Others | 10,059 | 47,990 |
| Total non-operating income | 514,859 | 450,099 |
| Non-operating expenses | | |
| Interests | 206,261 | 190,754 |
| Compensation expenses | 5,459 | 26,092 |
| Rent cost of real estate | 10,462 | 14,223 |
| Others | 86,166 | 36,000 |
| Total non-operating expenses | 308,348 | 267,070 |
| Ordinary income or loss | 354,749 | 359,173 |

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|----------------------|---------------------------|---------------------------|
| Extraordinary income | | |

| | | |
|---|----------|----------|
| Gain on sales of noncurrent assets | 26,277 | 879,877 |
| Reversal of provision for product warranties | 78,509 | - |
| Total extraordinary income | 104,787 | 879,877 |
| Extraordinary loss | | |
| Loss on sales of noncurrent assets | 5,168 | 894 |
| Loss on disposal of noncurrent assets | 12,639 | 9,310 |
| Impairment loss | 38,191 | 50,927 |
| Settlement package | - | 79,627 |
| Restructuring loss | 99,291 | 148,354 |
| Loss on business transfer | 57,779 | - |
| Loss on litigation | 43,494 | 43,510 |
| Coronavirus infection-related loss | - | 40,507 |
| Special retirement expense | 76,276 | - |
| Other | - | 10,617 |
| Total extraordinary loss | 332,842 | 383,748 |
| Income or Loss before income taxes and minority Interests | 126,694 | 855,301 |
| Income, local and enterprise taxes | 303,119 | 248,798 |
| Adjustment for income taxes | (94,284) | (26,619) |
| Total income taxes | 208,835 | 222,179 |
| Loss before minority interests | (82,140) | 633,122 |
| Net income or loss | (82,140) | 633,122 |

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---------------------------|---------------------------|
| Loss before minority interests | (82,140) | 633,122 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 20,629 | 5,889 |
| Foreign currency translation adjustment | 717,591 | 619,904 |
| Remeasurements of defined benefit plans | (5,129) | 108,091 |
| Accumulated other comprehensive income | 733,091 | 733,885 |
| Comprehensive income | 650,950 | 1,367,008 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 650,950 | 1,367,008 |

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| Cash flows from operating activities | | |
| Income(Loss) before income taxes and minority interests | 126,694 | 855,301 |
| Depreciation and amortization | 1,288,865 | 1,215,263 |
| Impairment loss | 38,191 | 50,927 |
| Amortization of goodwill | 558 | 1,050 |
| Increase (decrease) in allowance for doubtful accounts | (16,087) | 28,302 |
| Increase (decrease) in allowance for bonuses | 119,923 | (51,346) |
| Increase (decrease) in liabilities for Retirement Benefits | (68,856) | 2,346 |
| Interest and dividends receivable | (18,022) | (27,347) |
| Interest payable | 206,261 | 190,743 |
| Foreign exchange losses (gains) | (294,759) | (121,007) |
| (Gain) loss on sale of fixed assets | (21,109) | (878,982) |
| (Gain) loss on disposal of fixed assets | 12,639 | 9,310 |
| Decrease (increase) in notes and accounts receivable-trade | 338,673 | (317,653) |
| Decrease (increase) in inventories | (850,729) | 192,856 |
| Increase (decrease) in notes and accounts payable | 596,778 | 242,501 |
| Others | (87,815) | 460,286 |
| Subtotal | 1,371,205 | 1,852,553 |
| Proceeds from interest and dividend receivable | 22,916 | 29,910 |
| Payment of interests | (66,415) | (250,642) |
| Payment of income taxes | (382,586) | (226,978) |
| Net cash provided by operating activities | 945,120 | 1,404,842 |

(Thousands of yen)

