

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



May 12, 2022

Company name: A&D HOLON Holdings Company, Limited

(Former company name: A&D Company, Ltd.)

Stock exchange listing: Tokyo Stock Exchange

Code number: 7745

URL: <https://andholon.com/>

Representative: Yasunobu Morishima, President & CEO

Contact: Sadao Ito, Director, Managing Executive Officer in charge of Business Management HQ

Phone: +81-48-593-1590

Scheduled date of Annual General Meeting of Shareholders: June 24, 2022

Scheduled date of filing annual securities report: June 27, 2022

Scheduled date of commencing dividend payments: June 27, 2022

Availability of supplementary briefing material on annual financial results: Available

Holding of annual financial results briefing session: Yes (For Institutional Investors and Analysts)

(Amounts of less than one million yen are truncated.)

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

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to parent company shareholders	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2022	51,736	6.8	5,496	24.8	5,604	22.8	3,573	7.0
March 31, 2021	48,424	(1.6)	4,404	19.0	4,564	33.0	3,339	111.8

Note: Comprehensive income Fiscal year ended March 31, 2022: ¥4,493 million [5.3%]

Fiscal year ended March 31, 2021: ¥4,267 million [403.5%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2022	172.92	172.66	15.9	9.9	10.6
March 31, 2021	161.87	161.50	17.6	8.8	9.1

Reference: Investment gains (losses) on equity method

Fiscal year ended March 31, 2022: - million

Fiscal year ended March 31, 2021: - million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	59,239	27,041	40.8	1,167.95
As of March 31, 2021	54,119	23,387	38.4	1,007.01

Reference: Equity As of March 31, 2022: ¥24,155 million

As of March 31, 2021: ¥20,772 million

Note: The Company has applied the "Accounting Standard for Revenue Recognition" ASBJ Statement No. 29, March 31, 2020) etc. effective from the beginning of the fiscal year under review. The figures as of March 31, 2022 represent those after the application of the accounting standard, etc.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	1,782	(2,395)	(741)	11,012
March 31, 2021	5,194	(2,222)	(257)	12,129

2. Dividends

	Annual dividends					Total dividends (sum)	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, 2022	-	10.00	-	15.00	25.00	524	15.4	2.7
March 31, 2021	-	10.00	-	15.00	25.00	524	14.5	2.3
Fiscal year ending March 31, 2023 (forecast)	-	15.00	-	15.00	30.00		20.6	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period, or corresponding quarter of previous year.)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to parent company shareholders		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2nd quarter (cumulative)	24,300	1.8	1,980	(7.2)	1,920	(14.1)	1,300	(4.7)	47.40
Full period	53,800	4.0	6,000	9.2	5,870	4.7	3,990	11.6	145.48

Note: The Company delivered 6,743,808 common shares in the Company to its shareholders as of the same date as its management integration on April 1, 2022, with HOLON Co., Ltd. Basic earnings per share in the Consolidated Financial Results Forecast above is calculated to reflect the number of issued shares (excluding treasury shares) after said delivery of common shares.

* Notes:

- (1) Changes in significant subsidiaries during the period under review: No
(Changes in specified subsidiaries accompanying changes to the scope of consolidation)
New: - companies (Company name) - ; Excluded: - companies (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

Note: For details, please refer to “3. Consolidated Financial Statements and Primary Notes, (5) Notes to Consolidated Financial Statements, (Changes in accounting policies)” on page 16 of the Appendix.

(3) Total number of issued shares (common stock)

- 1) Total number of issued shares at the end of the period (including treasury stock):
March 31, 2022: 22,601,400 shares
March 31, 2021: 22,579,700 shares

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

March 31, 2022: 1,919,070 shares

March 31, 2021: 1,951,470 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2022: 20,668,842 shares

Fiscal year ended March 31, 2021: 20,628,310 shares

Note: The total number of treasury stock at the end of the period and the total number of treasury stock which has been eliminated when calculating the average number of shares during the period include the Company's shares held by Custody Bank of Japan, Ltd. (Trust E Account) as trust properties of the stock benefit trust system.

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

* Explanation of the proper use of financial results forecasts and other notes

Forward-looking statements in this document, including financial results forecasts, are based on information available and certain assumptions deemed reasonable by the Company at present, and the Company does not guarantee their achievement. Actual business results, etc., may differ significantly due to various factors. For matters regarding financial results forecasts, please refer to "1. Overview of Business Results, etc., (4) Future Outlook" on page 4 of the Appendix.

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1. Overview of Business Results, etc.

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

The economic environment surrounding A&D HOLON Holdings Company, Limited (the “Company”), and its subsidiaries (collectively, the “Group”) during the fiscal year ended March 31, 2022, in Japan saw a gradual rally in corporate and economic activities with a recovery undertone of capital investment in the manufacturing sector. These favorable trends mainly resulted from the lifting of restrictions in the autumn of 2021 that had been imposed by the fourth declared state of emergency to address the spread of COVID-19. Overseas, signs of recovery are seen in economic activity in the U.S., European countries, and China, especially leading to a high-level business recovery in the U.S. However, the situation remains uncertain due to such factors as supply chain disruptions, spikes in material prices, shipping delays caused by a shortage of containers, and soaring transportation costs against the backdrop of a worldwide shortage of semiconductors. Such circumstances had yet to improve sufficiently before being aggravated by the worsening Russia-Ukraine situation.

Amid such circumstances, the Group continued active online marketing activities while working remotely and holding meetings online to prevent the spread of infection. As we expected increases in material prices and higher transportation costs, we worked to reduce production costs and made efforts to control fixed costs.

