

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japan Standards] (Consolidated)

Company name:	MAX Co., Ltd.	Stock listing:	Tokyo Stock Exchange
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Date of annual shareholder meeting	June 29, 2022		
Date of filing of financial statements	June 29, 2022		
Date of commencement of dividend payment	June 30, 2022		
Supplementary explanation document for the accounts is created.	Yes		
Briefing for the accounts (for investment analysts and fund managers) is held.	Yes		

(Millions of yen rounded down)

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

(1) Consolidated Operating Results (Total)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parental Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2022	73,958	15.5	7,498	12.2	8,282	21.3	6,090	18.2
FY ended March 2021	64,029	(8.1)	6,685	(11.9)	6,826	(7.8)	5,153	(6.5)

(Note) Comprehensive income

FY ended March 31, 2022:	7,512 million yen (8.1%)
FY ended March 31, 2021:	6,950 million yen (66.4%)

	Net Income per Share	Net Income per Share after Dilution	ROE	ROA	Operating Margin
	Yen	Yen	%	%	%
FY ended March 2022	128.40	—	7.5	7.8	10.1
FY ended March 2021	105.80	—	6.7	6.8	10.4

(Reference) Equity in (earnings) losses of affiliates

FY ended March 31, 2022:	— million yen
FY ended March 31, 2021:	— million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	109,043	83,136	76.1	1,755.41
As of March 31, 2021	102,538	78,696	76.7	1,647.68

(Reference) Shareholders' equity

As of March 31, 2022:	83,035 million yen
As of March 31, 2021:	78,599 million yen

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financial Activities	Cash and Cash Equivalents at End of the Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended March 2022	5,629	(1,651)	(3,274)	23,302
FY ended March 2021	8,798	(5,349)	(4,483)	21,421

(Note) The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020), etc., since the beginning of the consolidated fiscal year under review. Figures related to the fiscal year ended March 2022 are figures after the application of this standard, etc.

2. Dividends

	Dividends per Share					Total Dividends	Payout Ratio (Consolidated)	Dividend on Equity (Consolidated)
	End of Q1	End of Q2	End of Q3	End of Q4	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY ended March 2021	—	—	—	48.00	48.00	2,289	44.4	3.0
FY ended March 2022	—	—	—	64.00	64.00	3,027	49.8	3.8
FY ending March 2023 (Forecast)	—	—	—	64.00	64.00		50.5	

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half (Total)	37,600	5.9	3,580	(6.1)	3,570	(6.3)	2,650	(6.5)	56.02
Full year	78,100	5.6	8,200	9.3	8,200	(1.0)	6,000	(1.5)	126.84

* Notes

(1) Changes in material subsidiaries during the fiscal term under review (changes in specific subsidiaries affecting the scope of consolidation): None

New: — (Company name:) Excluded: — (Company name:)

(2) Changes in accounting principles, changes in accounting estimates and restatements

1) Changes due to revisions to accounting standards, etc.: Yes

2) Changes other than 1): None

3) Changes in accounting estimates: None

4) Restatements: None

(Note) For details, please refer to page 15 of the appendix, “3. Consolidated Financial Statement and Main Notes, (5) Notes Relating to the Consolidated Financial Statements, (Changes in Accounting Principles).”

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at term-end (including treasury stock)

As of March 31, 2022: 47,537,426 shares

As of March 31, 2021: 47,937,426 shares

2) Amount of treasury stock at term-end

As of March 31, 2022: 234,892 shares

As of March 31, 2021: 234,490 shares

3) Amount of average stock during term

Twelve months ended March 31, 2022: 47,436,026 shares

Twelve months ended March 31, 2021: 48,706,387 shares

(Reference) Non-consolidated Operating Results

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

(1) Non-consolidated Operating Results

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2022	65,023	18.4	4,735	103.0	5,446	66.8	3,921	50.3
FY ended March 2021	54,940	(10.1)	2,333	(49.1)	3,265	(36.7)	2,608	(34.5)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
FY ended March 2022	82.66	—
FY ended March 2021	53.55	—

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	95,843	72,593	75.7	1,534.66
As of March 31, 2021	93,121	71,855	77.2	1,506.32

(Reference) Shareholders' equity

As of March 31, 2022: 72,593 million yen

As of March 31, 2021: 71,855 million yen

(Note) The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020), etc. since the beginning of the fiscal year under review. Figures related to the fiscal year ended March 2022 are figures after the application of this standard, etc.

