

Translation

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

May 13, 2022

Company name: PRESS KOGYO CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 7246 URL <https://www.presskogyo.co.jp>  
 Representative: President & CEO Tetsushi Mino  
 Inquiries: General Manager, General Affairs Dept. Takanori Sasaoka TEL 044-276-3901  
 Scheduled date of ordinary general meeting of shareholders: June 29, 2022  
 Scheduled date to file Securities Report: June 29, 2022  
 Scheduled date to commence dividend payments: June 30, 2022  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

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

#### (1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	160,060	–	12,424	–	12,673	–	7,107	–
Year ended March 31, 2021	153,725	(25.1)	4,764	(36.1)	5,013	(31.7)	1,489	(60.1)

Note: Comprehensive income For the year ended March 31, 2022 ¥11,220 million [–%]  
 For the year ended March 31, 2021 ¥2,703 million [(32.7)%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	66.17	–	7.7	7.8	7.8
Year ended March 31, 2021	13.74	–	1.7	3.3	3.1

Reference: Share of profit (loss) of entities accounted for using equity method

For the year ended March 31, 2022 ¥– million

For the year ended March 31, 2021 ¥– million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the year ended March 31, 2022, each figure for the year ended March 31, 2022, is the figure after applying the accounting standard, etc., and the percentage of year-on-year change is not shown.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	172,617	103,219	54.9	899.34
As of March 31, 2021	152,609	95,604	58.3	820.51

Reference: Equity

As of March 31, 2022: ¥94,794 million

As of March 31, 2021: ¥88,943 million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the year ended March 31, 2022, each figure for the year ended March 31, 2022, is the figure after applying the accounting standard, etc.

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	15,390	(10,483)	(594)	21,555
Year ended March 31, 2021	7,103	(9,892)	(1,988)	17,132

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	–	0.00	–	7.50	7.50	813	54.6	0.9
Year ended March 31, 2022	–	9.50	–	10.50	20.00	2,136	30.2	2.3
Year ending March 31, 2023 (Forecast)	–	10.50	–	10.50	21.00		29.0	

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

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	83,900	11.1	4,600	15.9	4,800	(11.4)	4,100	24.0	39.55
Full year	172,100	7.5	10,800	(13.1)	11,100	(12.4)	7,500	5.5	72.34

Note: The Company resolved at the meeting of the Board of Directors held on May 13, 2022, to conduct an acquisition of treasury shares. The Company has considered the impact of the acquisition of treasury shares on earnings per share in the forecast of consolidated financial results.

## 4. Notes

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

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

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

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

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2022	111,015,070 shares	As of March 31, 2021	114,009,770 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	5,610,620 shares	As of March 31, 2021	5,609,495 shares
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Average number of shares during the period

Year ended March 31, 2022	107,409,765 shares	Year ended March 31, 2021	108,400,771 shares
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## 1. Overview of operating results and others

### (1) Overview of operating results for the fiscal year

In the fiscal year ended March 31, 2022, domestic and overseas demand for trucks and construction machineries trended toward recovery. However, business activities were severely affected by production adjustments due to re-expansion of the novel coronavirus disease (COVID-19) and parts supply restrictions caused by the global shortage of semiconductors and other factors.

Under these circumstances, the Group has been striving to secure earnings by continuing to develop a system that can flexibly respond to changes in production and to carry out rationalization activities.

As a result of the above, in the current fiscal year, the Company recorded net sales of 160,060 million yen (153,725 million yen in the previous fiscal year), operating profit of 12,424 million yen (4,764 million yen in the previous fiscal year), ordinary profit of 12,673 million yen (5,013 million yen in the previous fiscal year), and profit attributable to owners of parent of 7,107 million yen (1,489 million yen in the previous fiscal year).

The Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other from the beginning of the current fiscal year. Accordingly, year-on-year comparisons (%) of net sales, operating profit, ordinary profit, and profit attributable to owners of parent are not shown. For details on the application of the “Accounting Standard for Revenue Recognition,” please refer to “(Changes in accounting policies) in (5) Notes to consolidated financial statements, 3. Consolidated financial statements.”

Business performance by segment is as follows.

#### **(Automotive-Related Business)**

The business environment and business performance in Japan and overseas in this segment was as follows.

[Japan]

Domestic demand for heavy- and medium-duty trucks decreased by 8,600 vehicles year on year, to 77,300 vehicles, and domestic demand for light-duty trucks decreased by 11,500 vehicles year on year, to 74,500 vehicles, while exports of both heavy- and medium-duty trucks and light-duty trucks increased year on year. As a result of such factors, domestic net sales increased year on year although the domestic production activities were affected by shortages in supply of semiconductors and other.

[Thailand]

While demand within the country for 1-ton pick-up trucks was on the same level as the previous fiscal year, exports of these vehicles increased. As a result, production increased year on year at the TSPK- Group.

