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

May 10, 2022

Company name: TERAOKA SEISAKUSHO CO.,LTD.

Stock exchange listing: Tokyo

Code number: 4987

URL: <https://www.teraokatape.co.jp>

Representative: Kenichi Tsuji

Representative Director & President

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Director

Phone: 03-3491-1141

Scheduled date of Annual 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 briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: No

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	22,515	3.9	134	4.7	370	50.7	162	78.8
March 31, 2021	21,662	(5.4)	128	24.2	245	415.3	91	(39.1)

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥ 398 million [(69.6)%]
Fiscal year ended March 31, 2021: ¥ 1,309 million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended March 31, 2022	Yen 6.42	Yen -	% 0.6	% 1.0	% 0.6
March 31, 2021	3.59	-	0.3	0.7	0.6

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2022: ¥ - million
Fiscal year ended March 31, 2021: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of March 31, 2022	Million yen 37,443	Million yen 29,089	% 77.7	Yen 1,148.34
March 31, 2021	37,033	29,046	78.4	1,146.61

(Reference) Equity: As of March 31, 2022: ¥ 29,089 million
As of March 31, 2021: ¥ 29,046 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 the end of period
Fiscal year ended March 31, 2022	Million yen (57)	Million yen (3,187)	Million yen 109	Million yen 4,813
March 31, 2021	2	(1,536)	77	7,780

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	%	%
March 31, 2021	-	3.00	-	9.00	12.00	303	334.0	1.1
March 31, 2022	-	5.00	-	5.00	10.00	253	155.7	0.9
Fiscal year ending								
March 31, 2023 (Forecast)	-	5.00	-	5.00	10.00		-	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2021 :

Ordinary dividend 5 yen

Commemorative dividend 4 yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to shareholders of the parent company		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	10,300	(5.5)	50	(59.3)	110	(46.3)	280	387.3	11.05
Full year	23,200	3.0	520	285.3	520	40.4	590	262.5	23.29

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (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):

March 31, 2022: 26,687,955 shares

March 31, 2021: 26,687,955 shares

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

March 31, 2022: 1,355,908 shares

March 31, 2021: 1,355,435 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2022: 25,332,253 shares

Fiscal Year ended March 31, 2021: 25,332,616 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to 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	22,076	3.6	455	20.8	756	29.8	555	18.1
March 31, 2021	21,311	(5.3)	377	107.6	583	108.0	470	17.8

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	21.94	-
March 31, 2021	18.58	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2022	35,889	28,731	80.1	1,134.18
March 31, 2021	35,861	28,571	79.7	1,127.86

(Reference) Equity: As of March 31, 2022: ¥ 28,731 million
As of March 31, 2021: ¥ 28,571 million

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1. Overview of Operating Results, etc.

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

With regard to the Japanese economy in the fiscal year ended March 31, 2022, as COVID-19 infections again began increasing with the highly infectious Omicron variant, a sense of stagnation grew stronger, especially in the manufacturing sector, due in part to the rising business-to-business prices attributed to soaring resource prices and the historically low yen caused by factors including the U.S.-Japan interest rate differential. Looking to the global economy, there was concern that the pace of economic growth would slow due to such factors as rising resource prices and apparent supply chain jams, as well as geopolitical risks and energy supply apprehensions resulting from Russia's invasion of Ukraine. In addition, concerns of a slowdown were also widespread with regard to the economy of China, a chief sales market for the Group, due to successive lockdowns in its major cities as well as worsened real estate market conditions.

Within the context of this economic environment, the Group's net sales fell slightly below target but were largely in line with the Group's initial plan. Operating profit, however, was substantially below target. This was primarily due to the market prices of resources such as domestic naphtha and crude oil soaring to around double that were originally anticipated, resulting in increased costs centering on raw materials and fuel prices. An additional factor was an inability to eliminate valuation losses on long-term inventories due to continuing poor sales and other issues in China.