***This summary of financial results is not subject to audits of certified public accountants or auditing corporations.**

***Explanation and other special notes regarding the appropriate use of the earnings forecast**

Statements on the future of our business in these materials, including the earnings forecast, are based on information available at this moment and certain preconditions which we judge as rational and appropriate. Therefore, actual results and other achievements may differ from the above forecasts for various reasons. For the preconditions of our earnings forecast and matters to be noted when using the forecast, please refer to page 5 of the appendix, "1. Summary of Operating Results, (3) Future Prospects."

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[Qualitative Information and Financial Statements]

1. Summary of Operating Results

(1) Summary of Operating Results for the Current Term

1) Business results of all companies during the consolidated fiscal year under review

(Millions of yen, %)

	FY 2022 (Ended March 2022)	FY 2021 (Ended March 2021)	Year-on-year Change	
			Increase (Decrease)	Rate of Increase (Decrease)
Net Sales	73,958	64,029	+9,928	+15.5
Operating Income	7,498	6,685	+813	+12.2
Ordinary Income	8,282	6,826	+1,455	+21.3
Net Income Attributable to Shareholders of Parental Company	6,090	5,153	+937	+18.2
Net Income per Share (yen)	128.40 yen	105.80 yen	+22.60 yen	—
Operating Margin	10.1	10.4	(0.3) points	
ROE	7.5	6.7	+0.8 points	

During the consolidated fiscal year under review (from April 1, 2021 to March 31, 2022), although the difficult conditions engendered by the COVID-19 pandemic remained and stagnation was observed in areas such as personal consumption, the Japanese economy continued to move in the direction of recovery. In the housing market, which affects the Group's Industrial Equipment segment, the number of new housing construction starts in Japan mainly in the rental housing and built-for sale markets increased over the previous year.

The global economy continued to show signs of recovery due to lessened impact by the COVID-19 pandemic. In the United States, although capital investment was somewhat sluggish, both personal consumption and the number of housing starts increased gradually. In Europe, although difficult conditions continue in some areas, a movement toward recovery was observed in capital investment, production, etc.

On the other hand, corporate earnings continued to be severely impacted by factors such as global increases in prices for raw materials, increases in logistics costs, and restrictions on procurement and supply.

Under such circumstances, net sales increased 15.5% from the previous fiscal year to ¥73,958 million, and operating income increased 12.2% from the previous fiscal year to ¥7,498 million. Ordinary income increased 21.3% from the previous fiscal year to ¥8,282 million, and net income attributable to shareholders of parental company also increased 18.2% from the previous fiscal year to ¥6,090 million.

2) Business results by segment for the consolidated fiscal year under review

(Millions of yen, %)

Segment		FY 2022 (Ended March 2022)	FY 2021 (Ended March 2021)	Year-on-year Change	
				Increase (Decrease)	Rate of Increase (Decrease)
Office Equipment	Net Sales	18,513	17,061	+1,451	+8.5
	Segment Profit	3,034	2,738	+295	+10.8
	Segment Profit Rate	16.4	16.1	+0.3 points	
Industrial Equipment	Net Sales	52,569	44,300	+8,269	+18.7
	Segment Profit	7,739	6,652	+1,087	+16.3
	Segment Profit Rate	14.7	15.0	(0.3) points	
HCR Equipment	Net Sales	2,875	2,667	+208	+7.8
	Segment Profit	(126)	36	(162)	—
	Segment Profit Rate	(4.4)	1.4	(5.8) points	
Adjustments	Segment Profit	(3,148)	(2,741)	(407)	—
Group-wide	Net Sales	73,958	64,029	+9,928	+15.5
	Operating Income	7,498	6,685	+813	+12.2
	Operating Margin	10.1	10.4	(0.3) points	

Office Equipment Segment

Business results for the Office Equipment segment were as follows: Net sales of ¥18,513 million (an increase of 8.5% from the previous fiscal year), segment profit of ¥3,034 million (an increase of 10.8% from the previous fiscal year), and segment profit rate of 16.4%.

In the domestic office equipment product operations, net sales were ¥7,284 million (a decrease of 2.3% from the previous fiscal year).

In addition to decreased sales of stationery-related products, sales of labelling and signage products were sluggish due to the impact of a shortage in electronic components in the fourth quarter.

In the overseas office equipment product operations, net sales were ¥4,644 million (an increase of 18.3% from the previous fiscal year).

Although sales of BEPOP label-making machines stagnated in Europe due to the impact of partial restriction on sales activities, sales of stationery-related products increased in Southeast Asia, and sales of LETATWIN tube markers were strong in China.

In the auto-stapler product operations, net sales were ¥6,584 million (an increase of 15.9% from the previous fiscal year).

Sales of Auto Staplers and dedicated consumables increased amid a gradual recovery in the office occupancy rate.

