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



May 16, 2022

Company name: RIX CORPORATION  
 Stock exchange listing: Tokyo Stock Exchange and Fukuoka Stock Exchange  
 Code number: 7525  
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 Scheduled date of ordinary general meeting of shareholders: June 23, 2022  
 Scheduled date of commencing dividend payments: June 24, 2022  
 Scheduled date of filing annual securities report: June 24, 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	39,969	–	2,580	44.5	2,985	42.8	2,051	50.3
March 31, 2021	36,023	(16.7)	1,785	(30.7)	2,090	(23.1)	1,364	(25.3)

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥2,077 million [15.9%]  
 Fiscal year ended March 31, 2021: ¥1,792 million [21.9%]

	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
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	251.13	–	11.2	9.3	6.5
March 31, 2021	167.05	–	8.1	6.9	5.0

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

Fiscal year ended March 31, 2022: ¥33 million

Fiscal year ended March 31, 2021: ¥(8) million

(Note) The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year under review. Therefore, the change in net sales compared to the actual results for the fiscal year ended March 31, 2021, which were prepared before the application of the said accounting standards, etc., is not shown in the table above.

For further information, please refer to “(5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 14.

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	34,187	19,500	56.0	2,343.01
As of March 31, 2021	30,178	17,873	58.1	2,146.30

(Reference) Equity: As of March 31, 2022: ¥19,143 million

As of March 31, 2021: ¥17,536 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 year-end
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	2,310	(764)	(496)	8,195
March 31, 2021	2,145	(466)	(649)	7,043

### 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			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	–	15.00	–	30.00	45.00	368	26.9	2.2
March 31, 2022	–	25.00	–	40.00	65.00	531	25.9	2.9
March 31, 2023 (Forecast)	–	50.00	–	50.00	100.00		38.9	

### 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	21,200	10.5	1,400	22.7	1,500	13.0	1,020	12.6	124.84
Full year	43,900	9.8	2,950	14.3	3,100	3.8	2,100	2.3	257.02

#### \* Notes:

- (1) Changes in significant subsidiaries during the period under review: None  
(Changes in specified subsidiaries resulting in changes in scope of consolidation):  
Newly included: None; Excluded: None  
Notes on changes in significant subsidiaries during the period
- (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
- (3) Total number of issued and outstanding shares (common shares)
  - 1) Total number of issued and outstanding shares at the end of the period (including treasury shares):  
March 31, 2022: 8,640,000 shares  
March 31, 2021: 8,640,000 shares
  - 2) Total number of treasury shares at the end of the period:  
March 31, 2022: 469,445 shares  
March 31, 2021: 469,425 shares
  - 3) Average number of shares during the period:  
Fiscal year ended March 31, 2022: 8,170,561 shares  
Fiscal year ended March 31, 2021: 8,170,575 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		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	32,233	—	2,179	52.6	2,564	42.2	1,764	48.3
March 31, 2021	31,684	(17.8)	1,428	(34.1)	1,803	(23.3)	1,189	(25.9)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	215.65	—
March 31, 2021	145.41	—

(Note) The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year under review. Therefore, the change in net sales compared to the actual results for the fiscal year ended March 31, 2021, which were prepared before the application of the said accounting standards, etc., is not shown in the table above.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	28,243	15,421	54.6	1,884.76
As of March 31, 2021	24,921	14,170	56.9	1,731.84

(Reference) Equity: As of March 31, 2022: ¥15,421 million

As of March 31, 2021: ¥14,170 million

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

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

(Cautionary statement regarding forward-looking statements)

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 the Company does not in any way guarantee the achievement of the forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to “1. Overview of Operating Results, Etc. (4) Future Outlook” on page 5 of the Attachments for the assumptions underlying the forecasts and precautions when using the forecasts.

(How to obtain supplementary explanatory materials on financial results and contents of the financial results briefing session)

The Company plans to hold a financial results briefing session for institutional investors and analysts on Monday, May 30, 2022. The presentation materials to be used at the session will be posted on the Company’s website promptly after the session.

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## 1. Overview of Operating Results, Etc.

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

The world economy showed recovery during the fiscal year under review, particularly in developed countries. However, there are concerns that the economic recovery will be slowed down by the prolonged impact of the COVID-19 crisis due to the outbreak of variants, and Russia's invasion of Ukraine, which has accelerated a sharp rise in resource prices. The Japanese economy experienced a moderate recovery on the whole, affected by the rebound of the COVID-19 pandemic that had once seemed to have subsided, prolonged supply constraints in semiconductors, etc. and rising prices of raw materials.

Under these economic circumstances, our Group implemented measures under its medium-term plan "GP2023." As a result, as for the consolidated financial results for the fiscal year ended March 31, 2022, the Group recorded net sales totaling ¥39,969 million (-% year on year), operating profit totaling ¥2,580 million (up 44.5% year on year), ordinary profit totaling ¥2,985 million (up 42.8% year on year), and profit attributable to owners of parent totaling ¥2,051 million (up 50.3% year on year). From the beginning of the fiscal year under review, we began applying the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020; hereinafter referred to as the "Revenue Recognition Accounting Standard"), and therefore year-on-year changes in percentage is not shown for net sales. In addition, as a result of the application of the Revenue Recognition Accounting Standard and related standards, net sales decreased by ¥893 million and operating profit decreased by ¥1 million.

