



May 13, 2022

*Note: The original disclosure in Japanese was released on May 13, 2022

Consolidated Financial Highlights for FY2021 [Japanese GAAP]

(April 1, 2021 through March 31, 2022)

Company Name: **TACHI-S CO., LTD.**
 Stock exchange listings: Tokyo Stock Exchange
 Code number: 7239
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Scheduled date of the annual general meeting of shareholders: June 24, 2022

Scheduled date of the payment of cash dividends: June 3, 2022

Scheduled date of submitting securities report: June 24, 2022

Additional materials to financial results: Yes

Holding of the briefing session of the financial results: Yes (for security analysts and institutional investors)

(Amounts less than 1 million yen are rounded down)

1. Consolidated Financial Results for FY2021 (April 1, 2021 through March 31, 2022)

(1) Consolidated Operating Results

(% indicates change from previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2021	206,441	4.0	(4,203)	—	(3,536)	—	(2,059)	—
FY2020	198,500	(29.7)	(7,753)	—	(7,270)	—	(13,701)	—

(Note) Comprehensive income

FY2021: ¥2,689 million (—%)

FY2020: ¥ (11,923) million (—%)

	Net income per share	Diluted net income per share	Capital adequacy net income ratio	Total assets ordinary income ratio	Sales operating income ratio
	yen	yen	%	%	%
FY2021	(60.19)	—	(2.8)	(2.3)	(2.0)
FY2020	(400.53)	—	(17.3)	(4.6)	(3.9)

(Note) Equity in earnings (losses) of affiliated companies

FY2021: ¥1,339 million

FY2020: ¥1,018 million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	yen
FY2021	158,997	79,181	45.8	2,129.09
FY2020	150,994	78,670	48.0	2,119.67

(Note) Equity capital

FY2021: ¥72,862 million

FY2020: ¥72,538 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2021	(354)	2,006	(812)	29,360
FY2020	(1,945)	(6,326)	5,128	27,196

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2. Dividends

	Annual cash dividends per share					Total dividend (Total)	Dividend payout (Consolidated)	Total assets dividend rate (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of fiscal year	Total			
	yen	yen	yen	yen	yen	Million yen	%	%
FY2020	—	0.00	—	6.50	6.50	223	—	0.3
FY2021	—	31.80	—	31.80	63.60	2,195	—	3.0
FY2022 (forecast)	—	36.80	—	36.80	73.60		—	

3. Consolidated forecast for FY2022 (April 1, 2022 through March 31, 2023)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Full year	248,000	20.1	1,200	—	2,000	—	200	—	5.84

* Notes

- (1) Major subsidiary changes during the period (changes affecting the scope of consolidation): No
(2) Changes in accounting policies, changes in accounting estimation, and restatement
(i) Changes in accounting policies owing to revisions to accounting standards: Yes
(ii) Changes in accounting policies except (i): No
(iii) Changes in accounting estimates: No
(iv) Restatement: No

(3) Number of outstanding shares (common stock)

- (i) Number of shares at the end of fiscal year (including treasury shares)
(ii) Number of treasury shares at the end of fiscal year
(iii) Average number of shares during the period

FY2021	35,242,846 shares	FY2020	35,242,846 shares
FY2021	1,020,382 shares	FY2020	1,021,032 shares
FY2021	34,222,246 shares	FY2020	34,207,182 shares

(Note) Outlines of Non-Consolidated Financial Results

Non-Consolidated Financial Results for FY2021 (April 1, 2021 through March 31, 2022)

(1) Non-Consolidated Operating Results (% indicates change from previous year)

	Net sales		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%
FY2021	75,183	(9.5)	(5,888)	—	(2,852)	—
FY2020	83,051	(31.9)	(2,241)	—	(7,600)	—

	Net income per share	Diluted net income per share
	yen	yen
FY2021	(83.34)	—
FY2020	(222.18)	—

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(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	yen
FY2021	92,307	47,186	51.1	1,378.82
FY2020	88,655	52,107	58.8	1,522.64

(Note) Equity capital
FY2021: ¥47,186 million
FY2020: ¥52,107 million

* These financial highlights are not subject to audit procedures.

