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



July 14, 2022

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 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 7420  
 URL: <https://www.satori.co.jp/english/>  
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Scheduled date of annual general meeting of shareholders: August 19, 2022

Scheduled date of filing annual securities report: August 19, 2022

Scheduled date of commencing dividend payments: August 4, 2022

Availability of supplementary briefing materials on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled (for securities analysts and institutional investors)

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

### 1. Consolidated Financial Results for the Fiscal Year Ended May 31, 2022 (June 1, 2021 to May 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	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
May 31, 2022	125,850	18.9	2,602	189.3	2,601	128.3	1,908	266.6
May 31, 2021	105,843	(1.2)	899	75.5	1,139	128.0	520	892.0

(Note) Comprehensive income: Fiscal year ended May 31, 2022: ¥2,711 million [82.1%]

Fiscal year ended May 31, 2021: ¥1,489 million [689.0%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
May 31, 2022	115.96	-	6.1	3.8	2.1
May 31, 2021	31.63	-	1.8	1.8	0.8

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended May 31, 2022: -

Fiscal year ended May 31, 2021: -

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of May 31, 2022	74,492	32,457	43.3	1,959.38
As of May 31, 2021	63,216	30,372	47.8	1,836.81

(Reference) Equity: As of May 31, 2022: ¥32,240 million

As of May 31, 2021: ¥30,224 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
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
May 31, 2022	(1,413)	502	(855)	7,996
May 31, 2021	4,555	(158)	(2,864)	9,403

### 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
May 31, 2021	-	12.00	-	18.00	30.00	493	94.8	1.7
May 31, 2022	-	18.00	-	44.00	62.00	1,020	53.5	3.3
Fiscal year ending May 31, 2023 (Forecast)	-	26.00	-	36.00	62.00		51.0	

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 31, 2023 (June 1, 2022 to May 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 six months	65,000	3.7	1,000	(4.6)	1,100	(8.4)	800	(10.3)	48.62
Full year	135,000	7.3	2,300	(11.6)	2,500	(3.9)	2,000	4.8	121.55

#### \* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No  
Newly included: — (Company name)  
Excluded: — (Company name)
- (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: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):  
May 31, 2022: 17,946,826 shares  
May 31, 2021: 17,946,826 shares
  - 2) Total number of treasury shares at the end of the period:  
May 31, 2022: 1,492,158 shares  
May 31, 2021: 1,491,810 shares
  - 3) Average number of shares during the period:  
Fiscal year ended May 31, 2022: 16,454,791 shares  
Fiscal year ended May 31, 2021: 16,455,021 shares

(Reference) Summary of Non-consolidated Financial Results

**1. Non-consolidated Financial Results for the Fiscal Year Ended May 31, 2022 (June 1, 2021 to May 31, 2022)**

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
May 31, 2022	44,593	2.1	(1)	-	1,461	(42.2)	373	(82.4)
May 31, 2021	43,679	(10.7)	(152)	-	2,530	-	2,118	-

	Basic earnings per share		Diluted earnings per share	
Fiscal year ended	Yen		Yen	
May 31, 2022	22.69		-	
May 31, 2021	128.75		-	

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of May 31, 2022	41,760	24,312	58.2	1,477.53
As of May 31, 2021	43,424	24,905	57.4	1,513.56

(Reference) Equity: As of May 31, 2022: ¥24,312 million

As of May 31, 2021: ¥24,905 million

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

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

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and are not intended to guarantee the achievement of the forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors. For the assumptions of financial results forecast and notes on using financial results forecast, please refer to “(4) Future Outlook” in “1. Overview of Business Results, etc.” on page 4 of the Attachments.

The Company plans to hold a financial results briefing session for institutional investors and analysts by streaming a live video online. The video of the financial results briefing session and explanatory materials used in the session will be available on the Company’s website.

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## 1. Overview of Business Results, etc.

### (1) Overview of Business Results for the Period Under Review

The Japanese economy during the fiscal year under review faced uncertain factors, such as a limited supply of semi-conductors and other products, soaring raw material prices, weakening yen, and inflation fears, while COVID-19 preventive measures helped recovery in some areas.