Operating results by reportable segment are as follows. Our Group manages business performance by industry to which customers belong, and thus designates the following eight industries as reportable segments: "Steel and Iron," "Automobile," "Electronics and Semiconductor," "Rubber and Tire," "Machine Tool," "High-performance Material," "Environment," and "Paper Pulp."

From the fiscal year under review, we established a new reportable segment of "Machine Tool" from the viewpoint of business management and present operating results and the explanation on business circumstances for the machine tool industry, which used to be included in "Automobile," separately in "Machine Tool."

#### (Steel and Iron)

The steel and iron industry saw an increase in the production of domestic crude steel production compared to the same period of the previous year. Demand for crude steel increased due to the recovery in activities of the manufacturing industry, and the growth rate of special steel, which is used for auto parts and other products, was particularly high.

Our Group focused on sales activities not only in the maintenance sector but also in the operation sector, resulting in the growth of sales of auxiliary materials for steelmaking. Also, sales of parts for dust recycling equipment and high-pressure valves for the hot-rolling process, etc., contributed to the increase in sales.

As a result, net sales for the steel and iron industry totaled ¥11,328 million. Due to the application of the Revenue Recognition Accounting Standard and related standards, net sales decreased by ¥521 million.

#### (Automobile)

The automobile industry saw a slight decrease in global production by major Japanese automakers compared to the same period of the previous year. In stark contrast, however, there were some manufacturers that exceeded the level of the same period of the previous year in the face of supply constraints.

Our Group focused on proposal activities related to the battery and motor sectors and digital technologies, which are expected to grow in the future, resulting in the growth of sales of acoustic cameras, automated transport systems, coating equipment, dispensers and other products.

As a result, net sales for the automobile industry totaled ¥8,006 million. Due to the application of the Revenue Recognition Accounting Standard and related standards, net sales decreased by ¥22 million.

#### (Electronics and Semiconductor)

The electronics and semiconductor industry saw an increase in global semiconductor sales and sales of domestic semiconductor companies compared to the same period of the previous year. The semiconductor market is booming as demand for both semiconductor materials and equipment is expanding.

Our Group focused on the reinforcement of our manufacturing functions and repair service business, the expansion of sales of a new line of digital products, and activities that will contribute to our recycling business, resulting in the growth of sales of sealing materials and rotary joints for semiconductor manufacturing equipment as well as cleaning equipment and other products.

As a result, net sales for the electronics and semiconductor industry totaled ¥5,840 million. Due to the

application of the Revenue Recognition Accounting Standard and related standards, net sales decreased by ¥203 million.

(Rubber and Tire)

The rubber and tire industry saw an increase in sales of major domestic tire manufacturers compared with the same period of the previous year. Despite higher raw material prices and marine transportation costs, sales to North America were strong, and acceptance of price increases also boosted earnings.

Our Group focused on reinforcing response to development projects and on sales activities related to our repair business, resulting in the significant growth of sales of valves for vulcanizers. Moreover, large-lot orders for water seal vacuum pumps and other factors contributed to the sales increase.

As a result, net sales for the rubber and tire industry totaled ¥2,673 million. Due to the application of the Revenue Recognition Accounting Standard and related standards, net sales decreased by ¥57 million.

(Machine Tool)

The machine tool industry enjoyed an increase in orders for machine tools compared with the same period of the previous year. In the first half of the fiscal year, demand increased in China as it was among the first countries that recovered from the COVID-19 pandemic, and in the second half, demand also recovered in Europe, the U.S., and Japan.

Our Group put effort into sales promotion of new rotary joints that respond to the integration of machine tools and the development of new models of rotary joints, resulting in the growth of sales of rotary joints, centrifugal pumps and other products.

As a result, net sales for the machine tool industry totaled ¥1,874 million. Due to the application of the Revenue Recognition Accounting Standard and related standards, net sales decreased by ¥14 million.

(High-performance Material)

The high-performance material industry saw an increase of sales of major domestic manufacturers of high-functional compared to the same period of the previous year. However, prices of raw materials such as high-performance films and functional resins continue to rise, and there are concerns about whether prices can be passed on to the automotive and semiconductor sectors where inquiries are strong.

Our Group sought to deepen our relationship with high-performance film manufacturers and put effort into making further inroads into pharmaceutical and cosmetic industries, resulting in the growth of sales of vacuum pumps for the pharmaceutical industry and other products. Moreover, rental of chiller units and other products contributed to the sales increase.

As a result, net sales for the high-performance material industry totaled ¥1,737 million. Due to the application of the Revenue Recognition Accounting Standard and related standards, net sales decreased by ¥16 million.

(Environment)

The environment industry continued to boom with increased investment in water treatment facilities for the semiconductor industry and renewable energy-related facilities in expectation of a decarbonized society.

Our Group put efforts into the expansion of our water treatment-related business, which pertains to the Sustainable Development Goals (SDGs), and sought to increase our presence in the renewable energy sector, resulting in the growth of sales of vessels for plant manufacturers, inverters for environmental equipment, and other products.

As a result, net sales for the environmental industry totaled ¥1,944 million. Due to the application of the Revenue Recognition Accounting Standard and related standards, net sales decreased by ¥11 million.

