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



May 12, 2022

Company name: DAIHEN Corporation  
 Stock exchange listing: Tokyo Stock Exchange, Fukuoka Stock Exchange  
 Stock exchange code: 6622  
 URL: <https://www.daihen.co.jp/>  
 Representative: Shoichiro Minomo, President and Chief Executive Officer  
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 Scheduled date of annual general meeting of shareholders: June 28, 2022  
 Scheduled date of commencing dividend payments: June 29, 2022  
 Scheduled date of filing securities report: June 28, 2022  
 Availability of supplementary explanatory materials on financial results: Available  
 Schedule of financial results briefing session: Scheduled (for institutional investors and analysts)

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

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

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	160,618	10.7	14,191	16.5	15,790	14.7	10,985	16.7
March 31, 2021	145,144	0.1	12,183	34.4	13,762	47.1	9,411	41.1

(Note) Comprehensive income: Fiscal year ended March 31, 2022: 12,407 million yen [(9.5) %]

Fiscal year ended March 31, 2021: 13,703 million yen [166.6 %]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2022	445.29	—	11.5	8.5	8.8
March 31, 2021	381.28	—	11.0	8.2	8.4

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended March 31, 2022: 154 million yen

Fiscal year ended March 31, 2021: 807 million yen

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	194,801	105,636	51.2	4,063.09
As of March 31, 2021	175,132	96,921	52.1	3,693.68

(Reference) Equity: As of March 31, 2022: 99,693 million yen

As of March 31, 2021: 91,174 million yen

#### (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
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2022	12,950	(3,299)	(5,308)	24,409
March 31, 2021	13,937	(3,899)	(5,576)	19,071

## 2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2021	—	42.50	—	47.50	90.00	2,228	23.6	2.6
Fiscal year ended March 31, 2022	—	50.00	—	60.00	110.00	2,715	24.7	2.8
Fiscal year ending March 31, 2023 (Forecast)	—	75.00	—	75.00	150.00		30.7	

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	80,000	11.3	7,000	9.7	7,500	5.1	5,500	6.3	224.16
Full year	180,000	12.1	16,500	16.3	17,000	7.7	12,000	9.2	489.07

### \* Notes:

(1) Changes in significant subsidiaries during the period under review

(Changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(Note) For details, please see “3. Consolidated Financial Statements and Principal Notes (5) Notes to Consolidated Financial Statements (Changes in accounting policies)” on page 14 of the attachments.

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

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

March 31, 2022: 27,103,291 shares

March 31, 2021: 27,103,291 shares

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

March 31, 2022: 2,567,039 shares

March 31, 2021: 2,419,521 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2022: 24,669,523 shares

Fiscal year ended March 31, 2021: 24,683,643 shares

**(Reference) Summary of Non-consolidated Financial Results****1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022)****(1) Non-consolidated Operating Results** (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	118,028	11.7	9,420	37.0	12,281	34.6	8,941	33.0
March 31, 2021	105,641	4.3	6,877	58.1	9,122	72.5	6,723	61.7

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	361.31	—
March 31, 2021	271.52	—

**(2) Non-consolidated Financial Position**

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2022	124,039	53,057	42.8	2,155.54
March 31, 2021	116,080	48,933	42.2	1,976.17

(Reference) Equity: As of March 31, 2022: 53,057 million yen  
As of March 31, 2021: 48,933 million yen

<Reasons for the discrepancy between latest results and those of the previous fiscal year on a non-consolidated basis>  
Net sales increased mainly due to expanded demand for semiconductor manufacturing equipment. As a result, operating profit, ordinary profit, and profit also increased year on year.

\* These consolidated financial results are outside the scope of audits by certified public accountants or an audit firm.

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

The earnings forecasts and other forward-looking statements contained in this report are based on information available to the Company on the date of this report's release and certain premises that the Company deems to be reasonable. Actual financial results, etc. may differ significantly due to a wide range of factors. For details on the earnings forecasts of the Company, please see "1. Overview of Operating Results, etc. (4) Future Outlook" on page 4 of the attachments.

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## 1. Overview of Operating Results, etc.

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

The performance of DAIHEN Corporation (the “Company”) and its subsidiaries (collectively, the “DAIHEN Group”) for the fiscal year ended March 31, 2022 (the “fiscal year under review”) was net sales of 160,618 million yen (up 10.7% year-on-year), due to strong investment in production automation in addition to the growing global demand for semiconductors. In income results, although there was an impact of soaring prices of materials and electronic components, etc., the increase in net sales and the achievements in cost reductions resulted in operating profit of 14,191 million yen (up 2,008 million yen year-on-year), ordinary profit of 15,790 million yen (up 2,027 million yen year-on-year), and profit attributable to owners of parent of 10,985 million yen (up 1,573 million yen year-on-year).

