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May 13, 2022

## Summary of Financial Statements of Fiscal Year Ended March 2022 (Japanese GAAP) (Consolidated)

Name of listed company: SINFONIA TECHNOLOGY CO., LTD.  
Exchange for listed company: Tokyo Stock Exchange  
Securities Code: 6507  
URL: [https://www.sinfo-t.jp/eng/index\\_a.htm](https://www.sinfo-t.jp/eng/index_a.htm)  
Representative Shinichi Hirano, Representative Director and President

(Rounded down to the nearest million yen)

### 1. Consolidated financial results of fiscal year ended March 2022 (April 1, 2021 to March 31, 2022)

#### (1) Consolidated operating results (Percentage (%) indicates the rate of year-over-year increase or decrease)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	94,585	8.3	7,514	53.6	7,898	64.2	5,593	52.1
March 31, 2021	87,312	(2.7)	4,891	59.4	4,810	67.5	3,677	117.8

Note: Comprehensive income Fiscal year ended March 2022 ¥5,403 million (40.1)%  
Fiscal year ended March 2021 ¥9,021 million 920.8%

Fiscal year ended	Profit per share	Diluted profit per share	Return on equity	Return on assets	Return on net sales
	Yen	Yen	%	%	%
March 31, 2022	194.99	–	10.6	7.0	7.9
March 31, 2021	124.51	–	7.8	4.5	5.6

(Reference) Equity in net income of affiliates  
Fiscal year ended March 2022 ¥ - million  
Fiscal year ended March 2021 ¥ - million

#### (2) Consolidated financial position

As of	Total assets	Net assets	Equity capital ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2022	116,801	54,090	46.3	1,918.91
March 31, 2021	109,353	51,354	47.0	1,741.63

(Reference) Equity capital  
As of March 31, 2022 ¥54,090 million  
As of March 31, 2021 ¥51,354 million

#### (3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	2,951	(1,847)	(4,761)	8,733
March 31, 2021	6,813	(2,913)	843	12,358

## 2. Cash dividends

	Annual dividends per share					Total amount of dividends	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of period	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 2021	–	0.00	–	35.00	35.00	1,038	28.1	2.2
Fiscal year ended March 2022	–	0.00	–	50.00	50.00	1,418	25.6	2.7
Fiscal year ending March 2023 (forecast)	–	0.00	–	50.00	50.00		25.6	

Note: Total amount of dividends includes the dividends for Sinfonia Technology's shares held by the Board Benefit Trust (BBT) (¥6 million for fiscal year ended March 2021 and ¥8 million for fiscal year ended March 2022).

## 3. Consolidated operating results forecast of fiscal year ending March 2023

(April 1, 2022 to March 31, 2023)

(Percentage (%) indicates the rate of year-over-year increase or decrease)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	100,000	5.7	8,000	6.5	8,000	1.3	5,600	0.1	195.21

**\* Notes**

- (1) Transfer of key subsidiaries during the fiscal year (transfer of specific subsidiaries that involve any changes in the scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and/or restatements
- (i) Changes in accounting policies associated with any amendments in accounting standards, etc.: Yes
- (ii) Other changes in accounting policies: No
- (iii) Changes in accounting estimates: No
- (iv) Restatements: No

Note: For more information, read “4. Consolidated financial statements and major notes (5) Notes on consolidated financial statements (Changes in accounting policies)” on page 14 of the attachment.

(3) Number of issued shares (common shares)

a Number of shares issued at end of period (including treasury shares)

As of March 31, 2022	29,789,122 shares
As of March 31, 2021	29,789,122 shares

b Number of treasury shares at end of period

As of March 31, 2022	1,600,948 shares
As of March 31, 2021	302,580 shares

c Average number of shares during the period

Fiscal year ended March 2022	28,687,734 shares
Fiscal year ended March 2021	29,532,554 shares

Note: Number of treasury shares at end of period includes Sinfonia Technology’s shares held by the Board Benefit Trust (BBT) (175,200 shares in fiscal year ended March 2022 and 177,300 shares in fiscal year ended March 2021). Sinfonia Technology’s shares held by the Board Benefit Trust (BBT) are included in the treasury shares deducted in the calculation of the average number of shares during the period (175,846 shares in fiscal year ended March 2022 and 177,300 shares in fiscal year ended March 2021).