(Paper Pulp)

The paper pulp industry saw an increase in the shipment of paper and paper board compared to the same period of the previous year. While demand for printing paper and communication paper fell due to a wider adoption of paperless operations, demand of containerboards grew thanks mainly to that in mail order.

Our Group focused on capital investment projects to increase the production of chemical materials and capital investment projects in the paper making process, and as a result, pumps to expand production, remodeling projects of powder dissolution equipment and other factors contributed to the sales increase.

As a result, net sales for the paper pulp industry totaled ¥864 million. Due to the application of the Revenue Recognition Accounting Standard and related standards, net sales decreased by ¥2 million.

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

### (Assets)

Current assets increased 16.2% from the end of the previous fiscal year to ¥27,184 million. Primary factors for the increase in current assets include an increase of ¥1,414 million in cash and deposits, an increase of ¥1,610 million in trade receivables and an increase of ¥671 million in inventories.

Non-current assets increased 3.2% from the end of the previous fiscal year to ¥7,003 million. Primary factors for the increase include an increase of ¥66 million in machinery, equipment and vehicles, an increase of ¥92 million in tools, furniture and fixtures and an increase of ¥76 million in other belonging to investment and other assets.

As a result, total assets increased 13.3% from the end of the previous fiscal year to ¥34,187 million.

### (Liabilities)

Current liabilities increased 21.5% from the end of the previous fiscal year to ¥13,257 million. Primary factors for the increase include an increase of ¥1,541 million in trade payables, an increase of ¥152 million in accrued expenses, an increase of ¥401 million in income taxes payable and an increase of ¥145 million in other.

Non-current liabilities increased 2.5% from the previous fiscal year end to ¥1,430 million. Primary factors for the increase include an increase of ¥75 million in retirement benefit liability.

As a result, total liabilities increased 19.4% from the end of the previous fiscal year to ¥14,687 million.

### (Net Assets)

Net assets increased 9.1% from the end of the previous fiscal year to ¥19,500 million. Primary factors for the increase in net assets include an increase of ¥1,601 million in retained earnings, an increase of ¥154 million in foreign currency translation adjustment and a decrease of ¥103 million in valuation difference on available-for-sale securities.

## (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 ¥1,152 million from the end of the previous fiscal year to ¥8,195 million. The status of each cash flow and their factors are as follows.

### (Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥2,310 million. The main cash inflow factors were profit before income taxes of ¥2,988 million, depreciation of ¥345 million, and an increase of ¥1,510 million in trade payables and an increase in other liabilities of ¥229 million. The main cash outflow factors were an increase of ¥1,574 million yen in trade receivables, an increase of ¥642 million in inventories, and income taxes paid of ¥579 million.

### (Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥764 million. The main cash inflow was proceeds from sale and redemption of securities of ¥50 million, while the main cash outflows were an increase in time deposits of ¥262 million, purchase of property, plant and equipment of ¥278 million, and purchase of investment securities of ¥144 million.

### (Cash Flows from Financing Activities)

Net cash used in financing activities amounted to ¥496 million. The main cash outflow was dividends paid of ¥449 million.

(Reference) Trends in Cash Flow Indicators

	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022
Equity ratio (%)	48.9	50.1	53.1	58.1	56.0
Equity ratio based on market value (%)	60.7	41.3	42.4	42.0	39.4
Interest-bearing debt to cash flows ratio (years)	2.4	1.2	1.0	0.9	0.9
Interest coverage ratio (times)	117.3	295.7	210.4	177.7	725.0

Equity ratio: Equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

Interest-bearing debt to cash flows ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest payment

- (Note)
1. Each index has been calculated in accordance with financial indicators on a consolidated basis.
  2. Market capitalization is calculated based on the number of issued shares excluding treasury shares.
  3. Operating cash flow is used for cash flows. Interest-bearing debt includes all liabilities on the consolidated balance sheets for which interest is paid. Interest payment is equal to the amount of interest paid in the consolidated statements of cash flows.
  4. The “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018), etc. have been applied from the beginning of the fiscal year ended March 31, 2019, and the equity ratio and equity ratio based on value before the fiscal year ended March 31, 2018 are the ratios after the retroactive application of the accounting standards, etc.

#### (4) Future Outlook

Possible re-expansion of the COVID-19 pandemic and resulting tightening of regulations overseas may continue to affect the economic situation. In addition, factors that increase uncertainty in the business environment, which include geopolitical risks and rising resource prices, are increasing. Under these circumstances, the Group will implement various measures in its medium-term management plan, such as strengthening sales to existing customers, developing new products and cultivating new business domains, while keeping a close eye on the economic environment.

Based on the above, for the fiscal year ending March 31, 2023, the Company expects net sales of ¥43,900 million (up 9.8% year on year), operating profit of ¥2,950 million (up 14.3% year on year), ordinary profit of ¥3,100 million yen (up 3.8% year on year), and profit attributable to owners of parent totaling 2,100 million yen (up 2.3% year on year).

## 2. Basic Policy on Selection of Accounting Standards

The Group plans to prepare its consolidated financial statements based on the Japanese GAAP for the time being, taking into account both time-series and cross-sectional comparability of the consolidated financial statements.

The Group will consider adopting IFRS (International Financial Reporting Standards) as appropriate in view of various conditions in Japan and abroad.



