

Five-year Consolidated Financial Summary

(Unit: Million yen)

	2017	2018	2019	2020	2021 (FY)
Net sales	481,945	507,645	500,002	440,061	487,303
Cost of sales	414,318	436,242	435,663	387,937	432,334
Selling, general and administrative expenses	36,756	41,784	41,741	38,078	45,758
Operating income	30,871	29,618	22,597	14,045	9,211
Profit attributable to owners of parent	22,014	18,090	15,067	12,026	3,569
Capital expenditures	20,139	25,307	23,065	12,210	14,401
R&D expenses	25,398	25,856	28,119	26,976	30,470
Cash flows from operating activities	20,826	37,919	40,346	34,682	14,677
Cash flows from investing activities	-19,769	-31,933	-22,289	-27,505	-26,005
Cash flows from financing activities	3,539	-8,033	-6,772	-4,525	-6,437
Total assets	377,002	387,556	378,489	419,259	447,834
Total equity	232,127	241,435	241,023	270,276	285,538
Profit per share (yen)	241.26	198.25	165.12	131.77	39.10
Annual dividend (yen)	64.00	64.00	62.00	50.00	60.00
Dividend payout ratio (%)	26.5	32.3	37.5	37.9	153.5
Return on Equity (ROE) (%)	10.5	8.1	6.6	5.0	1.4
Equity ratio (%)	58.4	59.0	60.3	60.9	60.0

Financial Review

Analysis related to management performance

Business progress and results

Economic situation

During this fiscal year, the global economy experienced a high growth rate in the first half of the fiscal year due to recovery in demand following the lifting of lockdowns in many countries. However, it slowed down towards the end of the fiscal year due to soaring logistics costs caused by a global shortage of containers and other factors, as well as the disappearance of fiscal and financial support measures in China, the EU, the United States, and other countries. In addition, the impact of Russia's invasion of Ukraine has led to soaring energy prices and other factors, making the future uncertain.

Automobile industry

Global automobile production was sluggish compared to last year due to the global shortage of semiconductors and parts supply shortages caused by the spread of COVID-19 in Southeast Asia. On the other hand, the number of EVs has increased significantly due to the growing awareness of global environmental issues.

Initiatives

Our group has set "thorough implementation of safety first and promotion of health," "providing quality that customers continue to choose," "development and acquisition of human resources, and improvement in labor quality," "steadily enhancing global Monozukuri and supply structures," "initiatives in new businesses," and "initiatives to meet the expectations of society as a corporate citizen" as the FY policy, and has continued to make concerted efforts.

The main topics are as follows:

■ Organization change

As of January 1, 2022, we changed our organizational structure to promote innovation with a sense of urgency, with the aim of developing products that meet the diverse needs of the world, and manufacturing that can flexibly respond to changes in the environment. Specifically, we have reorganized the existing divisional system into "five business areas" that are mainly in charge of product development, and a "Production Center" that control each plant.

■ Development of new products

We have developed a "steer-by-wire control unit" that contributes to autonomous driving and electric vehicles, "digital outer mirror with fender" that can contribute to safety improvement and wind resistance reduction, and a fingerprint authentication start switch that contributes to vehicle theft prevention.

Also, we have partnered with various companies for digitalkeys and are expanding services in the mobility area, including car sharing and company-car management systems.

■ Environmental Initiatives

With the ultimate goal of virtually zero CO₂ emissions by 2050, we aim to reduce CO₂ emissions from our plants by 60% or more (compared to 2013) by 2030. Therefore, we introduced carbon-neutral city gas and concluded an offsite power purchase agreement (PPA) for our own solar power plant.

■ Promotion of diversity activities

As of January 1, 2022, we have established the Diversity Promotion Dept. under the direct control of the executive office. In addition, we have been selected for the third consecutive year as a "Health and Productivity Management Outstanding Organization" (White 500) by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. Furthermore, we received the highest rank of

"Eruboshi" certification (third stage) based on the Act on Promotion of Women's Participation and Advancement in the Workplace from the Ministry of Health, Labour and Welfare.