[U.S.A.]

Demand within the country is trending toward recovery despite the impact of production adjustments at finished car manufacturers due to semiconductor supply shortages and other factors. As a result, the production increased year on year at PK U.S.A., INC.

[Indonesia]

Owing to increased domestic demand and exports of commercial vehicles, the production increased year on year at PT. PK Manufacturing Indonesia.

[Sweden]

While demand within Europe for commercial vehicles was on the same level as the previous fiscal year, ordered products performed well. As a result, the production increased year on year at PRESS KOGYO SWEDEN AB.

As a result of the above, net sales in this segment amounted to 125,775 million yen (126,488 million yen in the previous fiscal year) and segment profit amounted to 13,852 million yen (6,977 million yen in the previous fiscal year).

## **(Construction Machinery-Related Business)**

The business environment and business performance in Japan and overseas in this segment was as follows.

[Japan]

Owing to increased exports of hydraulic excavators for the North American, European, and Asian markets, production increased year on year at Onomichi Plant of the Company and KYOWA MFG. CO., LTD.

[China]

The production at PM CABIN MANUFACTURING CO., LTD. and PRESS KOGYO MINI CABIN (SUZHOU) CO., LTD. decreased year on year due to sluggish domestic demand over the second half of the current fiscal year and expansion of local manufacturers' market share.

The dissolution of PM CABIN MANUFACTURING CO.,LTD. was resolved at the Board of Directors meeting held on September 28, 2021.

As a result of the above, net sales in this segment amounted to 34,136 million yen (27,226 million yen in the previous fiscal year) and segment profit amounted to 1,697 million yen (950 million yen in the previous fiscal year).

### **Issues to be addressed**

Although global demand remains steady, shortages in supply of semiconductors and other components are not yet under control. In addition, higher production costs are expected to be unavoidable as a result of soaring international resource prices due to the deteriorating situation in Europe. The Group will strive to respond flexibly to production fluctuations and improve operational efficiency. We will continue to maintain smooth corporate and production activities against COVID-19 by continuing to take thorough measures on infection control and clusters.

In addition, the world is moving at an accelerated pace toward the realization of a sustainable society, and in particular, addressing climate change issues is a top priority. In the automobile and construction machinery industries, the development and market launch of EVs and FCVs is steadily progressing.

In order to survive and grow in this era of such significant change in the business environment, the Group has formulated a medium-term business plan for the years FY2019 through FY2023, and we are working to achieve it, having set forth our aim to "Focus on the Quality Management."

In the medium-term business plan, we have set the pillars of (i) Building strong management structure, (ii) Leading products and high competitiveness of core products, and (iii) Securing and expanding existing core business / new business, and we are making steady progress in addressing the climate change issue. To implement sustainability management, we will continue to identify material issues from a long-term perspective ("Materiality") and work toward sustainable growth while balancing corporate economic value and social value.

#### **1) Building strong management structure**

The "activity for monozukuri mindset" aimed at safety, 5S, equipment maintenance, and skill transfer, which are the fundamentals of manufacturing, are becoming firmly established as part of our corporate culture, and we will continue these activities in our daily management.

We are also promoting productivity improvement activities, the creation of a flexible system to cope with fluctuations in production volume, company-wide cross-sectional business improvement activities including staff divisions, diversity and activation of human resources and work styles, and the review of systems in response to changes in employment policies.

In addition, as of October 1, 2021, the CN Promotion Committee and the TCFD project were formed. While strengthening and promoting specific CO<sub>2</sub> reduction initiatives to become carbon neutral, we will analyze the risks and opportunities posed by climate change within the framework of the TCFD and incorporate them into our management strategies.

#### **2) Leading products and high competitiveness of core products**

In automotive parts, amid rapid progress in development targeting next-generation models and the shift to EVs and FCVs, we are focusing on development proposals that will contribute to enhancing the capabilities of the Group's core products, including weight saving qualities, high strength, multi-functionalized properties, and better coating performance.

In construction machinery cabins, we are promoting the development of the Company's original cabins, incorporating improved and new functions, such as higher visibility.

At the Onomichi Plant, which specializes in construction machinery cabins, we are working to strengthen competitiveness by reorganizing the overall production lines and optimizing logistics within the plant.

In addition, we will further advance manufacturing and increase our competitiveness as a specialized manufacturer through research and development of new technologies and methods for practical application, consideration of the use of new materials, and production line automation and efficiency, and the introduction of IT such as IoT/RPA.

### 3) Securing and expanding existing core business / new business

While global demand is firm, supported by construction demand such as infrastructure development and increased logistics, domestic demand is said to be facing future demand contraction factors such as driver shortage, modal shift, and declining population. Furthermore, the automotive industry as a whole has entered a period of major change, including the reorganization of automobile manufacturers and the accelerating shift toward EVs and FCVs.