### 3. Consolidated Financial Statements and Principal Notes

#### (1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	7,689,760	9,103,893
Notes receivable – trade	834,818	679,645
Electronically recorded monetary claims - operating	2,131,165	3,042,117
Accounts receivable – trade	10,752,358	11,606,759
Securities	50,000	100,000
Merchandise and finished goods	1,368,174	1,904,187
Work in process	178,547	278,980
Raw materials and supplies	161,346	196,064
Prepaid expenses	69,413	82,296
Other	154,648	191,203
Allowance for doubtful accounts	(569)	(742)
<b>Total current assets</b>	<b>23,389,662</b>	<b>27,184,404</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,261,743	3,311,368
Accumulated depreciation	(1,811,138)	(1,919,008)
Buildings and structures, net	1,450,604	1,392,360
Machinery, equipment and vehicles	1,597,547	1,722,170
Accumulated depreciation	(1,143,522)	(1,202,020)
Machinery, equipment and vehicles, net	454,024	520,150
Tools, furniture and fixtures	1,053,332	1,217,034
Accumulated depreciation	(894,769)	(966,050)
Tools, furniture and fixtures, net	158,563	250,984
Land	719,569	719,489
Leased assets	279,732	283,075
Accumulated depreciation	(114,499)	(134,091)
Leased assets, net	165,233	148,983
Construction in progress	27,495	18,152
<b>Total property, plant and equipment</b>	<b>2,975,490</b>	<b>3,050,120</b>
Intangible assets		
Other	136,897	163,788
<b>Total intangible assets</b>	<b>136,897</b>	<b>163,788</b>
Investments and other assets		
Investment securities	2,700,195	2,601,939
Long-term loans receivable	400,781	408,134
Guarantee deposits	218,022	226,617
Insurance funds	58,264	61,297
Retirement benefit asset	144,383	151,793
Deferred tax assets	66,359	171,360
Other	106,321	182,837
Allowance for doubtful accounts	(17,561)	(14,673)
<b>Total investments and other assets</b>	<b>3,676,767</b>	<b>3,789,306</b>
<b>Total non-current assets</b>	<b>6,789,155</b>	<b>7,003,215</b>
<b>Total assets</b>	<b>30,178,817</b>	<b>34,187,619</b>

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes payable – trade	669,999	767,572
Electronically recorded obligations – operating	3,745,858	4,799,985
Accounts payable – trade	3,574,549	3,964,637
Short-term borrowings	1,518,817	1,515,170
Current portion of long-term borrowings	21,600	21,600
Lease liabilities	20,847	20,428
Accrued expenses	591,932	744,046
Income taxes payable	313,083	714,467
Accrued consumption taxes	37,378	121,855
Accrued directors bonus	84,323	109,868
Other	332,354	477,828
Total current liabilities	10,910,745	13,257,458
Non-current liabilities		
Long-term borrowings	292,000	270,400
Lease liabilities	155,719	138,968
Deferred tax liabilities	50,029	9,128
Provision for retirement benefits for directors (and other officers)	265,001	294,410
Retirement benefit liability	580,013	655,338
Asset retirement obligations	43,992	44,237
Other	7,858	17,608
Total non-current liabilities	1,394,613	1,430,091
Total liabilities	12,305,359	14,687,549
<b>Net assets</b>		
Shareholders' equity		
Share capital	827,900	827,900
Capital surplus	1,057,212	1,057,212
Retained earnings	15,384,710	16,986,591
Treasury shares	(407,593)	(407,624)
Total shareholders' equity	16,862,229	18,464,080
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	598,153	494,706
Foreign currency translation adjustment	10,438	164,516
Remeasurements of defined benefit plans	65,685	20,400
Total accumulated other comprehensive income	674,278	679,623
Non-controlling interests	336,950	356,366
Total net assets	17,873,458	19,500,069
Total liabilities and net assets	30,178,817	34,187,619

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

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net sales	36,023,411	39,969,548
Cost of sales	27,838,246	30,353,682
Gross profit	8,185,164	9,615,866
Selling, general and administrative expenses	6,399,306	7,035,842
Operating profit	1,785,858	2,580,023
Non-operating income		
Interest income	11,443	14,473
Dividend income	47,614	58,817
Reversal of allowance for doubtful accounts	–	2,103
Share of profit of entities accounted for using equity method	–	33,319
Rental income from real estate	14,308	19,933
Foreign exchange gains	76,071	195,268
Gain on investments in investment partnerships	118,928	25,735
Purchase discounts	21,631	23,130
Other	56,770	40,450
Total non-operating income	346,768	413,234
Non-operating expenses		
Interest expenses	12,043	3,156
Provision of allowance for doubtful accounts	2,103	–
Sales discounts	1,273	–
Share of loss of entities accounted for using equity method	8,338	–
Other	17,932	4,272
Total non-operating expenses	41,691	7,428
Ordinary profit	2,090,935	2,985,828
Extraordinary income		
Gain on sale of non-current assets	169	1,910
Gain on sale of investment securities	2,479	3,385
Gain on liquidation of investment securities	7,572	–
Gain on sale of membership	–	350
Surrender value of insurance policies	4,901	4,026
Total extraordinary income	15,123	9,672
Extraordinary losses		
Loss on sale of non-current assets	3,145	14
Loss on retirement of non-current assets	2,317	5,998
Loss on sale of investment securities	482	–
Loss on valuation of investment securities	66,594	792
Loss on valuation of membership	–	279
Total extraordinary losses	72,539	7,085
Profit before income taxes	2,033,519	2,988,415
Income taxes – current	625,445	986,193
Income taxes – deferred	25,865	(77,787)
Total income taxes	651,311	908,405
Profit	1,382,208	2,080,010
Profit attributable to non-controlling interests	17,342	28,115
Profit attributable to owners of parent	1,364,866	2,051,894