We are working to create workplaces where employees mutually recognize diversity.

■ Initiatives for SDGs management

From FY 2021 we have strengthened our initiatives for SDGs management, including the environment and diversity, as described above. Also, as an initiative to contribute to society, we have concluded a comprehensive partnership agreement with Toyokawa City and Oguchi Town to strengthen mutual cooperation and cooperate in the implementation of projects necessary for realizing regional revitalization. Furthermore, these efforts have been highly evaluated, and we have met the selection criteria for the FTSE Blossom Japan Sector Relative Index, one of the representative ESG stock indices, and have been selected as a constituent stock.

Analysis related to financial status

Assets, liabilities, and total equity status

Assets

Assets were 447,834 million yen, a 28,575-million-yen increase from the end of the previous consolidated accounting year. This is mainly due to an increase in inventory assets and investment securities.

Liabilities

Liabilities were 162,296 million yen, a 13,313-million-yen increase from the end of the previous consolidated accounting year. This is mainly due to an increase in accounts payable and accrued expenses.

Total equity

Total equity was 285,538 million yen, a 15,262-million-yen increase from the end of the previous consolidated accounting year. This is mainly due to an increase in accumulated other comprehensive income.

As a result, the equity ratio changed from 60.9% at the end of the previous consolidated accounting year to 60.0%.

Cash flows status

Cash and cash equivalents (hereinafter referred to as "funds") for the consolidated base at the end of this consolidated accounting year were 53,854 million yen, which was a 15,750-million-yen decrease from the end of the previous consolidated accounting year.

Cash flows from operating activities

Funds acquired as a result of operating activities were 14,677 million yen, a decrease of 20,005 million yen compared to the previous consolidated accounting year.

This is mainly the result of the income before income taxes having decreased by 5,447 million yen.

Cash flows from investing activities

Funds acquired as a result of financing activities were 26,005 million yen, a decrease of 1,500 million yen compared to the previous consolidated accounting year.

Cash flows from financing activities

Funds acquired as a result of financing activities were 6,437 million yen, an increase of 1,912 million yen compared to the previous consolidated accounting year.

This is mainly the result of an increase of 916 million yen in dividends paid.

Consolidated Balance Sheet

(Unit: Million yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	74,202	57,977
Notes and accounts receivable	69,863	81,137
Electronically recorded monetary claims-operating	12,836	11,451
Marketable securities	2,699	4,801
Finished goods	19,335	25,898
Work-in-process	28,560	36,493
Raw materials and supplies	7,770	8,449
Other current assets	10,858	11,580
Less: Allowance for doubtful accounts	-124	-55
Total current assets	226,003	237,732
Noncurrent assets		
Tangible noncurrent assets		
Buildings and structures	93,323	98,966
Accumulated depreciation	-59,480	-64,801
Buildings and structures (net)	33,842	34,164
Machinery and vehicles	161,036	173,978
Accumulated depreciation	-128,767	-141,548
Machinery and vehicles (net)	32,269	32,429
Tools and furniture	128,990	133,660
Accumulated depreciation	-120,819	-124,722
Tools and furniture (net)	8,171	8,937
Land	13,104	13,417
Tangible lease assets	2,127	2,384
Accumulated depreciation	-955	-1,312
Tangible lease assets (net)	1,171	1,071
Construction in progress	4,899	7,336
Total tangible noncurrent assets	93,458	97,357
Intangible noncurrent assets		
Software	2,296	2,425
Others	84	83
Total intangible noncurrent assets	2,381	2,509
Investments and other assets		
Investments securities	55,620	63,084
Long-term loans	333	323
Net defined benefit assets	30,989	35,032
Deferred tax assets	3,107	4,302
Others	7,470	7,598
Less: Allowance for doubtful accounts	-105	-105
Total investments and other assets	97,415	110,235
Total noncurrent assets	193,255	210,102
Total	419,259	447,834