As a result, net sales for the fiscal year ended March 31, 2022, were ¥51,736 million (up 6.8% year-on-year), operating profit was ¥5,496 million (up 24.8% year-on-year), ordinary profit was ¥5,604 million (up 22.8% year-on-year), and net profit attributable to parent company shareholders was ¥3,573 million (up 7.0% year-on-year).

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) (hereinafter, the “Revenue Recognition Standard”), etc., effective from the beginning of the fiscal year ended March 31, 2022. For details of the impact of this application on the financial position and business results, please refer to “3. Consolidated Financial Statements and Primary Notes, (5) Notes to Consolidated Financial Statements, (Changes in accounting policies) as well as (Segment information, etc.), 2. Method of measurement for the amounts of net sales, profit (loss), assets and other items for each reportable segment.”

Business results by segment are as follows.

1) Measurement and Weighing Instruments Business

In Japan, given the resumption of economic activity and the recovery of capital investment, orders increased year on year for the measurement and control simulation systems (DSP systems) business, but sales decreased. On the other hand, sales significantly increased for weighing instruments and equipment related to semiconductor products as capital expenditure-driven demand recovered and gained momentum. This, coupled with efforts to reduce costs, helped profit increase significantly from the previous fiscal year.

In the Americas, orders returned for the measurement and control simulation systems (DSP systems) business, as they did in Japan, but the impact of this on sales in this business was delayed due to such factors as a slow supply of materials, resulting in a decline in sales. Still, both sales and profit increased for the region as core weighing instruments grew, driven by a recovery in demand and new market entries, and as metal detectors and checkweighers grew.

In Europe, sales remained solid and profit grew significantly, driven by the expanded sales regions and improved sales networks for weighing instruments.

In Asia and Oceania, both sales and profit increased, driven by a demand spike for the jewelry market in India and the recovery of economic activity in Australia and South Korea.

As a result, net sales in the measurement and weighing instruments business were ¥30,201 million (up 13.3% year-on-year) and operating profit was ¥3,536 million (up 108.9% year-on-year).

2) Medical and Healthcare Business

In Japan, both sales and profit declined as the distribution of contactless thermometers, for which demand

spiked due to the expansion of the COVID-19 infection, leveled off, and several products were affected by supply chain disruptions.

In the Americas, shipments remained steady for a large-scale project in the U.S. and increased demand for telemedicine service led to an increase in sales of blood pressure monitors and body weight scales with transmission modules. However, profit decreased due to the considerable impact of soaring transportation costs.

In Europe, both sales and profit remained steady mainly due to the continued popularity of online shopping and a large-scale project for 24-hour wearable blood pressure monitors in the UK, as well as favorable sales of blood pressure monitors and thermometers in Russia.

In Asia and Oceania, both sales and profit remained steady although the business scale was small.

As a result, net sales in the medical and healthcare business were ¥21,534 million (down 1.0% year-on-year) and operating profit was ¥3,911 million (down 15.1% year-on-year).

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

Total assets as of March 31, 2022, were ¥59,239 million, an increase of ¥5,119 million compared to the end of the previous fiscal year. This was attributable to an increase of ¥3,918 million in current assets primarily centered on inventories, as we took measures to secure materials in advance in response to a tight supply of components, in addition to an increase of ¥1,201 million in fixed assets mainly resulting from the construction of a new office building at HOLON Co., Ltd., centering on buildings and structures.

Total liabilities as of March 31, 2022, were ¥32,198 million, an increase of ¥1,466 million compared to the end of the previous fiscal year. This was primarily due to an increase of ¥1,614 million in current liabilities resulting from increases of trade payables and short-term borrowings as we took measures to secure materials in advance.

Net assets as of March 31, 2022, were ¥27,041 million, an increase of ¥3,653 million compared to the end of the previous fiscal year. This was primarily attributable to an increase of ¥2,872 million in shareholders' equity due to net profit attributable to parent company shareholders, etc.

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

Cash and cash equivalents (hereinafter referred to as "cash") as of March 31, 2022, amounted to ¥11,012 million (down 9.2% year-on-year), resulting from ¥1,782 million provided by operating activities, ¥2,395 million used in investing activities, ¥741 million used in financing activities, and ¥237 million in effect of exchange rate change on cash and cash equivalents.

Overview of Cash Flows as of March 31, 2022, and the factors are as follows.

1) Cash flows from operating activities

Net cash provided by operating activities amounted to ¥1,782 million (down 65.7% year-on-year). This is mainly attributable to ¥1,597 million in corporate taxes paid and an increase of ¥1,397 million in trade receivables, in addition to an increase of ¥3,154 million in inventories resulting from our effort to secure materials in advance in response to a tight supply of components, while ¥5,532 million in profit before taxes, ¥1,604 million in depreciation and an increase of ¥458 million in trade payables.

2) Cash flows from investing activities

Net cash used in investing activities amounted to ¥2,395 million (up 7.8% year-on-year). This is mainly attributable to ¥2,071 million in purchase of tangible fixed assets resulting from the construction of a new office building at HOLON Co., Ltd., and ¥493 million in purchase of intangible fixed assets.

3) Cash from financing activities

Net cash used in financing activities amounted to ¥741 million (up 188.2% year-on-year). This is mainly

attributable to ¥2,823 million in proceeds from long-term borrowings, ¥3,081 million in repayments of long-term borrowings, and ¥524 million in dividends paid.