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit	1,382,208	2,080,010
Other comprehensive income		
Valuation difference on available-for-sale securities	357,987	(109,254)
Foreign currency translation adjustment	94	153,826
Remeasurements of defined benefit plans, net of tax	49,736	(45,284)
Share of other comprehensive income of entities accounted for using equity method	2,760	(1,321)
Total other comprehensive income	410,578	(2,034)
Comprehensive income	1,792,787	2,077,975
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,761,834	2,057,239
Comprehensive income attributable to non-controlling interests	30,953	20,736

## (3) Consolidated Statements of Changes in Equity

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

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	827,900	1,057,212	14,355,309	(407,593)	15,832,828
Changes during period					
Dividends of surplus			(368,193)		(368,193)
Profit attributable to owners of parent			1,364,866		1,364,866
Change in scope of consolidation			32,728		32,728
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	1,029,401	-	1,029,401
Balance at end of period	827,900	1,057,212	15,384,710	(407,593)	16,862,229

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	255,442	5,919	15,949	277,310	307,317	16,417,455
Changes during period						
Dividends of surplus						(368,193)
Profit attributable to owners of parent						1,364,866
Change in scope of consolidation						32,728
Net changes in items other than shareholders' equity	342,711	4,519	49,736	396,968	29,633	426,601
Total changes during period	342,711	4,519	49,736	396,968	29,633	1,456,002
Balance at end of period	598,153	10,438	65,685	674,278	336,950	17,873,458

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

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	827,900	1,057,212	15,384,710	(407,593)	16,862,229
Changes during period					
Dividends of surplus			(450,013)		(450,013)
Profit attributable to owners of parent			2,051,894		2,051,894
Purchase of treasury shares				(30)	(30)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,601,881	(30)	1,601,850
Balance at end of period	827,900	1,057,212	16,986,591	(407,624)	18,464,080

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	598,153	10,438	65,685	674,278	336,950	17,873,458
Changes during period						
Dividends of surplus						(450,013)
Profit attributable to owners of parent						2,051,894
Purchase of treasury shares						(30)
Net changes in items other than shareholders' equity	(103,447)	154,077	(45,284)	5,344	19,416	24,760
Total changes during period	(103,447)	154,077	(45,284)	5,344	19,416	1,626,611
Balance at end of period	494,706	164,516	20,400	679,623	356,366	19,500,069

## (4) Consolidated Statements of Cash Flows

(Thousand 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	2,033,519	2,988,415
Depreciation	327,621	345,891
Increase (decrease) in accounts payable-bonus to directors and statutory auditors	(22,046)	25,544
Increase (decrease) in net defined benefit asset and liability	9,380	2,811
Increase (decrease) in provision for retirement benefits for directors (and other officers)	36,330	29,408
Increase (decrease) in allowance for doubtful accounts	(10,342)	(2,715)
Interest and dividend income	(59,058)	(73,291)
Interest expenses	12,043	3,156
Foreign exchange losses (gains)	(27,990)	(38,072)
Share of loss (profit) of entities accounted for using equity method	8,338	(33,319)
Loss (gain) on sale of property, plant and equipment	2,975	(1,896)
Loss on retirement of property, plant and equipment	2,317	5,998
Loss (gain) on sale of investment securities	(1,997)	(3,385)
Loss (gain) on liquidation of investment securities	(7,572)	–
Loss (gain) on valuation of investment securities	66,594	792
Loss (gain) on investments in investment partnerships	(118,928)	(25,735)
Loss (gain) on sale of membership	–	(350)
Loss on valuation of membership	–	279
Decrease (increase) in trade receivables	2,068,903	(1,574,648)
Decrease (increase) in inventories	38,050	(642,263)
Decrease (increase) in other assets	195,958	(26,894)
Increase (decrease) in trade payables	(1,387,740)	1,510,538
Increase (decrease) in accrued consumption taxes	(121,374)	99,464
Increase (decrease) in other liabilities	(312,430)	229,545
Subtotal	2,732,553	2,819,275
Interest and dividends received	60,358	73,959
Interest paid	(12,071)	(3,186)
Income taxes paid	(635,260)	(579,667)
Net cash provided by (used in) operating activities	2,145,580	2,310,381
<b>Cash flows from investing activities</b>		
Payments into time deposits	(628,137)	(883,637)
Proceeds from withdrawal of time deposits	608,827	621,438
Proceeds from sale and redemption of securities	–	50,000
Purchase of property, plant and equipment	(206,731)	(278,440)
Proceeds from sale of property, plant and equipment	6,458	2,040
Purchase of investment securities	(48,238)	(144,924)
Proceeds from sale and redemption of investment securities	174,669	39,737
Proceeds from liquidation of investment securities	13,348	–
Payments for investments in capital of subsidiaries and associates	–	(65,880)
Loan advances	(370,460)	(42,940)
Proceeds from collection of loans receivable	15,248	24,598
Other payments	(43,619)	(91,215)
Other proceeds	12,388	4,705
Net cash provided by (used in) investing activities	(466,246)	(764,518)