(Unit: Million yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities and Equity		
Current liabilities		
Notes and accounts payable	47,598	51,651
Electronically recorded obligations-operating	10,707	10,631
Short-term lease liabilities	250	288
Accrued expenses	24,831	33,736
Income taxes payable	1,813	2,871
Accrued bonuses to employees	8,017	9,021
Accrued bonuses to directors	211	192
Provision for accrued product warranty	4,711	1,060
Others	8,512	10,057
Total current liabilities	106,652	119,513
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term lease liabilities	722	604
Deferred tax liabilities	6,179	7,939
Retirement allowances for directors and corporate auditors	342	296
Net defined benefit liabilities	24,942	23,793
Long-term asset retirement obligations	73	72
Others	69	77
Total noncurrent liabilities	42,330	42,783
Total liabilities	148,983	162,296
Equity		
Shareholders' equity		
Capital	22,856	22,856
Capital surplus	25,872	25,872
Retained earnings	198,421	196,514
Treasury common stock at cost	-5,326	-5,285
Total shareholders' equity	241,824	239,957
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	7,599	8,389
Foreign currency translation adjustments	-847	8,173
Remeasurements of defined benefit plans	6,676	12,191
Total accumulated other comprehensive income	13,428	28,755
Non-controlling interests	15,023	16,825
Total equity	270,276	285,538
Total	419,259	447,834

Consolidated Income Statement

(Unit: Million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Net sales	440,061	487,303
Cost of sales	387,937	432,334
Gross profit	52,124	54,969
Selling, general and administrative expenses	38,078	45,758
Operating income	14,045	9,211
Non-operating income		
Interest income	230	264
Dividend income	436	490
Share of profit of entities accounted for using equity method	285	419
Foreign exchange gain	2,418	4,257
Income from sponsorship	722	—
Reversal of custom duties for prior periods	336	—
Other	793	1,135
Total non-operating income	5,223	6,567
Non-operating expenses		
Interest expenses	76	74
Other	181	146
Total non-operating expenses	257	221
Ordinary income	19,011	15,557
Extraordinary income		
Reversal of product warranty-related loss	2,820	—
Total extraordinary income	2,820	—
Extraordinary loss		
Loss on sales and retirement of non-current assets	93	—
Impairment loss	2,629	1,700
Loss on valuation of investment securities	—	195
Total extraordinary loss	2,722	1,896
Income before income taxes	19,108	13,661
Income taxes current	5,734	6,796
Income taxes deferred	-165	1,529
Total income taxes	5,568	8,326
Profit	13,539	5,334
Profit attributable to non-controlling interests	1,513	1,765
Profit attributable to owners of parent	12,026	3,569

Consolidated Statement of Comprehensive Income

(Unit: Million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Profit	13,539	5,334
Other comprehensive income		
Net unrealized gain on available-for-sale securities	6,596	791
Foreign currency translation adjustments	5,304	9,644
Remeasurements of defined benefit plans	8,069	5,501
Share of other comprehensive income of entities accounted for using equity method	50	106
Total other comprehensive income	20,020	16,044
Comprehensive income	33,559	21,379
(Breakdown)		
Comprehensive income attributable to owners of parent	31,476	18,896
Comprehensive income attributable to non-controlling interests	2,083	2,483

Consolidated Statement of Changes in Net Assets

(Unit: Million yen)

Year ended March 31, 2021	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total equity
	Capital	Capital surplus	Retained earnings	Treasury common stock at cost	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	22,856	25,887	191,023	-5,369	234,397	1,113	-5,783	-1,351	-6,022	12,648	241,023
Cumulative impact of changes in accounting policy			-65		-65						-65
Balance at the beginning of the period reflecting changes in accounting policy	22,856	25,887	190,958	-5,369	234,332	1,113	-5,783	-1,351	-6,022	12,648	240,958
Changes during the period											
Dividend of surplus			-4,562		-4,562						-4,562
Profit attributable to owners of parent			12,026		12,026						12,026
Purchases of treasury stock				-0	-0						-0
Disposal of treasury stock			-2	44	41						41
Equity changes by share purchase of consolidated subsidiaries			-12		-12						-12
Changes (net) during the period for items other than shareholders' equity						6,485	4,936	8,028	19,450	2,375	21,825
Total changes during the period	—	-14	7,463	43	7,492	6,485	4,936	8,028	19,450	2,375	29,318
Balance at the end of the period	22,856	25,872	198,421	-5,326	241,824	7,599	-847	6,676	13,428	15,023	270,276