(Reference) Cash flow indicators by year

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Equity ratio (%)	33.6	33.6	34.9	38.4	40.8
Equity ratio based on fair value (%)	28.7	30.7	26.8	47.4	33.8
Ratio of interest-bearing debts to operating cash flow (year)	4.7	8.8	4.4	3.7	10.9
Interest coverage ratio (times)	21.7	9.6	18.5	30.8	12.4

Equity ratio:

Equity capital / Total assets

Equity ratio based on fair value:

Total market value of shares / Total assets

Ratio of interest-bearing debt to operating cash flow:

Interest-bearing debts / Operating cash flow

Interest coverage ratio:

Operating cash flow / Interest paid

(Note 1) The indicators were calculated using consolidated financial figures.

(Note 2) The total market value of shares was calculated based on total number of issued shares excluding treasury stock.

(Note 3) Cash flow is operating cash flow.

(Note 4) Interest-bearing debts include all debts recorded on the Consolidated Balance Sheets for which interest is paid. Interest paid is the interest expenses paid shown in the Consolidated Statements of Cash Flows.

(4) Future Outlook

The future outlook is uncertain due to concerns of sluggish economic activity, which could be affected by such negative factors as the Russia-Ukraine crisis, supply chain disruptions, accelerating global inflation, and China's lingering zero-Covid policy.

Amid such circumstances, the Group will perceive changes in social values and production structure as opportunities, and aim to strengthen its management qualities. Specifically, the Group will strive to maintain and improve business performance by strengthening profitability through improvement of various business practices including development, promoting aggressive investment in new segments and growth segments, and making efforts to implement cost reduction and efficient selling, general, and administrative expenses.

Although we forecast that sales could reduce by half and profit could considerably decline in Russia and the CIS countries for the fiscal year ending March 31, 2023, against the backdrop of the worsening Russia-Ukraine situation, the Group anticipates increases in sales and profit Group-wide, supported by sales increases in Japan, the Americas, and other regions.

1) Measurement and Weighing Instruments Business, and Semiconductor-Related Business

Regarding DSP systems, the Group aims to improve operation efficiency by strengthening cooperation with subsidiaries and reevaluate business structure to broadly contribute to the realization of a carbon-neutral society centering on the automobile industry. In addition, the Group will reach beyond in-house development and promote joint development with outside companies to actively respond to new markets and new technologies.

Regarding weighing instruments, the Group will promote product development to address changing market demands while responding to increasingly stricter standards in each country and working to expand market share.

Regarding the semiconductor-related business, the Group intends to further advance development of next-generation equipment and new products through joint development with HOLON Co., Ltd., which has become a wholly-owned subsidiary of the Company, to meet the demands of the booming semiconductor industry. In addition, the Group aims to cultivate more customers and expand business performance by pursuing Group-wide synergy effects in areas other than development as well.

2) Medical and Healthcare Business

Regarding medical instruments, the market share will be expanded for core fully automatic blood pressure monitors and 24-hour wearable blood pressure monitors and sales regions will be expanded for clinical-use body weight scales through proactive engagement with local academia such as the societies of hypertension in respective countries.

Regarding healthcare instruments, product lineups and applications for telemedicine and remote diagnosis needs driven by the COVID-19 pandemic will be expanded, while deepening cooperation with business partners and working to expand market share.

However, business performance forecasts suggest that profits will be suppressed due to anticipated rises in material costs for semiconductors and other products. Amid such circumstances, the consolidated future outlook for the next period is estimated to be ¥53,800 million in net sales, ¥6,000 million in operating profit, ¥5,870 million in ordinary profit, and ¥3,990 million in net profit attributable to parent company shareholders.

Please note that these outlooks assume an exchange rate of USD 1 = JPY 120 and RUB 1 = JPY 1.5.

2. Basic Stance Concerning Choice of Accounting Standards

Regarding the timing of application of International Financial Reporting Standards (IFRS), the Group continues discussions in consideration of the several situations.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Million yen)

	Previous Consolidated Fiscal Year (March 31, 2021)	Consolidated Fiscal Year Under Review (March 31, 2022)
Assets		
Current assets		
Cash and deposits	13,118	11,882
Notes and accounts receivable	13,108	—
Notes and accounts receivable and contract assets	—	14,114
Products	6,583	7,337
Unfinished goods	2,259	4,019
Raw materials and supplies	3,606	5,225
Other	1,453	1,440
Allowance for doubtful accounts	(100)	(73)
Total current assets	40,028	43,946
Fixed assets		
Tangible fixed assets		
Buildings and structures	8,401	10,423
Accumulated depreciation	(5,609)	(5,769)
Buildings and structures, net	2,792	4,653
Machinery, equipment and vehicles	2,205	2,443
Accumulated depreciation	(1,884)	(2,018)
Machinery, equipment and vehicles, net	320	424
Tools, furniture and fixtures	7,077	7,349
Accumulated depreciation	(6,465)	(6,684)
Tools, furniture and fixtures, net	612	665
Land	5,104	5,073
Leased assets	526	466
Accumulated depreciation	(248)	(257)
Leased assets, net	277	208
Right-of-use assets	678	797
Accumulated depreciation	(323)	(541)
Right-of-use assets, net	354	255
Construction in progress	723	100
Total tangible fixed assets	10,185	11,382
Intangible fixed assets		
Goodwill	210	123
Trademark right	25	0
Software	1,322	1,271
Other	80	81
Total intangible fixed assets	1,638	1,476
Investments, etc.		
Investment securities	164	168
Retirement benefit assets	78	101
Deferred tax assets	1,440	1,558
Other	585	607
Allowance for doubtful accounts	(2)	(2)
Total investments, etc.	2,267	2,433
Total fixed assets	14,091	15,292
Total assets	54,119	59,239

(Million yen)