The Company's primary activities consisted of formulating the third medium-term business plan, which spans five years (April 2021 to March 2026) and ends in fiscal 2025; proactively carrying out business and R&D activities; and striving to further reform and improve productivity, such as by revising all operations across the entire Group of the Company from the ground up. In addition, the Company worked on commercializing ACULAH®, a vulcanized adhesive film leveraging the Company's core technologies, as part of creating new business via new derivative new businesses as advocated in the medium-term business plan. Moreover, the Company also began production on a new, integrated production line for high-performance tapes at the Ibaraki plant as part of its efforts and work on effective utilization of its real estate as well.

As a result, net sales for the fiscal year under review were 22,515 million yen (up 3.9% year on year). Operating profit was 134 million yen (up 4.7% year on year). Ordinary profit was 370 million yen (up 50.7% year on year) due to the recording of foreign exchange gains of 176 million yen, and net profit attributable to shareholders of the parent company was 162 million yen (up 78.8% year on year).

The Group engages in the manufacture and sale of adhesive tapes. Net sales by product category are as presented below.

(Packing tapes)

Due to the stay-at-home demand reaching saturation, home improvement store demand remained sluggish. However, thanks to a recovery in export trade, the category's net sales were 2,937 million yen (up 0.8% year on year).

(Electrical insulation and electronic equipment tapes)

Due to the impact of the semiconductor shortage, tapes for mobile devices remained sluggish. However, thanks to the strong demand for electronic equipment tapes, the category's net sales were 12,199 million yen (up 3.8% year on year).

(Other industrial tapes)

Home improvement store-oriented polyethylene cloth tapes remained sluggish. However, thanks to a recovery in office, infrastructure, and construction demand, the category's net sales were 7,378 million yen (up 5.4% year on year).

(Reference) Sales performance

(Million yen)

Adhesive tape business by category	For the fiscal year ended March 31, 2021		For the fiscal year ended March 31, 2022		Year-on-year change	
	Net sales	Composition ratio	Net sales	Composition ratio	Net sales change	Percentage change
Packing tapes	[136] 2,913	13.5%	[268] 2,937	13.0%	23	+0.8%
Electrical insulation and electronic equipment tapes	[5,751] 11,747	54.2%	[6,063] 12,199	54.2%	451	+3.8%
Other industrial tapes	[223] 7,000	32.3%	[344] 7,378	32.8%	377	+5.4%
Total	[6,111] 21,662	100.0%	[6,675] 22,515	100.0%	853	+3.9%

(Note) Figures in brackets [] indicate overseas net sales.

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

Total assets at the end of the fiscal year under review were 37,443 million yen, up 1.1% from the end of the previous fiscal year.

Current assets were 18,202 million yen, down 10.2% from the end of the previous fiscal year. This was primarily due to a decrease

in cash and deposits accompanying capital investment.

Non-current assets were 19,240 million yen, up 14.9% from the end of the previous fiscal year. This was primarily due to the building of the new, integrated production line for high-performance tapes at the Ibaraki plant.

Total liabilities at the end of the fiscal year under review were 8,353 million yen, up 4.6% from the end of the previous fiscal year.

Current liabilities were 6,341 million yen, down 0.6% from the end of the previous fiscal year. This was primarily due to a decrease in notes and accounts payable - trade.

Non-current liabilities were 2,012 million yen, up 25.4% from the end of the previous fiscal year. This was primarily due to an increase in long-term borrowings.

Total net assets at the end of the fiscal year under review were 29,089 million yen, up 0.1% from the end of the previous fiscal year. This was primarily due to an increase in foreign currency translation adjustment.

As a result of the above, the capital adequacy ratio was 77.7%. (78.4% at the end of the previous fiscal year).

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

Cash and cash equivalents (hereinafter “cash”) at the end of the fiscal year under review were 4,813 million yen, down 2,967 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Significantly impacted by an increase in inventory, net cash used in operating activities was 57 million yen (2 million yen provided in the previous fiscal year).