Amid this environment, regarding financial results for the current fiscal year, net sales amounted to ¥125,850 million (an increase of 18.9% from the previous fiscal year), mainly boosted by the expansion of the semi-conductor and electronic component markets, despite the impact of the COVID-19 pandemic. Regarding profits, operating profit amounted to ¥2,602 million (an increase of 189.3% from the previous fiscal year), driven by an increased gross profit associated with increased net sales and an improved gross margin ratio and by the effect of the yen depreciation, although the increased net sales also caused an increase in selling, general and administrative expenses, including packing and transportation costs, sales promotion costs and labor costs. Ordinary profit amounted to ¥2,601 million (an increase of 128.3% from the previous fiscal year) due to compensation income recorded associated with the transfer of transaction flows, despite an increase in foreign exchange losses. Profit attributable to owners of parent amounted to ¥1,908 million (an increase of 266.6% from the previous fiscal year) due to gain on sale of non-current assets of ¥1,090 million and a decrease in income taxes - deferred associated with the application of the group tax sharing system, despite extraordinary losses including impairment losses of ¥1,585 million.

The financial results of the segments are as follows:

#### 1) Device Solution business

Net sales amounted to ¥103,273 million (an increase of 20.6% from the previous fiscal year), and segment profit amounted to ¥2,760 million (an increase of 153.1% from the previous fiscal year). This is attributable to increased sales of PC electronic components driven by greater demand for remote work and also attributable to extended procurement management services, despite decreased sales of semi-conductors for office equipment.

#### 2) System Solution business

Net sales amounted to ¥22,577 million (an increase of 11.6% from the previous fiscal year), driven by the growth of the industrial infrastructure business including increased sales of control devices for semi-conductor manufacturing equipment, and segment loss amounted to ¥157 million (compared with a loss of ¥196 million in the previous fiscal year) due to continuous prior investment for business growth in the medium and long term.

### (2) Overview of Financial Position for the Period Under Review

#### (Assets)

Total assets at the end of the current fiscal year were ¥74,492 million, an increase of ¥11,276 million compared with ¥63,216 million at the end of the previous fiscal year. This is mainly attributable to an increase of ¥3,115 million in notes and accounts receivable - trade and an increase of ¥8,547 million in merchandise and finished goods, despite a decrease of ¥1,693 million in non-current assets.

#### (Liabilities)

Liabilities at the end of the current fiscal year were ¥42,035 million, an increase of ¥9,190 million compared with ¥32,844 million at the end of the previous fiscal year. This is mainly attributable to an increase of ¥4,852 million in notes and accounts payable - trade and an increase of ¥3,874 million in deposits received.

#### (Net assets)

Net assets at the end of the current fiscal year were ¥32,457 million, an increase of ¥2,085 million compared with ¥30,372 million at the end of the previous fiscal year. This is mainly attributable to an increase of ¥1,282 million in retained earnings and an increase of ¥1,152 million in foreign currency translation adjustment due to the yen depreciation. Equity ratio changed to 43.3% from 47.8% at the end of the previous fiscal year.

### (3) Overview of Cash Flows for the Period Under Review

Cash and cash equivalents (hereinafter referred to as “capital”) for the current fiscal year amounted to ¥7,996 million, a decrease of ¥1,407 million compared with ¥9,403 million at the end of the previous fiscal year.

#### (Cash flows from operating activities)

Capital used in operating activities during the current fiscal year amounted to ¥1,413 million (compared with ¥4,555 million provided during the previous fiscal year).

This is mainly attributable to a decrease in capital due to an increase in trade receivables and an increase in inventories, despite an increase in capital due to recoding profit before income taxes.

#### (Cash flows from investing activities)

Capital provided by investing activities during the current fiscal year amounted to ¥502 million (compared with ¥158 million used during the previous fiscal year).

This is mainly attributable to an increase in capital due to proceeds from sale of property, plant and equipment, despite a decrease in capital due to purchase of investment securities.

#### (Cash flows from financing activities)

Capital used in financing activities during the current fiscal year amounted to ¥855 million (a decrease of 70.1% from the previous fiscal year).