The performance of each segment is as follows.

#### 1) Power Products Business

Owing to strong investment in the replacement of power distribution products, net sales were 68,507 million yen (up 4.0% year-on-year) while operating profit was 5,563 million yen (down 1,186 million yen year-on-year) due to the impact of soaring prices of materials, etc.

#### 2) Welding & Mechatronics Business

Owing to strong investment in production automation as normalization of economic activities from the stagnation caused by COVID-19 has progressed in other countries, net sales were 46,376 million yen (up 10.1% year-on-year) while operating profit was 3,820 million yen (up 7 million yen year-on-year) due to increase in investment in R&D, etc.

#### 3) Semiconductor & FPD Related Business

As aggressive capital investment continued at a high level to resolve a global shortage of semiconductors in addition to the rapid increase in demand for semiconductors in a broader range of applications such as 5G, IoT, and AI, net sales were 45,580 million yen (up 23.1% year-on-year) and operating profit was 8,785 million yen (up 2,604 million yen year-on-year).

#### 4) Other

Net sales were 187 million yen and operating profit was 56 million yen. There were no significant changes from the previous fiscal year.

### (Reference) Performance by Segment

Segment	Orders Received		Order Backlog		Net Sales		Operating Profit	
	Amount	% change	Amount	% change	Amount	% change	Amount	% change
Power Products Business	72,408	+9.0%	42,136	+25.1	68,507	+4.0%	5,563	-17.6%
Welding & Mechatronics Business	48,309	+12.2%	7,103	+46.4	46,376	+10.1%	3,820	+0.2%
Semiconductor & FPD Related Business	61,044	+60.9%	26,650	+138.5	45,580	+23.1%	8,785	+42.1%
Other	187	-5.4%	-	-	187	-5.4%	56	-18.1%
Company Total	181,949	+23.2%	75,890	+52.7	160,618	+10.7%	14,191	+16.5%

## (2) Overview of Financial Position for the Fiscal Year under Review

Total assets at the end of the fiscal year under review increased by 19,668 million yen from the end of the previous fiscal year to 194,801 million yen. This is primarily attributable to an increase in inventories due to supply shortages of parts.

Total liabilities at the end of the fiscal year under review increased by 10,953 million yen from the end of the previous fiscal year to 89,165 million yen. This is primarily attributable to an increase in notes and accounts payable - trade and electronically recorded obligations - operating.

Total net assets at the end of the fiscal year under review increased by 8,714 million yen from the end of the previous fiscal year to 105,636 million yen. This is partly attributable to an increase in foreign currency translation adjustment in addition to an increase in retained earnings. The equity ratio decreased by 0.9 percentage points from 52.1% to 51.2%.

## (3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the fiscal year under review increased by 5,338 million yen from the end of the previous fiscal year to 24,409 million yen.

### (Cash flows from operating activities)

Cash flows from operating activities resulted in a cash inflow of 12,950 million yen primarily due to an increase in profit before income taxes, a decrease of 987 million yen compared with the previous fiscal year primarily due to an increase in inventories.

### (Cash flows from investing activities)

Cash flows from investing activities resulted in a cash outflow of 3,299 million yen primarily due to purchase of property, plant and equipment, an increase of 600 million yen compared with the previous fiscal year primarily due to proceeds from sale of investment securities.

### (Cash flows from financing activities)

Cash flows from financing activities resulted in a cash outflow of 5,308 million yen primarily due to repayments of long-term borrowings, an increase of 267 million yen compared with the previous fiscal year primarily due to an increase in proceeds from long-term borrowings.

### (Reference) changes in cash flow-related indicators

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Equity ratio (%)	45.7	46.2	49.3	52.1	51.2
Equity ratio based on market value (%)	61.1	46.0	44.2	68.6	53.3
Ratio of interest- bearing liabilities to cash flows (year)	5.6	19.6	2.0	2.1	2.2
Interest coverage ratio (times)	25.2	11.2	68.2	71.4	45.9

(Note) Equity ratio: equity/total assets

Equity ratio based on market value: market capitalization/total assets

Ratio of interest-bearing liabilities to cash flows: interest-bearing liabilities/cash flows

Interest coverage ratio: cash flows/interest payments

\* Each indicator is calculated based on consolidated financial figures.

\* Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year by the

total number of issued shares at the end of the fiscal year (after excluding treasury shares).

- \* Cash flows are the cash flows from operating activities in the consolidated statements of cash flows. Interest-bearing liabilities are all liabilities on the consolidated balance sheets for which interest is being paid. For interest payments, the amount of interest paid in the consolidated statements of cash flows is used.

