

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



May 12, 2023

Company name: A&D HOLON Holdings Company, Limited

Stock exchange listing: Tokyo Stock Exchange

Code number: 7745

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

Representative: Yasunobu Morishima, President & CEO

Contact: Sadao Ito, Director, Senior Managing Executive Officer

Phone: +81-48-593-1590

Scheduled date of Annual General Meeting of Shareholders: June 27, 2023

Scheduled date of filing annual securities report: June 28, 2023

Scheduled date of commencing dividend payments: June 28, 2023

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, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	59,028	14.1	7,475	36.0	7,643	36.4	5,524	54.6
March 31, 2022	51,736	6.8	5,496	24.8	5,604	22.8	3,573	7.0

Note: Comprehensive income Fiscal year ended March 31, 2023: ¥6,335 million [41.0%]

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

	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, 2023	201.33	201.14	19.5	11.9	12.7
March 31, 2022	172.92	172.66	15.9	9.9	10.6

Reference: Investment gains (losses) on equity method

Fiscal year ended March 31, 2023: - million

Fiscal year ended March 31, 2022: - million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	69,418	32,574	46.8	1,183.98
As of March 31, 2022	59,239	27,041	40.8	1,167.95

Reference: Equity As of March 31, 2023: ¥32,502 million

As of March 31, 2022: ¥24,155 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 end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2023	4,096	(1,364)	452	14,315
March 31, 2022	1,782	(2,395)	(741)	11,012

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	14.5	2.3
March 31, 2023	-	15.00	-	20.00	35.00	970	17.4	3.0
Fiscal year ending March 31, 2024 (forecast)	-	15.00	-	20.00	35.00		18.8	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% 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)	28,370	4.4	3,100	69.7	2,915	30.6	1,995	36.1	72.67
Full period	62,000	5.0	7,800	4.3	7,450	(2.5)	5,110	(7.5)	186.15

* Notes:

- (1) Changes in significant subsidiaries during the period under review: Yes
(Changes in specified subsidiaries accompanying changes to the scope of consolidation)
New: - companies (Company name); Excluded: One (1) company (Litra Co., LTD.)
- (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 14 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, 2023: 27,845,208 shares
March 31, 2022: 22,601,400 shares
- 2) Total number of treasury stock at the end of the period:
March 31, 2023: 393,687 shares
March 31, 2022: 1,919,070 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2023: 27,441,265 shares

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

Table of Contents

1. Overview of Business Results, etc.	2
(1) Overview of Business Results for the Period Under Review	2
(2) Overview of Financial Position for the Period Under Review	3
(3) Overview of Cash Flows for the Period Under Review	3
(4) Future Outlook	4
2. Basic Stance Concerning Choice of Accounting Standards	5
3. Consolidated Financial Statements and Primary Notes.....	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Statements of Income and Comprehensive Income	8
(3) Consolidated Statements of Changes in Net Assets	10
(4) Consolidated Statements of Cash Flows	12
(5) Notes to Consolidated Financial Statements	14
(Notes on going concern assumption)	14
(Changes in accounting policies)	14
(Additional information)	14
(Segment information, etc.)	15
(Business combinations)	19
(Per share information)	24
(Significant subsequent events)	25
4. Others	25
Changes in Officers and Directors	25

1. Overview of Business Results, etc.

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

During the fiscal year ended March 31, 2023, the outlook for the Japanese and overseas economies remained uncertain due to such factors as high raw material prices and continued energy price hikes due to the prolonged situation in Ukraine, concerns about economic recession due to tight monetary policies taken by countries to curb rising prices, and significant fluctuations in exchange rates, although various restrictions on activities as a measure to prevent the spread of COVID-19 were gradually eased and economic activities began to normalize.

Amid such circumstances, A&D HOLON Holdings Company, Limited (the “Company”), and its subsidiaries (collectively, the “Group”) started a new group formation on April 1, 2022, and have set up several subcommittees and worked on activities to maximize the creation of the reorganization effects. In addition, we have sought to differentiate ourselves from our competitors through ongoing, active investment in research and development to respond to the diverse and changing needs of clients and society.

In terms of an overview by business segment, the Measuring and Weighing Equipment Business remained steady against the backdrop of the recovery of the global economy. The Medical and Healthcare Equipment Business maintained sales at the same level year-on-year on a local currency basis, mainly in the Americas, although there were signs of a decline in consumer purchasing appetite due to concerns about global inflation, especially in the U.S. In addition, yen-translated net sales increased in both the Americas and Europe due to the impact of the weaker yen. The Semiconductor-related Business, which was separated from the Measuring and Weighing Equipment Business as part of the group reorganization, continued to post increases in both sales and profit, bolstered by robust orders since the previous fiscal year. An increase in the cost of sales associated with the elimination of unrealized gains on inventories that occurred in the six months ended September 30, 2022 was eased by the depreciation of the yen reaching its peak. The Group has been working continuously to minimize the impact of foreign exchange by optimizing inventory levels.