In the automotive-related business, we are leveraging our ability to make proposals based on customer needs to enhance the value of core products, as we work to secure and expand our existing business.

In construction machinery cabins, we are making development proposals for various sizes of hydraulic excavators, from small to large sizes, and thus steadily increasing our market share toward achieving the sales expansion target of the medium-term business plan. Furthermore, we are also promoting activities aimed at expanding sales, including cabins for construction machinery other than hydraulic excavators and cabins for agricultural and industrial machinery.

In addition, we will also actively take on the challenge of developing applications for proprietary technologies, as well as new business development.

Management targets for the fiscal year ending March 31, 2024 in the medium-term business plan are as follows: operating profit margin: 7%, ROE: 7%, and total return ratio: 35% or more.

## (2) Overview of financial position for the fiscal year

### 1) Assets, liabilities and net assets

Total assets at the end of the current fiscal year increased 20,008 million yen from the end of the previous fiscal year to 172,617 million yen. This was mainly due to increases in cash and deposits, notes and accounts receivable-trade, and construction in progress.

Total liabilities at the end of the current fiscal year increased 12,392 million yen from the end of the previous fiscal year to 69,398 million yen. This was mainly due to an increase in notes and accounts payable-trade and short-term borrowings.

Net assets at the end of the current fiscal year increased 7,615 million yen from the end of the previous fiscal year to 103,219 million yen. This was mainly due to an increase in retained earnings. As a result, the equity ratio was 54.9%.

### 2) Overview of cash flows

Cash and cash equivalents ("funds") at the end of the current fiscal year increased 4,422 million yen from the end of the previous fiscal year to 21,555 million yen.

The status of cash flows and their factors during the current fiscal year are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities increased 8,286 million yen year on year to 15,390 million yen. This was mainly due to profit before income taxes, etc.

(Cash flows from investing activities)

Net cash used in investing activities increased 590 million yen year on year to 10,483 million yen. This was mainly due to an increase in purchase of property, plant and equipment, etc.

(Cash flows from financing activities)

Net cash used in financing activities decreased 1,394 million yen year on year to 594 million yen. This was mainly due to an acquisition of treasury shares and dividends paid, etc.

### **(3) Basic policy on profit appropriation and dividends for the current and next fiscal years**

The fundamental policy of the Press Kogyo Group is to aim for sustainable growth and to increase corporate value over the medium- to long-term through business activities, while maintaining the necessary level of shareholders' equity and providing sustainable and stable returns to shareholders.

The medium-term target for total shareholder return is 35% or more.

#### **1. Maintenance of necessary shareholders' equity level**

Financial soundness shall be ensured by comprehensively considering investment for growth, the ability to respond to operational risks, maintenance of ratings, etc.

#### **2. Dividend policy**

The dividend amount for each period is determined by comprehensively considering performance and capital demands, among other factors. The frequency of dividend payments shall be twice a year, in principle.

#### **3. Acquisition of treasury shares, etc.**

Changes in the business environment will be responded to flexibly, and financial measures leading to increased corporate value, such as the acquisition or cancellation of treasury shares, will be implemented.

The Company plans to pay a dividend of 10.5 yen per share at the end of the fiscal year ended March 31, 2022, to be proposed to the Annual Shareholders' Meeting. An interim dividend of 9.5 yen per share has been paid, bringing the annual dividend to 20 yen per share.

For the fiscal year ending March 31, 2023, the Company expects to pay an annual dividend of 21 yen per share (interim dividend of 10.5 yen and year-end dividend of 10.5 yen).

## **2. Basic rationale for selection of accounting standards**

In order to ensure comparability with other domestic companies in the same industry, the Group applies Japanese GAAP for accounting standards.

The Company's policy is to respond appropriately to the application of International Financial Reporting Standards (IFRS), taking into consideration various conditions in Japan and overseas.

### 3. Consolidated financial statements

#### (1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	17,151	21,569
Notes and accounts receivable - trade	34,360	–
Notes receivable - trade	–	2,821
Accounts receivable - trade	–	41,430
Merchandise and finished goods	1,381	1,384
Work in process	12,644	11,228
Raw materials and supplies	1,748	1,664
Income taxes refund receivable	10	31
Other	1,653	4,240
Allowance for doubtful accounts	–	(12)
Total current assets	68,950	84,359
Non-current assets		
Property, plant and equipment		
Buildings and structures	38,753	40,878
Accumulated depreciation	(27,254)	(28,867)
Buildings and structures, net	11,499	12,011
Machinery, equipment and vehicles	101,906	102,800
Accumulated depreciation	(84,778)	(86,985)
Machinery, equipment and vehicles, net	17,127	15,815
Tools, furniture and fixtures	35,875	36,156
Accumulated depreciation	(29,476)	(31,344)
Tools, furniture and fixtures, net	6,398	4,811
Land	32,223	32,263
Construction in progress	4,550	9,457
Total property, plant and equipment	71,800	74,359
Intangible assets	637	588
Investments and other assets		
Investment securities	6,047	6,977
Deferred tax assets	636	1,294
Retirement benefit asset	3,571	3,745
Other	1,042	1,373
Allowance for doubtful accounts	(76)	(79)
Total investments and other assets	11,221	13,311
Total non-current assets	83,658	88,258
<b>Total assets</b>	<b>152,609</b>	<b>172,617</b>