This is mainly attributable to a decrease in capital due to dividends paid.

#### (Reference) Changes in indicators related to cash flows

	76th FY ended May 31, 2018	77th FY ended May 31, 2019	78th FY ended May 31, 2020	79th FY ended May 31, 2021	80th FY ended May 31, 2022
Equity ratio (%)	50.1	46.8	48.5	47.8	43.3
Equity ratio based on fair value (%)	28.4	22.5	22.9	20.2	25.1
Years of debt redemption (Years)	-	71.8	4.6	2.2	-
Interest coverage ratio	-	1.1	17.8	59.9	-

(Notes) Equity ratio:	Shareholders' equity / Total assets
Equity ratio based on fair value:	Market capitalization / Total assets
Years of debt redemption:	Interest-bearing debt / Cash flows
Interest coverage ratio:	Cash flows / Interest paid

- \* The indicators were calculated using consolidated financial figures.
- \* The market capitalization was calculated by multiplying the closing price of the closing date by the total number of issued shares (less the treasury shares) on the day.
- \* Cash flows represent net cash provided by (used in) operating activities recorded in the Consolidated Statements of Cash Flows. Interest-bearing debt includes all debts recorded in the Consolidated Balance Sheets for which interest is paid. Interest paid is the amount shown in the Consolidated Statements of Cash Flows.
- \* The years of debt redemption and the interest coverage ratio appear as a dash (-) when cash flows from operating activities are negative.

#### (4) Future Outlook

In the electronics industry, where the Company operates, despite the expansion of the communication and electronic component markets and a recovery in the in-car market, an undersupply of semi-conductors and others causes concern on sales in the short term.

In the medium and long term, technology innovation is expected to drive global growth. In the markets utilizing technologies such as DX, IoT, 5G mobile communication systems, industrial robots, big data, and AI, there is a growing expectation that such technologies will become more common and new business models will be created.

The Group developed the Medium-term Business Plan 2023, with the fiscal year ending May 31, 2024, as the final fiscal year, to address issues that must be resolved. This resulted in significantly improved consolidated financial results for the fiscal year ended May 31, 2022, which is the first fiscal year of the plan, with net sales of ¥125.8 billion (an increase of 18.9% from the previous fiscal year), operating profit of ¥2.6 billion (an increase of 189.3% from the previous fiscal year), ordinary profit of ¥2.6 billion (an increase of 128.3% from the previous fiscal year), and profit attributable to owners of parent of ¥1.9 billion (an increase of 266.6% from the previous fiscal year).

Starting from the fiscal year ending May 31, 2023, to accelerate the transformation to a “Customer Value Creation Company” that can harness the power of electronics to overcome social challenges, the Company’s information will be disclosed under the following segments: the Industrial Infrastructure business, Enterprise business, Mobility business, Global business, and Corporate Items and Eliminations.

Additionally, the introduction of a stock compensation plan for officers, which is an incentive plan to drive aggressive management and ensure continuous growth of the Company, has been proposed to the General Meeting of Shareholders.

Regarding the consolidated financial results forecast for the fiscal year ending May 31, 2023, projections are net sales of ¥135.0 billion (an increase of 7.3% from the previous fiscal year), operating profit of ¥2.3 billion (a decrease of 11.6% from the previous fiscal year), ordinary profit of ¥2.5 billion (a decrease of 3.9% from the previous fiscal year), and profit attributable to owners of parent of ¥2.0 billion (an increase of 4.8% from the previous fiscal year). Operating profit is expected to decrease because the forecast for the fiscal year ending May 31, 2023, does not incorporate the effects of yen depreciation, which was included for the fiscal year ended May 31, 2022. However, profit attributable to owners of parent is forecast to increase.

As a result of considering the consolidated financial results for the fiscal year ended May 31, 2022, the Medium-term Business Plan 2023 has been revised to raise targets for the fiscal year ending May 31, 2024, which is the final fiscal year of the plan, by increasing net sales to ¥140.0 billion and operating profit to ¥2.6 billion.