As a result, net sales for the fiscal year ended March 31, 2023, were ¥59,028 million (up 14.1% year-on-year), operating profit was ¥7,475 million (up 36.0% year-on-year), ordinary profit was ¥7,643 million (up 36.4% year-on-year), and net profit attributable to parent company shareholders was ¥5,524 million (up 54.6% year-on-year).

Business results by segment are as follows.

From the first quarter of the fiscal year ended March 31, 2023, the reportable segments have been changed, and comparisons and analyses shown for the fiscal year ended March 31, 2023, are based on the reclassified reportable segments.

1) Measuring and Weighing Equipment Business

In Japan, while sales of measurement, control and simulation systems (DSP systems) remained steady, the business saw little growth in sales of testing equipment and weighing equipment due to a shortage of parts and materials for certain products, preventing the achievement of planned production. However, profits increased through efforts to reduce costs and improve production efficiency.

In the Americas, sales grew due to special demand for general-purpose balances in addition to the continued popularity of mainstay weighing equipment. Additionally, both sales and profit significantly increased, driven by the progress in the production of DSP systems for which we received orders in the previous fiscal year.

In Asia and Oceania, both sales and profit increased, driven by the growth in sales of weighing equipment in Australia and South Korea and metal detectors and checkweighers in India.

As a result, net sales in the Measuring and Weighing Equipment Business were ¥27,600 million (up 9.9% year-on-year) and operating profit was ¥2,539 million (up 33.3% year-on-year).

2) Semiconductor-related Business

The Semiconductor-related Business, which was separated from the Measuring and Weighing Equipment

Business as part of the group reorganization, saw an increase in orders and inquiries amidst strong demand in the semiconductor market, leading to sales.

As a result, net sales in the Semiconductor-related Business were ¥6,916 million (up 36.1% year-on-year) and operating profit was ¥2,339 million (up 43.4% year-on-year).

3) Medical and Healthcare Equipment Business

In Japan, while demand for home-use blood pressure monitors remained strong, demand for blood pressure monitors for nursing care in hospitals slowed. Due to this and other factors, sales decreased slightly, but profit increased due to efforts to reduce costs.

In the Americas, sales increased due to the continuation of a large-scale project in the U.S., growth in sales to general consumers in Canada, and the impact of the yen's depreciation. However, profit decreased due to the impact of soaring transportation costs to the U.S., including air shipment.

In Europe, although sales volume decreased in some areas, both yen-translated sales and profit increased due to the significant impact of the weaker yen.

As a result, net sales in the Medical and Healthcare Equipment Business were ¥24,511 million (up 13.8% year-on-year) and operating profit was ¥4,675 million (up 19.5% year-on-year).

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

Total assets as of March 31, 2023, were ¥69,418 million, an increase of ¥10,178 million compared to the end of the previous fiscal year. This was due to an increase of ¥8,713 million in current assets, primarily in inventories, due to the securing of materials in advance to cope with the tightening supply of components, along with an increase of ¥1,464 million in fixed assets, chiefly deferred tax assets and right-of-use assets.

Total liabilities as of March 31, 2023, were ¥36,843 million, an increase of ¥4,645 million compared to the end of the previous fiscal year. This was primarily due to an increase of ¥5,000 million in current liabilities resulting from increases of short-term borrowings and contract liabilities.

Net assets as of March 31, 2023, were ¥32,574 million, an increase of ¥5,533 million compared to the end of the previous fiscal year. This was primarily attributable to an increase of ¥7,552 million in shareholders' equity, resulting from factors such as the management integration implemented on April 1, 2022, and net profit attributable to parent company shareholders.

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

Cash and cash equivalents (hereinafter referred to as "cash") as of March 31, 2023, amounted to ¥14,315 million (up 30.0% year-on-year), resulting from ¥4,096 million provided by operating activities, ¥1,364 million used in investing activities, ¥452 million provided by financing activities, and ¥117 million in effect of exchange rate change on cash and cash equivalents.

Overview of Cash Flows as of March 31, 2023, and the factors are as follows.

1) Cash flows from operating activities

Net cash provided by operating activities amounted to ¥4,096 million (up 129.9 % year-on-year). This is mainly attributable to ¥1,871 million in corporate taxes paid and an increase of ¥823 million in trade receivables, in addition to an increase of ¥3,037 million in inventories resulting from our effort to secure materials in advance to cope with the tightening supply of components, while ¥7,571 million in net profit before taxes and ¥1,701 million in depreciation.