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| Cash flows from investing activities | | |
| Payments on purchase of tangible fixed assets | (1,740,526) | (949,303) |
| Proceeds from sales of tangible fixed assets | 100,000 | 1,260,788 |
| Payments on purchase of intangible fixed assets | (37,074) | (2,113) |
| Proceeds from sales of intangible assets | 944 | 1,164 |
| Payments on purchase of investment securities | (73,464) | (29,957) |
| Payments on paying in time deposits | (327,750) | (625,461) |
| Proceeds from withdrawal of time deposits | 558,230 | 670,010 |
| Other expenses | (41,419) | (283) |
| Others incomes | 3,443 | 2,211 |
| Net cash used in investing activities | (1,557,608) | 327,054 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (472,912) | (292,893) |
| Proceeds from long-term borrowings | 3,885,227 | 3,347,839 |
| Repayments on long-term borrowings | (3,340,417) | (3,648,703) |
| Purchase of treasury stocks | (635) | (1,203) |
| Cash dividends paid | (41,316) | (47,515) |
| Proceeds from disposal of treasury shares | 11 | 6 |
| Others | (199,391) | (111,344) |
| Net cash used in financing activities | (169,435) | (753,815) |
| Effect of exchange rate changes on cash and cash equivalents | 231,853 | 143,697 |
| Net increase (decrease) in cash and cash equivalents | (550,069) | 1,121,779 |
| Cash and cash equivalents at the beginning of year | 3,093,069 | 1,971,289 |
| Cash and cash equivalents at the end of year | 2,543,000 | 3,093,069 |

(4) Segment Information

1. Information related to sales and profit or loss amounts by reporting segment

Year ended March 31, 2022

(Thousands of yen)

| | Japan | Americas | Europe | Ajia | Total |
|--|------------|-----------|-----------|------------|------------|
| Net sales: | | | | | |
| Net sales to third parties | 8,593,837 | 2,536,401 | 2,046,654 | 8,545,574 | 21,722,466 |
| Intra-group net sales and transfers | 1,159,930 | 6,745 | 106,108 | 156,716 | 1,429,501 |
| Total sales | 9,753,767 | 2,543,147 | 2,152,763 | 8,702,290 | 23,151,968 |
| Segment income (loss) | 273,140 | (611,738) | 52,617 | 442,602 | 156,622 |
| Segment assets | 17,311,372 | 4,583,619 | 2,473,115 | 10,973,803 | 35,341,911 |
| Segment liability | 14,646,953 | 5,394,926 | 655,154 | 3,364,904 | 24,061,938 |
| Others | | | | | |
| Depreciation | 477,427 | 229,301 | 164,061 | 424,154 | 1,294,945 |
| amortization of goodwill | - | 558 | - | - | 558 |
| Net increase in tangible and intangible fixed assets | 434,709 | 1,104,403 | 158,134 | 421,522 | 2,118,768 |

Year ended March 31, 2021

(Thousands of yen)

| | Japan | Americas | Europe | Ajia | Total |
|--|------------|-----------|-----------|-----------|------------|
| Net sales: | | | | | |
| Net sales to third parties | 8,061,773 | 2,188,725 | 1,936,894 | 7,352,245 | 19,539,638 |
| Intra-group net sales and transfers | 821,641 | 412 | 78,366 | 224,364 | 1,124,784 |
| Total sales | 8,883,415 | 2,189,137 | 2,015,260 | 7,576,609 | 20,664,422 |
| Segment income (loss) | 115,592 | (527,636) | 179,229 | 410,539 | 177,724 |
| Segment assets | 16,047,525 | 3,643,942 | 2,381,760 | 9,317,453 | 31,415,395 |
| Segment liability | 14,010,548 | 3,429,811 | 673,768 | 2,663,197 | 20,803,620 |
| Others | | | | | |
| Depreciation | 474,177 | 181,369 | 140,037 | 421,732 | 1,217,316 |
| Amortization of goodwill | - | 1,050 | - | - | 1,050 |
| Net increase in tangible and intangible fixed assets | 361,751 | 351,293 | 165,304 | 241,606 | 1,119,956 |

4. Non-Consolidated Financial Statements

(1) Condensed Non-Consolidated Balance Sheets

(Thousands of yen)