As of March 31, 2021

As of March 31, 2022

Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,707	24,820
Electronically recorded obligations - operating	3,468	4,138
Short-term borrowings	7,213	11,865
Lease liabilities	22	33
Income taxes payable	366	2,184
Contract liabilities	-	18
Provision for bonuses	2,637	3,285
Provision for bonuses for directors (and other officers)	77	163
Other	7,216	8,226
Total current liabilities	41,709	54,736
Non-current liabilities		
Long-term borrowings	2,571	1,804
Lease liabilities	241	237
Deferred tax liabilities	1,870	2,075
Deferred tax liabilities for land revaluation	7,601	7,601
Retirement benefit liability	2,115	2,147
Provision for environmental measures	205	171
Asset retirement obligations	404	405
Other	284	218
Total non-current liabilities	15,295	14,661
Total liabilities	57,005	69,398
Net assets		
Shareholders' equity		
Share capital	8,070	8,070
Capital surplus	2,074	2,074
Retained earnings	59,941	64,224
Treasury shares	(1,619)	(1,838)
Total shareholders' equity	68,466	72,530
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,561	2,192
Revaluation reserve for land	17,255	17,255
Foreign currency translation adjustment	629	1,760
Remeasurements of defined benefit plans	1,031	1,055
Total accumulated other comprehensive income	20,477	22,263
Non-controlling interests	6,660	8,425
Total net assets	95,604	103,219
Total liabilities and net assets	152,609	172,617

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	153,725	160,060
Cost of sales	136,461	134,267
Gross profit	17,263	25,793
Selling, general and administrative expenses	12,499	13,369
Operating profit	4,764	12,424
Non-operating income		
Interest income	22	25
Dividend income	138	211
Rental income from non-current assets	70	65
Foreign exchange gains	91	106
Subsidy income	69	2
Other	104	46
Total non-operating income	498	457
Non-operating expenses		
Interest expenses	207	158
Commitment fees	28	28
Other	12	21
Total non-operating expenses	249	208
Ordinary profit	5,013	12,673
Extraordinary income		
Gain on sale of non-current assets	19	18
Gain on sale of investment securities	–	41
Gain on insurance claims	1	–
Total extraordinary income	20	60
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	187	300
Impairment losses	73	137
Provision for environmental measures	179	–
Loss on liquidation of subsidiaries	–	546
Loss on COVID19	1,646	–
Total extraordinary losses	2,088	986
Profit before income taxes	2,945	11,747
Income taxes - current	1,156	3,109
Income taxes - deferred	(70)	(783)
Total income taxes	1,086	2,325
Profit	1,859	9,421
Profit attributable to non-controlling interests	370	2,314
Profit attributable to owners of parent	1,489	7,107

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	1,859	9,421
Other comprehensive income		
Valuation difference on available-for-sale securities	1,400	631
Foreign currency translation adjustment	(1,090)	1,143
Remeasurements of defined benefit plans, net of tax	534	24
Total other comprehensive income	844	1,798
Comprehensive income	2,703	11,220
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,812	8,893
Comprehensive income attributable to non-controlling interests	(109)	2,326

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

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,070	2,074	59,156	(1,619)	67,682
Changes during period					
Dividends of surplus			(704)		(704)
Profit attributable to owners of parent			1,489		1,489
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		0	0
Net changes in items other than shareholders' equity					
Total changes during period	–	(0)	784	(0)	784
Balance at end of period	8,070	2,074	59,941	(1,619)	68,466

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	161	17,255	1,239	496	19,153	7,788	94,624
Changes during period							
Dividends of surplus							(704)
Profit attributable to owners of parent							1,489
Purchase of treasury shares							(0)
Disposal of treasury shares							0
Net changes in items other than shareholders' equity	1,400	–	(610)	534	1,323	(1,127)	195
Total changes during period	1,400	–	(610)	534	1,323	(1,127)	980
Balance at end of period	1,561	17,255	629	1,031	20,477	6,660	95,604

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,070	2,074	59,941	(1,619)	68,466
Changes during period					
Dividends of surplus			(1,842)		(1,842)
Profit attributable to owners of parent			7,107		7,107
Purchase of treasury shares				(1,200)	(1,200)
Cancellation of treasury shares		(0)	(981)	981	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	(0)	4,283	(218)	4,064
Balance at end of period	8,070	2,074	64,224	(1,838)	72,530

