

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 <under Japanese GAAP>

Company name: **MIKUNI CORPORATION**
 Listing: Prime Market of the Tokyo Stock Exchange
 Securities code: 7247
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Scheduled date of Ordinary General Meeting of Shareholders: June 28, 2022
 Scheduled date to commence dividend payments: June 29, 2022
 Scheduled date to file the Annual Securities Report: June 28, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

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

(1) Consolidated operating results

(Percentages indicate year-on-year changes. Figures in parentheses are negative figures.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	80,789	(7.1)	3,318	483.0	3,137	425.5	1,318	–
March 31, 2021	86,962	(21.3)	569	(76.4)	597	(67.9)	(125)	–

Note: Comprehensive income Fiscal year ended March 31, 2022: 3,465 million yen [77.3 %]
 Fiscal year ended March 31, 2021: 1,954 million yen [– %]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
March 31, 2022	39.31	–	4.5	3.3	4.1
March 31, 2021	(3.73)	–	(0.5)	0.6	0.7

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

Fiscal year ended March 31, 2022: (74) million yen

Fiscal year ended March 31, 2021: (264) million yen

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 current fiscal year, and each figure for the fiscal year ended March 31, 2022 is the figure after applying the accounting standard and relevant ASBJ regulations.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
March 31, 2022	96,917	31,918	32.1	925.67
March 31, 2021	93,891	28,396	29.4	822.12

Reference: Equity As of March 31, 2022: 31,064 million yen

As of March 31, 2021: 27,560 million yen

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 current fiscal year, and each figure as of March 31, 2022 is the figure after applying the accounting standard and relevant ASBJ regulations.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	5,078	(2,371)	(2,474)	5,060
March 31, 2021	318	(2,876)	2,217	4,249

2. Dividends

	Annual dividends					Total dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
Fiscal year ended March 31, 2021	–	–	–	5.00	5.00	170	–	0.6
Fiscal year ended March 31, 2022	–	5.00	–	5.00	10.00	340	25.4	1.1
Fiscal year ending March 31, 2023 (Forecast)	–	5.00	–	5.00	10.00		24.0	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes. Figures in parentheses are negative figures.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Six months ending September 30, 2022	45,400	14.8	1,200	(36.9)	1,000	(40.7)	250	(66.6)	7.44
Fiscal year ending March 31, 2023	95,000	17.6	3,500	5.5	3,100	(1.2)	1,400	6.2	41.71

*** Notes**

- (1) Changes in significant subsidiaries during the fiscal year under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
- a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement of prior period financial statements after error corrections: None
- (Note) For details, please refer to “(5) Notes to consolidated financial statements (Changes in accounting policies)” of “4. Consolidated financial statements and significant notes thereto” of the attached material.

(3) Number of issued shares (common shares)

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

As of March 31, 2022	34,049,423 shares
As of March 31, 2021	34,049,423 shares

- b. Number of treasury shares at the end of the period

As of March 31, 2022	490,219 shares
As of March 31, 2021	525,429 shares

- c. Average number of shares during the period

Fiscal year ended March 31, 2022	33,549,007 shares
Fiscal year ended March 31, 2021	33,586,684 shares

- (Note) The Company’s shares held by the “Management Board Incentive Plan (BIP) Trust” and “Employee Stock Ownership Plan (ESOP) Trust” are included in the number of treasury shares at the end of the period (454,380 shares as of March 31, 2022 and 489,880 shares as of March 31, 2021).

In addition, the Company’s shares held by the “Management Board Incentive Plan (BIP) Trust” and “Employee Stock Ownership Plan (ESOP) Trust” are included in treasury shares, which are deducted in calculating the average number of shares during the period. (464,749 shares in the fiscal year ended March 31, 2022 and 334,987 shares in the fiscal year ended March 31, 2021)

(Reference) Summary of non-consolidated financial results

**Non-consolidated financial results for the fiscal year ended March 31, 2022
(from April 1, 2021 to March 31, 2022)**

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes. Figures in parentheses are negative figures.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	38,893	(28.7)	(1,072)	–	1,389	–	1,238	–
March 31, 2021	54,535	(27.7)	(2,449)	–	(530)	–	(939)	–

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	yen	yen
March 31, 2022	36.93	–
March 31, 2021	(27.96)	–

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
March 31, 2022	66,231	19,375	29.3	577.36
March 31, 2021	67,855	18,544	27.3	553.18

Reference: Equity As of March 31, 2022: 19,375 million yen
As of March 31, 2021: 18,544 million yen

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

* Disclaimer regarding forward-looking statements

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company at the time of the release of these materials. Actual results may differ from the forecasts due to various factors.

[Attached Material]

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1. Overview of operating results and others

(1) Overview of operating results for the fiscal year

In the current fiscal year (from April 1, 2021 to March 31, 2022), the Japanese economy showed signs of recovering from the effects of COVID-19. However, limitations on production activities were observed amid the lengthening impact of shortages of semiconductors and other parts in automotive-sector supply chains. Overseas, economic recovery in the United States was joined by moves toward recovery in the economies of India, Thailand and Indonesia, while the pace of economic recovery in China slowed.