**Reference: Non-consolidated financial results of fiscal year ended March 2022**

**(April 1, 2021 to March 31, 2022)**

**(1) Non-consolidated operating results**

(Percentage (%) indicates the rate of year-over-year increase or decrease)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	72,093	10.9	5,462	92.9	6,267	82.8	4,580	54.5
March 31, 2021	64,981	(3.6)	2,832	173.7	3,427	126.8	2,964	200.0

Fiscal year ended	Profit per share	Diluted profit per share
	Yen	Yen
March 31, 2022	159.67	—
March 31, 2021	100.37	—

**(2) Non-consolidated financial position**

	Total assets	Net assets	Equity capital ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
March 31, 2022	103,101	43,823	42.5	1,554.67
March 31, 2021	96,618	42,398	43.9	1,437.90

(Reference) Equity capital

As of March 31, 2022

¥43,823 million

As of March 31, 2021

¥42,398 million

\* Summary of Financial Statements is not subject to the audit of a certified public accountant or an auditing firm.

\* Explanation of proper use of financial results forecast and other special notes

The financial results forecast is created based on information available as of the date of the announcement of this document. The actual results may differ from this forecast due to different future factors. For matters related to the financial results forecast, read “1. Operating Results and Financial Position, etc. (4) Future Outlook” on page 3 of the attachment.

o **Table of contents of the attachment**

**Index**

1. Operating Results and Financial Position .....	2
(1) Analysis of Operating Results .....	2
(2) Analysis of Financial Position.....	2
(3) Cash Flows .....	3
(4) Future Outlook .....	3
2. Mid-to-long term management strategies and issues to be addressed .....	5
3. Basic concept for the selection of accounting standard .....	6
4. Consolidated financial statements and major notes .....	7
(1) Consolidated balance sheet .....	7
(2) Consolidated statement of income and consolidated statement of comprehensive income .....	9
(Consolidated statement of income).....	9
(Consolidated statement of comprehensive income).....	10
(3) Consolidated statement of changes in equity .....	11
(4) Consolidated statement of cash flows .....	13
(5) Notes on consolidated financial statements.....	14
(Notes on going concern) .....	14
(Changes in accounting policies).....	14
(Additional information) .....	15
(Segment information) .....	15
(Per-share information) .....	16
(Significant subsequent events).....	17
Supplementary Document for the Financial Results of Fiscal Year Ended March 2022 [Fiscal 2021] (Consolidated) .....	18

## 1. Operating Results and Financial Position

### (1) Analysis of Operating Results

The business environment surrounding the Sinfonia Technology Group (the “Group”) during this fiscal year was harsh due to the repeated waves of COVID-19, a surge in material costs, and restrictions in the supply of electronic components. On the other hand, the globally high demand in semiconductors drove steady investments to semiconductor manufacturing equipment, and capital investments in production systems for automation and labor saving continued, particularly in China.

Under such economic conditions, the Group recorded orders received in the amount of ¥110,465 million (up 31.2% year-over-year) and net sales of ¥94,585 million (up 8.3% year-over-year). As for gains and losses, the operating profit was ¥7,514 million (up 53.6% year-over-year), the ordinary profit was ¥7,898 million (up 64.2% year-over-year), and the profit attributable to owners of parent was ¥5,593 million (up 52.1% year-over-year).

Our business performance by business segment is as follows:

#### [Motion Systems business]

Thanks to the steady business in actuators for textile machines and devices used in semiconductor manufacturing equipment, as well as electromagnetic clutches and brakes for industrial machines, orders received amounted to ¥37,186 million (up 18.6% year-over-year). Despite the impact of a decrease in airports ground support equipment, for which demand dropped and stagnated due to the spread of COVID-19, as well as the lockdown at production sites in China and Vietnam, net sales of ¥32,094 million (up 6.0% year-over-year) was recorded accompanied by an increase in the orders received. As for gains and losses, increased net sales and cost reduction in aerospace-related equipment contributed to an operating profit of ¥1,377 million (up 58.9% year-over-year).

#### [Power Electronics Systems business]

Amid the decrease and stagnation of demand in automotive testing equipment, there was an increase in the demand for clean transport equipment and vacuum furnaces for semiconductor materials due to substantial investments in the semiconductor industry, an increase in the demand for vibrating equipment due to increased capital investment in the electronic components industry, and an increase in demand for the electrical equipment for water supply and sewage facilities. As a result, the orders received amounted to ¥54,592 million (up 56.3% year-over-year). Despite some drop in sales owing to a decrease in automotive testing equipment and a postponement of the construction of electrical equipment for water supply and sewage facilities, an increase in orders received for clean transport equipment led to an increase in net sales, which was ¥44,591 million (up 17.6% year-over-year). As for gains and losses, increased net sales and the impact of currency from increased overseas demand for clean transport equipment led to an operating profit of ¥4,486 million (up 95.6% year-over-year).