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,561	17,255	629	1,031	20,477	6,660	95,604
Changes during period							
Dividends of surplus							(1,842)
Profit attributable to owners of parent							7,107
Purchase of treasury shares							(1,200)
Cancellation of treasury shares							(0)
Net changes in items other than shareholders' equity	631	–	1,131	24	1,786	1,764	3,551
Total changes during period	631	–	1,131	24	1,786	1,764	7,615
Balance at end of period	2,192	17,255	1,760	1,055	22,263	8,425	103,219

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,945	11,747
Depreciation	9,414	9,680
Impairment losses	73	137
Increase (decrease) in allowance for doubtful accounts	–	16
Increase (decrease) in provision for bonuses	(579)	647
Increase (decrease) in provision for bonuses for directors (and other officers)	(21)	85
Increase (decrease) in retirement benefit liability	158	29
Decrease (increase) in retirement benefit asset	50	(139)
Interest and dividend income	(161)	(236)
Interest expenses	207	158
Loss on COVID19	1,646	–
Loss on liquidation of subsidiaries	–	546
Loss (gain) on sale of investment securities	–	(41)
Gain on sale of property, plant and equipment	(19)	(18)
Loss on sale of property, plant and equipment	0	0
Loss on retirement of property, plant and equipment	187	300
Decrease (increase) in trade receivables	(311)	(9,682)
Increase (decrease) in trade payables	(1,517)	4,604
Decrease (increase) in inventories	(4,566)	1,803
Increase (decrease) in contract liabilities	–	(65)
Other, net	674	(2,836)
Subtotal	8,183	16,737
Interest and dividends received	161	237
Interest paid	(203)	(159)
Income taxes refund	470	5
Income taxes paid	(998)	(1,430)
Payments for loss on COVID19	(511)	–
Proceeds from insurance income	1	–
Net cash provided by (used in) operating activities	7,103	15,390
<b>Cash flows from investing activities</b>		
Payments into time deposits	(3)	(3)
Proceeds from withdrawal of time deposits	2	8
Purchase of property, plant and equipment	(9,709)	(10,463)
Proceeds from sale of property, plant and equipment	64	85
Purchase of investment securities	(32)	(43)
Proceeds from sale of investment securities	–	108
Loan advances	(6)	(5)
Proceeds from collection of loans receivable	8	6
Other, net	(217)	(177)
Net cash provided by (used in) investing activities	(9,892)	(10,483)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(345)	4,096
Proceeds from long-term borrowings	908	10
Repayments of long-term borrowings	(804)	(1,068)
Purchase of treasury shares	(0)	(1,200)
Dividends paid to non-controlling interests	(1,018)	(561)
Dividends paid	(704)	(1,842)
Other, net	(23)	(27)
Net cash provided by (used in) financing activities	(1,988)	(594)
Effect of exchange rate change on cash and cash equivalents	(363)	109
Net increase (decrease) in cash and cash equivalents	(5,141)	4,422
Cash and cash equivalents at beginning of period	22,273	17,132
Cash and cash equivalents at end of period	17,132	21,555

## (5) Notes to consolidated financial statements

### (Notes on premise of going concern)

Not applicable.

### (Changes in accounting policies)

#### *Application of Accounting Standard for Revenue Recognition, Etc.*

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current 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. The effect of the application of this accounting standard on the consolidated financial statements is as follows.

- (1) In the past, the Company recognized revenues from transactions in which the Company received raw materials, etc. from customers and processed them before selling them to the customers for a fee, at the gross amount of consideration including the price paid for the raw materials, etc.; however, from beginning of the current fiscal year, the Company recognizes revenues at the net amount of consideration excluding the price paid for the raw materials, etc. As a result, net sales and cost of sales decreased by 35,153 million yen, respectively, in the current fiscal year. There is no effect on gross profit, operating profit, ordinary profit, profit before income taxes, and opening balance of net assets.
- (2) The year-end balances of raw materials, etc. provided by customers in the paid-in transactions were previously presented as “merchandise and finished goods,” “work in process,” and “raw materials and supplies” under current assets, respectively, but are presented as “other” under current assets from the end of the current fiscal year. As a result, “other” under current assets increased by 1,716 million yen, and “merchandise and finished goods,” “work in process” and “raw materials and supplies” decreased by 8 million yen, 1,479 million yen and 229 million yen, respectively, at the end of the current fiscal year.
- (3) “Notes and accounts receivable - trade” under “current assets” in the consolidated balance sheets for the previous fiscal year is presented as “notes receivable - trade” and “accounts receivable - trade” from the current fiscal year, and “other” under “current liabilities” is presented as “contract liabilities” and “other” from the current fiscal year.

