

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 10, 2022

Company name: AIPHONE CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 6718 URL <https://www.aiphone.co.jp/>
 Representative: President Koji Kato
 Executive Officer, General Manager, Tomio Suzuki TEL 052-228-8181
 Corporate Planning Department
 Inquiries: Executive Officer, General Manager, Tomio Suzuki TEL 052-228-8181
 Corporate Planning Department
 Scheduled date of ordinary general meeting of shareholders: June 29, 2022
 Scheduled date to file Securities Report: June 30, 2022
 Scheduled date to commence dividend payments: June 30, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	51,991	12.7	5,538	52.9	5,931	60.6	4,226	40.5
Year ended March 31, 2021	46,141	(4.9)	3,622	27.8	3,693	27.6	3,007	26.8

Note: Comprehensive income Year ended March 31, 2022 ¥4,782 million [(2.9)%]
 Year ended March 31, 2021 ¥4,926 million [207.0%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	258.64	–	7.8	8.9	10.7
Year ended March 31, 2021	184.00	–	6.0	6.0	7.9

Note: As the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ended March 31, 2022, each figure presented above are figures after the application of the said standard.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	69,453	55,929	80.5	3,422.87
As of March 31, 2021	63,829	52,270	81.9	3,198.52

Reference: Equity As of March 31, 2022 ¥55,929 million
 As of March 31, 2021 ¥52,270 million

Note: As the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ended March 31, 2022, each figure presented above are figures after the application of the said standard.

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	1,872	3,729	(1,332)	22,577
Year ended March 31, 2021	3,115	(1,296)	(939)	17,998

Note: As the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ended March 31, 2022, each figure presented above are figures after the application of the said standard.

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	–	25.00	–	40.00	65.00	1,062	35.3	2.1
Year ended March 31, 2022	–	35.00	–	56.00	91.00	1,486	35.2	2.7
Year ending March 31, 2023 (Forecast)	–	40.00	–	40.00	80.00		62.3	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	21,500	(15.1)	200	(93.9)	300	(91.3)	200	(92.8)	12.24
Full year	49,500	(4.8)	2,500	(54.9)	2,800	(52.8)	2,100	(50.3)	128.52

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2022	18,220,000 shares	As of March 31, 2021	18,220,000 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2022	1,879,987 shares	As of March 31, 2021	1,877,971 shares
----------------------	------------------	----------------------	------------------

Average number of shares during the period

Year ended March 31, 2022	16,340,488 shares	Year ended March 31, 2021	16,342,501 shares
---------------------------	-------------------	---------------------------	-------------------

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Explanation of proper use of financial results forecast, and other special matters

The forward-looking statements, including the financial results forecast shown in this document, are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. As such, they do not constitute guarantees by the Company of future performance. Actual performance and other results may differ materially due to various factors.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	19,773	23,649
Notes and accounts receivable - trade	8,949	–
Notes receivable - trade	–	676
Electronically recorded monetary claims - operating	2,682	3,280
Accounts receivable - trade	–	7,653
Contract assets	–	41
Securities	595	689
Finished goods	4,694	6,103
Work in process	1,764	1,824
Raw materials	4,391	8,241
Other	361	421
Allowance for doubtful accounts	(34)	(36)
Total current assets	43,177	52,545
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,104	6,231
Accumulated depreciation	(4,363)	(4,499)
Buildings and structures, net	1,740	1,732
Machinery, equipment and vehicles	2,397	2,683
Accumulated depreciation	(1,426)	(1,770)
Machinery, equipment and vehicles, net	971	913
Tools, furniture and fixtures	7,537	7,892
Accumulated depreciation	(6,758)	(7,140)
Tools, furniture and fixtures, net	779	751
Land	5,005	1,534
Leased assets	385	554
Accumulated depreciation	(154)	(255)
Leased assets, net	231	298
Construction in progress	30	1
Total property, plant and equipment	8,758	5,232
Intangible assets		
Other	0	0
Total intangible assets	0	0
Investments and other assets		
Investment securities	8,517	8,019
Deferred tax assets	2,014	2,482
Other	1,362	1,173
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	11,894	11,674
Total non-current assets	20,652	16,907
Total assets	63,829	69,453

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	602	783
Accounts payable - trade	2,230	2,248
Lease liabilities	105	129
Income taxes payable	589	1,569
Contract liabilities	–	263
Provision for product warranties	618	1,013
Other	4,748	4,655
Total current liabilities	8,896	10,663
Non-current liabilities		
Lease liabilities	106	194
Deferred tax liabilities	61	82
Deferred tax liabilities for land revaluation	118	118
Retirement benefit liability	418	392
Other	1,958	2,071
Total non-current liabilities	2,663	2,859
Total liabilities	11,559	13,523
Net assets		
Shareholders' equity		
Share capital	5,388	5,388
Capital surplus	5,408	5,408
Retained earnings	41,372	44,476
Treasury shares	(3,216)	(3,217)
Total shareholders' equity	48,953	52,056
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,617	2,101
Revaluation reserve for land	(426)	(426)
Foreign currency translation adjustment	1,071	2,127
Remeasurements of defined benefit plans	54	70
Total accumulated other comprehensive income	3,317	3,873
Total net assets	52,270	55,929
Total liabilities and net assets	63,829	69,453