#### [Support & Engineering business]

Due to the increase in conveyor system constructions, etc. for semiconductor manufacturing plants, orders received amounted to ¥18,686 million (up 4.2% year-over-year). While there was an increase in orders received, the decrease deriving from the postponement of construction work resulted in net sales of ¥17,899 million (down 6.4% year-over-year). As for gains and losses, the improved profitability of construction projects favorably countered the decreased net sales, contributing to an operating profit of ¥1,746 million (up 3.1% year-over-year).

### (2) Analysis of Financial Position

#### (Assets)

The total assets as of the end of this fiscal year were ¥116,801 million, which is a year-over-year increase of ¥7,448 million. This is primarily the result of an increase in inventories and in notes and accounts receivable - trade, and contract assets by ¥7,390 million and ¥5,280 million, respectively, as well as a decrease in cash and deposits, investment securities, intangible assets, and property, plant and equipment by ¥3,625 million, ¥614 million, ¥601 million, and ¥509 million, respectively.

#### (Liabilities)

The liabilities as of the end of this fiscal year were ¥62,710 million, which is year-over-year increase of ¥4,712 million. This is primarily the result of an increase in notes and accounts payable - trade and in income taxes payable by ¥5,949 million and ¥887 million, respectively, as well as a decrease in borrowings by ¥2,006 million.

#### (Net assets)

The net assets as of the end of this fiscal year were ¥54,090 million, which is year-over-year increase of ¥2,736 million. This is the result of an increase in retained earnings by ¥4,555 million due to recording the profit attributable to owners of parent, as well as a decrease in the purchase of treasury shares and valuation difference on available-for-sale securities by ¥1,629 million and ¥403 million, respectively.

### **(3) Cash Flows**

The cash and cash equivalents (the “funds”) of this fiscal year on a consolidated basis was ¥8,733 million as of the end of this fiscal year, decreasing by ¥3,625 million compared to that as of the end of the previous fiscal year.

The status of cash flows by activity and the factors thereof are as follows:

#### (Cash flows from operating activities)

The amount of increase in funds from operating activities in this fiscal year was ¥2,951 million. This is the result of an increase in inventories, in trade receivables, and in income taxes paid by ¥7,353 million, ¥5,188 million, and ¥1,475 million, together with the recording of profit before income taxes of ¥7,898 million, an increase in trade payables by ¥5,877 million, and the recording of depreciation of ¥3,203 million.

#### (Cash flows from investing activities)

The amount of decrease in funds from investing activities in this fiscal year was ¥1,847 million. This is the result of the purchase of property, plant and equipment in the amount of ¥1,379 million.

#### (Cash flows from financing activities)

The amount of decrease in funds from financing activities in this fiscal year was ¥4,761 million. This is the result of net decrease of ¥2,006 million in short-term borrowings and long-term borrowings (amount obtained by subtracting repayment from procurement), purchase of treasury shares of ¥1,632 million, and a payout of dividends of ¥1,036 million.

### **(4) Future Outlook**

As the future business environment of the Group, there are concerns over growing uncertainties, which include, not only the risks in procurement and production such as the surge in material costs, restrictions in the supply of electronic components, and the risks in procurement and production due to the COVID-19 lockdown in China, notwithstanding the continuing high demand for semiconductors, but also the prolonged impact of the Russia-Ukraine situation.

The forecast for the fiscal year ending March 2023 as of this date is as follows:

Future prospects for consolidated business performance

(Unit: Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Consolidated full-year financial results forecast of fiscal year ending March 2023	100,000	8,000	8,000	5,600
Consolidated full-year financial results of fiscal year ended March 2022 (Reference)	94,585	7,514	7,898	5,593
Increase/Decrease rate	5.7%	6.5%	1.3%	0.1%

Note: The financial results forecast is created based on information available as of the date of the announcement of this document. The actual results may differ from this forecast due to different future factors.

## 2. Mid-to-long term management strategies and issues to be addressed

The Group has formulated a three-year group medium-term management plan starting from fiscal 2022 and is currently working on the implementation of efforts.

[Overview of the medium-term management plan]

To achieve continuous growth, we will focus on the development of new products and cultivating new businesses, thereby transforming our product portfolio and contributing to corporate growth at a higher level as well as sustainable development of society.