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	19,699,232	18,613,760
Repayments of short-term borrowings	(19,936,631)	(18,617,219)
Repayments of long-term borrowings	(21,600)	(21,600)
Repayments of lease liabilities	(21,882)	(20,847)
Purchase of treasury shares	–	(30)
Dividends paid	(367,248)	(449,602)
Dividends paid to non-controlling interests	(1,320)	(1,320)
Net cash provided by (used in) financing activities	(649,450)	(496,859)
Effect of exchange rate change on cash and cash equivalents	38,611	103,083
Net increase (decrease) in cash and cash equivalents	1,068,495	1,152,085
Cash and cash equivalents at beginning of period	5,875,576	7,043,318
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	99,247	–
Cash and cash equivalents at end of period	7,043,318	8,195,404



(5) Notes to Consolidated Financial Statements  
(Notes on Going Concern Assumption)  
Not applicable.

(Notes in Case of Significant Changes in Shareholders' Equity)  
Not applicable.

(Changes in Accounting Policies)

(Application of the Accounting Standard for Revenue Recognition, Etc.)

We have applied the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020; hereinafter referred to as the "Revenue Recognition Accounting Standard") and related standards since the beginning of the fiscal year under review. Under these standards, the amounts expected to be received in exchange for goods or services are recognized as revenue at the point in time at which control of the promised goods or services are transferred to the customer. As a result, the method for recognizing revenue arising from the procurement and sale of products has changed from previous one, in which revenue was recognized on a gross basis in all transactions, to the one in which revenue from what we deem as agent transactions, following the determination of our role in offering goods and services to customers (principal or agent), is recognized on a net basis. In addition, we used to record cash refunds and other consideration paid to customers as non-operating expenses, but we have changed the method to the one in which we deduct the amount from transaction prices.

In applying the Revenue Recognition Accounting Standard and related standards, we employ the transitional treatment as stipulated in the proviso to Paragraph 84 of the Revenue Recognition Accounting Standard. Therefore, the cumulative effects of retroactively applying the new accounting standard before the beginning of the fiscal year under review were added to or subtracted from the retained earnings at the beginning of the said fiscal year and the new accounting standard has been applied starting with the resulting balance from the beginning of the period. However, the new accounting standard has not been applied retroactively to contracts for which nearly all revenue was recognized in accordance with the previous treatment before the beginning of the fiscal year under review, by applying the method described in Paragraph 86 of the Revenue Recognition Accounting Standard. In addition, by applying the method prescribed in the item (1) of the supplemental provisions of the Paragraph 86 of the Revenue Recognition Accounting Standard, for contractual amendments made before the beginning of the fiscal year under review, account treatment was made based on contractual conditions after reflecting all contractual amendments. The cumulative amount of these effects has been added to or subtracted from the retained earnings at the beginning of the fiscal year under review.

Due to these changes, during the fiscal year under review, net sales declined by ¥893,818 thousand, cost of sales by ¥892,729 thousand, and gross profit, operating profit, and non-operating expenses each declined by ¥1,089 thousand. Meanwhile, these changes did not affect ordinary profit, profit before income taxes, and profit attributable to owners of parent. In addition, there is no cumulative amount of these effects on the balance of retained earnings at the beginning of the fiscal year under review.

(Application of Accounting Standard for Fair Value Measurement, Etc.)

We have applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as "Fair Value Measurement Accounting Standard") and related standards since the beginning of the fiscal year under review. Pursuant to the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policies provided for in the Fair Value Measurement Accounting Standard and related standards shall be applied going forward. This shall have no impact on the consolidated financial statements.

(Segment Information, Etc.)

(Segment Information)

## 1 Overview of Reportable Segments

### (1) Method of Determining Reportable Segments

The Company's reportable segments are components of the Company for which separate financial statements are available and which are subject to periodic review by the Board of Directors to determine the allocation of management resources and evaluate their performance.

The Group sells primarily industrial machinery and parts to a wide array of customers. Although the business management organizations of the sales division are organized by region as required by sales activities, the Group's performance by customer industry is the primary management objective because trends in customer industries have a significant impact on the Group's performance.

Accordingly, the Group is composed of industry segments based on the sales structure of each customer industry, and thus designates the following eight industries as reportable segments: "Steel and Iron," "Automobile," "Electronics and Semiconductor," "Rubber and Tire," "Machine Tool," "High-performance Material," "Environment," and "Paper Pulp."

### (2) Type of Products and Services Belonging to Each Reportable Segment

The Group manufactures and sells high-pressure hydraulic equipment, precision measurement & inspection products and other merchandise and products, though there is no relationship between the reportable segments and the merchandise, products and services handled by the Group.

### (3) Matters Concerning Changes in Reporting Segments, Etc.

Since the fiscal year under review, a new segment "Machine Tool" has been established, and performance figures for the machine tool industry, which were previously included in "Automobile," are now presented separately in the "Machine Tool" segment from the viewpoint of business management. The segment information for the previous fiscal year is presented based on the segmentation method after the change.

Also, as described in "Changes in Accounting Policies," the Company has changed its accounting method for revenue recognition by applying the Accounting Standard for Revenue Recognition, etc., from the beginning of the fiscal year under review, and has similarly changed its method for calculating revenue in the business segments.