	Previous Consolidated Fiscal Year (March 31, 2021)	Consolidated Fiscal Year Under Review (March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable	4,290	5,141
Short-term borrowings	11,374	12,029
Long-term borrowings to be repaid within one year	2,867	2,543
Lease obligations	295	302
Accrued corporate taxes, etc.	850	759
Contract liabilities	—	625
Provision for bonuses	1,211	1,260
Provision for product warranties	178	183
Other	3,520	3,357
Total current liabilities	24,588	26,202
Fixed liabilities		
Corporate bonds	500	500
Long-term borrowings	3,825	3,813
Lease obligations	366	185
Provision for product warranties	62	49
Retirement benefit liabilities	954	1,034
Provision for share-based remuneration for directors (and other officers)	79	83
Asset retirement obligations	29	29
Other	325	299
Total fixed liabilities	6,143	5,995
Total liabilities	30,731	32,198
Net assets		
Shareholders' equity		
Share capital	6,388	6,388
Share capital surplus	6,413	6,413
Retained earnings	11,506	14,367
Treasury shares	(1,056)	(1,044)
Total shareholders' equity	23,252	26,125
Accumulated other comprehensive income		
Unrealized gains on other marketable securities	28	26
Foreign currency translation adjustments	(2,907)	(2,278)
Accumulated adjustment on retirement benefits	399	282
Total accumulated other comprehensive income	(2,479)	(1,969)
Non-controlling interests	2,614	2,885
Total net assets	23,387	27,041
Total liabilities and net assets	54,119	59,239

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

(Million yen)

	Previous Consolidated Fiscal Year (From April 1, 2020 to March 31, 2021)	Consolidated Fiscal Year Under Review (From April 1, 2021 to March 31, 2022)
Net sales	48,424	51,736
Cost of sales	26,787	28,853
Gross profit	21,636	22,883
Selling, general and administrative expenses	17,232	17,386
Operating profit	4,404	5,496
Non-operating income		
Interest income	59	87
Dividend income	13	18
Foreign exchange gains	89	9
Rental income from land and buildings	39	45
Subsidy income	151	132
Other	94	65
Total non-operating income	447	358
Non-operating expenses		
Interest expenses	165	144
Sales discounts	20	—
Settlement package	—	44
Other	101	61
Total non-operating expenses	287	250
Ordinary profit	4,564	5,604
Extraordinary income		
Gain on sales of fixed assets	2	11
Total extraordinary income	2	11
Extraordinary loss		
Loss on theft	—	65
Loss on sales of fixed assets	1	1
Loss on retirement of fixed assets	2	16
Impairment losses	25	—
Total extraordinary loss	29	83
Net profit before taxes	4,536	5,532
Corporate tax, resident income tax and business taxes	1,338	1,475
Corporate tax adjustments	(386)	81
Total corporate taxes	952	1,556
Profit	3,584	3,975
Net profit attributable to non-controlling interests	245	401
Net profit attributable to parent company shareholders	3,339	3,573

Consolidated Statements of Comprehensive Income

(Million yen)

	Previous Consolidated Fiscal Year (From April 1, 2020 to March 31, 2021)	Consolidated Fiscal Year Under Review (From April 1, 2021 to March 31, 2022)
Profit	3,584	3,975
Other comprehensive income		
Unrealized gains on other marketable securities	13	(1)
Foreign currency translation adjustments	626	637
Adjustment related to retirement benefits	41	(117)
Total other comprehensive income	682	518
Comprehensive income	4,267	4,493
(Breakdown)		
Comprehensive income attributable to parent company shareholders	4,017	4,084
Comprehensive income attributable to non-controlling interests	249	409

(3) Consolidated Statements of Changes in Net Assets
For the previous fiscal year (From April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Share capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period under review	6,388	6,442	8,586	(1,056)	20,361
Cumulative effects of changes in accounting policies					—
Balance at beginning of period reflecting changes in accounting policies	6,388	6,442	8,586	(1,056)	20,361
Changes during period					
Issuance of new shares					—
Dividends of surplus			(419)		(419)
Net profit attributable to parent company shareholders			3,339		3,339
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					—
Change in interests of parent due to transactions with non-controlling interests					—
Capital increase of consolidated subsidiaries		(28)			(28)
Net changes in items other than shareholders' equity					—
Total changes during period	—	(28)	2,919	(0)	2,891
Balance at end of period under review	6,388	6,413	11,506	(1,056)	23,252

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains on other marketable securities	Foreign currency translation adjustments	Accumulated adjustment on retirement benefits	Total accumulated other comprehensive income			
Balance at beginning of period under review	14	(3,529)	357	(3,157)	10	1,362	18,576
Cumulative effects of changes in accounting policies							—
Balance at beginning of period reflecting changes in accounting policies	14	(3,529)	357	(3,157)	10	1,362	18,576
Changes during period							
Issuance of new shares							—
Dividends of surplus							(419)
Net profit attributable to parent company shareholders							3,339
Purchase of treasury shares							(0)
Disposal of treasury shares							—
Change in interests of parent due to transactions with non-controlling interests							—

Capital increase of consolidated subsidiaries						1,050	1,021
Net changes in items other than shareholders' equity	13	622	41	678	(10)	202	870
Total changes during period	13	622	41	678	(10)	1,252	4,811
Balance at end of period under review	28	(2,907)	399	(2,479)	—	2,614	23,387

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

(Million yen)