I. Name of plan: SINFONIA NEW STAGE 2024

II. Basic policy of the medium-term management plan

During the period from 2022 to 2024, with strengthening technological development capability and new product/business creation activities as our top-priority theme, we will focus our efforts on semiconductor-related area to increase its share of overall sales and to solidify its position as a growth driver.

We will also pursue a transformation of our product portfolio by actively engaging in the development of new products related to logistics, regenerative medicine, and decarbonization.

(i) Transformation of product composition by means of improving technological development capability

We will pursue expansion in the areas of motor drives, power electronics, and system control technologies. In particular, we will actively seek M&A and collaborations with academia to make a change in our product portfolio in the areas related to semiconductor transfers, logistics transportation robot systems, and energy management.

(ii) Efforts toward decarbonization and reduction of environmental burdens

Toward the sustainable growth of the society and the Group, we will endeavor to reduce GHG emissions, furthermore, we will shift to products that lead to a reduction in GHG emissions for our end customers.

(iii) Expansion of global business

To realize swift response to our customers across the globe, we will pursue expansion of global business by enhancing the functions of our group companies in Asia and North America.

(iv) Improvement of product competitiveness and production capacity

We will actively work on digitalization of products and automation of production in order to step up our product competitiveness and production capacity, thereby improving our earning power.

(v) Organizational and cultural reform

To build a sustainable corporate culture and with a view to medium-to-long term growth, we seek to transform into an enterprise that supports people who can and will take on challenges, through enhancement of employee education/assessment system and organizational reform to flexibly respond to the business environment.

### III. Targets of the medium-term management plan

#### (1) Quantitative targets

	Fiscal 2021 results	Fiscal 2024 targets
Net sales	94.6 billion yen	110 billion yen
Operating profit margin	7.9%	9.0% or higher
ROE	10.6%	10.0% or higher

ROE = Profit attributable to owners of parent / Net assets (average of net assets at the beginning and end of fiscal year)

#### (2) Basic policy for shareholder return

Our basic policy is to offer a dividend payout of 25% or higher, aiming at a transformation of product portfolio, investment for growth to step up production capacity, sound finances, and a stable shareholder return.

### 3. Basic concept for the selection of accounting standard

The Group will continue to prepare consolidated financial statements based on Japanese standards for the time being in order to ensure the possibility of comparison of financial statements between companies and over time.

We intend to appropriately deal with the application of the International Financial Reporting Standards (IFRS) upon considering domestic and international affairs.

## 4. Consolidated financial statements and major notes

### (1) Consolidated balance sheet

(Unit: Millions of yen)

	Previous fiscal year (March 31, 2021)	Current fiscal year (March 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	12,359	8,734
Notes and accounts receivable - trade, and contract assets	29,564	34,844
Merchandise and finished goods	1,512	2,053
Work in process	7,491	10,336
Raw materials and supplies	7,184	11,187
Other	815	689
Allowance for doubtful accounts	(38)	(43)
Total current assets	58,888	67,803
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,167	10,973
Machinery, equipment and vehicles, net	3,205	3,040
Tools, furniture and fixtures, net	1,443	1,303
Land	14,575	14,573
Leased assets, net	125	63
Construction in progress	349	403
Total property, plant and equipment	30,866	30,356
Intangible assets	2,616	2,015
Investments and other assets		
Investment securities	11,629	11,015
Retirement benefit asset	2,787	3,004
Deferred tax assets	767	781
Other	1,966	1,984
Allowance for doubtful accounts	(169)	(159)
Total investments and other assets	16,981	16,626
Total non-current assets	50,464	48,998
Total assets	109,353	116,801

(Unit: Millions of yen)

	Previous fiscal year (March 31, 2021)	Current fiscal year (March 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	12,412	14,151
Electronically recorded obligations - operating	4,531	8,742
Short-term borrowings	9,170	7,170
Current portion of long-term borrowings	2,706	3,335
Accrued expenses	5,122	5,389
Income taxes payable	907	1,794
Accrued consumption taxes	1,234	519
Provision for product warranties	204	411
Provision for loss on orders received	872	545
Other	2,427	3,202
Total current liabilities	39,589	45,261
Non-current liabilities		
Long-term borrowings	11,914	11,278
Deferred tax liabilities	907	769
Deferred tax liabilities for land revaluation	1,669	1,669
Provision for retirement benefits for directors (and other officers)	124	137
Provision for share awards for directors (and other officers)	24	59
Provision for environmental measures	298	3
Retirement benefit liability	2,683	2,779
Other	787	751
Total non-current liabilities	18,408	17,449
Total liabilities	57,998	62,710
<b>Net assets</b>		
Shareholders' equity		
Share capital	10,156	10,156
Capital surplus	452	452
Retained earnings	29,007	33,562
Treasury shares	(333)	(1,963)
Total shareholders' equity	39,283	42,209
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,617	5,214
Revaluation reserve for land	3,913	3,913
Foreign currency translation adjustment	259	376
Remeasurements of defined benefit plans	2,280	2,377
Total accumulated other comprehensive income	12,071	11,881
Total net assets	51,354	54,090
Total liabilities and net assets	109,353	116,801