#### Consolidated financial results forecast for the fiscal year ending May 31, 2023

Net sales	¥135.0 billion (up 7.3% from the previous fiscal year)
Operating profit	¥2.3 billion (down 11.6% from the previous fiscal year)
Ordinary profit	¥2.5 billion (down 3.9% from the previous fiscal year)
Profit attributable to owners of parent	¥2.0 billion (up 4.8% from the previous fiscal year)

## 2. Basic Stance Concerning Choice of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Group prepares its consolidated financial statements using Japanese GAAP for the time being.

Regarding the application of 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 Primary Notes

#### (1) Consolidated Balance Sheets

(Million yen)

	As of May 31, 2021	As of May 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	9,403	7,996
Notes and accounts receivable - trade	25,069	28,185
Electronically recorded monetary claims - operating	3,899	4,534
Merchandise and finished goods	10,098	18,646
Work in process	200	240
Raw materials and supplies	1,207	854
Other	2,499	4,897
Allowance for doubtful accounts	(1)	(7)
Total current assets	52,378	65,347
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,828	3,611
Accumulated depreciation	(2,459)	(2,418)
Buildings and structures, net	1,369	1,193
Land	1,141	984
Other	2,586	1,970
Accumulated depreciation	(941)	(1,025)
Other, net	1,645	945
Total property, plant and equipment	4,155	3,123
Intangible assets	1,835	1,170
Investments and other assets		
Investment securities	4,312	4,407
Deferred tax assets	231	132
Other	1,004	841
Allowance for doubtful accounts	(700)	(530)
Total investments and other assets	4,847	4,851
Total non-current assets	10,838	9,145
Total assets	63,216	74,492



(Million yen)

	As of May 31, 2021	As of May 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	14,387	19,239
Electronically recorded obligations - operating	3,130	3,682
Short-term borrowings	6,393	5,567
Current portion of long-term borrowings	900	—
Deposits received	1,294	5,168
Current portion of bonds payable	1,000	—
Accrued expenses	786	937
Income taxes payable	222	438
Other	1,255	936
Total current liabilities	29,369	35,971
Non-current liabilities		
Bonds payable	—	1,400
Long-term borrowings	1,000	2,800
Deferred tax liabilities	574	16
Deferred tax liabilities for land revaluation	25	9
Retirement benefit liability	1,353	1,389
Other	521	448
Total non-current liabilities	3,475	6,063
Total liabilities	32,844	42,035
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,611	2,611
Capital surplus	3,615	3,558
Retained earnings	23,947	25,229
Treasury shares	(1,724)	(1,725)
Total shareholders' equity	28,449	29,674
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,758	1,433
Deferred gains or losses on hedges	(0)	(0)
Revaluation reserve for land	58	22
Foreign currency translation adjustment	(41)	1,110
Total accumulated other comprehensive income	1,775	2,566
Non-controlling interests	147	216
Total net assets	30,372	32,457
Total liabilities and net assets	63,216	74,492

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

(Million yen)

	For the fiscal year ended May 31, 2021	For the fiscal year ended May 31, 2022
Net sales	105,843	125,850
Cost of sales	96,738	114,161
Gross profit	9,104	11,688
Selling, general and administrative expenses		
Packing and transportation costs	765	888
Travel and transportation expenses	193	215
Provision of allowance for doubtful accounts	3	6
Salaries and allowance	4,635	4,974
Retirement benefit expenses	230	239
Rent expenses	371	343
Depreciation	416	481
Other	1,588	1,935
Total selling, general and administrative expenses	8,205	9,085
Operating profit	899	2,602
Non-operating income		
Interest income	3	4
Dividend income	49	64
Purchase discounts	43	55
Compensation income	189	416
Other	93	50
Total non-operating income	379	591
Non-operating expenses		
Interest expenses	71	83
Foreign exchange losses	22	385
Loss on sale of receivables	15	53
Other	30	71
Total non-operating expenses	139	592
Ordinary profit	1,139	2,601
Extraordinary income		
Gain on sale of non-current assets	1	1,090
Other	—	36
Total extraordinary income	1	1,127
Extraordinary losses		
Impairment losses	2	1,585
Business restructuring expenses	379	—
Other	16	13
Total extraordinary losses	398	1,598
Profit before income taxes	742	2,130
Income taxes - current	234	526
Income taxes - deferred	(13)	(317)
Total income taxes	221	209
Profit	520	1,920
Profit attributable to non-controlling interests	0	12
Profit attributable to owners of parent	520	1,908

# Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended May 31, 2021	For the fiscal year ended May 31, 2022
Profit	520	1,920
Other comprehensive income		
Valuation difference on available-for-sale securities	735	(325)
Deferred gains or losses on hedges	(0)	(0)
Revaluation reserve for land	—	(36)
Foreign currency translation adjustment	233	1,152
Total other comprehensive income	968	790
Comprehensive income	1,489	2,711
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,489	2,699
Comprehensive income attributable to non-controlling interests	0	11

(3) Consolidated Statements of Changes in Net Assets  
For the fiscal year ended May 31, 2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,611	3,615	23,953	(1,724)	28,455
Cumulative effects of changes in accounting policies					—
Restated balance	2,611	3,615	23,953	(1,724)	28,455
Changes during period					
Dividends of surplus			(526)		(526)
Profit attributable to owners of parent			520		520
Purchase of treasury shares				(0)	(0)
Reversal of revaluation reserve for land					—
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(6)	(0)	(6)
Balance at end of period	2,611	3,615	23,947	(1,724)	28,449

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	1,022	(0)	58	(275)	806	147	29,409
Cumulative effects of changes in accounting policies							—
Restated balance	1,022	(0)	58	(275)	806	147	29,409
Changes during period							
Dividends of surplus							(526)
Profit attributable to owners of parent							520
Purchase of treasury shares							(0)
Reversal of revaluation reserve for land							—
Change in ownership interest of parent due to transactions with non-controlling interests							—
Net changes in items other than shareholders' equity	735	(0)	—	233	968	0	968
Total changes during period	735	(0)	—	233	968	0	962
Balance at end of period	1,758	(0)	58	(41)	1,775	147	30,372

For the fiscal year ended May 31, 2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,611	3,615	23,947	(1,724)	28,449
Cumulative effects of changes in accounting policies			(69)		(69)
Restated balance	2,611	3,615	23,877	(1,724)	28,380
Changes during period					
Dividends of surplus			(592)		(592)
Profit attributable to owners of parent			1,908		1,908
Purchase of treasury shares				(0)	(0)
Reversal of revaluation reserve for land			36		36
Change in ownership interest of parent due to transactions with non-controlling interests		(57)			(57)
Net changes in items other than shareholders' equity					
Total changes during period	—	(57)	1,352	(0)	1,294
Balance at end of period	2,611	3,558	25,229	(1,725)	29,674

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	1,758	(0)	58	(41)	1,775	147	30,372
Cumulative effects of changes in accounting policies							(69)
Restated balance	1,758	(0)	58	(41)	1,775	147	30,302
Changes during period							
Dividends of surplus							(592)
Profit attributable to owners of parent							1,908
Purchase of treasury shares							(0)
Reversal of revaluation reserve for land							36
Change in ownership interest of parent due to transactions with non-controlling interests							(57)
Net changes in items other than shareholders' equity	(325)	(0)	(36)	1,152	790	69	859
Total changes during period	(325)	(0)	(36)	1,152	790	69	2,154
Balance at end of period	1,433	(0)	22	1,110	2,566	216	32,457