	Shareholders' equity				
	Share capital	Share capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period under review	6,388	6,413	11,506	(1,056)	23,252
Cumulative effects of changes in accounting policies			(188)		(188)
Balance at beginning of period reflecting changes in accounting policies	6,388	6,413	11,317	(1,056)	23,063
Changes during period					
Issuance of new shares	0				0
Dividends of surplus			(524)		(524)
Net profit attributable to parent company shareholders			3,573		3,573
Purchase of treasury shares					—
Disposal of treasury shares				12	12
Change in interests of parent due to transactions with non-controlling interests		(0)			(0)
Capital increase of consolidated subsidiaries					—
Net changes in items other than shareholders' equity					—
Total changes during period	0	(0)	3,049	12	3,061
Balance at end of period under review	6,388	6,413	14,367	(1,044)	26,125

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains on other marketable securities	Foreign currency translation adjustments	Accumulated adjustment on retirement benefits	Total accumulated other comprehensive income			
Balance at beginning of period under review	28	(2,907)	399	(2,479)	—	2,614	23,387
Cumulative effects of changes in accounting policies						(85)	(274)
Balance at beginning of period reflecting changes in accounting policies	28	(2,907)	399	(2,479)	—	2,528	23,112
Changes during period							
Issuance of new shares							0
Dividends of surplus							(524)
Net profit attributable to parent company shareholders							3,573
Purchase of treasury shares							—
Disposal of treasury shares							12
Change in interests of parent due to transactions with non-controlling interests							(0)
Capital increase of consolidated subsidiaries							—

Net changes in items other than shareholders' equity	(1)	629	(117)	510	—	356	866
Total changes during period	(1)	629	(117)	510	—	356	3,928
Balance at end of period under review	26	(2,278)	282	(1,969)	—	2,885	27,041

(4) Consolidated Statements of Cash Flows

(Million yen)

	Previous Consolidated Fiscal Year (From April 1, 2020 to March 31, 2021)	Consolidated Fiscal Year Under Review (From April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before taxes	4,536	5,532
Depreciation	1,615	1,604
Impairment losses	25	—
Amortization of goodwill	108	90
Amortization of trademark rights	48	25
Increase (decrease) in allowance for doubtful accounts	(6)	(28)
Interest and dividend income	(72)	(105)
Interest expenses	165	144
Subsidy income	(151)	(132)
Settlement package	—	44
Loss on theft	—	65
Loss (gain) on sales of fixed assets	(1)	(9)
Loss on retirement of fixed assets	2	16
Decrease (increase) in trade receivables	991	(1,397)
Decrease (increase) in inventories	(90)	(3,154)
Increase (decrease) in trade payables	(564)	458
Increase (decrease) in provision for bonuses	127	48
Increase (decrease) in provision for product warranties	(0)	(10)
Increase (decrease) in retirement benefit liabilities	(58)	(141)
Decrease (increase) in retirement benefit assets	(78)	(22)
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	19	4
Other	(390)	413
Subtotal	6,227	3,446
Interest and dividends received	73	105
Interest expenses paid	(168)	(144)
Subsidies received	151	16
Settlement package paid	—	(44)
Corporate taxes paid	(1,089)	(1,597)
Net cash provided by (used in) operating activities	5,194	1,782
Cash flows from investing activities		
Payments into time deposits	(584)	(610)
Proceeds from withdrawal of time deposits	551	721
Purchase of tangible fixed assets	(1,645)	(2,071)
Proceeds from sales of tangible fixed assets	5	84
Purchase of intangible fixed assets	(507)	(493)
Purchase of investment securities	(26)	(2)
Loan advances	—	(28)
Collection of loans receivable	4	3
Other	(21)	(0)
Net cash provided by (used in) investing activities	(2,222)	(2,395)

(Million yen)

	Previous Consolidated Fiscal Year (From April 1, 2020 to March 31, 2021)	Consolidated Fiscal Year Under Review (From April 1, 2021 to March 31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3	361
Proceeds from long-term borrowings	2,811	2,823
Repayments of long-term borrowings	(3,448)	(3,081)
Redemption of bonds	(5)	—
Repayments of lease obligations	(315)	(321)
Proceeds from sale and leaseback transactions	152	56
Proceeds from issuance of shares	—	0
Purchase of treasury shares	(0)	—
Purchase of treasury share acquisition rights	(10)	—
Dividends paid	(418)	(524)
Proceeds from share issuance to non-controlling shareholders	1,021	—
Dividends paid to non-controlling shareholders	(49)	(55)
Net cash provided by (used in) financing activities	(257)	(741)
Effect of exchange rate change on cash and cash equivalents	308	237
Increase (decrease) in cash and cash equivalents	3,023	1,117
Balance of cash and cash equivalents at beginning of period	9,105	12,129
Balance of cash and cash equivalents at end of period	12,129	11,012

(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,” etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) (hereinafter, the “Revenue Recognition Standard”), etc., effective from the beginning of the fiscal year ended March 31, 2022. Accordingly, the Company recognizes revenue at the amount expected to be received in exchange for promised goods or services at the time when the control of the goods or services is transferred to the customer. Major changes due to this application are as follows: For construction contracts, the Company had applied the percentage of completion method for those whose outcome of construction activity could be estimated reliably, while applying the completed contract method for other construction. However, from the beginning of the fiscal year under review, the Company recognizes revenue for construction contracts at the point of acceptance inspection. Regarding semiconductor-related equipment offered by HOLON Co., Ltd., a domestic subsidiary of the Company, revenue from sales of relevant products bound for foreign markets, which had been recognized at the point of shipment, has now been recognized at the points of shipment and acceptance inspection. Meanwhile, revenue from sales of relevant products bound for domestic markets, which had been recognized at the point of acceptance inspection, has now been recognized at the points of delivery and acceptance inspection.