#### (4) Future Outlook

Concerning the outlook for the future, there are concerns about the re-spread of COVID-19 and soaring prices of parts and difficulties in their procurement due to rising geopolitical risks while further increase in investment in semiconductor manufacturing equipment and recovery in capital investment with normalization of economic activities are expected. Under these circumstances, the Company will be committed to strengthening each business and improving its performance by continuously promoting initiatives for cost reductions for the appropriation for investment in the development that contributes to solving social issues in a focused manner.

The consolidated financial results forecast for the fiscal year ending March 31, 2023 at this point is as follows.

	(Million yen)	(YoY change, %)
Net sales	180,000	+12.1
Operating profit	16,500	+16.3
Ordinary profit	17,000	+7.7
Profit attributable to owners of parent	12,000	+9.2

(Note) The Company assumes an average exchange rate of 120 yen per US dollar for the period from April 1, 2022 to March 31, 2023.

#### (5) Basic Policy on Profit Distribution and Dividends for Current and Next Fiscal Years

The Company has set a policy of returning profits to our stakeholders, with a dividend payout ratio of 30% against the three-year average profit as a target.

Based on the above policy, the Company plans to pay an annual dividend of 110 yen per common share of the Company (year-end dividend of 60 yen per share) for the fiscal year under review.

Regarding the forecast for dividends for the next fiscal year, the Company has revised its policy of returning profits to our shareholders for the fiscal year ending March, 31, 2023 and beyond to a payout ratio of 30% or more, and plans to pay an annual dividend of 150 yen per share, consisting of an interim dividend of 75 yen and a year-end dividend of 75 yen.

For details, please refer to the “Notice on Changes in Shareholder Return Policy” released today.

## 2. Basic Stance on the Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements by term and the comparability among companies, the Group’s policy is to prepare its consolidated financial statements in accordance with Japanese GAAP.

With regard to International Financial Reporting Standards (IFRS), the Group’s policy is to respond appropriately based on consideration of the situation in Japan and overseas.

### 3. Consolidated Financial Statements and Principal Notes

#### (1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	19,261	24,822
Notes and accounts receivable - trade	40,949	36,970
Merchandise and finished goods	15,673	20,939
Work in process	9,912	12,390
Raw materials and supplies	16,196	27,119
Other	3,872	5,923
Allowance for doubtful accounts	(574)	(431)
Total current assets	105,290	127,735
Non-current assets		
Property, plant and equipment		
Buildings and structures	46,939	47,716
Accumulated depreciation	(26,846)	(28,227)
Buildings and structures, net	20,092	19,489
Machinery, equipment and vehicles	42,440	43,480
Accumulated depreciation	(35,961)	(37,236)
Machinery, equipment and vehicles, net	6,478	6,243
Tools, furniture and fixtures	13,214	14,135
Accumulated depreciation	(11,359)	(12,128)
Tools, furniture and fixtures, net	1,855	2,006
Land	8,802	8,791
Leased assets	1,339	1,341
Accumulated depreciation	(946)	(997)
Leased assets, net	392	343
Construction in progress	1,148	1,254
Total property, plant and equipment	38,771	38,128
Intangible assets		
Software	1,621	1,762
Leased assets	30	17
Other	232	224
Total intangible assets	1,883	2,005
Investments and other assets		
Investment securities	17,651	15,193
Investments in capital	921	215
Long-term prepaid expenses	107	98
Retirement benefit asset	8,879	9,665
Deferred tax assets	1,115	1,220
Other	592	611
Allowance for doubtful accounts	(81)	(72)
Total investments and other assets	29,186	26,932
Total non-current assets	69,841	67,066
<b>Total assets</b>	<b>175,132</b>	<b>194,801</b>



(Million yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	15,472	19,064
Electronically recorded obligations - operating	14,159	20,261
Short-term borrowings	6,085	5,657
Current portion of long-term borrowings	4,084	4,384
Lease liabilities	141	127
Income taxes payable	2,736	2,938
Provision for bonuses	3,601	3,628
Provision for bonuses for directors (and other officers)	100	106
Provision for loss on construction contracts	79	79
Other	6,121	10,016
<b>Total current liabilities</b>	<b>52,583</b>	<b>66,264</b>
Non-current liabilities		
Long-term borrowings	19,170	17,286
Lease liabilities	195	149
Deferred tax liabilities	2,340	1,112
Provision for retirement benefits for directors (and other officers)	62	58
Provision for loss on guarantees	—	517
Provision for construction expenses related to earthquake resistance renovation	669	624
Provision for product safety measures	18	14
Retirement benefit liability	1,950	1,904
Asset retirement obligations	74	74
Other	1,147	1,160
<b>Total non-current liabilities</b>	<b>25,628</b>	<b>22,900</b>
<b>Total liabilities</b>	<b>78,211</b>	<b>89,165</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	10,596	10,596
Capital surplus	10,023	10,034
Retained earnings	66,995	74,980
Treasury shares	(4,195)	(4,825)
<b>Total shareholders' equity</b>	<b>83,420</b>	<b>90,786</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,255	3,876
Deferred gains or losses on hedges	(12)	—
Foreign currency translation adjustment	1,146	3,331
Remeasurements of defined benefit plans	1,364	1,698
<b>Total accumulated other comprehensive income</b>	<b>7,753</b>	<b>8,906</b>
Non-controlling interests	5,747	5,943
<b>Total net assets</b>	<b>96,921</b>	<b>105,636</b>
<b>Total liabilities and net assets</b>	<b>175,132</b>	<b>194,801</b>