The application of the Accounting Standard for Revenue Recognition 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 current fiscal year, was added to or subtracted from the opening balance of retained earnings of the current 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 where recognitions of nearly all the revenue amounts for periods prior to the start of the beginning of the current fiscal year, were subject to the previous treatment by applying the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition.

In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

“Decrease (increase) in inventories” in cash flows from operating activities in the consolidated statements of cash flows for the current fiscal year decreased by 1,716 million yen and “other, net” increased by 1,716 million yen, but there is no effect on net cash provided by (used in) operating activities.

The cumulative effect has been reflected in net assets at the beginning of the current fiscal year, but there was no effect on the beginning balance of retained earnings in the consolidated statement of changes in net assets.

There is no impact on per share information.

#### *Application of Accounting Standard for Fair Value Measurement, Etc.*

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 current fiscal year, and in accordance with the transitional treatment prescribed 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), the new accounting policies set

forth in the Accounting Standard for Fair Value Measurement have been applied prospectively. This application has no impact on the consolidated financial statements.

### (Segment information)

#### 1. Overview of reportable segments

The Company's reportable segments are components of the Company for which separate financial information is available and are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

The Company is composed of segments by product and service, and has two reportable segments: "Automotive-Related Business" and "Construction Machinery-Related Business."

Automotive-Related Business is engaged in the manufacture and sale of automotive parts, automotive assembly, and automotive molds.

Construction Machinery-Related Business is engaged in the manufacture and sale of parts for construction machinery.

#### 2. Method for calculating amounts of net sales, profit or loss, assets and other items by reportable segment

The accounting method for the operating segments that are reportable is almost same as the accounting method used for the preparation of consolidated financial statements.

Intersegment sales or transfers are based on current market price.

*Application of Accounting Standard for Revenue Recognition, Etc.*

As described in "Changes in accounting policies," the Company has applied the "Accounting Standard for Revenue Recognition" and relevant ASBJ regulations from the beginning of the current fiscal year, and changed the accounting treatment for revenue recognition. Accordingly, the Company has changed the method of measuring profit or loss of operating segments. As a result of this change, net sales and cost of sales in the current fiscal year decreased by 33,576 million yen in the automotive-related business, 1,561 million yen in the construction machinery-related business and 15 million yen in the "others" segment compared with the previous method.

#### 3. Information on the amounts of net sales, profit or loss, assets and other items by reportable segment

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segments			Other (Note)	Total
	(Automotive-Related Business)	(Construction Machinery-Related Business)	Total		
Net sales					
Sales to external customers	125,503	25,183	150,686	3,038	153,725
Intersegment sales or transfers	984	2,042	3,027	—	3,027
Total	126,488	27,226	153,714	3,038	156,752
Segment profit	6,977	950	7,928	270	8,198
Segment assets	129,226	22,296	151,523	1,294	152,817
Others					
Depreciation	8,450	890	9,340	6	9,347
Impairment loss	73	—	73	—	73
Increase in property, plant and equipment and intangible assets	9,251	370	9,621	0	9,622

Note: "Other" segment is a business segment that is not included in the reportable segments and includes the automated parking system business, etc.



Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segments			Other (Note)	Total
	(Automotive-Related Business)	(Construction Machinery-Related Business)	Total		
Net sales					
Sales to external customers	124,946	32,266	157,212	2,847	160,060
Intersegment sales or transfers	829	1,869	2,698	—	2,698
Total	125,775	34,136	159,911	2,847	162,759
Segment profit	13,852	1,697	15,550	192	15,743
Segment assets	145,543	24,449	169,992	1,659	171,651
Others					
Depreciation	8,704	921	9,626	6	9,632
Impairment loss	137	—	137	—	137
Increase in property, plant and equipment and intangible assets	10,623	411	11,034	0	11,035

Note: The “Other” segment is a business segment that is not included in the reportable segments and includes the automated parking system business, etc.

4. Difference between the aggregate amount of a reportable segment and the amount posted in the consolidated financial statements and major descriptions of such difference (difference adjustments and related matters)

(Millions of yen)

Net sales	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Reportable segment total	153,714	159,911
Net sales in "Other"	3,038	2,847
Inter-segment transaction eliminations	(3,027)	(2,698)
Net sales in the consolidated financial statements	153,725	160,060

(Millions of yen)

Profit	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Reportable segment total	7,928	15,550
Profit in "Other"	270	192
Inter-segment transaction eliminations	7	0
Corporate expenses (Note)	(3,441)	(3,318)
Operating profit in the consolidated financial statements	4,764	12,424

Note: Corporate expenses mainly consist of general and administrative expenses of holding companies not attributable to the reportable segments.

(Millions of yen)

Assets	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Reportable segment total	151,523	169,992
Assets in "Other"	1,294	1,659
Inter-segment transaction eliminations	(560)	634
Corporate assets (Note)	352	331
Total assets in the consolidated financial statements	152,609	172,617

Note: Corporate assets mainly consist of general and administrative assets of holding companies not attributable to the reportable segments.