| | As of March 31, 2022 | As of March 31, 2021 |
|--|----------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 371,340 | 1,130,437 |
| Notes receivable-trade | 103,611 | 95,051 |
| Accounts receivable-trade | 2,293,746 | 2,408,176 |
| Merchandise and finished goods | 407,591 | 429,011 |
| Work in process | 348,885 | 273,462 |
| Raw materials and supplies | 419,721 | 264,288 |
| Prepaid expenses | 42,174 | 35,720 |
| Accounts receivable-other | 233,304 | 189,949 |
| Current portion of long-term loans receivable from subsidiaries and affiliates | 2,861,982 | 1,111,975 |
| other assets | 152,015 | 164,551 |
| Total Current assets | 7,234,374 | 6,102,624 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings | 6,831,310 | 6,831,305 |
| Accumulated depreciation | (4,177,634) | (4,024,988) |
| Buildings, net | 2,653,675 | 2,806,317 |
| Structures | 279,019 | 279,019 |
| Accumulated depreciation | (143,517) | (124,958) |
| Structures, net | 135,502 | 154,061 |
| Machinery and equipment | 4,957,298 | 4,977,788 |
| Accumulated depreciation | (4,249,390) | (4,238,429) |
| Machinery and equipment, net | 707,907 | 739,358 |
| Vehicles | 10,121 | 10,121 |
| Accumulated depreciation | (10,121) | (10,121) |
| Vehicles, net | 0 | 0 |
| Tools, furniture and fixtures | 1,069,898 | 1,017,746 |
| Accumulated depreciation | (968,417) | (918,081) |
| Tools, furniture and fixtures, net | 101,481 | 99,665 |
| Land | 643,113 | 629,313 |
| Lease assets | 645,111 | 426,196 |
| Accumulated depreciation | (164,870) | (85,410) |
| Lease assets, net | 480,241 | 340,786 |
| Construction in progress | 123,901 | 134,422 |

| | | |
|--|------------|------------|
| Total Property, plant and equipment | 4,845,824 | 4,903,924 |
| Intangible assets | | |
| Software | 5,038 | 4,639 |
| Software in progress | 25,945 | - |
| Lease asset | 20,994 | 30,289 |
| Telephone subscription right | 13,384 | 12,757 |
| Total Intangible assets | 65,362 | 47,686 |
| Investments and other assets | | |
| Investment securities | 149,078 | 45,834 |
| Stocks of subsidiaries and affiliates | 3,609,693 | 3,599,693 |
| Investments in capital | 50 | 50 |
| Investments in capital of subsidiaries and affiliates | 646,684 | 646,684 |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 245 | 245 |
| Long-term loans receivable from subsidiaries and affiliates | 367,170 | 332,130 |
| Long-term prepaid expenses | 11,447 | 16,328 |
| Deferred tax asset | 109,517 | - |
| Real estate for investment | 286,999 | 286,999 |
| Lease and guarantee deposits | 58,335 | 58,836 |
| Other | 29,960 | 2,515 |
| Allowance for doubtful accounts | (245) | (245) |
| Total Investments and other assets | 5,268,937 | 4,989,072 |
| Total Noncurrent assets | 10,180,123 | 9,940,683 |
| Total Net assets | 17,414,498 | 16,043,307 |
| Liabilities | | |
| Current liabilities | | |
| Notes payable-trade | 32,616 | 152,136 |
| Accounts payable-trade | 2,093,363 | 1,898,364 |
| Short-term loans payable | 2,592,114 | 2,591,059 |
| Current portion of long-term loans payable | 2,942,349 | 2,769,930 |
| Accounts payable-other | 108,667 | 110,804 |
| Lease obligations | 99,099 | 67,215 |
| Accrued expenses | 425,851 | 340,091 |
| Income taxes payable | 75,705 | 31,663 |
| Deposits received | 22,255 | 11,587 |
| Provision for bonuses | 132,170 | 38,689 |
| Notes payable-facilities | 2,828 | 3,498 |

| | | |
|---|------------|------------|
| Other | 6,199 | 176,232 |
| Total current liabilities | 8,533,219 | 8,191,273 |
| Noncurrent liabilities | | |
| Long-term loans payable | 4,628,148 | 4,291,535 |
| Provision for retirement benefits | 973,208 | 1,059,878 |
| Long-term accounts payable-other | 46,763 | 21,898 |
| Lease obligations | 412,988 | 310,247 |
| Deferred tax liabilities | - | 2,247 |
| Asset retirement obligations | 38,000 | 38,000 |
| Total noncurrent liabilities | 6,099,108 | 5,723,807 |
| Total liabilities | 14,632,328 | 13,915,080 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 1,000,000 | 1,000,000 |
| Capital surplus | | |
| Legal capital surplus | 250,000 | 250,000 |
| Total capital surplus | 250,000 | 250,000 |
| Retained earnings | | |
| Other retained earnings | | |
| Retained earnings brought forward | 1,575,620 | 945,112 |
| Total retained earnings | 1,575,620 | 945,112 |
| Treasury stock | (77,765) | (96,212) |
| Total shareholders' equity | 2,747,854 | 2,098,900 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 25,720 | 5,091 |
| Total Valuation and translation adjustments | 25,720 | 5,091 |
| Subscription rights to shares | 8,594 | 24,235 |
| Total net assets | 2,782,170 | 2,128,227 |
| Total liabilities and net assets | 17,425,895 | 16,043,307 |