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

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net sales	145,144	160,618
Cost of sales	98,298	111,939
Gross profit	46,845	48,679
Selling, general and administrative expenses		
Freight and packing costs	5,428	4,531
Travel, transportation and communication expenses	659	729
Salaries and allowances and welfare expenses	10,582	10,750
Provision for bonuses	1,976	1,928
Provision for bonuses for directors (and other officers)	100	106
Provision for retirement benefits for directors (and other officers)	13	10
Retirement benefit expenses	611	557
Depreciation	1,377	1,390
Research and development expenses	4,777	5,220
Other	9,135	9,260
Total selling, general and administrative expenses	34,662	34,487
Operating profit	12,183	14,191
Non-operating income		
Interest income	63	95
Dividend income	240	331
Share of profit of entities accounted for using equity method	807	154
Foreign exchange gains	257	610
Rental income from land and buildings	123	197
Gain on sale of scraps	154	206
Technical advisory fee income	47	36
Other	596	678
Total non-operating income	2,291	2,310
Non-operating expenses		
Interest expenses	194	280
Loss on retirement of non-current assets	6	56
Sales discounts	129	—
Business structure improvement expenses	72	—
Other	309	375
Total non-operating expenses	712	712
Ordinary profit	13,762	15,790

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Extraordinary income		
Gain on sale of investment securities	—	685
Reversal of allowance for doubtful accounts	—	134
Gain on extinguishment of tie-in shares	—	71
Total extraordinary income	—	892
Extraordinary losses		
Loss on valuation of investments in capital of subsidiaries and associates	—	700
Provision for loss on guarantees	—	517
Loss on valuation of investment securities	—	10
Provision of allowance for doubtful accounts	521	—
Loss on product accident measures	115	—
Total extraordinary losses	636	1,228
Profit before income taxes	13,125	15,454
Income taxes- current	3,987	4,915
Income taxes - deferred	(495)	(683)
Total income taxes	3,491	4,232
Profit	9,634	11,222
Profit attributable to non-controlling interests	222	237
Profit attributable to owners of parent	9,411	10,985

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit	9,634	11,222
Other comprehensive income		
Valuation difference on available-for-sale securities	2,270	(1,375)
Deferred gains or losses on hedges	(19)	12
Foreign currency translation adjustment	(552)	2,202
Remeasurements of defined benefit plans, net of tax	2,301	358
Share of other comprehensive income of entities accounted for using equity method	69	(12)
Total other comprehensive income	4,069	1,184
Comprehensive income	13,703	12,407
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,318	12,138
Comprehensive income attributable to non-controlling interests	384	269

## (3) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,596	10,016	59,628	(4,123)	76,117
Cumulative effects of changes in accounting policies					—
Restated balance	10,596	10,016	59,628	(4,123)	76,117
Changes during period					
Dividends of surplus			(2,043)		(2,043)
Profit attributable to owners of parent			9,411		9,411
Purchase of treasury shares				(79)	(79)
Disposal of treasury shares		7		6	14
Net changes in items other than shareholders' equity					
Total changes during period	—	7	7,367	(72)	7,302
Balance at end of period	10,596	10,023	66,995	(4,195)	83,420

	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	2,987	6	1,704	(851)	3,846	5,380	85,344
Cumulative effects of changes in accounting policies							—
Restated balance	2,987	6	1,704	(851)	3,846	5,380	85,344
Changes during period							
Dividends of surplus							(2,043)
Profit attributable to owners of parent							9,411
Purchase of treasury shares							(79)
Disposal of treasury shares							14
Net changes in items other than shareholders' equity	2,268	(19)	(558)	2,215	3,906	367	4,273
Total changes during period	2,268	(19)	(558)	2,215	3,906	367	11,576
Balance at end of period	5,255	(12)	1,146	1,364	7,753	5,747	96,921