**(2) Consolidated statement of income and consolidated statement of comprehensive income**  
**(Consolidated statement of income)**

(Unit: Millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net sales	87,312	94,585
Cost of sales	69,253	73,146
Gross profit	18,059	21,439
Selling, general and administrative expenses	13,168	13,924
Operating profit	4,891	7,514
Non-operating income		
Interest and dividend income	196	234
Foreign exchange gains	12	310
Transfer of rights income	83	99
Compensation for forced relocation	90	—
Other	75	167
Total non-operating income	458	811
Non-operating expenses		
Interest expenses	159	146
Compensation expenses	94	78
Other	285	201
Total non-operating expenses	540	427
Ordinary profit	4,810	7,898
Extraordinary income		
Gain on sale of investment securities	268	—
Total extraordinary income	268	—
Profit before income taxes	5,079	7,898
Income taxes - current	1,326	2,326
Income taxes - deferred	75	(21)
Total income taxes	1,402	2,304
Profit	3,677	5,593
Profit attributable to owners of parent	3,677	5,593

**(Consolidated statement of comprehensive income)**

(Unit: Millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Profit	3,677	5,593
Other comprehensive income		
Valuation difference on available-for-sale securities	2,717	(403)
Deferred gains or losses on hedges	(0)	—
Foreign currency translation adjustment	(56)	116
Remeasurements of defined benefit plans, net of tax	2,684	97
Total other comprehensive income	5,344	(189)
Comprehensive income	9,021	5,403
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	9,021	5,403
Comprehensive income attributable to non-controlling interests	—	—

**(3) Consolidated statement of changes in equity**

Previous fiscal year (From April 1, 2020 to March 31, 2021)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,156	452	26,223	(207)	36,625
Changes during period					
Dividends of surplus			(893)		(893)
Profit attributable to owners of parent			3,677		3,677
Purchase of treasury shares				(126)	(126)
Disposal of treasury shares			(0)	0	0
Net changes in items other than shareholders' equity					
Total changes during period	—	—	2,783	(126)	2,657
Balance at end of period	10,156	452	29,007	(333)	39,283

	Accumulated other comprehensive income						Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	2,900	0	3,913	316	(403)	6,726	43,352
Changes during period							
Dividends of surplus							(893)
Profit attributable to owners of parent							3,677
Purchase of treasury shares							(126)
Disposal of treasury shares							0
Net changes in items other than shareholders' equity	2,717	(0)	—	(56)	2,684	5,344	5,344
Total changes during period	2,717	(0)	—	(56)	2,684	5,344	8,002
Balance at end of period	5,617	—	3,913	259	2,280	12,071	51,354

Current fiscal year (From April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,156	452	29,007	(333)	39,283
Changes during period					
Dividends of surplus			(1,038)		(1,038)
Profit attributable to owners of parent			5,593		5,593
Purchase of treasury shares				(1,632)	(1,632)
Disposal of treasury shares		0		2	2
Net changes in items other than shareholders' equity					
Total changes during period	—	0	4,555	(1,629)	2,925
Balance at end of period	10,156	452	33,562	(1,963)	42,209

	Accumulated other comprehensive income						Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	5,617	—	3,913	259	2,280	12,071	51,354
Changes during period							
Dividends of surplus							(1,038)
Profit attributable to owners of parent							5,593
Purchase of treasury shares							(1,632)
Disposal of treasury shares							2
Net changes in items other than shareholders' equity	(403)	—	—	116	97	(189)	(189)
Total changes during period	(403)	—	—	116	97	(189)	2,736
Balance at end of period	5,214	—	3,913	376	2,377	11,881	54,090