* Note for appropriate use of this business forecast and other notices

The above business forecast is based on information that the company obtained at the time and certain premises that the company judged appropriate. Actual results may differ from this forecast as a result of various factors.

Please refer to the appended materials on page 4 "1. Overview of the Operating Results, etc. (4) Outlook for the fiscal year ending March 31, 2023" for the assumptions underlying the forecasts and precautions when using the earnings forecasts.

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1. Overview of the Operating Results, etc.

(1) Overview of the operating results for the fiscal year under review

In the fiscal year under review, there were some signs of recovery in the Japanese economy as vaccines to protect against COVID-19 led to progress in learning to live with the virus. However, the future remains uncertain due to the impact of semiconductor shortages and a spike in distribution costs and raw material prices. Overseas, there were signs of recovery as economic activity resumed in stages, but the outlook also remains uncertain here, given the sharp spread of COVID-19 infections from the end of 2021, the cooling of China's real estate market, constraints on economic activity under China's zero-Covid policy, and the impact of Russia's invasion of Ukraine.

In the auto industry in which the Group operates, the number of vehicles sold globally is recovering to pre-pandemic levels, but the number of new vehicles sold in Japan has undercut 4.5 million for the first time since 2011 due to the halt in production activity attributable to global semiconductor shortages.

In addition, efforts to address environmental problems, particularly through carbon neutrality, are accelerating rapidly, and the auto industry is increasingly going electric. For the first time, the number of new electric vehicles (EVs) sold exceeded the sale of new hybrid vehicles (HVs).

Our main activities in the fiscal year under review were improvements to the revenue structure, such as structural reforms, primarily in Japan, Latin America, and North America, activities aimed at lowering costs by reinforcing manufacturing competitiveness, streamlining and improving the efficiency of businesses, and thoroughly reducing costs on a global basis as we worked to raise profitability. We focused on deepening, evolving, and modernizing to reform our business portfolio. On the "deepening" side, we received orders for the parts business, including the TTK-X frame (a front-seat frame), mechanism elements, trim covers, and one-piece foam, and began activities aimed at mass production. On the "evolving" side, we pursued collaboration activities in different industries as a space producer, and planned and proposed the value of new spaces and experiences in future mobility. On the "modernizing" side, we launched a new organization and started open innovation activities. In addition, we set up solar power panels in China and Mexico as a carbon-neutral initiative, and introduced it at several factories in addition to the Technical Monozukuri Center already operating in Japan.

In this operating environment, net sales increased 4.0% over the previous fiscal year to 206,441 million yen, which led to an operating loss of 4,203 million yen (compared with an operating loss of 7,753 million yen in the previous fiscal year) and an ordinary loss of 3,536 million yen (compared with an ordinary loss of 7,270 million yen in the previous fiscal year), and a net loss attributable to owners of parent totaling 2,059 million yen (compared with a net loss attributable to owners of parent amounting to 13,701 million yen in the previous fiscal year).

Due to the adoption of the Accounting Standards for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), net sales decreased 22,824 million yen.

Earnings in the business segments are as follows.

(Japan)

Net sales totaled 80,763 million yen (down 8.7% over the previous fiscal year) and the operating loss totaled 1,684 million yen (operating loss of 2,236 million yen in the previous fiscal year).

Net sales decreased 22,824 million yen due to the adoption of Account Standards on Revenue Recognition.

(North America)

Net sales totaled 38,492 million yen (up 31.0% over the previous fiscal year) and the operating loss totaled 2,454 million yen (operating loss of 2,182 million yen in the previous fiscal year).

(Latin America)

Net sales totaled 51,420 million yen (up 24.9% over the previous fiscal year) and the operating loss totaled 1,627 million yen (operating loss of 4,010 million yen in the previous fiscal year).

(Europe)

Net sales totaled 1,110 million yen (up 89.1% over the previous fiscal year) and operating income totaled 133 million yen (up 350.0% over the previous fiscal year).

(China)

Net sales totaled 32,629 million yen (down 13.5% over the previous fiscal year) and operating income totaled 1,969 million yen (up 73.1% over the previous fiscal year).