As a result of this change, compared with the previous method, net sales in the fiscal year under review decreased by ¥521,341 thousand in "Steel and Iron," ¥22,119 thousand in "Automobile," ¥203,980 thousand in "Electronics and Semiconductor," ¥57,153 thousand in "Rubber and Tire," ¥14,138 thousand in "Machine Tool," ¥16,338 thousand in "High-performance Material," ¥11,156 thousand in "Environment," ¥2,880 thousand in "Paper Pulp" and ¥44,708 thousand in "Other," respectively. The resulting impact on segment profit was ¥1,089 thousand in "Other."

## 2 Calculation of Net Sales, Profit or Loss, Assets, Liabilities and Other Items by Reportable Segment

The accounting methods used for the reported business segments are generally the same as those used in the preparation of the consolidated financial statements.

3 Information on Net Sales, Profit or Loss, Assets, Liabilities and Other Items by Reportable Segment  
For the previous fiscal year (from April 1, 2020 to March 31, 2021)

(Thousand yen)

	Reportable segment							
	Steel and Iron	Automobile	Electronics and Semiconductor	Rubber and Tire	Machine Tool	High-performance Material	Environment	Paper Pulp
Net sales								
Net sales to outside customers	10,946,559	7,849,975	4,583,452	2,049,214	1,253,271	1,728,406	1,637,528	737,525
Inter-segment net sales or transfers	–	–	–	–	–	–	–	–
Total	10,946,559	7,849,975	4,583,452	2,049,214	1,253,271	1,728,406	1,637,528	737,525
Segment profit (loss)	1,014,799	544,348	303,745	100,738	99,864	166,524	137,553	79,422

	Reportable segment	Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Statements of Income (Note 3)
	Total				
Net sales					
Net sales to outside customers	30,785,934	5,237,476	36,023,411	–	36,023,411
Inter-segment net sales or transfers	–	–	–	–	–
Total	30,785,934	5,237,476	36,023,411	–	36,023,411
Segment profit (loss)	2,446,996	484,357	2,931,353	(1,145,495)	1,785,858

- (Notes) 1. The “Other” category is a business segment which is not included in the reportable segments and includes businesses for the food industry and shipbuilding industry.
2. An adjustment of ¥(1,145,495) thousand in segment profit (loss) includes ¥725,061 thousand for internal profit, ¥439,832 thousand for consolidation elimination, and ¥(2,310,389) thousand for selling, general and administrative expenses which are not attributable to the reportable segments.
3. Segment profit (loss) is adjusted with operating profit on the Consolidated Statements of Income.
4. Segment assets are not disclosed because the Company does not allocate assets to reportable segments.

For the fiscal year under review (from April 1, 2021 to March 31, 2022)

(Thousand yen)

	Reportable segment							
	Steel and Iron	Automobile	Electronics and Semiconductor	Rubber and Tire	Machine Tool	High-performance Material	Environment	Paper Pulp
Net sales								
Net sales to outside customers	11,328,618	8,006,404	5,840,577	2,673,901	1,874,777	1,737,704	1,944,166	864,096
Inter-segment net sales or transfers	—	—	—	—	—	—	—	—
Total	11,328,618	8,006,404	5,840,577	2,673,901	1,874,777	1,737,704	1,944,166	864,096
Segment profit (loss)	1,142,883	565,042	384,185	162,228	202,368	157,643	173,811	82,879

	Reportable segment	Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Statements of Income (Note 3)
	Total				
Net sales					
Net sales to outside customers	34,270,246	5,699,301	39,969,548	—	39,969,548
Inter-segment net sales or transfers	—	—	—	—	—
Total	34,270,246	5,699,301	39,969,548	—	39,969,548
Segment profit (loss)	2,871,042	595,831	3,466,873	(886,850)	2,580,023

- (Notes) 1. The “Other” category is a business segment which is not included in the reportable segments and includes businesses for the food industry and shipbuilding industry.
2. An adjustment of ¥(886,850) thousand in segment profit (loss) includes ¥1,105,207 thousand for internal profit, ¥418,783 thousand for consolidation elimination, and ¥(2,410,841) thousand for selling, general and administrative expenses which are not attributable to the reportable segments.
3. Segment profit (loss) is adjusted with operating profit on the Consolidated Statements of Income.
4. Segment assets are not disclosed because the Company does not allocate assets to reportable segments.

(Related Information)

For the previous fiscal year (from April 1, 2020 to March 31, 2021)

1 Information by Product and Service

(Thousand yen)

	High-pressure hydraulic equipment		Precision measurement & inspection products	Other		Total
	(Merchandise)	(Finished goods)	(Merchandise)	(Merchandise)	(Finished goods)	
Net sales to outside customers	19,443,519	2,873,215	1,582,028	11,235,542	889,106	36,023,411

2 Information by Region

(1) Net Sales

(Thousand yen)

Japan	Asia excluding Japan	Europe	North America	Other	Total
31,898,634	2,744,705	221,650	1,141,362	17,059	36,023,411

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

(2) Property, Plant and Equipment

(Thousand yen)

Japan	Thailand	China	Germany	US	Total
2,713,210	75,950	162,760	1,360	22,209	2,975,490

(3) Information by Major Customer

(Thousand yen)

Name of the customer	Net sales	Relevant segment
NIPPON STEEL CORPORATION	4,945,492	Steel and Iron

