

CONSOLIDATED FINANCIAL STATEMENTS

 **SOSHIN ELECTRIC CO., LTD.**

CONSOLIDATED BALANCE SHEETS

UNIT : 1000yen

ITEM	As of 31-Mar-20	As of 31-Mar-21	Difference
Assets			
Current assets			
Cash and deposits	1,201,221	2,313,352	1,112,131
Notes and accounts receivable - trade	2,703,841	2,995,225	291,384
Electronically recorded monetary claims - operating	614,531	731,486	116,955
Merchandise and finished goods	280,443	266,184	(14,259)
Work in process	343,665	395,850	52,185
Raw materials and supplies	617,640	727,203	109,563
Other	114,353	120,692	6,339
Allowance for doubtful accounts	(2,383)	(2,483)	(100)
Total current assets	5,873,311	7,547,509	1,674,198
Non-current assets			
Property, plant and equipment			
Buildings and structures	4,616,297	4,838,544	222,247
Accumulated depreciation and impairment loss	(3,705,156)	(3,767,622)	(62,466)
Buildings and structures, net	911,141	1,070,922	159,781
Machinery, equipment and vehicles	7,325,612	7,303,555	(22,057)
Accumulated depreciation and impairment loss	(6,649,070)	(6,715,893)	(66,823)
Machinery, equipment and vehicles, net	676,542	587,662	(88,880)
Land	853,379	853,379	0
Construction in progress	31,796	163,172	131,376
Other	644,027	633,296	(10,731)
Accumulated depreciation and impairment loss	(551,640)	(521,880)	29,760
Other, net	92,387	111,416	19,029
Total property, plant and equipment	2,565,245	2,786,551	221,306
Intangible assets	93,743	70,221	(23,522)
Investments and other assets			
Investment securities	87,057	99,938	12,881
Retirement benefit asset	2,681,892	3,667,660	985,768
Deferred tax assets	10,695	53,980	43,285
Other	115,302	107,216	(8,086)
Allowance for doubtful accounts	(4,489)	(4,489)	0
Total investments and other assets	2,890,457	3,924,305	1,033,848
Total non-current assets	5,549,445	6,781,077	1,231,632
Total assets	11,422,756	14,328,586	2,905,830
Liabilities			
Current liabilities			
Notes and accounts payable - trade	460,386	554,048	93,662
Electronically recorded obligations - operating	299,309	355,756	56,447
Accounts payable - other	205,088	321,173	116,085
Income taxes payable	38,563	39,294	731
Provision for bonuses	299,379	281,636	(17,743)
Provision for bonuses for directors (and other officers)	1,000	4,360	3,360
Other	166,703	374,301	207,598
Total current liabilities	1,470,428	1,930,568	460,140
Non-current liabilities			
Convertible bond type bonds with subscription rights to shares	-	1,500,000	1,500,000
Retirement benefit liability	87,037	91,621	4,584
Provision for retirement benefits for directors (and other officers)	50,808	58,033	7,225
Deferred tax liabilities	819,002	995,755	176,753
Total non-current liabilities	956,847	2,645,409	1,688,562
Total liabilities	2,427,275	4,575,977	2,148,702
Net assets			
Shareholders' equity			
Share capital	3,806,750	3,806,750	0
Capital surplus	3,788,426	3,788,426	0
Retained earnings	1,872,507	1,953,057	80,550
Treasury shares	(950)	(953)	(3)
Total shareholders' equity	9,466,733	9,547,280	80,547
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	5,996	12,197	6,201
Foreign currency translation adjustment	(230,779)	(229,955)	824
Remeasurements of defined benefit plans	(246,469)	423,087	669,556
Total accumulated other comprehensive income	(471,252)	205,329	676,581
Total net assets	8,995,481	9,752,609	757,128
Total liabilities and net assets	11,422,756	14,328,586	2,905,830