(Southeast Asia)

Net sales totaled 2,025 million yen (up 74.8% over the previous fiscal year) and the operating loss totaled 342 million yen (operating loss of 661 million yen in the previous fiscal year).

(2) Overview of the financial position for the fiscal year under review

Total assets increased by 8,003 million yen from the end of the previous fiscal year to 158,997 million yen. This was primarily due to a 2,288 million yen increase in cash and deposits and a 3,415 million yen increase in raw materials and supplies.

Liabilities increased by 7,492 million yen from the end of the previous fiscal year to 79,816 million yen. This was primarily due to a 2,271 million yen increase in notes and accounts payable, in addition to a 3,680 million yen increase in short-term borrowings, excluding the transfer from long-term borrowings.

Net assets increased by 511 million yen compared with the end of the previous fiscal year to 79,181 million yen. This was primarily because, although retained earnings decreased by 3,378 million yen, foreign currency translation adjustments increased by 4,542 million yen.

(3) Overview of the cash flows for the fiscal year under review

Cash and cash equivalents at the end of the fiscal period under review were 29,360 million yen, up 2,163 million yen (8.0%) compared with the end of the previous consolidated fiscal period.

(Cash flow from operating activities)

Net cash used in operating activities totaled 354 million yen, down 1,591 million yen (81.8%) compared with the end of the previous consolidated fiscal period. This was primarily due to a 12,338 million yen improvement in the loss before taxes compared with the previous fiscal period.

(Cash flow from investing activities)

Net cash provided by investing activities totaled 2,006 million yen, an 8,333 million increase compared with the previous consolidated fiscal year (in the previous consolidated fiscal year, 6,326 million yen in cash was used in investing activities). This was primarily due to increases of 4,379 million yen from the sale of property, plant and equipment and 1,208 million yen from the sale of investment securities.

(Cash flow from financing activities)

Net cash used in financing activities totaled 812 million yen, a 5,941 million yen increase compared with the previous consolidated fiscal year (in the previous consolidated fiscal year, financing activities provided 5,128 million yen in net cash). This was primarily due to a 4,945 million yen decrease in money raised through short-term borrowings.

Reference: Changes in cash flow-related financial indicators

	Fiscal Year Ended Mar. 31, 2018	Fiscal Year Ended Mar. 31, 2019	Fiscal Year Ended Mar. 31, 2020	Fiscal Year Ended Mar. 31, 2021	Fiscal Year Ended Mar. 31, 2022
Ratio of shareholders' equity (%)	51.0	52.5	52.7	48.0	45.8
Ratio of shareholders' equity at market value (%)	36.6	31.5	20.7	27.2	21.4
Ratio of cash flows to interest-bearing debt (times)	0.6	6.8	56.8	—	—
Interest coverage ratio (times)	1,006.7	32.5	0.6	—	—

Ratio of shareholders' equity: Shareholders' equity/Total assets

Ratio of shareholders' equity at market value: Market capitalization/Total assets

Ratio of cash flows to interest-bearing debt: Interest-bearing debt/Cash flows

Interest coverage ratio: Cash flow/Interest payments

Note 1: All of the above indicators are calculated using consolidated financial figures.

Note 2: Market capitalization is calculated using the Company's total shares outstanding excluding treasury shares.

Note 3: Cash flows from operating activities are used for calculations.

Note 4: Interest-bearing debts cover all debts for which interest is paid among those that are included in the consolidated statement of financial position.

(4) Outlook for the fiscal year ending March 31, 2023

The outlook for the global economy remains uncertain due to concerns about the further spread of COVID-19, heightened geopolitical risks, and other factors. Moreover, the auto industry to which the Group belongs also faces an increasingly harsh business environment, characterized by rapid changes in auto production plans due to semiconductor shortages and the impact of COVID-19 cases, as well as skyrocketing raw material prices and distribution costs, among other factors. Given these conditions, and taking into account the current manufacturing conditions of the auto manufacturers that are our customers, the Group has estimated its consolidated earnings forecasts for the fiscal year ending in March 2023 as shown below.