**(4) Consolidated statement of cash flows**

(Unit: Millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	5,079	7,898
Depreciation	3,170	3,203
Increase (decrease) in provision for product warranties	49	207
Increase (decrease) in provision for loss on orders received	(929)	(326)
Increase (decrease) in net defined benefit asset and liability	173	17
Increase (decrease) in provision for retirement benefits for directors (and other officers)	13	12
Increase (decrease) in provision for share awards for directors (and other officers)	24	34
Increase (decrease) in provision for environmental measures	(3)	(294)
Increase (decrease) in allowance for doubtful accounts	(101)	(5)
Interest and dividend income	(196)	(234)
Interest expenses	159	146
Gain on sale of investment securities	(268)	(16)
Decrease (increase) in trade receivables	709	(5,188)
Decrease (increase) in inventories	2,245	(7,353)
Increase (decrease) in trade payables	(1,821)	5,877
Increase (decrease) in accrued consumption taxes	298	(710)
Other	(635)	1,073
Subtotal	7,966	4,340
Interest and dividends received	196	234
Interest paid	(162)	(148)
Income tax paid	(1,187)	(1,475)
Net cash provided by (used in) operating activities	6,813	2,951
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,865)	(1,379)
Purchase of intangible assets	(291)	(227)
Purchase of investment securities	(15)	(15)
Proceeds from sale of investment securities	345	51
Other	(85)	(276)
Net cash provided by (used in) investing activities	(2,913)	(1,847)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,730	(2,000)
Proceeds from long-term borrowings	2,970	2,700
Repayments of long-term borrowings	(2,673)	(2,706)
Purchase of treasury shares	(126)	(1,632)
Dividends paid	(891)	(1,036)
Other	(165)	(85)
Net cash provided by (used in) financing activities	843	(4,761)
Effect of exchange rate change on cash and cash equivalents	(6)	32
Net increase (decrease) in cash and cash equivalents	4,737	(3,625)
Cash and cash equivalents at beginning of period	7,621	12,358
Cash and cash equivalents at end of period	12,358	8,733

## **(5) Notes on consolidated financial statements**

### **(Notes on going concern)**

Not applicable.

### **(Changes in accounting policies)**

(Application of accounting standard for revenue recognition, etc.)

Sinfonia Technology (the “Company”) has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the first quarter of the fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

This application is based on the application of the alternative treatment provided for in paragraph 98 of the Accounting Standard for Revenue Recognition. For domestic sale of finished goods, provided that the period from shipment up to the point of time when the control over the finished goods transferred to the customer is normal, revenue is recognized at the time of shipment.

For construction contracts, while the percentage of completion method was conventionally applied to contracts where certainty of achievement was recognized in the progress of the construction, for contracts where the performance obligations are satisfied over a certain period, the method of estimating the progress towards satisfaction of performance obligations is used instead to recognize revenue over the certain period based on that progress. As for the method of estimating progress towards satisfaction of performance obligations, the degree of progress is calculated at the proportion of cost incurred to estimated total costs (input method). For other construction contracts, revenue is recognized at the point when the construction is completed, as performance obligations satisfied at a point in time likewise the conventional method. For contracts with a very short construction period, the alternative treatment is applied, and revenue is recognized at the point when the construction is completed instead of over a certain period.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the fiscal year was added to or deducted from the opening balance of retained earnings of the first quarter of the fiscal year, and thus the new accounting policy was applied from such opening balance; provided, however, that the new accounting policy was not retrospectively applied to contracts for which nearly all the revenue amounts had been recognized according to the previous treatment in periods prior to the beginning of the first quarter of the fiscal year, by applying the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition. Furthermore, by applying the method set forth in item (1) of the supplementary provisions of paragraph 86 of the Accounting Standard for Revenue Recognition, modifications to contracts carried out prior to the beginning of the first quarter of the fiscal year were accounted for based on the contractual terms after all contract modifications were reflected. Consequently, this cumulative effect was added to or deducted from the opening balance of retained earnings of the first quarter of the fiscal year.

As a result, there is no effect on the gain or loss of the current fiscal year. There is also no effect on the retained earnings at the beginning of the period.

Due to the application of the Accounting Standard for Revenue Recognition, etc., “Notes and accounts receivable - trade” under current assets of the consolidated balance sheet as of the end of the previous fiscal year is included in “Notes and accounts receivable - trade, and contract assets” as of the end of the first quarter of the fiscal year.

(Application of the accounting standard for fair value measurement.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year, and it has applied the new accounting policy provided for by the

Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no effect on the consolidated financial statements.

**(Additional information)**

(Introduction of the Board Benefit Trust (BBT) for directors, etc.)