(Cash flows from investing activities)

Net cash used in investing activities was 3,187 million yen (1,536 million yen used in the previous fiscal year). This was primarily due to purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash provided by financing activities was 109 million yen (77 million yen provided in the previous fiscal year). This was primarily due to conducting borrowings for the acquisition of some non-current assets.

(4) Future Outlook

The domestic and global economies going forward are expected to remain in their current, uncertain states due to the extended impact of COVID-19 and concerns over soaring resource prices and sudden exchange rate fluctuations.

Regarding the consolidated full-year financial results forecast for the fiscal year ending March 31, 2023, by carrying out business, production, and R&D activities that contribute to both further development of current business and research and development of new business, the Company expects to record net sales of 23,200 million yen, operating profit of 520 million yen, ordinary profit of 520 million yen, and net profit attributable to shareholders of the parent company of 590 million yen.

2. Basic Policy on Selection of Accounting Standards

Taking into consideration the comparability between consolidated financial statement periods and comparability between businesses, the policy of the Group is to prepare financial statements in accordance with the generally accepted accounting principles in Japan for the time being.

Concerning the application of the International Financial Reporting Standards, the Group’s policy is to take into consideration all domestic and international circumstances going forward and respond accordingly.

3.Consolidated Financial Statements

(1)Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of March 31,2022
Assets		
Current assets		
Cash and deposits	8,466	5,470
Notes and accounts receivable - trade	5,891	5,627
Electronically recorded monetary claims - operating	1,165	1,426
Merchandise and finished goods	2,361	2,470
Work in process	1,076	1,322
Raw materials and supplies	844	1,165
Other	484	728
Allowance for doubtful accounts	(8)	(9)
Total current assets	20,281	18,202
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,236	14,735
Accumulated depreciation	(8,736)	(9,132)
Buildings and structures, net	3,500	5,603
Machinery, equipment and vehicles	20,448	23,008
Accumulated depreciation	(18,099)	(18,646)
Machinery, equipment and vehicles, net	2,348	4,361
Land	4,039	4,098
Leased assets	269	269
Accumulated depreciation	(76)	(94)
Leased assets, net	193	175
Construction in progress	1,996	177
Other	2,345	2,303
Accumulated depreciation	(1,894)	(1,865)
Other, net	450	438
Total property, plant and equipment	12,528	14,854
Intangible assets	113	397
Investments and other assets		
Investment securities	2,956	2,870
Deferred tax assets	18	5
Retirement benefit asset	939	979
Other	194	133
Total investments and other assets	4,109	3,988
Total non-current assets	16,751	19,240
Total assets	37,033	37,443

(Million yen)

	As of March 31,2021	As of March 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,426	1,250
Electronically recorded obligations - operating	2,319	2,456
Short-term borrowings	120	60
Lease liabilities	19	19
Income taxes payable	92	159
Accrued expenses	556	485
Other	1,846	1,909
Total current liabilities	6,381	6,341
Non-current liabilities		
Long-term borrowings	179	724
Lease liabilities	190	171
Deferred tax liabilities	464	407
Provision for repairs	-	1
Provision for environmental measures	74	-
Retirement benefit liability	75	77
Asset retirement obligations	504	508
Long-term accounts payable - other	56	56
Other	59	65
Total non-current liabilities	1,605	2,012
Total liabilities	7,986	8,353
Net assets		
Shareholders' equity		
Share capital	5,057	5,057
Capital surplus	4,643	4,643
Retained earnings	17,824	17,632
Treasury shares	(462)	(462)
Total shareholders' equity	27,062	26,870
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,140	1,098
Foreign currency translation adjustment	262	622
Remeasurements of defined benefit plans	581	497
Total accumulated other comprehensive income	1,983	2,219
Total net assets	29,046	29,089
Total liabilities and net assets	37,033	37,443