CONSOLIDATED STATEMENT OF INCOME

UNIT : 1000yen

ITEMS	Year Ended 31-Mar-20	Year Ended 31-Mar-21	Difference
Net sales	8,916,236	9,562,741	646,505
Cost of sales	6,935,307	7,146,075	210,768
Gross profit	1,980,929	2,416,666	435,737
Selling, general and administrative expenses	2,419,006	2,329,170	(89,836)
Operating profit (loss)	(438,077)	87,496	525,573
Non-operating income			
Interest income	2,302	618	(1,684)
Dividend income	4,692	4,031	(661)
Subsidy income	3,543	12,079	8,536
Other	9,557	16,459	6,902
Total non-operating income	20,094	33,187	13,093
Non-operating expenses			
Interest on bonds	—	2,042	2,042
Bond issuance cost	—	25,544	25,544
Foreign exchange losses	4,350	6,244	1,894
TOB related expenses	—	40,397	40,397
Donation for disaster relief	10,000	—	(10,000)
Other	2,446	2,628	182
Total non-operating expenses	16,796	76,855	60,059
Ordinary profit (loss)	(434,779)	43,828	478,607
Extraordinary income			
Gain on sales of non-current assets	436	576	140
Gain on sales of investment securities	12,133	—	(12,133)
Total extraordinary income	12,569	576	(11,993)
Extraordinary losses			
Loss on retirement of non-current assets	4,092	4,861	769
Extra retirement payments	32,182	—	(32,182)
Legal fee	128,036	29,766	(98,270)
Impairment loss	10,971	—	(10,971)
Total extraordinary losses	175,281	34,627	(140,654)
Profit (loss) before income taxes	(597,491)	9,777	607,268
Income taxes - current	14,113	25,513	11,400
Income taxes - deferred	225,854	(158,679)	(384,533)
Total income taxes	239,967	(133,166)	(373,133)
Profit (loss)	(837,458)	142,943	980,401
Profit (loss) attributable to owners of parent	(837,458)	142,943	980,401

SOSHIN ELECTRIC CO., LTD.

CONSOLIDATED STATEMENTS OF CASH FLOW

UNIT : 1000yen

ITEMS	Year Ended 31-Mar-20	Year Ended 31-Mar-21
Cash flows from operating activities		
Profit (loss) before income taxes	(597,491)	9,777
Depreciation	395,170	377,885
Impairment loss	10,971	—
Increase (decrease) in allowance for doubtful accounts	6,872	100
Legal fee	128,036	29,766
Bond issuance cost	—	25,544
TOB related expenses	—	40,397
Increase (decrease) in provision for bonuses	(26,341)	(17,786)
Increase (decrease) in provision for bonuses for directors (and other officers)	(4,080)	3,360
Interest and dividend income	(6,994)	(4,649)
Interest on bonds	—	2,042
Loss (gain) on sales of investment securities	(12,133)	—
Loss (gain) on sales of non-current assets	(436)	(576)
Loss on retirement of non-current assets	4,092	4,861
Decrease (increase) in trade receivables	284,643	(405,600)
Decrease (increase) in inventories	127,037	(145,657)
Increase (decrease) in trade payables	115,566	148,658
Decrease (increase) in retirement benefit asset	(135,804)	(26,656)
Increase (decrease) in retirement benefit liability	4,533	4,584
Increase (decrease) in provision for retirement benefits for directors (and other officers)	11,724	7,225
Other, net	(94,239)	(53,659)
Subtotal	211,126	(384)
Interest and dividends received	6,994	4,649
Interest paid	—	(2,042)
Income taxes paid	(16,559)	(19,451)
Legal fee paid	(152,425)	(28,341)
Tob related expenses paid	—	(8,634)
Net cash provided by (used in) operating activities	49,136	(54,203)
Cash flows from investing activities		
Purchase of property, plant and equipment	(363,482)	(236,249)
Proceeds from sales of property, plant and equipment	436	650
Purchase of intangible assets	(76,435)	(11,196)
Purchase of investment securities	(2,453)	(4,099)
Proceeds from sales of investment securities	30,006	—
Other, net	9,435	4,750
Net cash provided by (used in) investing activities	(402,493)	(246,144)
Cash flows from financing activities		
Proceeds from issuance of convertible bond type bonds with subscription rights to shares	—	1,474,456
Purchase of treasury shares	—	(3)
Dividends paid	(93,591)	(62,394)
Net cash provided by (used in) financing activities	(93,591)	1,412,059
Effect of exchange rate change on cash and cash equivalents	(23,623)	419
Net increase (decrease) in cash and cash equivalents	(470,571)	1,112,131
Cash and cash equivalents at beginning of period	1,671,792	1,201,221
Cash and cash equivalents at end of period	1,201,221	2,313,352

SOSHIN ELECTRIC CO., LTD.