

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 14, 2021

Company name: YAMAZEN CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 8051 URL <https://www.yamazen.co.jp/>
 Representative: President, CEO Yuji NAGAO
 Inquiries: Manager, IR & PR Dept. Hayato HIRATA TEL 06-6534-3003
 Scheduled date of ordinary general meeting of shareholders: June 24, 2021
 Scheduled date to file Securities Report: June 25, 2021
 Scheduled date to commence dividend payments: June 10, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2021	434,744	(7.9)	11,234	(7.1)	11,209	(5.8)	7,572	(6.4)
Year ended March 31, 2020	472,191	(10.3)	12,091	(32.8)	11,895	(33.4)	8,088	(33.6)

Note: Comprehensive income Year ended March 31, 2021 ¥14,530 million [140.9%]
 Year ended March 31, 2020 ¥6,032 million [(48.5)%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	80.25	–	7.5	4.7	2.6
Year ended March 31, 2020	85.60	–	8.6	5.0	2.6

Reference: Share of profit of entities accounted for using equity method

Year ended March 31, 2021 ¥– million
 Year ended March 31, 2020 ¥– million

(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, 2021	245,937	107,630	43.6	1,135.52
As of March 31, 2020	230,320	95,439	41.3	1,007.30

Reference: Equity As of March 31, 2021 ¥107,155 million
 As of March 31, 2020 ¥95,056 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	13,566	(3,911)	(5,062)	74,478
Year ended March 31, 2020	13,399	(1,866)	(6,382)	68,385

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2020	–	16.00	–	14.00	30.00	2,837	35.0	3.0
Year ended March 31, 2021	–	10.00	–	10.00	20.00	1,890	24.9	1.9
Year ending March 31, 2022 (Forecast)	–	10.00	–	15.00	25.00		29.1	

Note: The Company purchased treasury shares on April 15, 2021 in accordance with a resolution at the meeting of the Board of Directors held on April 14, 2021.

The consolidated dividend payout ratio for the fiscal year ending March 31, 2022 (forecast) takes into account the impact of this purchase of treasury shares.

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	Percentages indicate year-on-year changes								
Six months ending September 30, 2021	225,000	–	4,500	–	4,500	–	3,000	–	33.04
Full year	485,000	–	11,500	–	11,500	–	7,800	–	85.91

Note 1: As the Company will apply the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. from the beginning of the fiscal year ending March 31, 2022, the above forecasts of the consolidated financial results are the amounts after the application of the said accounting standard, etc., and the percentage change from the previous fiscal year and the same quarter of the previous year are not stated.

Note 2: The Company purchased treasury shares on April 15, 2021 in accordance with a resolution at the meeting of the Board of Directors held on April 14, 2021.

“Earnings per share” in the forecasts of the consolidated financial results takes into account the impact of this purchase of treasury shares.

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2021	95,305,435 shares	As of March 31, 2020	95,305,435 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2021	937,995 shares	As of March 31, 2020	937,956 shares
----------------------	----------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2021	94,367,454 shares	Year ended March 31, 2020	94,489,461 shares
---------------------------	-------------------	---------------------------	-------------------

Note: The company has introduced Board Benefit Trust (BBT). Number of treasury shares at the end of the period include the Company’s shares held by Board Benefit Trust (BBT) (180,000 shares as of March 31, 2021, 180,000 shares as of March 31, 2020). In addition, number of treasury shares excluded for calculating the average number of shares during the period include the Company’s shares held by Board Benefit Trust (BBT) (180,000 shares for the fiscal year ended March 31, 2021, 104,485 shares for the fiscal year ended March 31, 2020).

Reference: Summary of non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2021	388,959	(8.3)	9,109	(3.1)	8,859	(14.1)	6,128	(16.3)
Year ended March 31, 2020	423,958	(10.3)	9,397	(32.6)	10,315	(37.4)	7,324	(38.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended March 31, 2021	64.94		-	
Year ended March 31, 2020	77.52		-	

(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, 2021	214,872		89,228		41.5		945.55	
As of March 31, 2020	205,820		80,933		39.3		857.64	

Reference: Equity As of March 31, 2021 ¥89,228 million
 As of March 31, 2020 ¥80,933 million