Industrial Equipment Segment

Business results for the Industrial Equipment segment were as follows: Net sales of ¥52,569 million (an increase of 18.7% from the previous fiscal year), segment profit of ¥7,739 million (an increase of 16.3% from the previous fiscal year), and segment profit rate of 14.7%.

In the domestic industrial equipment product operations, net sales were ¥19,640 million (an increase of 4.7% from the previous fiscal year).

Against a background of a steady increase in the number of new housing construction starts in Japan compared to the previous year, sales of consumables for tools for wooden structures increased, and sales of dedicated consumables for TWINTIER rebar tying tools also grew.

In the overseas industrial equipment product operations, net sales were ¥22,590 million (an increase of 45.6% from the previous fiscal year).

Against a background of favorable market conditions such as an increase in construction expenditures and the number of housing starts in the United States and growing infrastructure demand in Europe, sales of TWINTIER rebar tying tools and their dedicated consumables grew significantly, and sales of tools for wooden structures also increased.

In the residential environmental equipment operations, net sales were ¥10,338 million (an increase of 3.2% from the previous fiscal year).

Sales of DRYFAN bathroom heaters, ventilators and dehumidifiers, which are the mainstay of the business, increased in both the housing stock market for renovation and replacement & the new-housing market.

HCR Equipment Segment

Business results for the HCR Equipment segment were as follows: Net sales of ¥2,875 million (an increase of 7.8% from the previous fiscal year) and a segment loss of ¥126 million.

Although there were restrictions on some sales activities due to the COVID-19 pandemic, revenue increased due to steady growth in sales to hospitals and other facilities, and in sales to rental wholesalers. On the other hand, profitability decreased due to increased raw-material prices and transportation costs, and to a weakening yen exchange rate.

(2) Summary of Financial Position for the Current Term

1) Analysis of the Consolidated Balance Sheets

(Millions of yen, %)

	FY 2022 (As of March 31, 2022)	FY 2021 (As of March 31, 2021)	Comparison with Position at End of Previous Consolidated Fiscal Year	
			Increase (Decrease)	Rate of Increase (Decrease)
Total Assets	109,043	102,538	+6,504	+6.3
Net Assets	83,136	78,696	+4,439	+5.6
Equity Ratio	76.1	76.7	(0.6) points	

Assets increased ¥6,504 million compared to the end of the previous consolidated fiscal year, to ¥109,043 million. Current assets increased ¥7,683 million due to factors such as a rise of ¥2,088 million in merchandise and finished goods and an increase of ¥1,880 million in cash and deposits. Non-current assets decreased ¥1,179 million due mainly to a fall of ¥3,823 million in investment securities, despite an increase of ¥2,235 million in property, plant and equipment.

Liabilities increased ¥2,065 million compared to the end of the previous consolidated fiscal year, to ¥25,907 million. Current liabilities increased ¥2,251 million primarily as a result of a rise of ¥1,032 million in income taxes payable and an increase of ¥662 million in accounts payable-trade. Non-current liabilities decreased ¥186 million, as net defined benefit liability fell ¥170 million and long-term loans payable declined ¥150 million, despite an increase of ¥112 million in asset retirement obligations.

Net assets increased ¥4,439 million compared to the end of the previous consolidated fiscal year, to ¥83,136 million. Shareholders' equity increased ¥3,017 million. One key factor was the ¥6,090 million net income attributable to shareholders of parental company, despite the ¥2,289 million paid out in cash dividends.

Accumulated other comprehensive income increased ¥1,418 million. This was due to factors including an increase in foreign currency translation adjustment of ¥1,537 million.

2) Analysis of Consolidated Cash Flows

Summary of Consolidated Cash Flows

(Millions of yen)

Category	FY 2021	FY 2022	Increase (Decrease)
Cash and cash equivalents at beginning of the year	21,849	21,421	(428)
Funds provided by (used in) operating activities	8,798	5,629	(3,169)
Funds provided by (used in) investment activities	(5,349)	(1,651)	+3,698
Funds provided by (used in) financing activities	(4,483)	(3,274)	+1,209
Effect of exchange rate change on cash and cash equivalents	594	1,177	+582
Net increase (decrease) in cash and cash equivalents	(440)	1,880	+2,321
Cash and cash equivalents at end of the year	21,421	23,302	+1,880

Analysis of Consolidated Cash Flows

The balance of cash and cash equivalents ("funds") at the end of the consolidated fiscal year under review was ¥23,302 million due to an increase of ¥1,880 million.

Factors in the status of each type of cash flow in the consolidated fiscal year under review were as follows.