2) Cash flows from investing activities

Net cash used in investing activities amounted to ¥1,364 million (down 43.1% year-on-year). This is mainly attributable to ¥885 million in purchase of tangible fixed assets and ¥639 million in purchase of intangible fixed assets.

3) Cash from financing activities

Net cash provided by financing activities amounted to ¥452 million (net cash used in financing activities amounted to ¥741 million in the previous fiscal year). This is mainly attributable to ¥2,713 million in repayments of long-term borrowings and ¥746 million in dividends paid, while ¥2,498 million in net increase in short-term borrowings and ¥1,750 million in proceeds from long-term borrowings.

(Reference) Cash flow indicators by year

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Equity ratio (%)	33.6	34.9	38.4	40.8	46.8
Equity ratio based on fair value (%)	30.7	26.8	47.4	33.8	56.3
Ratio of interest-bearing debts to operating cash flow (year)	8.8	4.4	3.7	10.9	5.3
Interest coverage ratio (times)	9.6	18.5	30.8	12.4	14.5

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 over a protracted Russia-Ukraine situation causing sustained high raw material prices, continued energy price increases, sluggish economic activity due to geopolitical risks such as US-China trade friction, and a recession due to the tightening of monetary policies by various countries to curb inflation.

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 to absorb geopolitical risks that have emerged, and making efforts to implement cost reduction and efficient selling, general, and administrative expenses.

1) Measuring and Weighing Equipment Business

Regarding the Measuring Equipment Business, 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 the Weighing Equipment Business, 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.

2) Semiconductor-related Business

Regarding the Semiconductor-related Business, the Group intends to further advance development of next-generation equipment and new products through joint development with subsidiaries, A&D Company, Ltd., and HOLON Co., Ltd., 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.

3) Medical and Healthcare Equipment Business

Regarding the Medical Equipment Business, 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 the Healthcare Equipment Business, product lineups and applications for telemedicine and remote diagnosis needs, which are accelerating globally as a measure against infectious diseases, will be expanded, while deepening cooperation with business partners and working to expand market share.

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 fiscal year is estimated to be ¥62,000 million in net sales, ¥7,800 million in operating profit, ¥7,450 million in ordinary profit, and ¥5,110 million in net profit attributable to parent company shareholders.

Please note that these outlooks assume an exchange rate of USD 1 = JPY 130 and RUB 1 = JPY 1.7.

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, 2022)	Consolidated Fiscal Year Under Review (March 31, 2023)
Assets		
Current assets		
Cash and deposits	11,882	15,003
Notes and accounts receivable and contract assets	14,114	15,284
Products	7,337	8,941
Unfinished goods	4,019	5,047
Raw materials and supplies	5,225	6,278
Other	1,440	2,173
Allowance for doubtful accounts	(73)	(67)
Total current assets	43,946	52,660
Fixed assets		
Tangible fixed assets		
Buildings and structures	10,423	10,634
Accumulated depreciation	(5,769)	(6,069)
Buildings and structures, net	4,653	4,564
Machinery, equipment and vehicles	2,443	2,591
Accumulated depreciation	(2,018)	(2,091)
Machinery, equipment and vehicles, net	424	500
Tools, furniture and fixtures	7,349	7,304
Accumulated depreciation	(6,684)	(6,645)
Tools, furniture and fixtures, net	665	659
Land	5,073	5,099
Leased assets	466	471
Accumulated depreciation	(257)	(244)
Leased assets, net	208	226
Right-of-use assets	797	1,190
Accumulated depreciation	(541)	(265)
Right-of-use assets, net	255	925
Construction in progress	100	293
Total tangible fixed assets	11,382	12,267
Intangible fixed assets		
Goodwill	123	35
Trademark rights	0	1
Software	1,271	1,344
Other	81	87
Total intangible fixed assets	1,476	1,468
Investments, etc.		
Investment securities	168	175
Retirement benefit assets	101	—
Deferred tax assets	1,558	2,162
Other	607	684
Allowance for doubtful accounts	(2)	(2)
Total investments, etc.	2,433	3,021
Total fixed assets	15,292	16,757
Total assets	59,239	69,418

(Million yen)