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	46,141	51,991
Cost of sales	25,198	28,029
Gross profit	20,942	23,962
Selling, general and administrative expenses	17,320	18,424
Operating profit	3,622	5,538
Non-operating income		
Interest income	22	14
Dividend income	136	148
Rental income from buildings	49	33
Foreign exchange gains	–	174
Royalty income	150	–
Other	83	70
Total non-operating income	442	441
Non-operating expenses		
Interest expenses	34	32
Sales discounts	248	–
Foreign exchange losses	19	–
Other	68	15
Total non-operating expenses	370	47
Ordinary profit	3,693	5,931
Extraordinary income		
Gain on sale of non-current assets	0	365
Total extraordinary income	0	365
Extraordinary losses		
Loss on sale of non-current assets	0	1
Loss on retirement of non-current assets	6	16
Loss on valuation of investment securities	–	185
Impairment losses	–	65
Total extraordinary losses	6	268
Profit before income taxes	3,687	6,028
Income taxes - current	1,043	2,080
Income taxes - deferred	(362)	(278)
Total income taxes	680	1,801
Profit	3,007	4,226
Profit attributable to owners of parent	3,007	4,226

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	3,007	4,226
Other comprehensive income		
Valuation difference on available-for-sale securities	1,040	(516)
Foreign currency translation adjustment	670	1,056
Remeasurements of defined benefit plans, net of tax	208	16
Total other comprehensive income	1,919	555
Comprehensive income	4,926	4,782
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,926	4,782

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,388	5,408	39,198	(3,216)	46,779
Cumulative effects of changes in accounting policies					–
Restated balance	5,388	5,408	39,198	(3,216)	46,779
Changes during period					
Dividends of surplus			(833)		(833)
Profit attributable to owners of parent			3,007		3,007
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,173	(0)	2,173
Balance at end of period	5,388	5,408	41,372	(3,216)	48,953

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,576	(426)	401	(153)	1,398	48,178
Cumulative effects of changes in accounting policies						–
Restated balance	1,576	(426)	401	(153)	1,398	48,178
Changes during period						
Dividends of surplus						(833)
Profit attributable to owners of parent						3,007
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	1,040	–	670	208	1,919	1,919
Total changes during period	1,040	–	670	208	1,919	4,092
Balance at end of period	2,617	(426)	1,071	54	3,317	52,270

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,388	5,408	41,372	(3,216)	48,953
Cumulative effects of changes in accounting policies			104		104
Restated balance	5,388	5,408	41,476	(3,216)	49,057
Changes during period					
Dividends of surplus			(1,225)		(1,225)
Profit attributable to owners of parent			4,226		4,226
Purchase of treasury shares				(1)	(1)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	3,000	(1)	2,999
Balance at end of period	5,388	5,408	44,476	(3,217)	52,056

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	2,617	(426)	1,071	54	3,317	52,270
Cumulative effects of changes in accounting policies						104
Restated balance	2,617	(426)	1,071	54	3,317	52,374
Changes during period						
Dividends of surplus						(1,225)
Profit attributable to owners of parent						4,226
Purchase of treasury shares						(1)
Net changes in items other than shareholders' equity	(516)	–	1,056	16	555	555
Total changes during period	(516)	–	1,056	16	555	3,555
Balance at end of period	2,101	(426)	2,127	70	3,873	55,929

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	3,687	6,028
Depreciation	981	951
Increase (decrease) in allowance for doubtful accounts	(41)	(1)
Increase (decrease) in retirement benefit liability	42	(45)
Increase (decrease) in provision for product warranties	186	394
Interest income	(22)	(14)
Dividend income	(136)	(148)
Foreign exchange losses (gains)	2	(21)
Interest expenses	34	32
Loss (gain) on valuation of investment securities	–	185
Loss (gain) on sale of property, plant and equipment	(0)	(364)
Loss on retirement of property, plant and equipment	6	16
Impairment losses	–	65
Decrease (increase) in trade receivables	(11)	249
Decrease (increase) in inventories	(1,367)	(4,771)
Increase (decrease) in trade payables	946	34
Other, net	(351)	261
Subtotal	3,954	2,852
Interest and dividends received	120	154
Interest paid	(34)	(38)
Income taxes paid	(925)	(1,096)
Net cash provided by (used in) operating activities	3,115	1,872
Cash flows from investing activities		
Payments into time deposits	(1,881)	(1,517)
Proceeds from withdrawal of time deposits	1,403	2,242
Proceeds from sale and redemption of securities	800	199
Purchase of property, plant and equipment	(682)	(555)
Proceeds from sale of property, plant and equipment	0	3,590
Purchase of investment securities	(936)	(727)
Loan advances	–	(80)
Proceeds from sale of investment property	–	577
Net cash provided by (used in) investing activities	(1,296)	3,729
Cash flows from financing activities		
Purchase of treasury shares	(0)	(1)
Repayments of lease liabilities	(105)	(105)
Dividends paid	(833)	(1,225)
Net cash provided by (used in) financing activities	(939)	(1,332)
Effect of exchange rate change on cash and cash equivalents	214	309
Net increase (decrease) in cash and cash equivalents	1,094	4,578
Cash and cash equivalents at beginning of period	16,904	17,998
Cash and cash equivalents at end of period	17,998	22,577