(2) Condensed Non-Consolidated Statements of Income

(Thousands of yen)

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| Net sales | 9,753,767 | 8,883,415 |
| Cost of sales | | |
| Beginning finished goods | 429,011 | 404,733 |
| Cost of products manufactured | 7,403,161 | 6,816,540 |
| Total | 7,832,173 | 7,221,274 |
| Ending finished goods | 407,591 | 429,011 |
| Cost of finished goods sold | 7,424,581 | 6,792,263 |
| Total cost of sales | 7,424,581 | 6,792,263 |
| Gross profit | 2,329,185 | 2,091,151 |
| Selling, general and administrative expenses | | |
| Commission fee | 151,394 | 113,144 |
| Shipment expenses | 461,937 | 442,775 |
| Advertising expenses | 8,280 | 4,616 |
| Promotion expenses | 3,177 | 3,903 |
| Entertainment expenses | 4,032 | 6,654 |
| Directors' compensations | 126,583 | 112,495 |
| Employees' salaries and allowances | 668,508 | 682,479 |
| Provision for bonuses | 41,634 | 12,608 |
| Provision for retirement benefits | 43,540 | 62,658 |
| Legal welfare expenses | 120,414 | 116,453 |
| Welfare expenses | 21,338 | 21,429 |
| Other salaries | 6,057 | 10,605 |
| Provision of allowance for doubtful accounts | - | 1,189 |
| Traveling and transportation expenses | 27,711 | 19,459 |
| Communication expenses | 23,062 | 24,005 |
| Insurance expenses | 20,102 | 18,734 |
| Rent expenses | 85,910 | 86,186 |
| Office supplies expenses | 12,067 | 11,214 |
| Repair expenses | 18,959 | 18,166 |
| Taxes and dues | 46,523 | 44,606 |
| Education and training expenses | 8,737 | 1,988 |
| Research and development expenses | 68,113 | 72,220 |
| Depreciation | 16,661 | 25,281 |
| Miscellaneous expenses | 72,576 | 75,443 |

| | | |
|--|-----------|-----------|
| Total selling, general and administrative expenses | 2,057,327 | 1,988,323 |
| Operating income (loss) | 271,858 | 102,828 |
| Non-operating income | | |
| Interest income | 53,476 | 62,605 |
| Dividends income | 245,149 | 289,444 |
| Rent income | 9,029 | 9,029 |
| Foreign exchange gains | 229,844 | - |
| Subsidy income | 14,259 | 14,221 |
| Subsidy income 2 | 9,391 | 57,155 |
| Miscellaneous income | 18,140 | 26,276 |
| Total non-operating income | 579,291 | 458,733 |
| Non-operating expenses | | |
| Depreciation | - | 3,409 |
| Interest expenses | 126,632 | 111,498 |
| Foreign exchange losses | - | 10,857 |
| Compensation expenses | 5,022 | 3,944 |
| Miscellaneous loss | 15,525 | 19,527 |
| Total non-operating expenses | 147,179 | 149,236 |
| Ordinary income | 703,970 | 412,325 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 1,607 | 1,166 |
| Gain on extinguishment of tie-in shares | 2,988 | - |
| Total extraordinary income | 4,595 | 1,166 |
| Extraordinary loss | | |
| Loss on disposal of non-current assets | 140 | 0 |
| Loss on disposal of non-current assets | 7,850 | - |
| Loss on litigation | 39,544 | 7,831 |
| Impairment loss | - | 50,927 |
| Total extraordinary loss | 47,534 | 58,759 |
| Income before income taxes | 661,031 | 354,732 |
| Income taxes-current | 104,387 | 32,614 |
| Income taxes-deferred | (120,914) | (163) |
| Total income taxes | (16,527) | 32,451 |
| Net income | 677,558 | 322,281 |