Cash flows from operating activities

Funds provided by operating activities in the consolidated fiscal year under review amounted to ¥5,629 million. The key increases came from net income before income taxes of ¥8,249 million and depreciation of ¥2,811 million. On the other hand, the key decreases came from an increase of ¥2,230 million in inventories and ¥1,703 million paid as income taxes.

Cash flows from investment activities

Funds used in investment activities in the consolidated fiscal year under review amounted to ¥1,651 million. The key decreases came from purchase of property, plant and equipment of ¥4,160 million and purchase of short-term and long-term investment securities of ¥1,204 million. The key increase came from proceeds of ¥3,900 million from sales and redemption of short-term and long-term investment securities.

Cash flows from financing activities

Funds used in financing activities in the consolidated fiscal year under review amounted to ¥3,274 million. The key decreases came from ¥2,290 million in cash dividends paid and purchase of treasury shares of ¥744 million.

The trend of the Group's cash flow indicators is as follows.

	FY 2019	FY 2020	FY 2021	FY 2022
Equity Ratio (%)	75.2	76.3	76.7	76.1
Market Value-Based Equity Ratio (%)	81.1	81.9	76.2	73.9
Cash Flow to Interest Bearing Debt Ratio (annual)	0.3	0.3	0.3	0.4
Interest Coverage Ratio (times)	236.1	211.0	199.6	89.8

- Equity Ratio: Shareholders' Equity ÷ Total Assets
- Market Value-Based Equity Ratio: Market Value of Shares ÷ Total Assets
- Cash Flow to Interest Bearing Debt Ratio: Interest-Bearing Debt ÷ Operating Cash Flows
- Interest Coverage Ratio: Operating Cash Flows ÷ Interest Payments

(Note 1) In each case, indices are calculated based on consolidated financial figures.

(Note 2) Market Value of Shares is based on the number of outstanding shares excluding treasury stock.

(Note 3) For Cash Flow, operating cash flow is used.

(Note 4) Interest-Bearing Debt includes all debt on the consolidated balance sheets that incur interest.

(3) Future Prospects

When examining the business environment surrounding the Group, a gradual economic recovery is expected as the result of relaxing restrictions on economic activities due to the COVID-19 pandemic. However, conditions remain unpredictable due to factors such as rising global raw material prices, increasing transportation costs, and the effects of the Russia-Ukraine conflict.

For the fiscal year ending March 21, 2023, we plan to have net sales of ¥78,100 million (up 5.6% from the previous fiscal year), operating income of ¥8,200 million (up 9.3%), ordinary income of ¥8,200 million (down 1.0%), and net income attributable to shareholders of parental company of ¥6,000 million (down 1.5%).

Furthermore, based on the current business environment, we revised the Medium-term Management Plan from the version announced on April 28, 2021.

Management indices for the fiscal year ending March 31, 2023 and the fiscal year ending March 31, 2024 are listed below. For details, please refer to the "Financial Results Briefing for FY 2022 (April 1, 2021 to March 31, 2022) and Revised Medium-term Management Plan," which was announced today.

Management Indices

(Millions of yen, %)

	Results in FY under Review		Plan for Next FY		Medium-term Management Plan	
	FY 2022		FY 2023		FY 2024	
	Results	Rate of Increase (Decrease)	Plan	Rate of Increase (Decrease)	Plan	Rate of Increase (Decrease)
Net Sales	73,958	+15.5	78,100	+5.6	81,000	+3.7
Operating Income	7,498	+12.2	8,200	+9.3	9,400	+14.6
Ordinary Income	8,282	+21.3	8,200	(1.0)	9,400	+14.6
Net Income Attributable to Shareholders of Parental Company	6,090	+18.2	6,000	(1.5)	7,000	+16.7
Operating Margin	10.1		10.5		11.6	
ROE	7.5		7.2		8.1	

(4) Basic Policy Relating to Distribution of Profits and Dividends for the Current and Coming Term

The Company has positioned returning profits to shareholders as one of the highest priority management policies.

In order to pay dividends to our shareholders in a stable manner over the long term, the Company has changed its basic policy on profit distribution to “expand profits from business activities through sustainable growth and distribute profits in a stable manner over the long term.”

In line with this change in our basic policy, we have set our dividend policy to “maintain a minimum of 3.5% ratio of dividends to net assets with a target payout ratio of 50%, as based on consolidated financial results.”

This new dividend policy will also be applied to the current fiscal year. For the current fiscal year, we plan to pay an annual dividend of ¥64 per share, which is an increase of ¥16 yen from the previous fiscal year.

For the next fiscal year, we plan to pay an annual dividend of ¥64 per share, as based on our business outlook and dividend policy.