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended May 31, 2021	For the fiscal year ended May 31, 2022
Cash flows from operating activities		
Profit before income taxes	742	2,130
Depreciation	499	580
Increase (decrease) in allowance for doubtful accounts	4	6
Increase (decrease) in retirement benefit liability	(129)	34
Interest and dividend income	(52)	(69)
Interest expenses	71	83
Decrease (increase) in trade receivables	(18)	(1,747)
Decrease (increase) in inventories	1,424	(7,348)
Increase (decrease) in trade payables	1,925	1,865
Increase (decrease) in accrued consumption taxes	(118)	(1,197)
Increase (decrease) in deposits received	1,148	3,874
Impairment losses	2	1,585
Loss (gain) on sale of property, plant and equipment	(1)	(1,090)
Business restructuring expenses	379	—
Other, net	(328)	(203)
Subtotal	5,548	(1,496)
Interest and dividends received	52	69
Interest paid	(76)	(80)
Income taxes refund (paid)	(579)	93
Business structure improvement expenses paid	(389)	—
Net cash provided by (used in) operating activities	4,555	(1,413)
Cash flows from investing activities		
Purchase of investment securities	(88)	(580)
Purchase of property, plant and equipment	(135)	(137)
Proceeds from sale of property, plant and equipment	2	1,217
Purchase of intangible assets	(55)	(85)
Other, net	119	89
Net cash provided by (used in) investing activities	(158)	502
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(916)	(1,376)
Proceeds from long-term borrowings	—	1,800
Repayments of long-term borrowings	(1,300)	(900)
Proceeds from issuance of bonds	—	1,400
Redemption of bonds	—	(1,000)
Dividends paid	(526)	(591)
Other, net	(121)	(187)
Net cash provided by (used in) financing activities	(2,864)	(855)
Effect of exchange rate change on cash and cash equivalents	143	358
Net increase (decrease) in cash and cash equivalents	1,676	(1,407)
Cash and cash equivalents at beginning of period	7,727	9,403
Cash and cash equivalents at end of period	9,403	7,996

## (5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Changes in scope of consolidation or scope of application of equity method)

(Significant changes in scope of application of equity method)

In the current fiscal year, the Company acquired shares of SM Electronic Technologies Pvt. Ltd. and included it in the scope of the equity method. As the deemed acquisition date is set to May 31, 2022, which is the end of the current fiscal year, equity in earnings (losses) of affiliated companies is not recorded in the Consolidated Statements of Operations for the current fiscal year.

INSIGHT INTERNATIONAL CO., LTD., which was an affiliate to which the equity method was not applied in the previous fiscal year, is no longer such an affiliate because the Company sold all of its shares held in the current fiscal year.

(Changes in accounting policies)

### 1. Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the “Revenue Recognition Accounting Standard”), etc., from the beginning of the current fiscal year, and recognizes revenue at the amount expected to be received in exchange for the promised goods or services when control of the promised goods or services is transferred to the customer.

Accordingly, for the sales of products, whereas the Company previously recognized revenue when the products were shipped, the Company now recognizes revenue when the products arrive at the destination. For transactions in which the Company acts as an agent, whereas previously the gross amount of the consideration received from the customer was recognized as revenue, the Company now recognizes the net amount as revenue.

As for the application of the Revenue Recognition Accounting Standard, etc., in accordance with the transitional treatment prescribed in the proviso to Paragraph 84 of the Revenue Recognition Accounting Standard, the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the current fiscal year is added to or deducted from retained earnings at the beginning of the current fiscal year, and the new accounting policy is applied from such beginning balance.

As a result, compared with the previous method, net sales decreased by ¥137 million, cost of sales decreased by ¥189 million, and operating profit, ordinary profit, and profit before income taxes each increased by ¥51 million for the current fiscal year. In addition, the balance of retained earnings at the beginning of the period decreased by ¥69 million.

Effects on per share information are described in the per share information section.

### 2. 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 referred to as the “Fair Value Measurement Accounting Standard”), etc., from the beginning of the current fiscal year. In accordance with Paragraph 19 of the Fair Value Measurement Accounting Standard and transitional treatment prescribed in Paragraph 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the new accounting policy prescribed by the Fair Value Measurement Accounting Standard, etc., will be applied prospectively. This does not affect the consolidated financial statements.

(Additional information)

(Changes in segments)

The Company will change its segments from the fiscal year ending May 31, 2023, to drive transformation to a “Customer Value Creation Company” that can harness the power of electronics to overcome social challenges.

As a result, the Device Solution business and System Solution business in the current fiscal year have been reorganized into the following segments from the next fiscal year: the Industrial Infrastructure business, Enterprise business, Mobility business, and Global business. In addition, the Corporate Items and Eliminations segment is used to disclose information on business development functions, which focus on business development and M&A, and corporate staff functions.

Net sales, profits, and other items for each new reportable segment for the current fiscal year are currently being calculated, and information will be disclosed as the previous fiscal year’s results when quarterly results for the fiscal year ending May 31, 2023, are published.