In this business environment, sales increased 9.8% year-on-year in the Company's mainstay Automobile-related Products Business, but the Aircraft Component Import and Sales Business suffered a decline in trading volume and business results were impacted by the application of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter "the Accounting standard for revenue recognition, etc."). The Group's net sales amounted to 80,789 million yen (down 7.1% year-on-year). Due to the significant increase in sales in the Automobile-related Products Business, operating income amounted to 3,318 million yen (up from 569 million yen in the previous fiscal year). As a result, ordinary income amounted to 3,137 million yen (597 million in the previous fiscal year) and net income attributable to owners of parent stood at 1,318 million yen (net loss attributable to owners of parent of 125 million yen in the previous fiscal year). As a result of the application of the accounting standard for revenue recognition, etc., net sales in the current fiscal year were 21,611 million yen lower than they would have been under the previous accounting standard, operating income was 125 million yen lower and ordinary income was 108 million yen lower.

Operating results by segment are as follows.

(i) <Automobile-related Products Business>

Sales in this business, which centers on the manufacture and sale of fuel supply systems for automobiles, motorcycles, and general purpose engines and engine-related functional components, increased compared with the previous fiscal year. The impact of semiconductor and other parts shortages lingered, causing some automakers to curtail their production activities. However, India enjoyed strikingly positive growth, raising net sales in this market roughly to pre-pandemic levels. Against this background, the Group continued efforts to expand sales and strove to improve revenues, particularly by improving productive efficiency. Net sales in this business amounted to 66,245 million yen (up 9.8% year-on-year), while operating income surged to 3,567 million yen (compared with 772 million yen in the previous fiscal year). As a result of the application of the accounting standard for revenue recognition, etc., net sales were 3,517 million yen lower than they would have been under the previous accounting standard and operating income was 120 million yen lower.

(ii) <Household Appliances Device Products Business>

Sales in this business, which centers on the manufacture and sale of control systems for gas appliances and water appliances, increased from the previous fiscal year. The revision of product strategies resulted in net sales in this business of 6,753 million yen (up 16.1% year-on-year). However, difficulties in procuring raw materials and rising raw-material costs and logistical expenses had an impact. Operating loss widened to 491 million yen, from an operating loss of 221 million yen in the previous fiscal year. As a result of the application of the accounting standard for revenue recognition, etc., operating loss was 5 million yen higher than it would have been under the previous accounting standard.

(iii) <Aircraft Component Import and Sales Business>

Sales of aircraft components decreased from the previous fiscal year. Net sales in this business amounted to 1,615 million yen (16,441 million in the previous fiscal year). As a result of the application of the accounting standard for revenue recognition, etc., net sales 18,093 million yen lower than they would have been under the previous accounting standard. Operating income was 286 million yen (up 50.6% year-on-year), mainly as a result of contributions from new business despite the significant decline in demand for passenger aircraft.

(iv) <Turf-maintenance Equipment, etc. Sales Business>

Sales of the Turf-maintenance Equipment, etc. Sales Business increased from the previous fiscal year. Customers' capital investment recovered during the period, and the Group's efforts focusing on after-sales service began to bear fruit. Transfer of this business to a subsidiary in the previous fiscal year was effective in enabling nimbler organizational management, while a change in the timing of reflection of results in the consolidated accounts from a company split also had an impact. Net sales in this business were 3,877 million yen (up 50.9% year-on-year).

In addition, operating loss narrowed from an operating loss of 169 million yen in the previous fiscal year to 33 million yen with the progress of the review of product mix.

(v) <Other Businesses>

Sales in this segment, which handles the manufacture and sale of vehicle heaters, welfare and care devices and other products, increased from the previous fiscal year. Net sales in Other Businesses amounted to 2,297 million yen (up 28.4% year-on-year), buoyed by a favorable trend in welfare and care devices. Operating loss was 10 million yen (operating loss of 2 million yen in the previous fiscal year), impacted by difficulty in procuring raw materials.

[Comparison table of operating results by segment]

(Millions of yen)

	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022		Change in net sales		Change in operating income	
	Net sales	Operating income	Net sales	Operating income	Amount	Ratio	Amount	Ratio
Automobile-related Products Business	60,345	772	66,245	3,567	5,900	9.8%	2,794	361.6%
Household Appliances Device Products Business	5,818	(221)	6,753	(491)	935	16.1%	(270)	—
Aircraft Component Import and Sales Business	16,441	190	1,615	286	(14,825)	(90.2)%	96	50.6%
Turf-maintenance Equipment, etc. Sales Business	2,568	(169)	3,877	(33)	1,308	50.9%	136	—
Other Businesses	1,788	(2)	2,297	(10)	508	28.4%	(7)	—
Total	86,962	569	80,789	3,318	(6,172)	(7.1)%	2,749	483.0%
Reference: exchange rate	1 USD = 106.76 yen		1 USD = 109.90 yen		—		—	