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

* Proper use of forecasts of financial results, and other special matters

(Caution concerning forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual performance and other results may differ materially due to various factors.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	57,587	63,734
Notes and accounts receivable - trade	85,200	86,607
Electronically recorded monetary claims - operating	14,016	11,259
Securities	11,000	12,000
Merchandise and finished goods	27,099	25,425
Other	3,339	3,837
Allowance for doubtful accounts	(526)	(388)
Total current assets	197,717	202,475
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,029	8,211
Accumulated depreciation	(3,696)	(4,128)
Buildings and structures, net	2,333	4,082
Machinery, equipment and vehicles	433	497
Accumulated depreciation	(343)	(425)
Machinery, equipment and vehicles, net	90	71
Tools, furniture and fixtures	2,515	3,056
Accumulated depreciation	(1,738)	(2,057)
Tools, furniture and fixtures, net	776	999
Land	3,580	3,717
Leased assets	5,449	5,398
Accumulated depreciation	(1,758)	(1,919)
Leased assets, net	3,690	3,478
Other	1,562	749
Total property, plant and equipment	12,034	13,098
Intangible assets	6,343	8,449
Investments and other assets		
Investment securities	11,720	18,052
Distressed receivables	85	78
Retirement benefit asset	610	1,977
Deferred tax assets	356	326
Other	1,620	1,639
Allowance for doubtful accounts	(167)	(161)
Total investments and other assets	14,225	21,913
Total non-current assets	32,603	43,462
Total assets	230,320	245,937

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	57,758	60,614
Electronically recorded obligations - operating	56,039	51,531
Short-term borrowings	174	29
Lease obligations	394	423
Income taxes payable	662	2,436
Provision for bonuses	2,381	2,780
Provision for voluntary recall of goods	32	32
Other	9,492	9,901
Total current liabilities	126,935	127,749
Non-current liabilities		
Long-term borrowings	—	135
Lease obligations	4,405	4,179
Deferred tax liabilities	1,652	4,140
Retirement benefit liability	328	252
Other	1,558	1,849
Total non-current liabilities	7,945	10,558
Total liabilities	134,881	138,307
Net assets		
Shareholders' equity		
Share capital	7,909	7,909
Capital surplus	7,561	7,561
Retained earnings	77,604	82,887
Treasury shares	(957)	(957)
Total shareholders' equity	92,118	97,400
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,447	8,891
Deferred gains or losses on hedges	68	87
Foreign currency translation adjustment	379	1,551
Remeasurements of defined benefit plans	(1,956)	(774)
Total accumulated other comprehensive income	2,938	9,755
Non-controlling interests	382	474
Total net assets	95,439	107,630
Total liabilities and net assets	230,320	245,937

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	472,191	434,744
Cost of sales	408,890	372,071
Gross profit	63,301	62,672
Selling, general and administrative expenses	51,209	51,438
Operating profit	12,091	11,234
Non-operating income		
Interest income	1,564	1,352
Dividend income	262	205
Other	159	285
Total non-operating income	1,986	1,843
Non-operating expenses		
Interest expenses	2,039	1,774
Other	142	93
Total non-operating expenses	2,182	1,867
Ordinary profit	11,895	11,209
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	–	106
Total extraordinary income	0	106
Extraordinary losses		
Loss on sale of non-current assets	–	0
Loss on retirement of non-current assets	11	1
Loss on sale of investment securities	0	–
Loss on valuation of investment securities	18	–
Loss on valuation of golf club membership	18	–
Impairment losses	113	–
Loss on liquidation of subsidiaries	–	20
Total extraordinary losses	161	21
Profit before income taxes	11,735	11,294
Income taxes - current	3,386	3,590
Income taxes - deferred	213	48
Total income taxes	3,599	3,639
Profit	8,135	7,654
Profit attributable to non-controlling interests	46	81
Profit attributable to owners of parent	8,088	7,572

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	8,135	7,654
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,034)	4,443
Deferred gains or losses on hedges	103	18
Foreign currency translation adjustment	(922)	1,230
Remeasurements of defined benefit plans, net of tax	(249)	1,182
Total other comprehensive income	(2,102)	6,875
Comprehensive income	6,032	14,530
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,992	14,438
Comprehensive income attributable to non-controlling interests	40	92