	Previous Consolidated Fiscal Year (As of March 31, 2022)	Consolidated Fiscal Year Under Review (As of March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable	5,141	4,971
Short-term borrowings	12,029	14,731
Current portion of bonds payable	—	500
Long-term borrowings to be repaid within one year	2,543	2,118
Lease obligations	302	384
Accrued corporate taxes, etc.	759	1,515
Contract liabilities	625	1,750
Provision for bonuses	1,260	1,398
Provision for product warranties	183	212
Other	3,357	3,618
Total current liabilities	26,202	31,202
Fixed liabilities		
Corporate bonds	500	—
Long-term borrowings	3,813	3,292
Lease obligations	185	795
Deferred tax liabilities	5	7
Provision for product warranties	49	54
Retirement benefit liabilities	1,034	1,064
Provision for share-based remuneration for directors (and other officers)	83	92
Asset retirement obligations	29	30
Other	293	302
Total fixed liabilities	5,995	5,640
Total liabilities	32,198	36,843
Net assets		
Shareholders' equity		
Share capital	6,388	6,388
Share capital surplus	6,413	8,319
Retained earnings	14,367	19,142
Treasury shares	(1,044)	(172)
Total shareholders' equity	26,125	33,677
Accumulated other comprehensive income		
Unrealized gains on other marketable securities	26	31
Foreign currency translation adjustments	(2,278)	(1,250)
Accumulated adjustment on retirement benefits	282	43
Total accumulated other comprehensive income	(1,969)	(1,175)
Non-controlling interests	2,885	72
Total net assets	27,041	32,574
Total liabilities and net assets	59,239	69,418

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

(Million yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Consolidated Fiscal Year Under Review (From April 1, 2022 to March 31, 2023)
Net sales	51,736	59,028
Cost of sales	28,853	32,725
Gross profit	22,883	26,303
Selling, general and administrative expenses	17,386	18,827
Operating profit	5,496	7,475
Non-operating income		
Interest income	87	189
Dividend income	18	24
Foreign exchange gains	9	117
Rental income from land and buildings	45	50
Subsidy income	132	—
Other	65	117
Total non-operating income	358	499
Non-operating expenses		
Interest expenses	144	289
Settlement package	44	—
Other	61	42
Total non-operating expenses	250	331
Ordinary profit	5,604	7,643
Extraordinary income		
Gain on sales of fixed assets	11	1
Total extraordinary income	11	1
Extraordinary loss		
Theft loss	65	—
Loss on sales of fixed assets	1	0
Loss on retirement of fixed assets	16	69
Loss on valuation of investment securities	—	4
Total extraordinary loss	83	74
Net profit before taxes	5,532	7,571
Corporate tax, resident income tax and business taxes	1,475	2,500
Corporate tax adjustments	81	(467)
Total corporate taxes	1,556	2,032
Profit	3,975	5,538
Net profit attributable to non-controlling interests	401	13
Net profit attributable to parent company shareholders	3,573	5,524

Consolidated Statements of Comprehensive Income

(Million yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Consolidated Fiscal Year Under Review (From April 1, 2022 to March 31, 2023)
Profit	3,975	5,538
Other comprehensive income		
Unrealized gains on other marketable securities	(1)	5
Foreign currency translation adjustments	637	1,030
Adjustment related to retirement benefits	(117)	(238)
Total other comprehensive income	518	797
Comprehensive income	4,493	6,335
(Breakdown)		
Comprehensive income attributable to parent company shareholders	4,084	6,319
Comprehensive income attributable to non-controlling interests	409	16

(3) Consolidated Statements of Changes in Net Assets
For the previous fiscal year (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)
Increase by share exchanges					—
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				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)
Increase by share exchanges						—
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

For the fiscal year under review (From April 1, 2022 to March 31, 2023)

(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	14,367	(1,044)	26,125
Cumulative effects of changes in accounting policies					—
Balance at beginning of period reflecting changes in accounting policies	6,388	6,413	14,367	(1,044)	26,125
Changes during period					
Issuance of new shares					—
Dividends of surplus			(749)		(749)
Net profit attributable to parent company shareholders			5,524		5,524
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		0		10	10
Change in interests of parent due to transactions with non-controlling interests		0			0
Increase by share exchanges		1,905		863	2,768
Net changes in items other than shareholders' equity					
Total changes during period	—	1,905	4,775	871	7,552
Balance at end of period under review	6,388	8,319	19,142	(172)	33,677

	Accumulated other comprehensive income				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	26	(2,278)	282	(1,969)	2,885	27,041
Cumulative effects of changes in accounting policies						—
Balance at beginning of period reflecting changes in accounting policies	26	(2,278)	282	(1,969)	2,885	27,041
Changes during period						
Issuance of new shares						—
Dividends of surplus						(749)
Net profit attributable to parent company shareholders						5,524
Purchase of treasury shares						(2)
Disposal of treasury shares						10
Change in interests of parent due to transactions with non-controlling interests					(36)	(35)
Increase by share exchanges					(2,768)	—
Net changes in items other than shareholders' equity	5	1,027	(238)	793	(7)	786
Total changes during period	5	1,027	(238)	793	(2,812)	5,533
Balance at end of period under review	31	(1,250)	43	(1,175)	72	32,574