- (Notes)
1. The figures inside parentheses in the column presenting operating income indicate the amount of operating loss.
 2. Amounts less than one million yen are discarded.
 3. "—" indicates a negative change in the current fiscal year or the previous fiscal year or both.
 4. Accounting procedures regarding revenue recognition are changed to apply the accounting standard for revenue recognition, etc. from the beginning of the current fiscal year. The standard for calculation of income and loss for each operating segment is changed in the same way.
Net sales and operating income for each segment in the current fiscal year under the previous accounting standard are as follows.
Automobile-related Products Business: Net sales: 69,763 million yen, operating income: 3,688 million yen
Household Appliances Device Products Business: Net sales: 6,753 million yen, operating loss: 486 million yen
Aircraft Component Import and Sales Business: Net sales: 19,709 million yen, operating income: 286 million yen
Turf-maintenance Equipment, etc. Sales Business: Net sales: 3,877 million yen, operating loss: 33 million yen
Other Businesses: Net sales: 2,297 million yen, operating loss: 10 million yen
Total: Net sales: 102,400 million yen, operating income: 3,444 million yen

[Reference] Performance trends for each quarter from the fiscal year ended March 31, 2020 to fiscal year ended March 31, 2022

(Millions of yen)

		Fiscal year ended March 31, 2020				Fiscal year ended March 31, 2021				Fiscal year ended March 31, 2022			
		First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
Automobile-related Products Business	Net sales	16,801	16,904	17,399	19,094	10,977	12,751	17,594	19,021	15,848	16,627	16,244	17,524
	Operating income	639	283	679	1,133	(323)	(946)	505	1,537	1,263	804	758	740
Household Appliances Device Products Business	Net sales	1,319	1,458	1,557	1,483	1,032	1,325	1,777	1,682	1,512	1,755	1,634	1,851
	Operating income	(166)	(118)	(23)	(37)	(144)	(120)	51	(7)	(75)	(89)	(111)	(215)
Aircraft Component Import and Sales Business	Net sales	7,473	7,180	6,892	7,186	6,173	3,019	2,906	4,341	287	332	593	402
	Operating income	139	65	100	40	200	60	(46)	(24)	(22)	17	244	46
Turf-maintenance Equipment, etc. Sales Business	Net sales	1,083	1,098	565	714	1,019	822	106	621	1,017	1,109	903	846
	Operating income	(18)	(58)	(133)	(175)	(8)	(92)	(2)	(65)	8	(0)	4	(45)
Other Businesses	Net sales	574	490	561	658	412	368	458	549	516	548	597	634
	Operating income	(38)	(30)	44	84	(11)	(52)	15	45	9	(13)	5	(12)
Total	Net sales	27,252	27,132	26,977	29,137	19,615	18,285	22,843	26,216	19,183	20,373	19,972	21,259
	Operating income	555	140	688	1,045	(286)	(1,151)	522	1,484	1,183	719	901	514

- (Notes)
1. The figures inside parentheses in the row presenting operating income indicate the amount of operating loss.
 2. Amounts less than one million yen are discarded.
 3. Accounting procedures regarding revenue recognition are changed to apply the accounting standard for revenue recognition, etc. from the beginning of the current fiscal year. The standard for calculating income and loss for each operating segment is changed in the same way.

Future outlook

In view of the Russian invasion of Ukraine, the Group expects uncertainty about prospects for the global economy to persist. In the Group's mainstay Automobile-related Products Business, the impact of semiconductor and other parts shortages lingered, causing some customers to limit their production activities. In view of this operating environment, the Group's forecast of consolidated business results for the next period (fiscal year ending March 31, 2023) as of the time of writing is as follows.

Despite concerns about the impact of a city-wide lockdown in Shanghai and customers' revisions of production plans, the Group will press ahead with sales-expansion activities in the next fiscal year and expects once again to secure increases in sales. Similarly, in response to the impact of increases in raw-material costs and logistical expenses, the Group will continue to implement measures to improve earnings, including measures to enhance productivity. Accordingly, the Group expects to be able to support its current footing of increasing earnings.

Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Basic earnings per share (Yen)
Current Forecast	95,000	3,500	3,100	1,400	41.71
Results for the current fiscal year	80,789	3,318	3,137	1,318	39.31

(Note) The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ significantly from the forecasts due to various factors.

(2) Overview of financial position for the fiscal year

a. Assets, liabilities and net assets

(Assets)

Total assets at the end of the fiscal year under review amounted to 96,917 million yen, an increase of 3,025 million yen from the previous fiscal year-end.

Current assets amounted to 51,010 million yen, an increase of 4,536 million yen from the previous fiscal year-end. This was mainly due to an increase in inventories of 2,294 million yen and an increase in cash and deposits of 806 million yen.

Non-current assets amounted to 45,906 million yen, a decrease of 1,510 million yen from the previous fiscal year-end. This was mainly due to a decrease of 862 million yen in investment securities.

(Liabilities)

Total liabilities at the end of the fiscal year under review amounted to 64,998 million yen, a decrease of 496 million yen from the previous fiscal year-end.

Current liabilities amounted to 33,553 million yen, an increase of 2,335 million yen from the previous fiscal year-end. This was mainly due to an increase of 1,928 million yen in current portion of long-term borrowings.

Non-current liabilities amounted to 31,444 million yen, a decrease of 2,832 million yen from the previous fiscal year-end. This was mainly due to a decrease of 2,666 million yen in long-term borrowings.