(Unit: Million yen)

Year ended March 31, 2022	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total equity
	Capital	Capital surplus	Retained earnings	Treasury common stock at cost	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	22,856	25,872	198,421	-5,326	241,824	7,599	-847	6,676	13,428	15,023	270,276
Changes during the period											
Dividend of surplus			-5,477		-5,477						-5,477
Profit attributable to owners of parent			3,569		3,569						3,569
Purchases of treasury stock				-0	-0						-0
Disposal of treasury stock			-0	41	41						41
Changes (net) during the period for items other than shareholders' equity						790	9,021	5,515	15,326	1,802	17,128
Total changes during the period	—	-0	-1,907	40	-1,866	790	9,021	5,515	15,326	1,802	15,262
Balance at the end of the period	22,856	25,872	196,514	-5,285	239,957	8,389	8,173	12,191	28,755	16,825	285,538

Consolidated Statements of Cash Flows

(Unit: Million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from operating activities		
Income before income taxes	19,108	13,661
Depreciation	18,566	18,166
Impairment loss	2,629	1,700
Increase (Decrease) in allowance for doubtful accounts	40	-74
Increase (Decrease) in accrued bonuses to employees	-936	872
Increase (Decrease) in accrued bonuses to directors	-83	-18
Increase (Decrease) in provision for accrued product warranty	-3,163	-3,722
Increase (Decrease) in retirement allowances for directors and corporate auditors	10	-46
Increase (Decrease) in net defined benefit liability	-2,926	-535
Increase (Decrease) in net defined benefit assets	-977	-968
Interest and dividend income	-667	-755
Interest expenses	76	74
Equity in earnings of affiliated companies	-285	-419
Foreign exchange gain or loss	-1,747	-3,439
Gain on sales of property plant and equipment	-73	172
Increase (Decrease) in notes and accounts receivable	-11,044	-4,811
Increase (Decrease) in inventories	-6,320	-9,742
Increase (Decrease) in notes and accounts payable	8,861	366
Increase (Decrease) in consumption taxes payable	276	-1,845
Others, net	17,801	10,981
Sub-Total	39,143	19,615
Interest and dividend income received	707	829
Interest expenses paid	-78	-76
Income taxes paid	-5,090	-5,691
Net cash provided by operating activities	34,682	14,677
Cash flows from investing activities		
Proceeds from sales of marketable securities	2,500	2,800
Purchases of tangible fixed assets	-16,167	-18,078
Proceeds from sales of tangible fixed assets	69	95
Purchases of investment securities	-11,119	-11,103
Proceeds from sales of investment securities	-	197
Disbursement for originating loans	-199	-197
Proceeds from collections of loans	220	232
Others, net	-2,809	49
Net cash used in investing activities	-27,505	-26,005
Cash flows from financing activities		
Proceeds from payments from non-controlling interests	617	-
Lease liabilities paid	-244	-320
Dividends paid	-4,561	-5,477
Dividends paid to non-controlling interests	-376	-680
Purchases of treasury stock	-0	-0
Others, net	41	40
Net cash provided (used in) financing activities	-4,525	-6,437
Effect of foreign currency translation adjustments on cash and cash equivalents	1,524	2,016
Net increase (decrease) in cash and cash equivalents	4,175	-15,750
Cash and cash equivalents, beginning of period	65,429	69,604
Cash and cash equivalents, end of period	69,604	53,854