2. Basic Approach to Selection of Accounting Standards

For the time being, the Group will apply the Japanese standards to its consolidated financial statements, as we have no listing overseas scheduled and have only a limited number of operating locations overseas. However, considering the shift in foreign shareholders’ percentage and trends of International Financial Reporting Standards (IFRS) adoption in other domestic companies, the Group is open to further consider the use of IFRS.

3. Consolidated Financial Statement and Main Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2021 (As of March 31, 2021)	FY 2022 (As of March 31, 2022)
ASSETS		
Current assets		
Cash and deposits	21,421	23,302
Notes and accounts receivable-trade	12,628	—
Notes receivable-trade	—	323
Electronically recorded monetary claims-operating	—	1,102
Accounts receivable-trade	—	12,358
Marketable securities	3,908	4,810
Merchandise and finished goods	6,616	8,705
Work in process	798	992
Raw materials	1,090	1,487
Other	785	1,851
Allowance for doubtful accounts	(1)	(4)
Total current assets	47,246	54,930
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,483	10,445
Machinery, equipment and vehicles, net	3,536	4,231
Land	7,181	7,193
Leased assets, net	602	634
Construction in progress	3,649	1,042
Other, net	1,274	1,415
Total property, plant and equipment	22,727	24,963
Intangible assets		
Other	332	440
Total intangible assets	332	440
Investments and other assets		
Investment securities	27,589	23,766
Long-term loans receivable	129	101
Deferred tax assets	3,607	3,974
Other	914	876
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	32,231	28,709
Total non-current assets	55,292	54,113
Total assets	102,538	109,043

(Millions of yen)

	FY 2021 (As of March 31, 2021)	FY 2022 (As of March 31, 2022)
LIABILITIES		
Current liabilities		
Accounts payable-trade	3,561	4,223
Short-term loans payable	1,850	2,000
Lease obligations	222	195
Accounts payable	2,048	2,058
Income taxes payable	565	1,597
Accrued consumption taxes	252	162
Provision for bonuses	1,834	1,834
Provision for directors' bonuses	58	49
Provision for product warranties	68	213
Other	1,338	1,715
Total current liabilities	11,800	14,051
Non-current liabilities		
Long-term loans payable	150	—
Lease obligations	379	438
Deferred tax liabilities	41	15
Deferred tax liabilities for land revaluation	474	474
Provision for product warranties	13	12
Net defined benefit liability	10,789	10,618
Asset retirement obligations	41	154
Other	151	142
Total non-current liabilities	12,041	11,855
Total liabilities	23,842	25,907
NET ASSETS		
Shareholders' equity		
Capital stock	12,367	12,367
Capital surplus	10,517	10,517
Retained earnings	55,872	58,929
Treasury stock	(373)	(413)
Total shareholders' equity	78,384	81,401
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,259	1,143
Revaluation reserve for land	(339)	(339)
Foreign currency translation adjustment	236	1,773
Remeasurements of defined benefit plans	(940)	(943)
Total accumulated other comprehensive income	215	1,633
Non-controlling interests	97	100
Total net assets	78,696	83,136
Total liabilities and net assets	102,538	109,043

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

(Millions of yen)

	FY 2021 (From April 1, 2020 to March 31, 2021)	FY 2022 (From April 1, 2021 to March 31, 2022)
Net sales	64,029	73,958
Cost of sales	36,704	42,569
Gross profit	27,325	31,388
Selling, general and administrative expenses	* 20,639	* 23,889
Operating income	6,685	7,498
Non-operating income		
Interest income	74	68
Dividend income	104	130
Rent income	15	19
Foreign exchange gains	—	486
Subsidy income	50	36
Other	79	133
Total non-operating income	324	874
Non-operating expenses		
Interest expenses	42	57
Taxes and dues	14	5
Foreign exchange losses	94	—
Depreciation	0	0
Other	32	27
Total non-operating expenses	183	90
Ordinary income	6,826	8,282
Extraordinary income		
Gain on sales of non-current assets	0	3
Gain on sales of investment securities	29	—
Refund of customs duties from previous year	226	—
Total extraordinary income	256	3
Extraordinary loss		
Loss on sales of non-current assets	—	0
Loss on abandonment of non-current assets	16	36
Loss on sales of investment securities	0	—
Restructuring expenses	33	—
Total extraordinary loss	50	36
Net income before income taxes	7,032	8,249
Income taxes-current	1,838	2,462
Income taxes-deferred	48	(298)
Total income taxes	1,887	2,164
Net income	5,145	6,085
Net income (loss) attributable to non-controlling interests	(8)	(5)
Net income attributable to shareholders of parental company	5,153	6,090