(Net assets)

Net assets amounted to 31,918 million yen, an increase of 3,522 million yen from the previous fiscal year-end. This was mainly due to an increase of 2,320 million yen in foreign currency translation adjustment and the recording of 1,318 million yen in net income attributable to owners of parent.

With the application of the accounting standard for revenue recognition, etc., the balance of retained earnings at the beginning of the fiscal year increased by 326 million yen, thereby increasing net assets.

b. Cash flows

Cash and cash equivalents (hereinafter, “cash”) for the fiscal year under review increased by 811 million yen from the previous fiscal year-end, to 5,060 million yen.

The respective cash flow positions for the fiscal year under review are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities in the fiscal year under review was 5,078 million yen (318 million yen was provided in the previous fiscal year). This was mainly due to the fact that positive factors based on income before income taxes of 3,103 million yen and depreciation of 4,762 million yen, exceeded negative factors based on an increase in inventories of 1,402 million yen.

(Cash flows from investing activities)

Net cash used in investing activities in the fiscal year under review amounted to 2,371 million yen (2,876 million yen was used in the previous fiscal year). This was mainly due to 3,357 million yen in the purchase of non-current assets.

(Cash flows from financing activities)

Net cash used in financing activities in the fiscal year under review totaled 2,474 million yen (2,217 million yen was provided in the previous fiscal year). This was mainly due to a net decrease of 1,763 million yen in borrowings.

(3) Basic policy for distributing incomes, and dividends for the fiscal year under review and next fiscal year

The Company, taking into consideration the operating results of the fiscal year and future business development, has a basic policy regarding dividends from surplus, etc. of carrying out result-based distributions in a stable manner based on a medium- to long-term perspective.

Stable dividends and future business development, etc. were comprehensively examined, and as a result, a plan is in place to submit a proposal at the 100th Ordinary General Meeting of Shareholders, which is scheduled to be held on June 28, 2022, to a regular dividend of 5 yen per share of common shares of the Company.

Regarding projected dividends for the next fiscal year (ending March 31, 2023), the Company expects, based on earnings forecasts and current forecasts of the financial position, to pay a regular interim dividend of 5 yen per share of common shares, and a regular year-end dividend of 5 yen per share, giving projected annual dividends of 10 yen per share.

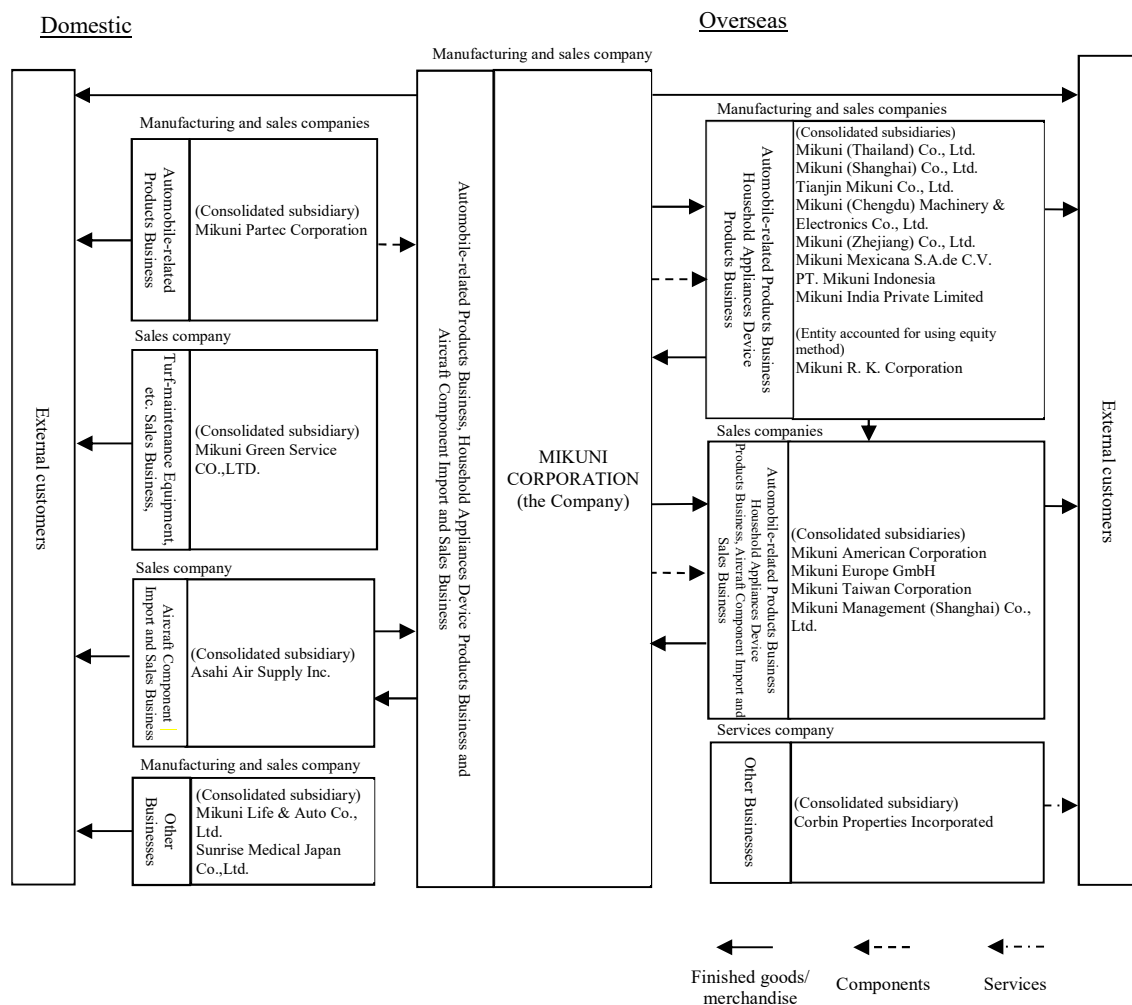
(Note) The forecasts for the next fiscal year contained in these materials are forward-looking statements including risks and uncertainties. Therefore, the actual results may differ from the forecasts stated herein due to changes of various factors.