Based on a resolution at the 95th annual shareholders’ meeting held on June 27, 2019, the Company has introduced the Board Benefit Trust (BBT), which is a performance share system targeting directors who are not outside directors and executive officers who are not also directors (collectively, the “Directors, etc.”).

1. Outline of transactions

The BBT is a performance share system that uses the money contributed by the Company as a fund to acquire the Company’s shares through a trust (the “Trust,” as established based on the BBT) to provide the Directors, etc. with the Company’s shares and the money equivalent to the amount obtained by converting the Company’s shares using market value (the “Company’s Shares, etc.”) through the Trust according to the regulations for share awards for directors and other officers formulated by the Company. In principle, Directors, etc. will receive their payment of the Company’s Shares, etc. at the time of their resignation as Directors, etc.

2. Company’s shares remaining with the Trust

The Company’s shares remaining with the Trust are recorded as treasury shares in the net assets, based on the book value given by the Trust (excluding the amount of ancillary expenses). The book value and the number of the said treasury shares as of the end of the previous fiscal year were ¥199 million and 177,300 shares, and as of the end of the current fiscal year were ¥197 million and 175,200 shares.

**(Segment information)**

Information on the respective amounts of net sales, gain or loss, assets, and other items for each segment reported

Previous fiscal year (From April 1, 2020 to March 31, 2021)

(Unit: Millions of yen)

	Segment reported				Adjustment amount (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Motion Equipment	Power Electronics Equipment	Support & Engineering	Total		
Net sales						
Net sales to external customers	30,277	37,911	19,124	87,312	–	87,312
Internal net sales or transfer between segments	198	874	3,967	5,040	(5,040)	–
Total	30,475	38,785	23,091	92,352	(5,040)	87,312
Segment gain or loss	867	2,293	1,694	4,854	37	4,891
Segment assets	37,112	38,389	15,308	90,811	18,542	109,353
Other items						
Depreciation	1,545	1,485	139	3,170	–	3,170
Increase in property, plant and equipment and intangible assets	626	990	321	1,939	–	1,939

Notes:

1. The major details on the adjustment amount are as follows:
  - (1) The adjustment amount for the segment gain or loss is based on inter-segment transaction eliminations, etc.
  - (2) The adjustment amount for segment assets includes the company-wide assets of ¥22,408 million, which does not belong to any segment reported, and the inter-segment eliminations, etc. (¥3,866 million).  
The company-wide assets include the Company's surplus funds (cash and deposits) and long-term investment funds (investment securities).
2. The segment gain or loss is adjusted with the operating profit or loss in the consolidated statement of income.

Current fiscal year (From April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Segment reported				Adjustment amount (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Motion Equipment	Power Electronics Equipment	Support & Engineering	Total		
Net sales						
Net sales to external customers	32,094	44,591	17,899	94,585	—	94,585
Internal net sales or transfer between segments	245	795	4,406	5,446	(5,446)	—
Total	32,339	45,387	22,306	100,032	(5,446)	94,585
Segment gain or loss	1,377	4,486	1,746	7,611	(96)	7,514
Segment assets	41,007	46,100	15,190	102,298	14,503	116,801
Other items						
Depreciation	1,452	1,567	183	3,203	—	3,203
Increase in property, plant and equipment and intangible assets	783	1,194	114	2,091	—	2,091

Notes:

1. The major details on the adjustment amount are as follows:
  - (1) The adjustment amount for the segment gain or loss is based on inter-segment transaction eliminations, etc.
  - (2) The adjustment amount for segment assets includes the company-wide assets of ¥18,275 million, which does not belong to any segment reported, and the inter-segment eliminations, etc. (¥3,772 million).  
The company-wide assets include the Company's surplus funds (cash and deposits) and long-term investment funds (investment securities).
2. The segment gain or loss is adjusted with the operating profit or loss in the consolidated statement of income.

**(Per-share information)**

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Amount of net assets per share	1,741.63 yen	1,918.91 yen
Profit per share or loss per share	124.51 yen	194.99 yen

Notes:

1. Diluted profit per share is not listed due to there being no potential shares.
2. The Company's shares remaining with the Board Benefit Trust (BBT) that are recorded as treasury shares in the shareholders' equity are included in the number of treasury shares deducted from the number of shares issued at end of period for the calculation of the amount of net assets per share. These shares are also included in the treasury shares deducted in the calculation of the average number of shares during the period for the calculation of profit or loss per share. For the calculation of the amount of net assets per share, the number of the said deducted treasury shares at end of period was 177,300 shares in the previous fiscal year and 175,200 shares in the current fiscal year. For the calculation of the profit or loss per share, the average number of the said deducted treasury shares during the period was 177,300 shares in the previous fiscal year and 175,846 shares in the current fiscal year.
3. The basis of calculation for the profit or loss per share is as follows:

Item	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Profit (loss) attributable to owners of parent (Millions of yen)	3,677	5,593
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit (loss) attributable to owners of parent for common shares (Millions of yen)	3,677	5,593
Average number of common shares during the period (Thousands of shares)	29,532	28,687

**(Significant subsequent events)**

Not applicable.