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	FY 2021 (From April 1, 2020 to March 31, 2021)	FY 2022 (From April 1, 2021 to March 31, 2022)
Net income	5,145	6,085
Other comprehensive income		
Valuation difference on available-for-sale securities	897	(115)
Foreign currency translation adjustment	782	1,546
Adjustments relating to retirement benefits	126	(3)
Total other comprehensive income	1,805	1,426
Comprehensive income	6,950	7,512
(Breakdown)		
Comprehensive income attributable to shareholders of parental company	6,953	7,508
Comprehensive income attributable to non-controlling interest	(2)	3

(3) Consolidated Statements of Changes in Net Assets
Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	12,367	10,518	54,891	(320)	77,456
Changes of items during the period					
Dividends of surplus			(2,249)		(2,249)
Net income attributable to shareholders of parental company			5,153		5,153
Change in scope of consolidation			(0)		(0)
Purchase of treasury shares				(1,976)	(1,976)
Retirement of treasury shares		(0)	(1,922)	1,922	—
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	(0)	980	(53)	927
Balance at end of the year	12,367	10,517	55,872	(373)	78,384

(Millions of yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	361	(339)	(539)	(1,066)	(1,585)	100	75,972
Changes of items during the period							
Dividends of surplus							(2,249)
Net income attributable to shareholders of parental company							5,153
Change in scope of consolidation							(0)
Purchase of treasury shares							(1,976)
Retirement of treasury shares							—
Net changes of items other than shareholders' equity	897	—	776	126	1,800	(3)	1,797
Total changes of items during the period	897	—	776	126	1,800	(3)	2,724
Balance at end of the year	1,259	(339)	236	(940)	215	97	78,696

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	12,367	10,517	55,872	(373)	78,384
Cumulative effects of changes in accounting policies			(39)		(39)
Restated balance	12,367	10,517	55,832	(373)	78,344
Changes of items during the period					
Dividends of surplus			(2,289)		(2,289)
Net income attributable to shareholders of parental company			6,090		6,090
Purchase of treasury shares				(743)	(743)
Retirement of treasury shares			(704)	704	—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	3,096	(39)	3,057
Balance at end of the year	12,367	10,517	58,929	(413)	81,401

(Millions of yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	1,259	(339)	236	(940)	215	97	78,696
Cumulative effects of changes in accounting policies							(39)
Restated balance	1,259	(339)	236	(940)	215	97	78,657
Changes of items during the period							
Dividends of surplus							(2,289)
Net income attributable to shareholders of parental company							6,090
Purchase of treasury shares							(743)
Retirement of treasury shares							—
Net changes of items other than shareholders' equity	(115)	—	1,537	(3)	1,418	3	1,421
Total changes of items during the period	(115)	—	1,537	(3)	1,418	3	4,479
Balance at end of the year	1,143	(339)	1,773	(943)	1,633	100	83,136

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY 2021 (From April 1, 2020 to March 31, 2021)	FY 2022 (From April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Net income before income taxes	7,032	8,249
Depreciation	2,522	2,811
Increase (decrease) in allowance for doubtful accounts	3	2
Increase (decrease) in provision for bonuses	104	(1)
Increase (decrease) in provision for directors' bonuses	13	(8)
Increase (decrease) in provision for product warranties	(18)	88
Increase (decrease) in net defined benefit liability	309	(174)
Interest and dividend income	(178)	(198)
Interest expenses	42	57
Foreign exchange losses (gains)	(166)	(391)
Loss on abandonment of non-current assets	16	36
Loss (gain) on sales of non-current assets	(0)	(3)
Refund of customs duties from previous year	(226)	—
Loss (gain) on sales of investment securities	(29)	—
Increase (decrease) in deposits received from employees	(7)	(1)
Decrease (increase) in notes and accounts receivable-trade	1,042	(940)
Decrease (increase) in inventories	(401)	(2,230)
Increase (decrease) in notes and accounts payable-trade	338	523
Decrease (increase) in consumption taxes refund receivable	—	(778)
Increase (decrease) in accrued consumption taxes	(95)	(90)
Decrease (increase) in other assets	(0)	(26)
Increase (decrease) in other liabilities	193	229
Subtotal	10,497	7,154
Interest and dividend income received	230	240
Interest expenses paid	(44)	(62)
Income taxes (paid) refund	(2,112)	(1,703)
Refund of customs duties from previous year	226	—
Cash flows from operating activities	8,798	5,629

(Millions of yen)