(4) Consolidated Statements of Cash Flows

(Million yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Consolidated Fiscal Year Under Review (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Net Profit before taxes	5,532	7,571
Depreciation	1,604	1,701
Amortization of goodwill	90	89
Amortization of trademark rights	25	0
Increase (decrease) in allowance for doubtful accounts	(28)	(13)
Interest and dividend income	(105)	(213)
Interest expenses	144	289
Subsidy income	(132)	—
Settlement package	44	—
Theft loss	65	—
Loss (gain) on sales of fixed assets	(9)	(1)
Loss on retirement of fixed assets	16	69
Decrease (increase) in trade receivables	(1,397)	(823)
Decrease (increase) in inventories	(3,154)	(3,037)
Increase (decrease) in trade payables	458	(492)
Increase (decrease) in provision for bonuses	48	138
Increase (decrease) in provision for product warranties	(10)	18
Increase (decrease) in retirement benefit liabilities	(141)	(318)
Decrease (increase) in retirement benefit assets	(22)	101
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	4	9
Other	413	951
Subtotal	3,446	6,038
Interest and dividends received	105	213
Interest expenses paid	(144)	(282)
Subsidies received	16	—
Settlement package paid	(44)	—
Corporate taxes paid	(1,597)	(1,871)
Net cash provided by (used in) operating activities	1,782	4,096
Cash flows from investing activities		
Payments into time deposits	(610)	(666)
Proceeds from withdrawal of time deposits	721	834
Purchase of tangible fixed assets	(2,071)	(885)
Proceeds from sales of tangible fixed assets	84	2
Purchase of intangible fixed assets	(493)	(639)
Purchase of investment securities	(2)	(1)
Loan advances	(28)	—
Collection of loans receivable	3	2
Other	(0)	(11)
Net cash provided by (used in) investing activities	(2,395)	(1,364)

(Million yen)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Consolidated Fiscal Year Under Review (From April 1, 2022 to March 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	361	2,498
Proceeds from long-term borrowings	2,823	1,750
Repayments of long-term borrowings	(3,081)	(2,713)
Repayments of lease obligations	(321)	(411)
Proceeds from sale and leaseback transactions	56	137
Proceeds from issuance of shares	0	—
Dividends paid	(524)	(746)
Dividends paid to non-controlling shareholders	(55)	(24)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(35)
Other, net	—	(2)
Net cash provided by (used in) financing activities	(741)	452
Effect of exchange rate change on cash and cash equivalents	237	117
Increase (decrease) in cash and cash equivalents	(1,117)	3,302
Balance of cash and cash equivalents at beginning of period	12,129	11,012
Balance of cash and cash equivalents at end of period	11,012	14,315

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of the Accounting Standards Codification “Leases” Topic 842)

Our consolidated subsidiaries that have adopted U.S. GAAP have applied the Accounting Standards Codification “Leases” Topic 842 (hereinafter the “ASC Topic 842”) from the beginning of the fiscal year ended March 31, 2023. Accordingly, the subsidiaries recognize all lease transactions by the lessee as assets and liabilities on the consolidated balance sheet, in principle. In applying the ASC Topic 842, we have adopted the method of recognizing the cumulative effect of the application of the accounting standard, which is permitted as the transitional treatment, on the date of initial application.

With the application of the accounting standard, at the beginning of the fiscal year ended March 31, 2023, “right-of-use assets, net” under tangible fixed assets increased ¥65 million, “lease obligations” under current liabilities increased ¥12 million, and “lease obligations” under fixed liabilities increased ¥53 million. The impact of the application of the accounting standard on consolidated statements of income is immaterial for the fiscal year ended March 31, 2023.

(Additional information)

(Application of the Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System)

Effective from the fiscal year ended March 31, 2023, the Company and its consolidated subsidiaries in Japan have transitioned from the consolidated taxation system to the group tax sharing system. In accordance with this change, the Company has applied the “Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System” (PITF No. 42, August 12, 2021, hereinafter “PITF No. 42”) regarding accounting treatment and disclosure of corporate and local income taxes and tax effect accounting in the case where a group tax sharing system is applied. In accordance with Paragraph 32 (1) of PITF No. 42, the Company has deemed that there is no impact from the change in accounting policy upon the application of PITF No. 42.

(Segment information, etc.)