For the fiscal year ended March 31, 2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,596	10,023	66,995	(4,195)	83,420
Cumulative effects of changes in accounting policies			(585)		(585)
Restated balance	10,596	10,023	66,410	(4,195)	82,834
Changes during period					
Dividends of surplus			(2,414)		(2,414)
Profit attributable to owners of parent			10,985		10,985
Purchase of treasury shares				(636)	(636)
Disposal of treasury shares		10		6	17
Net changes in items other than shareholders' equity					
Total changes during period	—	10	8,570	(629)	7,951
Balance at end of period	10,596	10,034	74,980	(4,825)	90,786

	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	5,255	(12)	1,146	1,364	7,753	5,747	96,921
Cumulative effects of changes in accounting policies						(25)	(610)
Restated balance	5,255	(12)	1,146	1,364	7,753	5,721	96,310
Changes during period							
Dividends of surplus							(2,414)
Profit attributable to owners of parent							10,985
Purchase of treasury shares							(636)
Disposal of treasury shares							17
Net changes in items other than shareholders' equity	(1,379)	12	2,185	334	1,153	221	1,374
Total changes during period	(1,379)	12	2,185	334	1,153	221	9,325
Balance at end of period	3,876	—	3,331	1,698	8,906	5,943	105,636

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	13,125	15,454
Depreciation	5,121	5,036
Increase (decrease) in allowance for doubtful accounts	521	(154)
Increase (decrease) in provision for bonuses	730	(4)
Increase (decrease) in provision for loss on construction contracts	23	0
Increase (decrease) in provision for loss on guarantees	—	517
Increase (decrease) in provision for construction expenses related to earthquake resistance renovation	(37)	(44)
Increase (decrease) in provision for product safety measures	(24)	(4)
Increase (decrease) in retirement benefit liability	(11)	(64)
Decrease (increase) in retirement benefit asset	(143)	(277)
Interest and dividend income	(304)	(426)
Interest expenses	194	280
Share of loss (profit) of entities accounted for using equity method	(807)	(154)
Loss (gain) on extinguishment of tie-in shares	—	(71)
Loss (gain) on valuation of investment securities	—	10
Loss (gain) on sale of investment securities	—	(685)
Loss on valuation of investments in capital of subsidiaries and associates	—	700
Loss on product accident measures	115	—
Decrease (increase) in trade receivables	(2,600)	4,884
Decrease (increase) in inventories	314	(16,482)
Increase (decrease) in trade payables	1,876	8,358
Other, net	(1,189)	321
Subtotal	16,904	17,193
Interest and dividends received	307	784
Interest paid	(195)	(281)
Income taxes paid	(3,079)	(4,745)
Net cash provided by (used in) operating activities	13,937	12,950
<b>Cash flows from investing activities</b>		
Payments into time deposits	—	(218)
Net decrease (increase) in short-term loans receivable	(389)	—
Purchase of property, plant and equipment	(3,258)	(3,429)
Proceeds from sale of property, plant and equipment	119	109
Purchase of intangible assets	(364)	(575)
Purchase of investment securities	(6)	(6)
Proceeds from sale of investment securities	—	860
Proceeds from divestments	11	25
Other, net	(11)	(64)
Net cash provided by (used in) investing activities	(3,899)	(3,299)

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(877)	(468)
Proceeds from long-term borrowings	1,500	2,500
Repayments of long-term borrowings	(3,784)	(4,084)
Repayments of lease liabilities	(275)	(176)
Purchase of treasury shares	(79)	(636)
Dividends paid	(2,041)	(2,411)
Other, net	(17)	(31)
Net cash provided by (used in) financing activities	(5,576)	(5,308)
Effect of exchange rate change on cash and cash equivalents	(221)	929
Net increase (decrease) in cash and cash equivalents	4,240	5,272
Cash and cash equivalents at beginning of period	14,830	19,071
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	65
Cash and cash equivalents at end of period	19,071	24,409



## (5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of the accounting standard for revenue recognition, etc.)

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter “Revenue Recognition Standard”) since the beginning of the fiscal year under review, under which the amount expected to be received for promised goods or services is recognized as revenue at the point when control of the goods or services transfers to the customer.

For some merchandise or finished goods involving on-site installation and adjustment by the Company or a subsidiary of the Company, revenue was previously recognized upon shipment of the merchandise or products, but this has now changed to a method of recognizing revenue at the point when confirmation of performance is completed after completion of on-site installation and adjustment. The costs of on-site installation and adjustment works were previously recorded as selling, general and administrative expenses, but this has now changed to a method of recording such costs in cost of sales.

In addition, regarding works contracts, previously, in cases where the certainty of outcomes could be recognized for the portion of progressed work, the percentage-of-completion method was applied, and for other works, the completed-contract method was applied, but after consideration of the contracts and actual state of transactions, this has now changed to a method of recognizing revenue at the point when confirmation of performance is completed after completion of on-site installation and adjustment.