	FY 2021 (From April 1, 2020 to March 31, 2021)	FY 2022 (From April 1, 2021 to March 31, 2022)
Cash flows from investment activities		
Purchase of short-term and long-term investment securities	(3,011)	(1,204)
Proceeds from sales and redemption of short-term and long-term investment securities	2,848	3,900
Purchase of property, plant and equipment	(4,943)	(4,160)
Payments for retirement of property, plant and equipment	(150)	—
Proceeds from sales of property, plant and equipment	—	10
Purchase of intangible assets	(136)	(227)
Proceeds from sales of intangible assets	0	—
Payments of loans receivable	(2)	(1)
Collection of loans receivable	46	36
Payments for asset retirement obligations	—	(4)
Cash flows from investment activities	(5,349)	(1,651)
Cash flows from financing activities		
Purchase of treasury shares	(1,976)	(744)
Cash dividends paid	(2,248)	(2,290)
Cash dividends paid to non-controlling shareholders	(0)	—
Repayments of lease obligations	(258)	(238)
Cash flows from financing activities	(4,483)	(3,274)
Effect of exchange rate change on cash and cash equivalents	594	1,177
Net increase (decrease) in cash and cash equivalents	(440)	1,880
Balance of cash and cash equivalents, beginning of the period	21,849	21,421
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	11	—
Balance of cash and cash equivalents, end of the period	21,421	23,302

(5) Notes Relating to the Consolidated Financial Statements

(Notes Relating to the Assumption of Going Concern)

None.

(Changes in Accounting Principles)

(Application of Accounting Standards, etc., Related to Revenue Recognition)

From the beginning of the consolidated fiscal year under review, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020; hereinafter, “Revenue Recognition Accounting Standard”), etc. Accordingly, once control of the promised goods or services has been transferred to the customer, the monetary amount expected to be received in exchange for said goods or services is recognized as revenue.

In applying the Revenue Recognition Accounting Standard, etc., the Company complies with the transitional treatment stipulated in the proviso of Paragraph 84 in the Revenue Recognition Accounting Standard. The cumulative financial effect of applying the new accounting principle retroactively to events before the beginning of the consolidated fiscal year under review is added to or subtracted from the retained earnings at the beginning of the consolidated fiscal year under review, and the new accounting principle is applied from the balance at the beginning of the consolidated fiscal year under review onward.

Also, “Notes and accounts receivable-trade” was presented under “Current assets” in the consolidated balance sheet for the previous consolidated fiscal year, but it is now presented in “Notes receivable-trade,” “Electronically recorded monetary claims-operating,” and “Accounts receivable-trade” for the consolidated fiscal year under review. However, in accordance with the transitional treatment defined in Paragraph 89-2 of the Revenue Recognition Accounting Standard, the previous consolidated fiscal year has not been reclassified using the new presentation method.

As a result, in the consolidated balance sheet for the consolidated fiscal year under review, when compared to before application of the Revenue Recognition Accounting Standard, etc., “Notes and accounts receivable-trade” decreased by ¥13,792 million, while “Notes receivable-trade,” “Electronically recorded monetary claims-operating,” and “Accounts receivable-trade” increased by ¥323 million, ¥1,102 million, and ¥12,358 million, respectively. Furthermore, this change had no significant impact on the balance of retained earnings at the beginning of the year, the consolidated statement of income, the consolidated statement of cash flows, or the per share information.

(Application of Accounting Standard for Fair Value Measurement)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30; July 4, 2019; hereinafter, “Fair Value Measurement Accounting Standard”) since the beginning of the consolidated fiscal year under review. Also, in accordance with the transitional treatment defined 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), the Company has decided to henceforward apply the new accounting standards stipulated by the Fair Value Measurement Accounting Standard, etc. This will not impact the consolidated financial statements.

(Matter Related to the Consolidated Statement of Income)

The main expense items and amount from selling, general and administrative expenses are listed below.

	(Millions of yen)	
	FY 2021	FY 2022
	(From April 1, 2020 to March 31, 2021)	(From April 1, 2021 to March 31, 2022)
Salaries	5,604	5,927
Packing and delivery expenses	2,536	4,207
Promotion expenses	1,171	1,305
Provision of allowance for doubtful accounts	9	2
Depreciation	767	1,014
Provision for bonuses	1,114	1,105
Provision for directors’ bonuses	58	49
Provision for product warranties	9	88
Retirement benefit expenses	1,108	743

(Segment Information)

1) Summary of reported segments

The reported segments of the Group are those of the constituent units of the Company for which separate financial statements are available and are subject to regular review by the board of directors for decisions on allocation of management resources and to assess business performance.

The Group has a manufacturing and sales organization with products and services and with respect to the products and services handled formulates comprehensive domestic and overseas strategies and engage in business activities.

Therefore, the Group is constituted by segments by products and services based on the manufacturing and sales organization and have 3 reported segments of “Office Equipment,” “Industrial Equipment” and “HCR Equipment.”