1. Summary of reportable segments

(1) How reportable segments are determined, and types of products and services included in each reportable segment

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 measuring and weighing equipment, semiconductor-related equipment as well as medical and healthcare equipment. 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 ("measuring and weighing equipment," "semiconductor-related equipment" and "medical and healthcare equipment"). These three 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
Measuring and Weighing Equipment Business	Measurement, control and simulation systems, noise and vibration comparators, testing equipment, electronic balances, weight scales, bench scales, commercial scales, counting scales, weighing systems, indicators, load cells, checkweighers, metal detectors, industrial measuring equipment, hydraulic testing equipment, emission measuring equipment, etc.
Semiconductor-related Business	A/D and D/A converters, electron guns, semiconductor electron beam measurement and inspection equipment
Medical and Healthcare Equipment Business	Digital blood pressure monitors for household use, blood pressure monitoring systems, fully automatic blood pressure monitors, precision health scales, ultrasonic nebulizers, etc.

(2) Disclosure of changes, etc. in reportable segments

From the fiscal year ended March 31, 2023, the Semiconductor-related Business that was included in the Measuring and Weighing Equipment Business was separated due to the group restructuring on April 1, 2022. The reportable segments have been changed from the previous "Measuring and Weighing Equipment Business" and "Medical and Healthcare Equipment Business" to "Measuring and Weighing Equipment Business," "Medical and Healthcare Equipment Business," and "Semiconductor-related Business."

In this regard, segment information for the fiscal year ended March 31, 2022, has been prepared according to the segmentation after the change and is presented in "3. Information on net sales, profit (loss), assets and other items by reportable segment" for the previous fiscal year.

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.

3. Information on net sales, profit (loss), assets and other items by reportable segment

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

(Million yen)

	Measuring and Weighing Equipment Business				
	Japan	Americas	Europe	Asia and Oceania	Total
Net sales					
Net sales to outside customers	16,381	3,724	868	4,143	25,119
Inter-segment net sales or transfers	3,384	240	0	2,852	6,478
Total	19,766	3,965	869	6,996	31,597
Segment profit	1,095	318	61	428	1,904
Segment assets	29,366	3,430	776	6,252	39,826
Other items					
Depreciation	807	40	13	106	967
Amortization of goodwill	—	—	—	8	8
Increases in tangible and intangible fixed assets	699	14	3	869	1,587

	Semiconductor-related Business				
	Japan	Americas	Europe	Asia and Oceania	Total
Net sales					
Net sales to outside customers	5,082	—	—	—	5,082
Inter-segment net sales or transfers	—	—	—	—	—
Total	5,082	—	—	—	5,082
Segment profit	1,631	—	—	—	1,631
Segment assets	8,824	—	—	—	8,824
Other items					
Depreciation	148	—	—	—	148
Amortization of goodwill	76	—	—	—	76
Increases in tangible and intangible fixed assets	737	—	—	—	737

	Medical and Healthcare Equipment 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
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.

For the fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Million yen)

	Measuring and Weighing Equipment Business				
	Japan	Americas	Europe	Asia and Oceania	Total
Net sales					
Net sales to outside customers	16,325	5,533	904	4,837	27,600
Inter-segment net sales or transfers	3,519	468	0	3,283	7,272
Total	19,844	6,001	905	8,120	34,872
Segment profit	1,232	702	101	503	2,539
Segment assets	32,237	3,834	622	6,950	43,645
Other items					
Depreciation	767	52	13	145	978
Amortization of goodwill	—	—	—	9	9
Increases in tangible and intangible fixed assets	883	201	18	187	1,292

	Semiconductor-related Business				
	Japan	Americas	Europe	Asia and Oceania	Total
Net sales					
Net sales to outside customers	6,916	—	—	—	6,916
Inter-segment net sales or transfers	—	—	—	—	—
Total	6,916	—	—	—	6,916
Segment profit	2,339	—	—	—	2,339
Segment assets	11,704	—	—	—	11,704
Other items					
Depreciation	151	—	—	—	151
Amortization of goodwill	76	—	—	—	76
Increases in tangible and intangible fixed assets	130	—	—	—	130

	Medical and Healthcare Equipment Business					Adjustments (Note 1)	Consolidation (Note 2)
	Japan	Americas	Europe	Asia and Oceania	Total		
Net sales							
Net sales to outside customers	5,429	9,286	9,390	405	24,511	—	59,028
Inter-segment net sales or transfers	11,649	3	5	8,668	20,326	(27,598)	—
Total	17,078	9,289	9,395	9,074	44,838	(27,598)	59,028
Segment profit	2,906	139	1,376	253	4,675	(2,079)	7,475
Segment assets	7,885	4,880	6,836	3,954	23,556	(9,489)	69,418
Other items							
Depreciation	163	57	86	200	508	62	1,701
Amortization of goodwill	—	3	—	—	3	—	89
Increases in tangible and intangible fixed assets	255	156	324	455	1,193	77	2,692

- Notes: 1. (1) The adjustment of ¥(2,079) million in segment profit includes corporate expenses of ¥(1,755) million not allocated to reportable segments and elimination of unrealized gains on inventories in inter-segment transactions of ¥(370) million. Corporate expenses are primarily general and administrative expenses for management departments.
- (2) The adjustment of ¥(9,489) million in segment assets includes eliminations of inter-segment transactions of ¥(15,229) million and corporate assets of ¥5,740 million not allocated to reportable segments.
- (3) The adjustment of ¥77 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.