2. Status of the corporate group

The Group (the Company and its affiliates) consists of the Company (MIKUNI CORPORATION), 22 subsidiaries, and an associate. The Group is engaged in manufacturing and sales of fuel injection-related products, carburetors, heaters, pumps, gas control devices, etc., the import and sales of aircraft components, sales of turf-maintenance equipment, etc., and real estate leasing and other services.

Business organization chart

Reportable segments are the Automobile-related Products Business, the Household Appliances Device Products Business, the Aircraft Component Import and Sales Business, and the Turf-maintenance Equipment, etc. Sales Business. The business organization chart of the Group as of March 31, 2022 (showing the Company and its main affiliates) is shown below.



3. Basic concept regarding selection of accounting standards

The Group has prepared the consolidated financial statements in accordance with Japanese GAAP, and there is no immediate plan to change its accounting standards. Concerning the policy for the application of IFRS, the Group will respond to this issue appropriately while giving consideration to various circumstances in Japan and overseas.

4. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	4,253	5,060
Notes and accounts receivable - trade	18,350	-
Notes receivable - trade	-	221
Accounts receivable - trade	-	18,572
Contract assets	-	26
Electronically recorded monetary claims - operating	1,929	1,766
Merchandise and finished goods	12,558	11,666
Work in process	4,518	6,571
Raw materials and supplies	2,001	3,134
Other	2,943	4,067
Allowance for doubtful accounts	(81)	(76)
Total current assets	46,474	51,010
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,038	33,042
Accumulated depreciation	(23,522)	(24,674)
Buildings and structures, net	8,515	8,367
Machinery, equipment and vehicles	50,150	53,094
Accumulated depreciation	(37,341)	(40,231)
Machinery, equipment and vehicles, net	12,808	12,862
Tools, furniture and fixtures	19,828	19,921
Accumulated depreciation	(17,662)	(18,038)
Tools, furniture and fixtures, net	2,165	1,883
Land	11,797	11,820
Construction in progress	2,343	2,432
Total property, plant and equipment	37,630	37,365
Intangible assets		
Goodwill	-	1
Other	892	809
Total intangible assets	892	810
Investments and other assets		
Investment securities	6,709	5,846
Long-term loans receivable	20	34
Deferred tax assets	744	803
Other	1,575	1,202
Allowance for doubtful accounts	(155)	(156)
Total investments and other assets	8,894	7,729
Total non-current assets	47,417	45,906
Total assets	93,891	96,917

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,917	11,000
Electronically recorded obligations - operating	42	887
Contract liabilities	-	399
Short-term borrowings	7,261	6,794
Current portion of long-term borrowings	4,625	6,553
Lease liabilities	384	336
Accounts payable - other	1,868	2,095
Income taxes payable	387	349
Accrued expenses	2,422	2,452
Provision for bonuses	1,230	1,394
Provision for product warranties	275	218
Other	1,801	1,071
Total current liabilities	31,218	33,553
Non-current liabilities		
Long-term borrowings	24,681	22,015
Lease liabilities	491	454
Deferred tax liabilities	2,642	2,673
Deferred tax liabilities for land revaluation	2,249	2,249
Provision for management board incentive plan trust	50	66
Provision for share awards	11	23
Retirement benefit liability	3,268	3,106
Other	882	856
Total non-current liabilities	34,276	31,444
Total liabilities	65,495	64,998
Net assets		
Shareholders' equity		
Share capital	2,215	2,215
Capital surplus	1,923	1,908
Retained earnings	15,566	16,886
Treasury shares	(197)	(181)
Total shareholders' equity	19,507	20,827
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,108	2,709
Deferred gains or losses on hedges	25	13
Revaluation reserve for land	5,282	5,282
Foreign currency translation adjustment	(223)	2,096
Remeasurements of defined benefit plans	(140)	133
Total accumulated other comprehensive income	8,053	10,236
Non-controlling interests	835	854
Total net assets	28,396	31,918
Total liabilities and net assets	93,891	96,917