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Net sales	21,662	22,515
Cost of sales	16,733	17,704
Gross profit	4,928	4,810
Selling, general and administrative expenses	4,799	4,675
Operating profit	128	134
Non-operating income		
Interest income	9	2
Dividend income	81	72
Foreign exchange gains	83	435
Insurance claim income	18	-
Other	35	96
Total non-operating income	228	606
Non-operating expenses		
Interest expenses	0	3
Commission expenses	67	259
Anniversary project cost	13	-
Other	30	108
Total non-operating expenses	111	371
Ordinary profit	245	370
Extraordinary income		
Gain on sale of investment securities	174	3
Reversal of provision for environmental measures	217	-
Total extraordinary income	392	3
Extraordinary losses		
Asset retirement obligation expense	195	-
Loss on retirement of non-current assets	140	-
Total extraordinary losses	336	-
Profit before income taxes	302	373
Income taxes - current	139	184
Income taxes - deferred	71	26
Total income taxes	211	211
Profit	91	162
Profit attributable to non-controlling interests	-	-
Profit attributable to shareholders of the parent company	91	162

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Profit	91	162
Other comprehensive income		
Valuation difference on available-for-sale securities	376	(41)
Foreign currency translation adjustment	124	360
Remeasurements of defined benefit plans, net of tax	717	(83)
Total other comprehensive income	1,218	235
Comprehensive income	1,309	398
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of the parent company	1,309	398
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2021

(Million yen)

	Shareholders' equity				Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of period	5,057	4,643	17,935	(462)	27,174
Changes during period					
Dividends of surplus			(202)		(202)
Profit attributable to shareholders of the parent company			91		91
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(111)	(0)	(111)
Balance at end of period	5,057	4,643	17,824	(462)	27,062

	Accumulated other comprehensive income				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	763	137	(136)	764	27,939
Changes during period					
Dividends of surplus					(202)
Profit attributable to shareholders of the parent company					91
Purchase of treasury shares					(0)
Net changes in items other than shareholders' equity	376	124	717	1,218	1,218
Total changes during period	376	124	717	1,218	1,107
Balance at end of period	1,140	262	581	1,983	29,046

For the fiscal year ended March 31,2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,057	4,643	17,824	(462)	27,062
Changes during period					
Dividends of surplus			(354)		(354)
Profit attributable to shareholders of the parent company			162		162
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(191)	(0)	(192)
Balance at end of period	5,057	4,643	17,632	(462)	26,870

	Accumulated other comprehensive income				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	1,140	262	581	1,983	29,046
Changes during period					
Dividends of surplus					(354)
Profit attributable to shareholders of the parent company					162
Purchase of treasury shares					(0)
Net changes in items other than shareholders' equity	(41)	360	(83)	235	235
Total changes during period	(41)	360	(83)	235	43
Balance at end of period	1,098	622	497	2,219	29,089

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from operating activities		
Profit before income taxes	302	373
Depreciation	838	1,086
Asset retirement obligation expense	195	-
Loss on retirement of non-current assets	143	6
Loss (gain) on sale of investment securities	(174)	(3)
Increase (decrease) in allowance for doubtful accounts	(1)	0
Increase (decrease) in provision for environmental measures	(241)	(74)
Increase (decrease) in retirement benefit liability	66	(158)
Interest and dividend income	(91)	(74)
Interest expenses	0	3
Foreign exchange losses (gains)	(43)	(263)
Decrease (increase) in trade receivables	(303)	28
Decrease (increase) in inventories	(430)	(621)
Increase (decrease) in trade payables	(142)	(65)
Increase (decrease) in accrued consumption taxes	(74)	(338)
Other, net	(31)	95
Subtotal	11	(5)
Interest and dividends received	91	74
Interest paid	(0)	(3)
Income taxes refund (paid)	(99)	(123)
Net cash provided by (used in) operating activities	2	(57)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,733)	(2,986)
Payments for retirement of property, plant and equipment	(10)	(1)
Proceeds from sale of property, plant and equipment	3	-
Proceeds from earnest related sales of property, plant and equipment	-	18
Purchase of intangible assets	(52)	(321)
Purchase of investment securities	(2)	(4)
Proceeds from sale of investment securities	315	17
Decrease (increase) in time deposits	(55)	89
Net cash provided by (used in) investing activities	(1,536)	(3,187)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	120	(82)
Proceeds from long-term borrowings	180	570
Repayments of long-term borrowings	-	(3)
Dividends paid	(202)	(354)
Purchase of treasury shares	(0)	(0)
Other, net	(19)	(19)
Net cash provided by (used in) financing activities	77	109
Effect of exchange rate change on cash and cash equivalents	44	168
Net increase (decrease) in cash and cash equivalents	(1,411)	(2,967)
Cash and cash equivalents at beginning of period	9,192	7,780
Cash and cash equivalents at end of period	7,780	4,813