The application of the Revenue Recognition Standard, etc., follows the transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Standard. The cumulative effect of retrospective application for the new accounting policy to periods prior to the beginning of the fiscal year under review has been added to or deducted from the retained earnings at the beginning of the fiscal year and applied the new accounting policy based on the balance.

Since the Company has applied the Revenue Recognition Standard, etc., “Notes and accounts receivable,” which were presented under “Current assets” on the consolidated balance sheets for the previous fiscal year, have been included in and presented as “Notes and accounts receivable and contract assets” effective from the fiscal year under review. In addition, “Other,” which was previously presented under “Current liabilities,” has been included in and presented as “Contract liabilities” and “Other” effective from the fiscal year under review. In accordance with the transitional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Standard, no reclassification has been made to the previous fiscal year’s consolidated financial statements to conform to the new presentation.

As a result, net sales and cost of sales increased by ¥402 million and ¥404 million, respectively, for the fiscal year under review. Selling, general, and administrative expenses decreased by ¥100 million. Operating profit, ordinary profit, and profit before taxes increased by ¥97 million, respectively.

As cumulative effects have been reflected on net assets at the beginning of the fiscal year under review, “Balance at beginning of period under review” of “Retained earnings” decreased by ¥188 million, and “Balance at beginning of period under review” of “Non-controlling interests” decreased by ¥85 million in the Consolidated Statements of Changes in Net Assets.

The impact of the application of the new accounting policy on per share information is immaterial.

(Application of the “Accounting Standard for Fair Value Measurement,” etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 3, 2019) (hereinafter, the “Fair Value Measurement Standard”), etc., effective from the beginning of the fiscal year ended March 31, 2022. In accordance with the transitional treatment stipulated 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), the Company has decided to prospectively apply the new accounting policy set forth by the Fair Value Measurement Standard, etc. The application of the new accounting policy had no impact on the consolidated financial statements.

(Segment information, etc.)

1. Summary of reportable segments

Reportable segments of the Group are components of the Group about which separate financial statements are available, which are evaluated regularly at Board of Directors meetings to guide decisions in how to allocate the management resources and in assessing performance. The Group manufactures and distributes measurement and weighing instruments as well as medical and healthcare instruments. In Japan, the Company and its subsidiaries are in charge. Outside Japan, overseas subsidiaries in the Americas (the U.S. and Canada), Europe (the UK, Germany, and Russia), Asia and Oceania (China, South Korea, India, Australia, etc.) are in charge of each region. Each of the overseas subsidiaries is an independent management unit which guides each region's comprehensive strategies for the products handled and develops its business activities.

Accordingly, the Group consists of regional segments on a basis of production and sale of the products handled ("measurement and weighing instruments" and "medical and healthcare instruments"). These two product lines are sorted into reportable segments of "Japan," "the Americas," "Europe" and "Asia and Oceania." The main products under each product line are as below.

Product line	Main products
Measurement and Weighing Instruments Business	Measurement and control simulation systems, noise and vibration comparators, A/D and D/A converters, electron guns, testing equipment, electronic balances, weight scales, bench scales, commercial scales, counting scales, weighing systems, indicators, load cells, checkweighers, metal detectors, industrial measurement instruments, hydraulic testing equipment, emission measurement instruments, etc.
Medical and Healthcare Business	Digital blood pressure monitors for household use, blood pressure monitoring systems, fully automatic blood pressure monitors, precision health scales, ultrasonic nebulizers, etc.

2. Method of measurement for the amounts of net sales, profit (loss), assets and other items for each reportable segment

The accounting method used for reporting segments is generally the same as stated in "Notes – Significant accounting policies for preparation of consolidated financial statements."

Reporting segment profit (loss) figures are based on operating profits and losses.

Inter-segment sales and transfers are based on market prices.

As stated in "(Changes in accounting policies)," the Company has applied the Revenue Recognition Standard, etc., and changed the accounting method for revenue recognition effective from the beginning of the fiscal year under review. In line with this change, the Company also changed the method for measurement of segment profits (losses).

As a result, for the fiscal year ended March 31, 2022, net sales and segment profits of the measurement and weighing instruments business in Japan increased by ¥422 million and ¥98 million, respectively, and net sales and segment profits of the medical and healthcare business in Japan decreased by ¥19 million and ¥0 million, respectively, compared with those measured by the previous method.

3. Information on net sales, profit (loss), assets and other items by reportable segment
For the fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Million yen)

	Measurement and Weighing Instruments Business				
	Japan	Americas	Europe	Asia and Oceania	Total
Net sales					
Net sales to outside customers	19,326	3,198	802	3,333	26,662
Inter-segment net sales or transfers	2,511	151	41	2,307	5,012
Total	21,838	3,349	844	5,641	31,674
Segment profit	1,268	201	25	197	1,693
Segment assets	36,408	2,300	809	5,052	44,570
Other items					
Depreciation	987	41	20	78	1,126
Amortization of goodwill	82	6	—	7	96
Impairment losses	25	—	—	—	25
Increases in tangible and intangible fixed assets	1,959	6	16	67	2,049

	Medical and Healthcare Business					Adjustments (Note 1)	Consolidation (Note 2)
	Japan	Americas	Europe	Asia and Oceania	Total		
Net sales							
Net sales to outside customers	6,445	7,586	7,350	379	21,762	—	48,424
Inter-segment net sales or transfers	9,338	3	5	6,893	16,239	(21,251)	—
Total	15,783	7,589	7,355	7,272	38,001	(21,251)	48,424
Segment profit	3,011	346	943	306	4,608	(1,897)	4,404
Segment assets	7,365	3,188	5,090	3,569	19,214	(9,665)	54,119
Other items							
Depreciation	174	30	118	166	489	47	1,663
Amortization of goodwill	—	12	—	—	12	—	108
Impairment losses	—	—	—	—	—	—	25
Increases in tangible and intangible fixed assets	149	6	41	53	250	65	2,365

Notes: 1. (1) The adjustment of ¥(1,897) million in segment profit includes corporate expenses of ¥(1,625) million not allocated to reportable segments. Corporate expenses are primarily general and administrative expenses for management departments.