For the fiscal year under review (from April 1, 2021 to March 31, 2022)

1 Information by Product and Service

(Thousand yen)

	High-pressure hydraulic equipment		Precision measurement & inspection products	Other		Total
	(Merchandise)	(Finished goods)	(Merchandise)	(Merchandise)	(Finished goods)	
Net sales to outside customers	21,636,372	3,663,378	1,410,309	12,412,343	847,145	39,969,548

2 Information by Region

(1) Net Sales

(Thousand yen)

Japan	Asia excluding Japan	Europe	North America	Other	Total
36,095,892	2,733,206	330,729	779,726	29,993	39,969,548

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

(2) Property, Plant and Equipment

(Thousand yen)

Japan	Thailand	China	Germany	US	Total
2,782,553	67,596	165,880	1,138	32,950	3,050,120

3 Information by Major Customer

(Thousand yen)

Name of the customer	Net sales	Relevant segment
NIPPON STEEL CORPORATION	5,226,405	Steel and Iron

(Information on Impairment Loss on Non-current Assets by Reportable Segment)

For the previous fiscal year (from April 1, 2020 to March 31, 2021) and the fiscal year under review (from April 1, 2021 to March 31, 2022)

Not applicable.

(Information on Amortization and Unamortized Balance of Goodwill by Reportable Segment)

For the previous fiscal year (from April 1, 2020 to March 31, 2021) and the fiscal year under review (from April 1, 2021 to March 31, 2022)

Not applicable.

(Information on Gain on Bargain Purchase by Reportable Segment)

For the previous fiscal year (from April 1, 2020 to March 31, 2021) and the fiscal year under review (from April 1, 2021 to March 31, 2022)

Not applicable.

(Per Share Information)

	For the previous fiscal year (from April 1, 2020 to March 31, 2021)	For the fiscal year under review (from April 1, 2021 to March 31, 2022)
Net assets per share	¥2,146.30	¥2,343.01
Basic earnings per share	¥167.05	¥251.13

(Notes) 1. Diluted earnings per share are not shown because there are no potential shares with dilutive effects.  
2. Basis for calculation of basic earnings per share

	For the previous fiscal year (from April 1, 2020 to March 31, 2021)	For the fiscal year under review (from April 1, 2021 to March 31, 2022)
Profit attributable to owners of parent (thousand yen)	1,364,866	2,051,894
Amount not attributable to common shareholders (thousand yen)	—	—
Profit attributable to owners of parent related to common shares (thousand yen)	1,364,866	2,051,894
Average number of common shares during the period (shares)	8,170,575	8,170,561

(Significant Subsequent Events)

Not applicable.

#### 4. Others

##### (1) Overview of Production, Orders Received and Sales

###### 1) Production Performance

The table below shows production performance by segment in the fiscal year under review.

Segment name	Production performance (thousand yen)	Year-on-year change (%)
All segments	4,727,569	121.1

- (Notes)
1. As the Group's products are difficult to classify into specific segments, production performance is represented collectively.
  2. Amounts are based on sales price.
  3. Consumption taxes, etc. are not included in the amounts shown above.

###### 2) Status of Orders Received

The table below shows orders received by segment in the fiscal year under review.

Segment name	Orders received (thousand yen)	Year-on-year change (%)	Order backlog (thousand yen)	Year-on-year change (%)
Steel and Iron	11,432,420	–	1,481,295	–
Automobile	8,434,634	–	1,186,907	–
Electronics and Semiconductor	5,866,859	–	224,986	–
Rubber and Tire	2,718,912	–	619,881	–
Machine Tool	1,959,822	–	130,812	–
High-performance Material	1,854,551	–	420,845	–
Environment	1,960,136	–	560,857	–
Paper Pulp	846,206	–	11,730	–
Other	5,765,243	–	462,209	–
Total	40,838,787	–	5,099,525	–

- (Notes)
1. Amounts are based on sales price.
  2. Consumption taxes, etc. are not included in the amounts shown above.
  3. The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year under review. Therefore, the orders received and order backlog compared to the actual results for the fiscal year ended March 31, 2021 before the application of the said accounting standards, etc. are not shown in the table above.



### 3) Sales Performance

The table below shows sales performance by segment in the fiscal year under review.

Segment name	Sales performance (thousand yen)	Year-on-year change (%)
Steel and Iron	11,328,618	–
Automobile	8,006,404	–
Electronics and Semiconductor	5,840,577	–
Rubber and Tire	2,673,901	–
Machine Tool	1,874,777	–
High-performance Material	1,737,704	–
Environment	1,944,166	–
Paper Pulp	864,096	–
Other	5,699,301	–
Total	39,969,548	–

(Notes) 1. Inter-segment transactions are offset and eliminated.

2. Sales by major customer and ratio of such sales to total sales:

Customer	Previous fiscal year		Fiscal year under review	
	Sales performance (thousand yen)	Ratio (%)	Sales performance (thousand yen)	Ratio (%)
NIPPON STEEL CORPORATION	4,945,492	13.7	5,226,405	13.1

3. Consumption taxes, etc. are not included in the amounts shown above.

4. The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year under review. Therefore, the sales performance compared to the actual results for the fiscal year ended March 31, 2021 before the application of the said accounting standards, etc. is not shown in the table above.