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition and other standards)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter “Revenue Recognition Standard”) and other standards from the beginning of the fiscal year under review. The Company recognizes revenue when the control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for the good or service.

Accordingly, sales rebates were previously treated as selling, general and administrative expenses, but this has been changed to a method of estimating the amount of the variable portion of the transaction consideration and including this in the transaction price only for those portions for which there is a high likelihood that a significant reduction in the recognized revenue will not occur. In addition, with regard to buy-and-sell transactions, previously, extinguishment was recognized for products supplied at cost by the Company, but in cases where there is an obligation to purchase back the supplied products, this has been changed to a method of not recognizing extinguishment of those supplied products.

The Company applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard, but this does not impact the beginning balance of retained earnings. However, the Company applies the method provided for in Paragraph 86 of the Revenue Recognition Standard and does not retrospectively apply the new accounting policies to contracts for which substantially all revenue amounts had been recognized prior to the beginning of the fiscal year under review in accordance with the previous treatment.

As a result of this change, net sales for the fiscal year under review decreased 74 million yen. However, as selling, general and administrative expenses decreased by the same amount as the decrease in net sales, this did not affect operating profit, ordinary profit, or profit before income taxes.

(Application of the Accounting Standard for Fair Value Measurement and Other Standards)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”) and other standards from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided for in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This did not affect the consolidated financial statements.

(Segment information, etc.)

As the Group’s business consists of a single segment, manufacture and sale of adhesive tapes, segment information is omitted.

(Per share information)

Net assets per share, and basic earnings per share with the basis for calculation are as follows.

	As of March 31, 2021	As of March 31, 2022
(1) Net assets per share	¥1,146.61	¥1,148.34

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
(2) Basic earnings per share	¥3.59	¥6.42
(Calculation basis)		
Profit attributable to shareholders of the parent company on consolidated statements of income (Million yen)	91	162
Profit not attributable to common shareholders (Million yen)	–	–
Profit attributable to shareholders of the parent company related to common stock (Million yen)	91	162
Average number of shares of common stock during the period (Shares)	25,332,616	25,332,253

(Note) Diluted profit per share is not presented because there are no potential shares.

(Significant subsequent events)

Transfer of non-current assets

The Company transferred non-current assets as per the following on April 15, 2022.

(1) Reason for transfer of non-current assets

In order to effectively utilize management resources

(2) Overview of transferred assets

Type Land, etc.

Location Higashi-Yodogawa-ward, Osaka City, Osaka

(3) Date of transfer agreement

March 30, 2022

(4) Date of transfer

April 15, 2022

(5) Transferee

Per an agreement with the transferee, the Company will refrain from announcing the transferee. There are no capital, personal, or business relationships between the transferee and the Group, and the transferee is not a related party of the Group.

(6) Effect on profits and losses of relevant events

Due to this transfer of non-current assets, the Company plans to record 150 million yen in gain on sale of non-current assets under extraordinary income in the following consolidated fiscal year.