(2) The adjustment of ¥(9,665) million in segment assets includes eliminations of inter-segment transactions of ¥(14,216) million and corporate assets of ¥4,550 million not allocated to reportable segments.

(3) The adjustment of ¥65 million in increases in tangible and intangible fixed assets is primarily capital expenditures for main systems.

(4) Depreciation and increases in tangible and intangible fixed assets include amortization of long-term prepaid expenses and increases in these expenses.

2. Segment profit is adjusted with operating profit on the Consolidated Statements of Income.

For the fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Million yen)

	Measurement and Weighing Instruments Business				
	Japan	Americas	Europe	Asia and Oceania	Total
Net sales					
Net sales to outside customers	21,464	3,724	868	4,143	30,201
Inter-segment net sales or transfers	3,384	240	0	2,852	6,478
Total	24,849	3,965	869	6,996	36,680
Segment profit	2,727	318	61	428	3,536
Segment assets	38,191	3,430	776	6,252	48,651
Other items					
Depreciation	955	40	13	106	1,116
Amortization of goodwill	76	—	—	8	85
Impairment losses	—	—	—	—	—
Increases in tangible and intangible fixed assets	1,436	14	3	869	2,324

	Medical and Healthcare Business					Adjustments (Note 1)	Consolidation (Note 2)
	Japan	Americas	Europe	Asia and Oceania	Total		
Net sales							
Net sales to outside customers	5,563	7,617	7,820	533	21,534	—	51,736
Inter-segment net sales or transfers	9,661	10	5	7,270	16,948	(23,426)	—
Total	15,224	7,628	7,826	7,803	38,483	(23,426)	51,736
Segment profit	2,189	221	1,121	378	3,911	(1,951)	5,496
Segment assets	7,137	3,680	5,310	4,011	20,139	(9,551)	59,239
Other items							
Depreciation	164	28	85	181	459	53	1,629
Amortization of goodwill	—	5	—	—	5	—	90
Impairment losses	—	—	—	—	—	—	—
Increases in tangible and intangible fixed assets	178	45	48	62	334	49	2,709

Notes: 1. (1) The adjustment of ¥(1,951) million in segment profit includes corporate expenses of ¥(1,649) million not allocated to reportable segments. Corporate expenses are primarily general and administrative expenses for management departments.

(2) The adjustment of ¥(9,551) million in segment assets includes eliminations of inter-segment transactions of ¥(14,654) million and corporate assets of ¥5,102 million not allocated to reportable segments.

(3) The adjustment of ¥49 million in increases in tangible and intangible fixed assets is primarily capital expenditures for main systems.

(4) Depreciation and increases in tangible and intangible fixed assets include amortization of long-term prepaid expenses and increases in these expenses.

2. Segment profit is adjusted with operating profit on the Consolidated Statements of Income.

(Per share information)

	Previous Consolidated Fiscal Year (From April 1, 2020 to March 31, 2021)	Consolidated Fiscal Year Under Review (From April 1, 2021 to March 31, 2022)
Net assets per share	¥1,007.01	¥1,167.95
Basic earnings per share	¥161.87	¥172.92
Diluted earnings per share	¥161.50	¥172.66

(Note) 1. The basis for the calculation of net assets per share is as follows.

	End of Previous Consolidated Fiscal Year (March 31, 2021)	End of Consolidated Fiscal Year Under Review (As of March 31, 2022)
Total net assets	¥23,387 million	¥27,041 million
Amounts deducted from total net assets	¥2,614 million	¥2,885 million
(Of which, non-controlling interests)	(¥2,614 million)	(¥2,885 million)
Net assets at end of period relating to common shares	¥20,772 million	¥24,155 million
Number of common shares at end of period used to calculate net assets per share	20,628 thousand	20,682 thousand

2. The basis for the calculation of basic earnings per share and diluted earnings per share is as follows.

	Previous Consolidated Fiscal Year (From April 1, 2020 to March 31, 2021)	Consolidated Fiscal Year Under Review (From April 1, 2021 to March 31, 2022)
Basic earnings per share		
Net profit attributable to parent company shareholders	¥3,339 million	¥3,573 million
Amounts not attributable to common shareholders	¥— million	¥— million
Net profit attributable to parent company shareholders relating to common shares	¥3,339 million	¥3,573 million
Average number of shares during the period	20,628 thousand	20,668 thousand
Diluted earnings per share		
Adjusted net profit attributable to parent company shareholders	¥— million	¥— million
Increase in number of common shares	47 thousand	30 thousand
(Of which, share acquisition rights)	(47 thousand)	(30 thousand)
Overview of potential shares not included in calculation of diluted earnings per share due to lack of dilutive effect	—	—

3. The Company's own stock held in the Trust, which is included in "treasury shares" under shareholders' equity, is deducted from average number of shares of common stock when calculating basic earnings per share. It is also deducted from the total number of issued shares at the end of the period when calculating net assets per share.