(Millions of yen)

Others	Reportable segment total		Other		Adjustments		Consolidated financial statement amounts	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Depreciation	9,340	9,626	6	6	67	47	9,414	9,680
Increase in property, plant and equipment and intangible assets	9,621	11,034	0	0	29	270	9,651	11,305

**(Per share information)**

	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Net assets per share	820.51 yen	899.34 yen
Earnings per share	13.74 yen	66.17 yen

Note: 1. Diluted earnings per share is not shown because there are no potential shares.  
2. The basis for calculating earnings per share is as follows.

	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Profit attributable to owners of parent (Millions of yen)	1,489	7,107
Value not attributable to shareholders of common shares (Millions of yen)	—	—
Profit attributable to owners of parent related to common shares (Millions of yen)	1,489	7,107
Average number of shares outstanding during the period (Shares)	108,400,771	107,409,765

**(Significant subsequent events)***Acquisition of treasury shares and cancellation of treasury shares*

At a meeting of the Board of Directors held on May 13, 2022, the Company resolved on matters relating to the acquisition of treasury shares pursuant to the provisions of Article 156 of the Companies Act as applied by replacing certain terms under the provisions of Article 165, Paragraph (3) of the same Act. The Company also resolved to conduct a cancellation of treasury shares pursuant to the provisions of Article 178 of the Companies Act.

## 1. Reason for the acquisition and cancellation of treasury shares

In addition to conducting an acquisition of treasury shares as part of shareholder returns, the same acquisition and the cancellation was conducted for the purpose of pursuing a flexible capital policy.

## 2. Details of acquisition

- |  |  |
|--|--|
| (1) Type of shares to be acquired:         | Common stock of the Company                  |
| (2) Total number of shares to be acquired: | 2,500,000 shares (upper limit)               |
| (3) Total value of shares to be acquired   | 1,000,000,000 yen (upper limit)              |
| (4) Period of acquisition of shares        | From May 16, 2022 to September 15, 2022      |
| (5) Method of acquisition                  | Market purchases on the Tokyo Stock Exchange |

## 3. Details of cancellation

- |  |  |
|--|--|
| (1) Type of shares to be cancelled         | Common stock of the Company                            |
| (2) Total number of shares to be cancelled | Total number of treasury shares purchased by 2. above. |
| (3) Scheduled date of cancellation         | September 30, 2022                                     |

## 4. Non-consolidated financial statements

### (1) Non-consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	12,208	16,682
Notes receivable - trade	2,095	2,517
Accounts receivable - trade	20,373	20,814
Work in process	4,325	3,184
Raw materials and supplies	819	745
Prepaid expenses	81	105
Other	885	2,460
Total current assets	40,789	46,510
Non-current assets		
Property, plant and equipment		
Buildings	3,831	4,567
Structures	468	426
Machinery and equipment	6,788	5,536
Vehicles	37	64
Tools, furniture and fixtures	1,079	1,055
Land	29,126	29,126
Construction in progress	1,465	1,443
Total property, plant and equipment	42,796	42,220
Intangible assets		
Software	442	392
Other	5	5
Total intangible assets	447	398
Investments and other assets		
Investment securities	5,761	6,675
Shares of subsidiaries and associates	7,917	7,917
Investments in capital of subsidiaries and associates	4,319	3,129
Long-term loans receivable from subsidiaries and associates	1,366	1,133
Prepaid pension costs	2,085	2,224
Other	188	469
Allowance for doubtful accounts	(76)	(76)
Total investments and other assets	21,563	21,474
Total non-current assets	64,807	64,093
<b>Total assets</b>	<b>105,596</b>	<b>110,603</b>

As of March 31, 2021

As of March 31, 2022

Liabilities		
Current liabilities		
Notes payable - trade	6	1
Accounts payable - trade	9,408	10,540
Electronically recorded obligations - operating	3,464	4,096
Lease liabilities	5	7
Accounts payable - other	290	170
Accrued expenses	1,224	1,247
Income taxes payable	136	1,500
Advances received	17	-
Contract liabilities	-	624
Deposits received	2,737	2,770
Provision for bonuses	1,569	1,683
Provision for bonuses for directors (and other officers)	65	140
Other	884	796
Total current liabilities	19,809	23,579
Non-current liabilities		
Lease liabilities	28	31
Deferred tax liabilities	525	379
Deferred tax liabilities for land revaluation	7,601	7,601
Provision for retirement benefits	526	520
Provision for environmental measures	205	171
Asset retirement obligations	333	333
Other	2	3
Total non-current liabilities	9,222	9,041
Total liabilities	29,032	32,620
Net assets		
Shareholders' equity		
Share capital	8,070	8,070
Capital surplus		
Legal capital surplus	2,074	2,074
Other capital surplus	0	-
Total capital surplus	2,074	2,074
Retained earnings		
Legal retained earnings	25	25
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	21	20
General reserve	11,000	11,000
Retained earnings brought forward	38,217	39,229
Total retained earnings	49,263	50,274
Treasury shares	(1,619)	(1,838)
Total shareholders' equity	57,789	58,580
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,519	2,145
Revaluation reserve for land	17,255	17,255
Total valuation and translation adjustments	18,775	19,401
Total net assets	76,564	77,982
Total liabilities and net assets	105,596	110,603