(Application of the group tax sharing system)

The Company and certain domestic consolidated subsidiaries have adopted the non-consolidated taxation system. However, the Company and its subsidiaries submitted a request for approval on the group tax sharing system in the current fiscal year, and the group tax sharing system will be applied from the next fiscal year.

Regarding the accounting treatment and disclosure of tax effect accounting related to income taxes and local corporation taxes, the Company has applied the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021) from the end of the current fiscal year.

(Segment information)

A. Segment information

1. Description of reportable segments

(1) Method of determination of reportable segments

The Group’s reportable segments are those for which separate financial information is available and regular evaluation by the Company’s chief decision-making body is being performed in order to decide how management resources are allocated among the Group.

The Group promotes its management by two businesses of device solution and system solution.

(2) Type of products and services which belong to each reportable segment

In the Device Solution business, the Group intends to create and develop new core products, focus on emerging markets such as communication, energy, etc., and reinforce overseas business toward the expansion of business domains. In the System Solution business, the Group plans to improve profitability by reinforcing activities in the priority markets mainly of factories, mobility, medical and social infrastructure and offering solutions deriving from the Company’s own products by utilizing sensor, wireless and insulation monitoring technologies.

The outline of each reportable segment is as follows:

Business segment	Main products
Device Solution business	Semi-conductors, electronic components, electric materials, related unit products, related own products
System Solution business	Control equipment and materials, FA system, related unit products, related own products



## 2. Measurement method of net sales, profit or loss, and other items for each reportable segment

The methods of accounting in the reportable segments are based on amounts in accordance with the accounting standards that are used for preparing the consolidated financial statements.

Segment profit is based on operating profit.

Inter-segment net sales are based on the arm's length price.

As described in "(Changes in accounting policies)," the Company has applied the Revenue Recognition Accounting Standard, etc., to the consolidated financial statements for the current fiscal year, and accounting methods involving revenue recognition have been changed. Accordingly, the Company has also changed the calculation method of business segment profits and losses.

As a result of these changes, compared with the previous method, net sales increased by ¥92 million and segment profit increased by ¥8 million for the Device Solution business, and net sales decreased by ¥229 million and segment profit increased by ¥43 million for the System Solution business in the current fiscal year.

### 3. Information on net sales, profit or loss, and other items by reportable segment

For the fiscal year ended May 31, 2021

(Million yen)

	Reportable segment			Reconciliation (Note) 1	Amount recorded in Consolidated Financial Statements (Note) 2
	Device Solution business	System Solution business	Total		
Net sales					
Net sales to outside customers	85,607	20,236	105,843	—	105,843
Inter-segment net sales or transfers	262	162	424	(424)	—
Total	85,869	20,398	106,268	(424)	105,843
Segment profit (loss)	1,090	(196)	894	4	899
Other items:					
Depreciation and amortization	370	128	499	—	499

(Notes) 1. The reconciliation of segment profit (loss) in an amount of ¥4 million includes elimination of inter-segment transactions.

2. Segment profit (loss) is reconciled with “Operating profit” in the Consolidated Statements of Operations.

3. Segment assets and liabilities are not presented since they are not subject to regular analysis to determine the allocation of management resources and evaluate performances.

For the fiscal year ended May 31, 2022

(Million yen)

	Reportable segment			Reconciliation (Note) 1	Amount recorded in Consolidated Financial Statements (Note) 2
	Device Solution business	System Solution business	Total		
Net sales					
Net sales to outside customers	103,273	22,577	125,850	—	125,850
Inter-segment net sales or transfers	221	167	389	(389)	—
Total	103,494	22,744	126,239	(389)	125,850
Segment profit (loss)	2,760	(157)	2,603	(0)	2,602
Other items:					
Depreciation and amortization	440	139	580	—	580

(Notes) 1. The reconciliation of segment profit (loss) in an amount of ¥(0) million includes elimination of inter-segment transactions.

2. Segment profit (loss) is reconciled with “Operating profit” in the Consolidated Statements of Operations.

3. Segment assets and liabilities are not presented since they are not subject to regular analysis to determine the allocation of management resources and evaluate performances.