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

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	86,962	80,789
Cost of sales	76,107	66,426
Gross profit	10,854	14,362
Selling, general and administrative expenses	10,285	11,044
Operating income	569	3,318
Non-operating income		
Interest income	39	30
Dividend income	160	165
Foreign exchange gains	169	122
Rental income	113	120
Subsidy income	357	46
Other	177	114
Total non-operating income	1,019	601
Non-operating expenses		
Interest expenses	594	599
Share of loss of entities accounted for using equity method	264	74
Rental expenses	50	59
Other	82	47
Total non-operating expenses	991	782
Ordinary income	597	3,137
Extraordinary income		
Gain on forgiveness of debts	-	102
Gain on sale of non-current assets	0	55
Gain on sale of investment securities	351	166
Reversal of provision for product warranties	339	-
Other	1	-
Total extraordinary income	692	324
Extraordinary losses		
Loss on sale and retirement of non-current assets	74	69
Impairment losses	133	184
Loss on valuation of investment securities	127	-
Loss on sale of shares of subsidiaries and associates	-	53
Litigation settlement-related expenses	116	17
Other	50	33
Total extraordinary losses	503	358
Income (loss) before income taxes	786	3,103
Income taxes - current	816	1,589
Income taxes - deferred	42	147
Total income taxes	859	1,737
Net income (loss)	(72)	1,365
Net income attributable to non-controlling interests	52	47
Net income (loss) attributable to owners of parent	(125)	1,318

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net income (loss)	(72)	1,365
Other comprehensive income		
Valuation difference on available-for-sale securities	1,911	(399)
Deferred gains or losses on hedges	27	(11)
Foreign currency translation adjustment	(359)	2,218
Remeasurements of defined benefit plans, net of tax	446	273
Share of other comprehensive income of entities accounted for using equity method	0	17
Total other comprehensive income	2,026	2,099
Comprehensive income	1,954	3,465
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,922	3,369
Comprehensive income attributable to non-controlling interests	32	96

(3) Consolidated statement 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	2,215	1,923	15,862	(166)	19,835
Cumulative effects of changes in accounting policies					-
Restated balance	2,215	1,923	15,862	(166)	19,835
Changes during period					
Dividends of surplus			(169)		(169)
Profit (loss) attributable to owners of parent			(125)		(125)
Purchase of treasury shares				(77)	(77)
Disposal of treasury shares		(4)		46	41
Transfer of loss on disposal of treasury shares		4	(4)		-
Change in ownership interest of parent due to transactions with non-controlling interests					-
Change in scope of consolidation			2		2
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	(296)	(31)	(327)
Balance at end of period	2,215	1,923	15,566	(197)	19,507

	Accumulated other comprehensive income						Non-controlling interests	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	1,197	(2)	5,282	114	(586)	6,005	885	26,726
Cumulative effects of changes in accounting policies								-
Restated balance	1,197	(2)	5,282	114	(586)	6,005	885	26,726
Changes during period								
Dividends of surplus								(169)
Profit (loss) attributable to owners of parent								(125)
Purchase of treasury shares								(77)
Disposal of treasury shares								41
Transfer of loss on disposal of treasury shares								-
Change in ownership interest of parent due to transactions with non-controlling interests								-
Change in scope of consolidation								2
Net changes in items other than shareholders' equity	1,911	27	-	(338)	446	2,047	(49)	1,997
Total changes during period	1,911	27	-	(338)	446	2,047	(49)	1,669
Balance at end of period	3,108	25	5,282	(223)	(140)	8,053	835	28,396

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,215	1,923	15,566	(197)	19,507
Cumulative effects of changes in accounting policies			326		326
Restated balance	2,215	1,923	15,893	(197)	19,834
Changes during period					
Dividends of surplus			(340)		(340)
Profit (loss) attributable to owners of parent			1,318		1,318
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				15	15
Transfer of loss on disposal of treasury shares					-
Change in ownership interest of parent due to transactions with non-controlling interests		(14)			(14)
Change in scope of consolidation		(1)	14		13
Net changes in items other than shareholders' equity					-
Total changes during period	-	(15)	993	15	993
Balance at end of period	2,215	1,908	16,886	(181)	20,827

	Accumulated other comprehensive income						Non-controlling interests	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	3,108	25	5,282	(223)	(140)	8,053	835	28,396
Cumulative effects of changes in accounting policies								326
Restated balance	3,108	25	5,282	(223)	(140)	8,053	835	28,723
Changes during period								
Dividends of surplus								(340)
Profit (loss) attributable to owners of parent								1,318
Purchase of treasury shares								(0)
Disposal of treasury shares								15
Transfer of loss on disposal of treasury shares								-
Change in ownership interest of parent due to transactions with non-controlling interests								(14)
Change in scope of consolidation								13
Net changes in items other than shareholders' equity	(399)	(11)	-	2,320	273	2,183	18	2,202
Total changes during period	(399)	(11)	-	2,320	273	2,183	18	3,195
Balance at end of period	2,709	13	5,282	2,096	133	10,236	854	31,918

