

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

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 28, 2022
 Scheduled date to file Securities Report: June 29, 2022
 Scheduled date to commence dividend payments: June 10, 2022
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	501,872	–	17,133	–	17,093	–	12,023	–
Year ended March 31, 2021	434,744	(7.9)	11,234	(7.1)	11,209	(5.8)	7,572	(6.4)

Note: Comprehensive income Year ended March 31, 2022 ¥14,102 million [–%]
 Year ended March 31, 2021 ¥14,530 million [140.9%]

	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, 2022	133.74	123.82	10.9	6.5	3.4
Year ended March 31, 2021	80.25	–	7.5	4.7	2.6

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

Year ended March 31, 2022 ¥– million

Year ended March 31, 2021 ¥– million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year, and each figure for the fiscal year ended March 31, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations. The percentage of year-on-year change is not shown.

(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	282,654	113,367	39.9	1,268.98
As of March 31, 2021	245,937	107,630	43.6	1,135.52

Reference: Equity As of March 31, 2022 ¥112,741 million

As of March 31, 2021 ¥107,155 million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year, and each figure for the fiscal year ended March 31, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations.

(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, 2022	7,054	(2,766)	967	81,153
Year ended March 31, 2021	13,566	(3,911)	(5,062)	74,478

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, 2021	–	10.00	–	10.00	20.00	1,890	24.9	1.9
Year ended March 31, 2022	–	10.00	–	25.00	35.00	3,115	26.2	2.9
Year ending March 31, 2023 (Forecast)	–	20.00	–	20.00	40.00		32.3	

Note: Breakdown of fiscal year-end dividends for the fiscal year ended March 31, 2022

Ordinary dividend of ¥20.00, and commemorative dividend of ¥5.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	250,000	4.8	7,300	(2.5)	7,300	(2.2)	5,000	(10.9)	56.28
Full year	530,000	5.6	16,000	(6.6)	16,000	(6.4)	11,000	(8.5)	123.81

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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:

Yes

Changes in accounting policies due to other reasons:

Yes

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, 2022	∴	95,305,435 shares	As of March 31, 2021	∴	95,305,435 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	∴	6,461,874 shares	As of March 31, 2021	∴	937,995 shares
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Average number of shares during the period

Year ended March 31, 2022	∴	89,904,242 shares	Year ended March 31, 2021	∴	94,367,454 shares
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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, 2022, 180,000 shares as of March 31, 2021). 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, 2022, 180,000 shares for the fiscal year ended March 31, 2021).

Reference: Summary of non-consolidated financial results

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

(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, 2022	444,000	—	12,707	—	14,476	—	10,740	—
Year ended March 31, 2021	388,959	(8.3)	9,109	(3.1)	8,859	(14.1)	6,128	(16.3)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2022	119.46	110.60
Year ended March 31, 2021	64.94	—

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year, and each figure for the fiscal year ended March 31, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations. The percentage of year-on-year change is not shown.

(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	243,376	90,721	37.3	1,021.14
As of March 31, 2021	214,872	89,228	41.5	945.55

Reference: Equity As of March 31, 2022 ¥90,721 million
As of March 31, 2021 ¥89,228 million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year, and each figure for the fiscal year ended March 31, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations.

* 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.

(Method of accessing financial summary presentation material)