The Company applies the alternative treatment set forth in Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021), and for sales of merchandise or finished goods within Japan, if the period from shipment until control of the merchandise or finished goods transfers to the customer is a normal one, the Company continues to recognize revenue upon shipment.

Sales rebates were previously treated as selling, general and administrative expenses, but this has now changed to a method of subtracting them from the transaction price.

In addition, regarding buy-and-sell transactions, previously, extinguishment had been recognized for the supplied products, but in cases where there is an obligation to purchase back the supplied products, this has changed to a method of not recognizing extinguishment of those supplied products.

Regarding the application of the Revenue Recognition Standards, etc., the Company applies the transitional treatment set forth in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative effect of the retrospective application of the new accounting policy to prior periods has been added to or subtracted from retained earnings at the beginning of the fiscal year under review, and the new accounting policy has been applied from the beginning balance.

In accordance with the transitional treatment set forth in Paragraph 89-2 of the Revenue Recognition Standard, the Company has not conducted reclassification using the new presentation methods for the previous consolidated fiscal year.

As a result, compared with the consolidated balance sheets before the application of the Revenue Recognition Standard, etc., notes and accounts receivable - trade decreased by 3,534 million yen, merchandise and finished goods increased by 3,325 million yen, work in process increased by 1,098 million yen, raw materials and supplies increased by 1,518 million yen, and other current liabilities increased by 3,463 million yen in the consolidated balance sheets for the fiscal year under review. In the consolidated statements of income for the fiscal year under review, net sales decreased by 471 million yen, cost of sales increased by 779 million yen, selling, general and administrative expenses decreased by 1,451 million yen, operating profit, ordinary profit, and profit before income taxes each increased by 199 million yen, respectively.

As the cumulative effect of applying the standards was reflected in net assets at the beginning of the fiscal

year under review, the beginning balance of retained earnings and non-controlling interests decreased by 585 million yen and 25 million yen, respectively, in the consolidated statements of changes in equity.

The impact on per share information is stated in relevant section.

(Application of the accounting standard for fair value measurement, etc.)

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”) since the beginning of the fiscal year under review and, in accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), will prospectively apply the new accounting policy set forth in the Fair Value Measurement Standard, etc. There is no impact on the consolidated financial statements.

(Changes in presentation)

(Consolidated balance sheets)

“Electronically recorded obligations - operating,” which was included in “Notes and accounts payable - trade” for the previous fiscal year has been presented as a separate item from the fiscal year under review due to its increased significance in terms of amount. To reflect this change in presentation methods, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the consolidated balance sheets for the previous fiscal year, 29,632 million yen presented as “Notes and accounts payable - trade” has been reclassified as “Notes and accounts payable - trade” of 15,472 million yen and “Electronically recorded obligations - operating” of 14,159 million yen.

(Segment information, etc.)

(Segment information)

1. Outline of reportable segments

The reportable segments of the Company are determined from those which can provide separate financial information, and are regularly reviewed by the Board of Directors to determine the allocation of management resources and to evaluate performance among the constituent units of the Company.

The Company has employed a business division system and each business division formulates comprehensive domestic and overseas strategies for the products and services it handles and conducts business activities.

As a result, the Company consists of segments organized by product and service based on business divisions, aggregates these business segments by taking into consideration similarities in the type and nature of products, manufacturing methods, sales markets, etc., and reportable segments comprise “Power Products Business,” “Welding & Mechatronics Business,” and “Semiconductor & FPD Related Business.”

Power Products Business is engaged in the manufacture and sale of a variety of transformer, power distribution equipment, switches, control and telecommunications equipment, dispersed power equipment, etc. Welding & Mechatronics Business is engaged in the manufacture and sales of electric welding machines, plasma cutting machines, industrial robots, wireless charging systems, etc. Semiconductor & FPD Related Business is engaged in the manufacture and sale of RF generator for plasma generators, clean transfer robots, etc.

2. Method of calculating net sales, profit (loss), assets, and other by reportable segment

Accounting methods for business segments reported are generally the same as those stated in “Important Matters Forming the Basis for Preparing Consolidated Financial Statements.”

Reportable segment profit figures are based on operating profit. Inter-segment income and transfers are based on market prices.

As described in Changes in accounting policies, due to the application of the Revenue Recognition Standard, etc. to the consolidated financial statements since the beginning of the fiscal year under review and the change in accounting methods concerning revenue recognition, the method of calculation of business segment profit or

loss has similarly been changed.