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Income before income taxes	786	3,103
Depreciation	4,651	4,762
Amortization of goodwill	-	1
Gain on forgiveness of debt	-	(102)
Impairment losses	133	184
Subsidy income	(357)	(46)
Interest and dividend income	(200)	(196)
Interest expenses	594	599
Loss (gain) on sale and retirement of non-current assets	73	14
Share of loss (income) of entities accounted for using equity method	264	74
Increase (decrease) in retirement benefit liability	193	209
Increase (decrease) in provision for product warranties	(664)	(67)
Increase (decrease) in provision for bonuses	(114)	142
Increase (decrease) in allowance for doubtful accounts	20	(10)
Decrease (increase) in trade receivables	(514)	-
Decrease (increase) in trade receivables and contract assets	-	1,361
Decrease (increase) in inventories	(3,113)	(1,402)
Decrease (increase) in accounts receivable - other	(99)	260
Increase (decrease) in trade payables	(1,076)	139
Increase (decrease) in accounts payable - other	(281)	(319)
Other, net	1,071	(2,007)
Subtotal	1,367	6,703
Interest and dividends received	240	220
Interest paid	(587)	(596)
Subsidies received	342	55
Income taxes paid	(1,044)	(1,304)
Net cash provided by (used in) operating activities	318	5,078
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,789)	(3,178)
Proceeds from sale of property, plant and equipment	624	622
Purchase of intangible assets	(174)	(178)
Purchase of investment securities	(0)	(25)
Proceeds from sale of investment securities	502	194
Loan advances	(42)	(44)
Proceeds from sale of shares of subsidiaries and associates	-	194
Proceeds from collection of loans receivable	60	29
Other, net	(57)	14
Net cash provided by (used in) investing activities	(2,876)	(2,371)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	1,602	(810)
Proceeds from long-term borrowings	6,381	3,982
Repayments of long-term borrowings	(5,021)	(4,935)
Purchase of treasury shares	(77)	(0)
Proceeds from sale of treasury shares	46	-
Dividends paid	(171)	(340)
Dividends paid to non-controlling interests	(81)	(100)
Other, net	(460)	(270)
Net cash provided by (used in) financing activities	2,217	(2,474)
Effect of exchange rate change on cash and cash equivalents	(138)	394
Net increase (decrease) in cash and cash equivalents	(478)	626
Cash and cash equivalents at beginning of period	4,672	4,249
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	54	36
Increase in cash and cash equivalents resulting from merger	-	147
Cash and cash equivalents at end of period	4,249	5,060

(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. Previously, for certain products, revenue was recognized over the period during which the selling price (consideration) was recovered. With this application of the accounting standard, such revenue is now recognized at the time control of the product is transferred to the customer.

In some sales of products to customers, the Company’s role corresponds to that of an agent. Previously, in such transactions, the total amount of consideration received from the customer was recognized as revenue. Under the new accounting policy, the amount recognized as revenue is the net amount, which is the said total amount of consideration minus amounts paid to third parties.

In subcontract processing with charged materials corresponding to buyback contracts, the supplied materials remaining with the subcontractor in a financial transaction continue to be recognized as inventories. Moreover, for the amount equivalent to inventories of the materials remaining with the subcontractor at fiscal year-end, a liability related to subcontract processing with charged materials is recognized. Regarding subcontract processing with receipt of materials for value, net sales and cost of sales were previously recorded at the time the finished goods were sold back to the supplier. Under the new accounting policy, only the net amount corresponding to the processing fee is recognized as revenue.

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 current fiscal year was added to or deducted 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 for which nearly all the revenue amounts had been recognized according to the previous treatment in periods prior to the beginning of the current 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 current 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 current fiscal year.

As a result, in comparison with the previous accounting procedures, net sales in the current fiscal year is 21,611 million yen lower and cost of sales is 21,485 million yen lower. Operating income is 125 million yen lower and both ordinary income and net income before income taxes are both 108 million yen lower. Also, the opening balance of retained earnings of the current fiscal year is increased by 326 million yen.

With the application of the Accounting Standard for Revenue Recognition, etc., notes and accounts receivable–trade, which was recorded under “current assets” in the consolidated balance sheet in the previous fiscal year, is included in “notes receivable,” “accounts receivable” and “contract assets” in the current fiscal year. Similarly, “other,” which was previously recorded under “current liabilities,” is included in “contract liabilities” and “other” in the current fiscal year. Also, “decrease (increase) in trade receivables,” which was recorded under “cash flow from operating activities” in the consolidated statement of cash flows in the previous fiscal year, is included in “decrease (increase) in trade receivables and contract assets” in the current fiscal year. In accordance with the transitional treatment as stipulated in paragraph 89-3 of the accounting standard for revenue recognition, etc., reclassification based on the new presentation method is not applied to the previous fiscal year.

(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 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). This change does not affect the financial statements for the current fiscal year.

(Change in presentation)

1. Consolidated balance sheet

“Electronically recorded obligations - operating,” which was included in “Notes and accounts payable - trade” under “current liabilities” in the previous fiscal year is presented separately in the current fiscal year due to its increased materiality.

(Segment information, etc.)

[Segment information]

1. Outline of reportable segments

The reportable segments of the Group are components of the Group that have separate financial information available and are periodically examined to enable the Board of Directors to make decisions on the allocation of management resources and evaluate the results of business performance.

The Company establishes comprehensive domestic and overseas strategies for each product and service, and undertakes business activities in cooperation with group companies.

The Group accordingly consists of segments by product and service, with four reportable segments: Automobile Products-related Business, Household Appliances Device Products Business, Aircraft Component Import and Sales Business, and Turf-maintenance Equipment, etc. Sales Business.