Financial summary presentation material for the meeting will be provided on the Company’s website.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	63,734	70,401
Notes and accounts receivable - trade	86,607	–
Notes receivable - trade	–	14,897
Accounts receivable - trade	–	78,794
Electronically recorded monetary claims - operating	11,259	15,903
Securities	12,000	12,000
Merchandise and finished goods	25,425	36,819
Other	3,837	7,530
Allowance for doubtful accounts	(388)	(411)
Total current assets	202,475	235,935
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,211	7,809
Accumulated depreciation	(4,128)	(3,962)
Buildings and structures, net	4,082	3,847
Machinery, equipment and vehicles	497	590
Accumulated depreciation	(425)	(473)
Machinery, equipment and vehicles, net	71	116
Tools, furniture and fixtures	3,056	2,811
Accumulated depreciation	(2,057)	(1,940)
Tools, furniture and fixtures, net	999	870
Land	3,717	3,696
Leased assets	5,398	5,599
Accumulated depreciation	(1,919)	(2,243)
Leased assets, net	3,478	3,355
Other	749	977
Total property, plant and equipment	13,098	12,864
Intangible assets	8,449	11,024
Investments and other assets		
Investment securities	18,052	16,336
Distressed receivables	78	72
Retirement benefit asset	1,977	4,460
Deferred tax assets	326	335
Other	1,639	1,715
Allowance for doubtful accounts	(161)	(132)
Total investments and other assets	21,913	22,788
Total non-current assets	43,462	46,676
Deferred assets		
Bond issuance costs	–	42
Total deferred assets	–	42
Total assets	245,937	282,654

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	60,614	69,118
Electronically recorded obligations - operating	51,531	56,771
Short-term borrowings	29	29
Lease liabilities	423	539
Income taxes payable	2,436	2,828
Contract liabilities	–	9,592
Provision for bonuses	2,780	3,495
Provision for voluntary recall of goods	32	32
Other	9,901	6,525
Total current liabilities	127,749	148,933
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	–	10,040
Long-term borrowings	135	106
Lease liabilities	4,179	3,965
Deferred tax liabilities	4,140	4,209
Retirement benefit liability	252	266
Other	1,849	1,764
Total non-current liabilities	10,558	20,353
Total liabilities	138,307	169,286
Net assets		
Shareholders' equity		
Share capital	7,909	7,909
Capital surplus	7,561	7,561
Retained earnings	82,887	92,545
Treasury shares	(957)	(6,957)
Total shareholders' equity	97,400	101,058
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,891	7,922
Deferred gains or losses on hedges	87	199
Foreign currency translation adjustment	1,551	3,725
Remeasurements of defined benefit plans	(774)	(165)
Total accumulated other comprehensive income	9,755	11,682
Non-controlling interests	474	626
Total net assets	107,630	113,367
Total liabilities and net assets	245,937	282,654

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	434,744	501,872
Cost of sales	372,071	429,133
Gross profit	62,672	72,738
Selling, general and administrative expenses	51,438	55,604
Operating profit	11,234	17,133
Non-operating income		
Interest income	1,352	61
Dividend income	205	309
Subsidy income	178	80
Other	107	113
Total non-operating income	1,843	564
Non-operating expenses		
Interest expenses	1,774	277
Foreign exchange losses	65	288
Other	27	37
Total non-operating expenses	1,867	604
Ordinary profit	11,209	17,093
Extraordinary income		
Gain on sale of non-current assets	0	131
Gain on sale of investment securities	106	627
Total extraordinary income	106	758
Extraordinary losses		
Loss on sale of non-current assets	0	–
Loss on retirement of non-current assets	1	0
Loss on valuation of investment securities	–	3
Loss on liquidation of subsidiaries	20	–
Other	–	0
Total extraordinary losses	21	4
Profit before income taxes	11,294	17,847
Income taxes - current	3,590	5,307
Income taxes - deferred	48	422
Total income taxes	3,639	5,730
Profit	7,654	12,117
Profit attributable to non-controlling interests	81	93
Profit attributable to owners of parent	7,572	12,023

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	7,654	12,117
Other comprehensive income		
Valuation difference on available-for-sale securities	4,443	(968)
Deferred gains or losses on hedges	18	112
Foreign currency translation adjustment	1,230	2,232
Remeasurements of defined benefit plans, net of tax	1,182	609
Total other comprehensive income	6,875	1,985
Comprehensive income	14,530	14,102
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,438	13,950
Comprehensive income attributable to non-controlling interests	92	152