**(2) Non-consolidated statements of income**

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	84,936	65,450
Cost of sales	77,587	53,406
Gross profit	7,348	12,044
Selling, general and administrative expenses		
Delivery expenses of finished goods	951	1,011
Employees' salaries and allowances	2,226	2,293
Employees' bonuses	352	354
Provision for bonuses	382	402
Provision for bonuses for directors (and other officers)	64	140
Retirement benefit expenses	191	141
Welfare expenses	659	656
Depreciation	138	123
Research and development expenses	342	366
Other	851	1,153
Total selling, general and administrative expenses	6,161	6,643
Operating profit	1,187	5,400
Non-operating income		
Interest income	19	13
Dividend income	1,259	1,052
Rental income from non-current assets	96	90
Foreign exchange gains	142	212
Other	22	18
Total non-operating income	1,540	1,386
Non-operating expenses		
Interest expenses	16	15
Commitment fees	28	28
Other	6	14
Total non-operating expenses	51	58
Ordinary profit	2,675	6,728
Extraordinary income		
Gain on sale of non-current assets	2	0
Gain on sale of investment securities	–	41
Gain on insurance claims	1	–
Total extraordinary income	3	41
Extraordinary losses		
Loss on sale of non-current assets	–	0
Loss on retirement of non-current assets	45	112
Loss on valuation of investments in capital of subsidiaries and associates	–	1,190
Impairment losses	73	137
Provision for environmental measures	179	–
Loss on COVID19	18	–
Total extraordinary losses	317	1,441
Profit before income taxes	2,362	5,328
Income taxes - current	705	1,960
Income taxes - deferred	(31)	(467)
Total income taxes	673	1,493
Profit	1,688	3,834

### (3) Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity										
	Share capital	Capital surplus			Retained earnings					Treasury shares	Total shareholder's equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings		
						Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward			
Balance at beginning of period	8,070	2,074	0	2,074	25	22	11,000	37,231	48,280	(1,619)	56,805
Changes during period											
Reversal of reserve for tax purpose reduction entry of non-current assets						(1)		1	-		-
Dividends of surplus								(704)	(704)		(704)
Profit								1,688	1,688		1,688
Purchase of treasury shares										(0)	(0)
Disposal of treasury shares			(0)	(0)						0	0
Net changes in items other than shareholders' equity											
Total changes during period	-	-	(0)	(0)	-	(1)	-	985	983	(0)	983
Balance at end of period	8,070	2,074	0	2,074	25	21	11,000	38,217	49,263	(1,619)	57,789

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	171	17,255	17,427	74,233
Changes during period				
Reversal of reserve for tax purpose reduction entry of non-current assets				-
Dividends of surplus				(704)
Profit				1,688
Purchase of treasury shares				(0)
Disposal of treasury shares				0
Net changes in items other than shareholders' equity	1,347	-	1,347	1,347
Total changes during period	1,347	-	1,347	2,331
Balance at end of period	1,519	17,255	18,775	76,564

	Shareholders' equity										
	Share capital	Capital surplus			Retained earnings					Treasury shares	Total shareholder's equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings		
						Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward			
Balance at beginning of period	8,070	2,074	0	2,074	25	21	11,000	38,217	49,263	(1,619)	57,789
Changes during period											
Reversal of reserve for tax purpose reduction entry of non-current assets						(1)		1	-		-
Dividends of surplus								(1,842)	(1,842)		(1,842)
Profit								3,834	3,834		3,834
Purchase of treasury shares										(1,200)	(1,200)
Cancellation of treasury shares			(0)	(0)				(981)	(981)	981	-
Net changes in items other than shareholders' equity											
Total changes during period	-	-	(0)	(0)	-	(1)	-	1,012	1,010	(218)	791
Balance at end of period	8,070	2,074	-	2,074	25	20	11,000	39,229	50,274	(1,838)	58,580

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	1,519	17,255	18,775	76,564
Changes during period				
Reversal of reserve for tax purpose reduction entry of non-current assets				-
Dividends of surplus				(1,842)
Profit				3,834
Purchase of treasury shares				(1,200)
Cancellation of treasury shares				-
Net changes in items other than shareholders' equity	626	-	626	626
Total changes during period	626	-	626	1,418
Balance at end of period	2,145	17,255	19,401	77,982