Due to these changes, compared with the previous method, in the Power Products Business segment, net sales for the fiscal year under review decreased by 387 million yen, segment profit increased by 103 million yen, and segment assets increased by 814 million yen, in the Welding & Mechatronics Business segment, net sales decreased by 97 million yen, segment profit increased by 85 million yen, and segment assets increased by 535 million yen, and in the Semiconductor & FPD Related Business, net sales increased by 13 million yen, segment profit increased by 10 million yen, and segment assets increased by 1,058 million yen. There was no effect on net sales, segment profit or segment assets in the “Other” segment.

### 3. Information on net sales, profit (loss), assets, and other by reportable segment

#### For the fiscal year ended March 31, 2021

(Million yen)

	Reportable segment				Other (Note 1)	Total
	Power Products Business	Welding & Mechatronics Business	Semiconductor & FPD Related Business	Total		
Net sales						
Net sales to outside customers	65,842	42,076	37,027	144,946	197	145,144
Inter-segment net sales or transfers	-	30	-	30	-	30
Total	65,842	42,107	37,027	144,977	197	145,175
Segment profit	6,749	3,812	6,181	16,742	68	16,811
Segment assets	66,721	53,613	25,175	145,511	1,280	146,791
Other						
Depreciation (Note 2)	2,095	1,369	777	4,242	27	4,270
Increase in property, plant and equipment and intangible assets (Note 3)	2,013	816	423	3,253	12	3,266

- (Notes) 1. “Other” refers to business segments not included in the reportable segments and includes the real estate leasing business, etc.  
2. “Depreciation” includes amortization of long-term prepaid expenses.  
3. “Increase in property, plant and equipment and intangible assets” includes an increase in long-term prepaid expenses.

#### For the fiscal year ended March 31, 2022

(Million yen)

	Reportable segment				Other (Note 1)	Total
	Power Products Business	Welding & Mechatronics Business	Semiconductor & FPD Related Business	Total		
Net sales						
Net sales to outside customers	68,507	46,343	45,580	160,431	187	160,618
Inter-segment net sales or transfers	-	32	-	32	-	32
Total	68,507	46,376	45,580	160,464	187	160,651
Segment profit	5,563	3,820	8,785	18,169	56	18,225
Segment assets	70,190	58,868	33,948	163,007	1,270	164,278
Other						
Depreciation (Note 2)	2,083	1,372	760	4,215	24	4,240
Increase in property, plant and equipment, and intangible assets (Note 3)	2,102	970	717	3,790	12	3,803

- (Notes) 1. “Other” refers to business segments not included in the reportable segments and includes the real estate leasing business, etc.  
2. “Depreciation” includes amortization of long-term prepaid expenses.  
3. “Increase in property, plant and equipment and intangible assets” includes an increase in long-term prepaid expenses.

4. Information on the difference between total amounts of reportable segments and the amounts recorded in the Consolidated Financial Statements and the main contents of the difference (matters concerning variation adjustment)

(Million yen)

Net sales	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Reportable Segment Total	144,977	160,464
Net sales in "Other" category	197	187
Elimination of inter-segment transactions	(30)	(32)
Net sales in consolidated financial statements	145,144	160,618

(Million yen)

Profit	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Reportable Segment Total	16,742	18,169
Profit in "Other" category	68	56
Elimination of inter-segment transactions	0	0
Company-wide expenses (Note)	(4,628)	(4,033)
Operating profit in consolidated financial statements	12,183	14,191

(Note) "Company-wide expenses" are mainly general and administrative expenses that do not belong to the reportable segments.

(Million yen)

Assets	As of March 31, 2021	As of March 31, 2022
Reportable Segment Total	145,511	163,007
Assets in "Other" category	1,280	1,270
Company-wide assets (Note)	28,665	30,889
Other adjustments	(325)	(366)
Total assets in consolidated financial statements	175,132	194,801

(Note) "Company-wide assets" are mainly land and buildings of the head office and long-term investment funds (investment securities) of the filing company, etc. that do not belong to the reportable segments.

(Million yen)

Other	Reportable Segment Total		Other		Adjustments (Note)		Amounts recorded in the Consolidated Financial Statements	
	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year
Depreciation	4,242	4,215	27	24	851	795	5,121	5,036
Increase in property, plant and equipment, and intangible assets	3,253	3,790	12	12	701	617	3,967	4,420

(Note) Adjustments of increase in property, plant and equipment, and intangible assets are investments in company-wide seismic retrofitting and information systems, etc.

(Related information)

**For the fiscal year ended March 31, 2021**

## 1. Information by product and service

This is omitted as the product and service categories are the same as the reportable segment categories.

## 2. Information by geographical area

## (1) Net sales

(Million yen)

Japan	North America	Asia	Other	Total
114,783	2,969	23,241	4,150	145,144

(Note) Net sales are based on the location of customers and are categorized by country or region.