In the calculation of basic earnings per share, the average number of the deducted treasury shares during the period is 335 thousand shares for the previous consolidated fiscal year and 311 thousand shares for the consolidated fiscal year under review. In the calculation of net assets per share, the number of deducted treasury shares at the end of the period is 335 thousand shares for the previous consolidated fiscal year and 303 thousand shares for the consolidated fiscal year under review.

(Significant subsequent events)

(Share exchange between the Company and HOLON Co., Ltd. and transition to holding company structure)

Upon approval at extraordinary shareholders meetings of the respective companies, the Company and HOLON Co., Ltd. (“HOLON”) conducted a share exchange (the “Share Exchange”) as of April 1, 2022. At the same time, to ensure the transition of the Group into a holding company structure, a company split (the “Absorption-Type Company Split”), in which the Company was the splitting company and New A&D (the “New A&D”) was the succeeding company, was conducted (the “Management Integration,” referring to this entire procedure).

1. Purpose of Management Integration

The Management Integration is aimed at making it possible resolve tasks to be addressed by aligning the direction of the group more than before and creating a structure that can rapidly respond to the changing business environment while utilizing the strengths of the Company and HOLON. Specifically, by creating a holding company structure through the Management Integration, the companies will endeavor to strengthen the group strategy function, effectively use group management resources, and maximize value for stakeholders. Additionally, the Company and HOLON, which entered into a parent-subsidary relationship in 2018 and have mainly interacted in regard to technical matters, believe the Management Integration will lead to the achievement of synergies in such areas as purchase functions, production equipment and greater use of overseas operations, not just in technical matters, such as joint research and development.

2. Outline of Share Exchange

(1) Legal form of Share Exchange

The Share Exchange was conducted through a share exchange in which the Company is the wholly-owning parent company resulting from the share exchange and HOLON is the wholly-owned subsidiary resulting from the share exchange.

(2) Share Exchange Ratio

	Company (wholly-owning parent company resulting from share exchange)	HOLON (wholly-owned subsidiary resulting from share exchange)
Share Exchange Ratio	1	3.60

Note: A total of 6,743,808 common shares in the Company were delivered through the Share Exchange. The Company allocated part of the treasury shares it holds. The breakdown of the allotment is as follows:

- 1) Number of common shares newly issued: 5,243,808
- 2) Number of treasury shares allocated: 1,500,000

(3) Basis for Share Exchange Ratio

In deciding the share exchange ratio, to ensure fairness, the share exchange ratio was decided through negotiations between the parties by comprehensively taking account of such factors as the stock prices, financial conditions, and future prospects of both companies, on the basis of the share exchange ratio report submitted by a third-party valuation agency and advice given by their financial advisors.

(4) Outline of Counterparty Company of Share Exchange (as of March 31, 2022)

Name	HOLON Co., Ltd.
Address	5-40-1 Kamisuna-cho, Tachikawa-shi, Tokyo
Position and name of representative	Representative Director and President, Hao Zhang
Business details	Development, manufacture, and distribution of semiconductor electron beam measurement and inspection equipment
Stated capital	¥1,764 million
End of fiscal year	March 31

(5) Outline of Accounting

The accounting in line with the Share Exchange will be processed as transactions with non-controlling interests as stated in the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21

(Revised 2019), January 16, 2019) (hereinafter, the “Business Combinations Standard”) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10 (Revised 2019), January 16, 2019) (hereinafter, the “Accounting Standard for Business Divestitures”). No goodwill or negative goodwill results therefrom.

3. Outline of Absorption-Type Company Split

(1) Legal form of Absorption-Type Company Split

The Absorption-Type Company Split was conducted through an absorption-type company split in which the Company was the splitting company and New A&D, a wholly-owned subsidiary of the Company, was the succeeding company.

(2) Shares Issued Upon Company Split and Allotment

In conducting the Absorption-Type Company Split, New A&D issued 225,000 common shares and allotted all of them to the Company, the splitting company, as consideration for the business transferred through the Absorption-Type Company Split.

(3) Basis of Calculation for Number of Shares Allotted

As all of the shares to be issued by New A&D in conducting the Absorption-Type Company Split will be allotted to the Company, no valuation has been conducted by a third-party valuation agency. The number of shares to be allotted was decided by taking account of such factors as stated capital of New A&D.

(4) Company Name After Absorption-Type Company Split

The Company has changed its trade name to A&D HOLON Holding Company, Limited. New A&D was renamed A&D Company, Ltd., which was the former trade name of the Company.

(5) Handling of Share Options and Bonds Share Options Relating to Absorption-Type Company Split

The Company has issued share options, but the handling thereof will not be changed due to the Absorption-Type Company Split. Additionally, the Company has not issued any bonds with share options.

(6) Business Divisions Split

All businesses of the Company, excluding the group management and administration business and the asset management business

(7) Outline of Accounting

The accounting in line with the Absorption-Type Company Split will be processed as transactions under common control in accordance with the “Business Combinations Standard” and the “Accounting Standard for Business Divestitures.”

(Change in Reportable Segments)

The reportable segments for the fiscal year ended March 31, 2022, have been determined according to the product line: Measurement and weighing instruments business and medical and healthcare business. It has been recently determined, however, that the semiconductor-related business, which was included in the measurement and weighing instruments business, be separated in line with the Group-wide restructuring dated April 1, 2022, and that accordingly there will be measurement and weighing instruments business, medical and healthcare business, and semiconductor-related business, effective from the next fiscal year ending March 31, 2023.

4. Others

Changes in Officers and Directors

(1) Changes in Representatives
Not applicable.

(2) Changes in other officers
Once the content of the disclosure is determined, it will be disclosed separately.