Consolidated statements of changes in equity

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
Cumulative effects of changes in accounting policies					–
Restated balance	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
Cumulative effects of changes in accounting policies							–
Restated balance	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

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,909	7,561	82,887	(957)	97,400
Cumulative effects of changes in accounting policies			(529)		(529)
Restated balance	7,909	7,561	82,357	(957)	96,870
Changes during period					
Dividends of surplus			(945)		(945)
Interim dividends from surplus			(890)		(890)
Profit attributable to owners of parent			12,023		12,023
Purchase of treasury shares				(6,000)	(6,000)
Change in scope of consolidation					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	10,188	(6,000)	4,187
Balance at end of period	7,909	7,561	92,545	(6,957)	101,058

	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	8,891	87	1,551	(774)	9,755	474	107,630
Cumulative effects of changes in accounting policies							(529)
Restated balance	8,891	87	1,551	(774)	9,755	474	107,100
Changes during period							
Dividends of surplus							(945)
Interim dividends from surplus							(890)
Profit attributable to owners of parent							12,023
Purchase of treasury shares							(6,000)
Change in scope of consolidation							-
Net changes in items other than shareholders' equity	(968)	112	2,174	609	1,927	152	2,079
Total changes during period	(968)	112	2,174	609	1,927	152	6,267
Balance at end of period	7,922	199	3,725	(165)	11,682	626	113,367

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	11,294	17,847
Depreciation	2,054	2,028
Retirement benefit expenses	620	344
Increase (decrease) in allowance for doubtful accounts	(148)	(3)
Increase (decrease) in other provisions	338	646
Increase (decrease) in retirement benefit liability	(371)	18
Decrease (increase) in retirement benefit asset	9	(1,971)
Interest and dividend income	(1,557)	(370)
Interest expenses	1,774	277
Foreign exchange losses (gains)	17	(110)
Loss (gain) on sale of investment securities	(106)	(627)
Loss (gain) on valuation of investment securities	–	3
Loss on retirement of property, plant and equipment and intangible assets	1	0
Loss (gain) on sale of property, plant and equipment and intangible assets	(0)	(131)
Decrease (increase) in trade receivables	2,125	(10,555)
Decrease (increase) in inventories	2,302	(10,538)
Increase (decrease) in trade payables	(2,869)	12,680
Other, net	184	2,348
Subtotal	15,670	11,889
Income taxes paid	(2,104)	(4,834)
Net cash provided by (used in) operating activities	13,566	7,054
Cash flows from investing activities		
Payments into time deposits	(193)	(42)
Proceeds from withdrawal of time deposits	329	56
Purchase of securities	(1,000)	(1,000)
Proceeds from redemption of securities	–	1,000
Purchase of investment securities	(139)	(234)
Proceeds from sale and redemption of investment securities	165	1,149
Loan advances	(9)	(7)
Proceeds from collection of loans receivable	19	15
Payments of other investments	(92)	(402)
Collection of other investments	55	44
Purchase of property, plant and equipment and intangible assets	(4,599)	(4,178)
Proceeds from sale of property, plant and equipment and intangible assets	0	456
Interest and dividends received	1,553	374
Net cash provided by (used in) investing activities	(3,911)	(2,766)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(178)	–
Repayments of lease liabilities	(438)	(457)
Repayments of long-term borrowings	(29)	(29)
Proceeds from issuance of convertible bonds with share acquisition rights	–	9,997
Dividends paid	(2,268)	(1,841)
Interest paid	(1,771)	(271)
Purchase of treasury shares	(0)	(6,006)
Other, net	(375)	(423)
Net cash provided by (used in) financing activities	(5,062)	967
Effect of exchange rate change on cash and cash equivalents	926	1,418
Net increase (decrease) in cash and cash equivalents	5,518	6,675
Cash and cash equivalents at beginning of period	68,385	74,478
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	573	–
Cash and cash equivalents at end of period	74,478	81,153