The Automobile Products-related Business mainly manufactures and sells fuel supply systems for automobiles, motorcycles, and general purpose engines and engine-related functional components. The Household Appliances Device Products Business mainly manufactures and sells control systems for gas appliances and water appliances. The Aircraft Component Import and Sales Business mainly imports and sells aircraft components. The Turf-maintenance Equipment, etc. Sales Business mainly sells turf-maintenance equipment, etc.

2. Calculation method for the amounts of net sales, income/loss, assets and other items by reportable segment

The accounting method for reportable segments is, in general, the same as that used to prepare consolidated financial statements.

Segment profit (loss) of reportable segments is provided on an operating income (loss) basis.

3. Information regarding the amounts of net sales, income/loss, assets and other items by reportable segment

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

(Millions of yen)

	Reportable segment					Other Businesses (Note)	Total	Adjustments	Amounts reported in the consolidated financial statements
	Automobile Products-related	Household Appliances Device Products	Aircraft Component Import and Sales	Turf-maintenance Equipment, etc. Sales	Total				
Net sales									
To external customers	60,345	5,818	16,441	2,568	85,173	1,788	86,962	–	86,962
Inter-segment sales or transfers	–	–	–	–	–	–	–	–	–
Total	60,345	5,818	16,441	2,568	85,173	1,788	86,962	–	86,962
Segment profit (loss)	772	(221)	190	(169)	571	(2)	569	–	569
Segment assets	74,653	5,783	7,079	3,849	91,365	2,525	93,891	–	93,891
Other items									
Depreciation	4,277	261	52	9	4,600	50	4,651	–	4,651
Amortization of goodwill	–	–	–	–	–	–	–	–	–
Investments in entities accounted for using equity method	398	303	–	–	702	–	702	–	702
Increase in property, plant and equipment and intangible assets	2,982	205	45	12	3,245	38	3,284	–	3,284

(Note) The “Other Businesses” category refers to a business segment not included in reportable segments including such businesses as manufacturing and sales of vehicle heaters and welfare and care devices, etc.

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

(Millions of yen)

	Reportable segment					Other Businesses (Note)	Total	Adjustments	Amounts reported in the consolidated financial statements
	Automobile Products-related	Household Appliances Device Products	Aircraft Component Import and Sales	Turf-maintenance Equipment, etc. Sales	Total				
Net sales									
To external customers	66,245	6,753	1,615	3,877	78,492	2,297	80,789	–	80,789
Inter-segment sales or transfers	–	–	–	–	–	–	–	–	–
Total	66,245	6,753	1,615	3,877	78,492	2,297	80,789	–	80,789
Segment profit (loss)	3,567	(491)	286	(33)	3,328	(10)	3,318	–	3,318
Segment assets	74,694	6,415	8,092	5,311	94,513	2,403	96,917	–	96,917
Other items									
Depreciation	4,330	286	65	31	4,714	48	4,762	–	4,762
Amortization of goodwill	–	–	–	–	–	1	1	–	1
Investments in entities accounted for using equity method	–	315	–	–	315	–	315	–	315
Increase in property, plant and equipment and intangible assets	2,718	310	39	34	3,103	59	3,163	–	3,163

(Notes) 1. The “Other Businesses” category refers to a business segment not included in reportable segments including such businesses as manufacturing and sales of vehicle heaters and welfare and care devices, etc.

2. Matters related to changes in reportable segments

As stated in Changes in accounting policies, the Accounting Standard for Revenue Recognition, etc. is applied from the beginning of the current fiscal year. Because the accounting treatment of revenue recognition is changed, the method of calculation of segment profit or loss is changed as well.

As a result of the change, net sales were 3,517 million yen lower than they would have been under the previous accounting treatment and segment profit was 120 million yen lower for the Automobile-related Products Business; segment loss for the Household Appliances Device Products Business was 5 million yen higher; and net sales for the Aircraft Component Import and Sales Business were 18,093 million yen lower in the current fiscal year.

(Per share information)

Item	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	822.12 yen	925.67 yen
Basic income (loss) per share	(3.73) yen	39.31 yen

- (Notes)
1. Diluted earnings per share is not presented since no potential shares exist.
 2. The shares of the Company that remain in trust and are recorded as treasury shares in shareholders' equity are included in treasury shares that are excluded from the recording of the average number of shares during the period in calculating the amount of basic income (loss) per share, and are included in the number of treasury shares that are excluded from the total number of issued shares at the end of the period in calculating net assets per share.

Number of treasury shares at end of period deducted in calculating net assets per share

Fiscal year ended March 31, 2021 489,880 shares

Fiscal year ended March 31, 2022 454,380 shares

Average number of treasury shares during period deducted in calculating the basic income (loss) per share

Fiscal year ended March 31, 2021 334,987 shares

Fiscal year ended March 31, 2022 464,749 shares

3. The basis of the calculation of basic income (loss) per share is as follows:

Item	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 profit (loss) attributable to owners of parent (million yen)	(125)	1,318
Amounts not attributable to common shareholders (million yen)	—	—
Net profit (loss) attributable to owners of parent available to common shares (million yen)	(125)	1,318
Average number of shares during the period (shares)	33,586,684	33,549,007

(Significant subsequent events)

Not applicable.