(Business combinations)

(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 A&D Company, Limited ((formerly known as A&D Split Preparatory Company, Limited) 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-subsidiary 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 was the wholly-owning parent company resulting from the share exchange and HOLON was 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 shares
- 2) Number of treasury shares allocated: 1,500,000 shares

(3) Basis for Share Exchange Ratio

In deciding the share exchange ratio, the Company and HOLON selected Plutus Consulting Co., Ltd. (“Plutus”) and Yamada Consulting Group Co., Ltd. (“Yamada Consulting”) as their respective financial advisors.

Plutus performed the calculation using market price analysis because the Company’s and HOLON’s common shares are both listed on financial instruments exchanges and therefore have market prices, discounted cash flow analysis (“DCF Analysis”) in order to reflect future business activities in the valuation, and comparable company analysis because it is possible to infer the share value through comparison to similar companies as there are listed companies that are comparable to the Companies. Plutus took the outcomes of these analyses from comprehensive angles in calculating the share exchange ratio.

Yamada Consulting performed the calculation by using the market price analysis because the Company’s common shares and HOLON’s common shares are each listed on financial instrument exchanges and therefore have market prices, DCF Analysis in order to reflect future business activities in the valuation, and comparable company analysis because it is possible to infer the share value through comparison to similar companies as there are multiple listed companies that are comparable to the Company and HOLON.

The share exchange ratio was decided through negotiation between the parties, with the above analyses used as guides.

(4) Outline of Company to Become Wholly-Owning Parent Company Resulting from Share Exchange (as of March 31, 2022)

Name	A&D Company, Ltd.
Address	3-23-14 Higashi Ikebukuro, Toshima-ku, Tokyo
Position and name of representative	President & CEO, Yasunobu Morishima
Business details	Research, development, manufacturing and distribution of electronic measuring instruments, industrial scales, electronic balances, electronic medical instruments, testing machines, and other applied electronic equipment
Stated capital	¥6,388 million
End of fiscal year	March 31

(5) 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, Ko Cho
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

(6) 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.

- (7) Matters Listed in Case of Additional Acquisition of Subsidiary Shares
Cost of the acquisition of the acquired company and the breakdown thereof

Consideration for the acquisition	Common shares	¥6,163 million
Cost of acquisition		¥6,163 million

- (8) Matters Related to Changes in the Company’s Equity in Transactions with Non-controlling Interests
- 1) Major factors in the change in share capital surplus
 - Additional acquisition of subsidiary shares
 - 2) Amount of share capital surplus decreased due to transactions with non-controlling interests
 - ¥3,395 million

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 issued by New A&D in conducting the Absorption-Type Company Split were allotted to the Company, no valuation has been conducted by a third-party valuation agency. The number of shares 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 Holdings 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) Assets and Liabilities of the Split Business Divisions (as of March 31, 2022)

Assets (Million yen)		Liabilities (Million yen)	
Items	Book value	Items	Book value
Current assets	16,986	Current liabilities	7,645
Fixed assets	14,445	Fixed liabilities	744
Total	31,432	Total	8,389

(8) Outline of Succeeding Company in Absorption-Type Company Split (as of March 31, 2022)

Name	A&D Split Preparatory Company, Limited
Address	3-23-14 Higashi Ikebukuro, Toshima-ku, Tokyo
Position and name of representative	Representative Director, Yasunobu Morishima
Business details	Research, development, manufacturing and distribution of electronic measuring instruments, industrial scales, electronic balances, electronic medical instruments, testing machines, and other applied electronic equipment
Stated capital	¥50 million
End of fiscal year	March 31

(9) Outline of Accounting

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

(Merger among consolidated subsidiaries)

KENSEI KOGYO Co., Ltd., our consolidated subsidiary, merged with Litra Co., LTD. and ORIENTEC CORPORATION, also our consolidated subsidiaries, effective January 1, 2023 (hereinafter the “Merger”).

1. Reason of Merger

The Merger is aimed at strengthening the Group’s competitiveness and improving profitability by unifying the business management system and further improving efficiency through the effective use of human resources.