## B. Related information

For the fiscal year ended May 31, 2021

### 1. Information about product and service lines

(Million yen)

	Semi-conductors	General electronic components	Electric equipment	Products	Total
Net sales to outside customers	33,275	46,776	21,111	4,680	105,843

### 2. Information by region

#### (1) Net sales

(Million yen)

Japan	Overseas					Total
	China	Taiwan	Other Asia	Other	Subtotal	
53,222	31,644	1,481	13,951	5,544	52,621	105,843

(Notes) 1. Net sales are distributed to each country or region based on the actual destinations of the products.

2. In the table above, the region “China” includes Hong Kong.

#### (2) Property, plant and equipment

(Million yen)

Japan	Other	Total
3,872	283	4,155

### 3. Information by major customer

Omitted because any customer who constitutes net sales to outside customers does not account for 10% or more of net sales on the Consolidated Statements of Operations.

For the fiscal year ended May 31, 2022

### 1. Information about product and service lines

(Million yen)

	Semi-conductors	General electronic components	Electric equipment	Products	Total
Net sales to outside customers	44,927	52,707	21,913	6,301	125,850

### 2. Information by region

#### (1) Net sales

(Million yen)

Japan	Overseas					Total
	China	Taiwan	Other Asia	Other	Subtotal	
59,202	42,284	2,958	14,971	6,433	66,647	125,850

(Notes) 1. Net sales are distributed to each country or region based on the actual destinations of the products.

2. In the table above, the region “China” includes Hong Kong.

(2) Property, plant and equipment

(Million yen)

Japan	Other	Total
2,594	528	3,123

3. Information by major customer

Omitted because any customer who constitutes net sales to outside customers does not account for 10% or more of net sales on the Consolidated Statements of Operations.

C. Information about impairment losses on non-current assets by reportable segment

For the fiscal year ended May 31, 2021

The Company recorded impairment losses in an amount of ¥2 million in the Device Solution segment.

For the fiscal year ended May 31, 2022

Regarding corporate assets which are not allocated to each reportable segment, the Company wrote off the carrying amounts of buildings, land, property, plant and equipment (other), and intangible assets to their recoverable amounts and recorded the difference as impairment losses. In addition, for structures and property, plant and equipment (other) that are expected to no longer be used, the Company wrote off their carrying amounts to their memorandum values and recorded the difference as impairment losses. The impairment losses amounted to ¥1,585 million.

D. Information about amortization amount and unamortized balance of goodwill by reportable segment

There is no relevant information.

E. Information about gain on bargain purchase by reportable segment

There is no relevant information.

(Per share information)

	For the fiscal year ended May 31, 2021	For the fiscal year ended May 31, 2022
Net assets per share	¥1,836.81	¥1,959.38
Basic earnings per share	¥31.63	¥115.96

(Notes) 1. Information about diluted earnings per share is omitted because dilutive shares do not exist.

2. The underlying items for calculating basic earnings per share are as follows:

	For the fiscal year ended May 31, 2021	For the fiscal year ended May 31, 2022
Profit attributable to owners of parent (Million yen)	520	1,908
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent relating to common shares (Million yen)	520	1,908
Average number of shares during the period (Thousand shares)	16,455	16,454

3. As described in “(Changes in accounting policies),” the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the current fiscal year, and followed the transitional treatment prescribed in the proviso to Paragraph 84 of the Revenue Recognition Accounting Standard. As a result, net assets per share decreased by ¥4.21, and basic earnings per share increased by ¥3.15 for the current fiscal year.

(Significant subsequent events)

(Introduction of performance-linked stock compensation plan for Directors)

At the Board of Directors meeting held today, the Company resolved to introduce performance-linked stock compensation plan using a trust (hereinafter referred to as the “Plan”) for Directors (excluding Directors who are Audit and Supervisory members and Outside Directors) of the Company, and a proposal regarding the Plan will be submitted to the 80th Annual General Meeting of Shareholders scheduled for August 19, 2022.

Detailed information is provided in a notice published today regarding the introduction of performance-linked stock compensation plan for Directors.