## (2) Property, plant and equipment

(Million yen)

Japan	North America	Asia		Other	Total
			Thailand		
33,069	196	4,549	2,572	956	38,771

## 3. Information by major customer

(Million yen)

Name of customer	Net sales	Related segment
Tokyo Electron Miyagi Ltd.	25,840	Semiconductor & FPD Related Business
The Kansai Electric Power Company, Incorporated (Note)	17,810	Power Products Business

(Note) Net sales to Kansai Transmission and Distribution, Inc., which belongs to the same corporate group of The Kansai Electric Power Company, Incorporated, are aggregated.

**For the fiscal year ended March 31, 2022**

## 1. Information by product and service

This is omitted as the product and service categories are the same as the reportable segment categories.

## 2. Information by geographical area

## (1) Net sales

(Million yen)

Japan	North America	Asia	Other	Total
123,560	4,090	28,717	4,250	160,618

(Note) Net sales are based on the location of customers and are categorized by country or region.

## (2) Property, plant and equipment

(Million yen)

Japan	North America	Asia		Other	Total
			Thailand		
32,541	232	4,408	2,327	945	38,128

## 3. Information by major customer

(Million yen)

Name of customer	Net sales	Related segment
Tokyo Electron Miyagi Ltd.	32,462	Semiconductor & FPD Related Business
The Kansai Electric Power Company, Incorporated (Note)	20,873	Power Products Business

(Note) Net sales to Kansai Transmission and Distribution, Inc., which belongs to the same corporate group of The Kansai Electric Power Company, Incorporated, are aggregated.

(Information on impairment loss on non-current assets by reportable segment)

**For the fiscal year ended March 31, 2021**

Not applicable.

**For the fiscal year ended March 31, 2022**

Not applicable.

(Information on amortization and unamortized balance of goodwill by reportable segment)

**For the fiscal year ended March 31, 2021**

Not applicable.

**For the fiscal year ended March 31, 2022**

Not applicable.

(Information on gain on bargain purchase by reportable segment)

**For the fiscal year ended March 31, 2021**

Not applicable.

**For the fiscal year ended March 31, 2022**

Not applicable.

(Per share information)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net assets per share	3,693.68 yen	4,063.09 yen
Basic earnings per share	381.28 yen	445.29 yen

- (Notes) 1. Diluted earnings per share are not presented as there is no share outstanding with dilutive effect.
2. As described in Changes in accounting policies, the Company has applied the Accounting Standard for Revenue Recognition, etc. As a result, net assets per share decreased by 18.88 yen and basic earnings per share increased by 4.96 yen for the fiscal year under review.
3. The basis for the calculation of basic earnings per share is as follows.

Category	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit attributable to owners of parent (Million yen)	9,411	10,985
Amount not attributable to shareholders of common shares (Million yen)	-	-
Profit attributable to owners of parent relating to common shares (Million yen)	9,411	10,985
Average number of common shares (Shares)	24,683,643	24,669,523

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

Category	As of March 31, 2021	As of March 31, 2022
Total net assets (Million yen)	96,921	105,636
Amount deducted from total net assets (Million yen)	5,747	5,943
[of which, non-controlling interests (Million yen)]	[5,747]	[5,943]
Year-end net assets related to common shares (Million yen)	91,174	99,693
Number of common shares at year-end used to calculate net assets per share (Shares)	24,683,770	24,536,252

(Significant subsequent events)

Transaction under common control

Absorption-type merger of consolidated subsidiary

The Company resolved to merge with DAIHEN System Corporation, a wholly-owned consolidated subsidiary of the Company, at the Board of Directors meeting held on February 2, 2022, and entered into a merger agreement with the company on the same date. The merger took place on April 1, 2022.

(1) Outline of the transaction

1) Name of the parties to the combination and description of their business

Name of surviving company                      DAIHEN Corporation

Description of business                      Manufacture and sale of a variety of transformer, power distribution equipment, control and telecommunications equipment, dispersed power equipment, welding machines, cutting machines, industrial robots, RF generator for plasma applications, etc.

Name of merged company                      DAIHEN System Corporation

Description of business                      Sale of industrial transformer, power distribution equipment, dispersed power equipment, lightning protection equipment, etc.

2) Date of the business combination

April 1, 2022

3) Legal format of the business combination

An absorption-type merger with the Company as the surviving company, and DAIHEN System Corporation has been dissolved

4) Name of the combined enterprise

DAIHEN Corporation

5) Other matters related to the outline of the transaction

The Company determined to merge with DAIHEN System Corporation, a domestic sales subsidiary for electric equipment, and integrate its functions into the Company for the purpose of strengthening and improving the efficiency of the Company's sales structure, in response to market changes toward the achievement of a decarbonized society.

(2) Outline of the implemented accounting methods

The Company has treated the transaction as a transaction under common control in accordance with the Accounting Standards for Business Combinations and Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.