2. Outline of Merger

(1) Schedule

July 20, 2022	Resolution date of Board of Directors regarding the Merger (company concerned to the absorption-type merger)
July 20, 2022	Execution date of contract
July 26, 2022	Resolution date of Board of Directors regarding the Merger (A&D Company, Ltd.)
July 26, 2022	Resolution date of the General Meeting of Shareholders (company concerned to the absorption-type merger)
January 1, 2023	Date of the Merger (effective date) and date of trade name change

(2) Method of Merger

The Merger was an absorption-type merger wherein KENSEI KOGYO Co., Ltd. was the surviving company, and Litra Co., LTD. and ORIENTEC CORPORATION were the absorbed companies.

(3) Details of Allotments Relating to Merger

As all the companies were wholly owned subsidiaries of the Company, there was no consideration for the Merger nor was there an increase or decrease in the amount of capital.

(4) Status of Succeeding Assets and Liabilities

At the date of the Merger (effective date), the surviving company inherited all assets, liabilities and rights and obligations of the absorbed companies.

3. Profile of Companies Concerned to the Absorption-Type Merger (as of December 31, 2022)

	Surviving company	Absorbed company	Absorbed company
Name	KENSEI KOGYO Co., Ltd.	Litra Co., LTD.	ORIENTEC CORPORATION
Address	4210-15 Takasai, Shimotsuma-shi, Ibaraki	7-5 Harajuku, Hidaka-shi, Saitama	161 Hanzawa Shinden, Fukaya-shi, Saitama
Position and name of representative	Shinichi Watanabe Representative Director	Kazunori Hatanaka Representative Director and President	Hiroshige Uehara Representative Director and President
Business details	Manufacturing and distribution of electronic balances, electronic medical instruments, and precision machine parts	Manufacturing of load cells, indicators, electronic balances, industrial scale, checkweighers, and other applied electronic equipment	Manufacturing of various material testing machines, automobile-related testing equipment, various semiconductor manufacturing equipment, and signal/waveform analysis equipment
Date of Establishment	September 1955	June 1985	December 1954
Stated capital	¥81 million	¥200 million	¥268 million
End of fiscal year	March 31	March 31	March 31
Major Shareholders and holding ratio	A&D Company, Ltd. 100%	A&D Company, Ltd. 100%	A&D Company, Ltd. 100%

4. Conditions after the Absorption-Type Merger

Trade name	A&D Manufacturing Company, Limited
Business details	Manufacturing of electronic measuring instruments, industrial scales, electronic balances, electronic medical instruments, testing machines, and other applied electronic equipment
Address	4210-15 Takasai, Shimotsuma-shi, Ibaraki
Position and name of representative	Eisuke Ogaku, Representative Director
Stated capital	¥81 million
End of fiscal year	March 31

5. Outline of the Accounting Treatment to be Carried Out

The Company has processed the accounting as a common control transaction pursuant to the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21 (Revised 2019), January 16, 2019) 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).

(Per share information)

	Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	Consolidated Fiscal Year Under Review (From April 1, 2022 to March 31, 2023)
Net assets per share	¥1,167.95	¥1,183.98
Basic earnings per share	¥172.92	¥201.33
Diluted earnings per share	¥172.66	¥201.14

(Notes)

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

	End of Previous Consolidated Fiscal Year (March 31, 2022)	End of Consolidated Fiscal Year Under Review (As of March 31, 2023)
Total net assets	¥27,041 million	¥32,574 million
Amounts deducted from total net assets	¥2,885 million	¥72 million
(Of which, non-controlling interests)	(¥2,885 million)	(¥72 million)
Net assets at end of period relating to common shares	¥24,155 million	¥32,502 million
Number of common shares at end of period used to calculate net assets per share	20,682 thousand	27,451 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, 2021 to March 31, 2022)	Consolidated Fiscal Year Under Review (From April 1, 2022 to March 31, 2023)
Basic earnings per share		
Net profit attributable to parent company shareholders	¥3,573 million	¥5,524 million
Amounts not attributable to common shareholders	¥— million	¥— million
Net profit attributable to parent company shareholders relating to common shares	¥3,573 million	¥5,524 million
Average number of shares during the period	20,668 thousand	27,441 thousand
Diluted earnings per share		
Adjusted net profit attributable to parent company shareholders	¥— million	¥— million
Increase in number of common shares	30 thousand	25 thousand
(Of which, share acquisition rights)	(30 thousand)	(25 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 311 thousand shares for the previous consolidated fiscal year and 286 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 303 thousand shares for the previous consolidated fiscal year and 275 thousand shares for the consolidated fiscal year under review.

(Significant subsequent events)
Not applicable.

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.