“Office Equipment” segment is engaged in the manufacture and sale of office equipment and stationery related products. “Industrial Equipment” segment is engaged in the manufacture and sale of construction machinery and tools as well as residential equipment. “HCR Equipment” is engaged in the manufacture and sale of welfare and nursing care products.

2) Method of calculating the amounts of segment sales, profit or loss, assets and other items

The method of accounts processing used for the reported business segments is generally consistent with the method used in creation of consolidated financial statement.

3) Information on the amounts of segment sales, profit or loss, assets and other items

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reported segments			Adjustments	Total
	Office Equipment	Industrial Equipment	HCR Equipment		
Net sales					
Net sales to outside customers	17,061	44,300	2,667	—	64,029
Inter-segments sales or transfers	—	—	—	—	—
Total	17,061	44,300	2,667	—	64,029
Segment profit	2,738	6,652	36	(2,741)	6,685
Segment assets	19,465	33,390	2,624	47,057	102,538
Other items					
Depreciation	689	1,741	98	(6)	2,522
Increase in property, plant and equipment and intangible assets	1,399	3,537	50	—	4,987

(Notes) 1. Segment profit is consistent with operating income in consolidated statement of income.

2. The adjustment amounts are as follows.

- (1) The segment profit adjustment of negative ¥2,741 million includes the negative ¥2,741 million of the Group-wide expenses, which are not allocated to the individual reported segments. Group-wide expenses are mainly comprised of general and administrative expenses not attributable to the reported segment.
- (2) The segment assets adjustment of ¥47,057 million includes the ¥47,057 million of the Group-wide assets, which are not allocated to the individual reported segments. Group-wide assets are mainly comprised of investment securities and cash and deposits not attributable to the reported segment.

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reported segments			Adjustments	Total
	Office Equipment	Industrial Equipment	HCR Equipment		
Net sales					
Net sales to outside customers	18,513	52,569	2,875	—	73,958
Inter-segments sales or transfers	—	—	—	—	—
Total	18,513	52,569	2,875	—	73,958
Segment profit (loss)	3,034	7,739	(126)	(3,148)	7,498
Segment assets	22,125	41,523	3,076	42,318	109,043
Other items					
Depreciation	771	1,942	97	—	2,811
Increase in property, plant and equipment and intangible assets	1,120	3,242	23	—	4,387

(Notes) 1. Segment profit is consistent with operating income in consolidated statement of income.

2. The adjustment amounts are as follows.

- (1) The segment profit adjustment of negative ¥3,148 million includes the negative ¥3,148 million of the Group-wide expenses, which are not allocated to the individual reported segments. Group-wide expenses are mainly comprised of general and administrative expenses not attributable to the reported segment.
- (2) The segment assets adjustment of ¥42,318 million includes the ¥42,318 million of the Group-wide assets, which are not allocated to the individual reported segments. Group-wide assets are mainly comprised of investment securities and cash and deposits not attributable to the reported segment.

4) Notes relating to changes, etc., to reported segments

As described in the Change in Accounting Principles, the Company has applied the Revenue Recognition Accounting Standard, etc., since the consolidated financial statements related to the consolidated fiscal year under review and changed the accounting treatment method for revenue recognition. Therefore, similar changes are being made to the method of calculating profit and loss in business segments.

As a result, in the consolidated fiscal year under review, the impact on consolidated financial statements is insignificant.

(Per Share Information)

(Yen)

	FY 2021 (From April 1, 2020 to March 31, 2021)	FY 2022 (From April 1, 2021 to March 31, 2022)
Net assets per share	1,647.68	1,755.41
Net income per share	105.80	128.40

(Notes) 1. With respect to the net income per share after dilution, as no latent shares exist, no inclusion has been made.

2. The basis for the calculation of the net income per share is as follows.

	FY 2021 (From April 1, 2020 to March 31, 2021)	FY 2022 (From April 1, 2021 to March 31, 2022)
Net income attributable to shareholders of parental company (¥ million)	5,153	6,090
Amount not relating to common shares (¥ million)	—	—
Net income attributable to shareholders of parental company relating to common shares (¥ million)	5,153	6,090
Average number of common shares outstanding during the term (shares)	48,706,387	47,436,026

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

	FY 2021 (As of March 31, 2021)	FY 2022 (As of March 31, 2022)
Total of net assets (¥ million)	78,696	83,136
Amount to be deducted from the total of net assets (¥ million)	97	100
(Of which non-controlling interests (¥ million))	(97)	(100)
Closing net assets relating to common shares (¥ million)	78,599	83,035
Number of common shares as of end of term used in the calculation of net assets per share (shares)	47,702,936	47,302,534

(Significant Subsequent Events)

None.