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,909	7,561	73,016	(751)	87,735
Changes during period					
Dividends of surplus			(1,986)		(1,986)
Interim dividends from surplus			(1,513)		(1,513)
Profit attributable to owners of parent			8,088		8,088
Purchase of treasury shares				(206)	(206)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	4,588	(206)	4,382
Balance at end of period	7,909	7,561	77,604	(957)	92,118

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	5,481	(35)	1,295	(1,707)	5,034	342	93,113
Changes during period							
Dividends of surplus							(1,986)
Interim dividends from surplus							(1,513)
Profit attributable to owners of parent							8,088
Purchase of treasury shares							(206)
Net changes in items other than shareholders' equity	(1,034)	103	(916)	(249)	(2,096)	40	(2,055)
Total changes during period	(1,034)	103	(916)	(249)	(2,096)	40	2,326
Balance at end of period	4,447	68	379	(1,956)	2,938	382	95,439

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,909	7,561	77,604	(957)	92,118
Changes during period					
Dividends of surplus			(1,323)		(1,323)
Interim dividends from surplus			(945)		(945)
Profit attributable to owners of parent			7,572		7,572
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation			(21)		(21)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	5,282	(0)	5,282
Balance at end of period	7,909	7,561	82,887	(957)	97,400

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,447	68	379	(1,956)	2,938	382	95,439
Changes during period							
Dividends of surplus							(1,323)
Interim dividends from surplus							(945)
Profit attributable to owners of parent							7,572
Purchase of treasury shares							(0)
Change in scope of consolidation							(21)
Net changes in items other than shareholders' equity	4,443	18	1,172	1,182	6,816	92	6,908
Total changes during period	4,443	18	1,172	1,182	6,816	92	12,190
Balance at end of period	8,891	87	1,551	(774)	9,755	474	107,630

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	11,735	11,294
Depreciation	2,013	2,054
Retirement benefit expenses	588	620
Impairment losses	113	–
Increase (decrease) in allowance for doubtful accounts	(117)	(148)
Increase (decrease) in other provisions	(716)	338
Increase (decrease) in retirement benefit liability	(372)	(371)
Decrease (increase) in retirement benefit asset	(10)	9
Interest and dividend income	(1,826)	(1,557)
Interest expenses	2,039	1,774
Foreign exchange losses (gains)	3	17
Loss (gain) on sale of investment securities	0	(106)
Loss (gain) on valuation of investment securities	18	–
Loss on retirement of property, plant and equipment and intangible assets	11	1
Loss (gain) on sale of property, plant and equipment and intangible assets	(0)	(0)
Decrease (increase) in trade receivables	14,915	2,125
Decrease (increase) in inventories	3,754	2,302
Increase (decrease) in trade payables	(14,667)	(2,869)
Other, net	1,642	184
Subtotal	19,123	15,670
Income taxes paid	(5,723)	(2,104)
Net cash provided by (used in) operating activities	13,399	13,566
Cash flows from investing activities		
Payments into time deposits	(27)	(193)
Proceeds from withdrawal of time deposits	59	329
Purchase of securities	–	(1,000)
Proceeds from redemption of securities	500	–
Purchase of investment securities	(1,090)	(139)
Proceeds from sale and redemption of investment securities	898	165
Loan advances	(7)	(9)
Proceeds from collection of loans receivable	21	19
Payments of other investments	(101)	(92)
Collection of other investments	30	55
Purchase of property, plant and equipment and intangible assets	(3,988)	(4,599)
Proceeds from sale of property, plant and equipment and intangible assets	7	0
Interest and dividends received	1,832	1,553
Net cash provided by (used in) investing activities	(1,866)	(3,911)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	177	(178)
Repayments of lease obligations	(485)	(438)
Repayments of long-term borrowings	–	(29)
Dividends paid	(3,500)	(2,268)
Interest paid	(2,038)	(1,771)
Purchase of treasury shares	(206)	(0)
Other, net	(329)	(375)
Net cash provided by (used in) financing activities	(6,382)	(5,062)
Effect of exchange rate change on cash and cash equivalents	(555)	926
Net increase (decrease) in cash and cash equivalents	4,595	5,518
Cash and cash equivalents at beginning of period	63,789	68,385
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	573
Cash and cash equivalents at end of period	68,385	74,478