**Supplementary Document for the Financial Results of Fiscal Year Ended March  
2022 [Fiscal 2021] (Consolidated)**

May 13, 2022  
SINFONIA TECHNOLOGY CO., LTD.

**1. Summary of operating results** (Unit: Millions of yen)

		Fiscal 2020	Fiscal 2021	YOY increase/decrease	
		(A)	(B)	(B) - (A)	Increase/Decrease rate
Net sales		87,312	94,585	7,273	8.3%
Operating profit	(%)	5.6%	7.9%	2.3%	
		4,891	7,514	2,622	53.6%
Ordinary profit	(%)	5.5%	8.4%	2.9%	
		4,810	7,898	3,088	64.2%
Profit attributable to owners of parent	(%)	4.2%	5.9%	1.7%	
		3,677	5,593	1,916	52.1%

**2. Information by segment**

**(1) Net sales and operating profit** (Unit: Millions of yen)

		Fiscal 2020	Fiscal 2021	YOY increase/decrease	
		(A)	(B)	(B) - (A)	Increase/Decrease rate
Motion Equipment	Net sales	30,277	32,094	1,816	6.0%
	Operating profit	867	1,377	510	58.9%
Power Electronics Equipment	Net sales	37,911	44,591	6,680	17.6%
	Operating profit	2,293	4,486	2,193	95.6%
Support & Engineering	Net sales	19,124	17,899	(1,224)	(6.4)%
	Operating profit	1,694	1,746	52	3.1%
Adjustment amount	Net sales	-	-	-	-
	Operating profit	37	(96)	(134)	-
Total	Net sales	87,312	94,585	7,273	8.3%
	Operating profit	4,891	7,514	2,622	53.6%

**(2) Orders received**

(Unit: Millions of yen)

	Fiscal 2020	Fiscal 2021	YOY increase/decrease	
	(A)	(B)	(B) - (A)	Increase/Decrease rate
Motion Equipment	31,345	37,186	5,841	18.6%
Power Electronics Equipment	34,924	54,592	19,668	56.3%
Support & Engineering	17,935	18,686	750	4.2%
Total	84,205	110,465	26,259	31.2%

**(3) Balance of orders received**

(Unit: Millions of yen)

	Fiscal 2020	Fiscal 2021	YOY increase/decrease	
	(A)	(B)	(B) - (A)	Increase/Decrease rate
Motion Equipment	26,498	31,591	5,092	19.2%
Power Electronics Equipment	17,877	27,878	10,000	55.9%
Support & Engineering	7,396	8,182	786	10.6%
Total	51,772	67,652	15,879	30.7%

**3. Overseas net sales**

(Unit: Millions of yen)

	Fiscal 2020	Fiscal 2021	YOY increase/decrease	
	(A)	(B)	(B) - (A)	Increase/Decrease rate
Overseas net sales	18,030	23,221	5,190	28.8%
Overseas net sales ratio (%)	20.7%	24.6%	3.9%	

**4. Cash flows**

(Unit: Millions of yen)

	Fiscal 2020	Fiscal 2021	YOY increase/decrease	
	(A)	(B)	(B) - (A)	Increase/Decrease rate
Operating cash flow	6,813	2,951	(3,862)	(56.7)%
Investing cash flow	(2,913)	(1,847)	1,066	–
Free cash flow	3,899	1,103	(2,796)	(71.7)%
Financing cash flow	843	(4,761)	(5,605)	–
Cash and cash equivalents at end of period	12,358	8,733	(3,625)	(29.3)%

**5. Capital expenditures, depreciation, and research and development expenses**

(Unit: Millions of yen)

	Fiscal 2020	Fiscal 2021	YOY increase/decrease	
	(A)	(B)	(B) - (A)	Increase/Decrease rate
Capital expenditures	1,939	2,091	152	7.8%
Depreciation	3,170	3,203	32	1.0%
Research and development expenses	2,710	2,888	178	6.6%