(Unit: Millions of yen)

	Forecasts for fiscal year ending March 31, 2023	Actual results for fiscal year ended March 31, 2022	Rate of difference (%)
Net sales	248,000	206,441	20.1%
Operating income	1,200	(4,203)	—%
Ordinary income	2,000	(3,536)	—%
Profit attributable to owners of parent	200	(2,059)	—%

Notes: 1. The main exchange rates on which the above earnings forecasts are premised are US\$1 = JPY125, 1 Mexican peso = JPY6, and 1 RMB = JPY19.

2. The above earnings forecasts were calculated based on certain assumptions that the Company has determined are logical at this point, and actual earnings results could differ significantly from these forecasts for a range of reasons.

(5) Basic policy regarding profit distribution and dividends for the fiscal years ended March 31, 2022 and March 31, 2023

The Company's basic policy on profit distribution is that it will aggressively return profits to shareholders with a goal of reaching a dividend on equity ratio (DOE) of 4% by fiscal year 2024, having adopted DOE as its main financial indicator for dividends and comprehensively taking into account the maintenance of cash flow and a sound financial foundation for the medium to long term.

The Articles of Incorporation stipulate that the Company can distribute retained earnings on the basis of a resolution by the Board of Directors, and basically distributes dividends twice a year, once at the end of the first half of the fiscal year and again at the end of the fiscal year.

Year-end dividends for the fiscal year ended in March 2022 will be an ordinary dividend of 31.8 yen per share, as per a resolution by the Board of Directors made on this date. As a result, when including the interim dividend of 31.8 yen per share that has already been paid, annual dividends for this fiscal year will be 63.6 yen.

We plan to pay annual ordinary dividends per share of 73.6 yen (interim dividend of 36.8 yen and year-end dividend of 36.8 yen).

2. Basic Stance on Selecting Accounting Standards

The Group will prepare its consolidated financial statements using Japanese standards in the near term, taking into account the possibility of comparing consolidated financial statements with different fiscal periods and the possibility of comparing them with other companies.

The Group will respond appropriately to the adoption of IFRS, taking into account conditions in Japan and overseas.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated statement of financial position

(Unit: Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Assets		
Current assets		
Cash and deposits	29,757	32,046
Notes and accounts receivable - trade	39,327	-
Notes receivable - trade	-	3,715
Accounts receivable - trade	-	36,164
Investment securities	-	361
Merchandise and finished goods	2,110	2,666
Work in progress	731	749
Raw materials and supplies	9,839	13,254
Other	5,235	5,077
Allowance for doubtful accounts	(789)	(42)
Total current assets	86,213	93,994
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,492	11,257
Machinery, equipment and vehicles, net	11,571	10,898
Land	7,817	6,565
Construction in progress	1,802	3,717
Other, net	4,527	4,317
Total property, plant and equipment	37,212	36,756
Intangible assets		
Goodwill	32	-
Other	1,335	1,302
Total intangible assets	1,368	1,302
Investments and other assets		
Investment securities	13,711	12,733
Long-term loans receivable	6	11
Deferred tax assets	3,806	4,703
Retirement benefit assets	1,093	1,175
Other	7,659	8,748
Allowance for doubtful accounts	(78)	(427)
Total investments and other assets	26,200	26,944
Total fixed assets	64,780	65,003
Total assets	150,994	158,997

(Unit: Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	32,277	34,549
Short-term borrowings	9,819	15,499
Lease obligations	-	787
Income taxes payable	447	916
Accrued expenses	7,851	8,744
Other	4,847	4,584
Total current liabilities	55,243	65,081
Non-current liabilities		
Long-term borrowings	8,500	6,500
Lease obligations	-	2,242
Deferred tax liabilities	3,845	3,126
Provision for retirement benefits for directors	8	11
Provision for share-based remuneration	103	191
Retirement benefit liability	1,464	1,698
Asset retirement obligations	-	247
Other	3,158	718
Total long-term liabilities	17,080	14,734
Total liabilities	72,324	79,816
Net assets		
Shareholders' equity		
Share capital	9,040	9,040
Capital surplus	8,700	8,713
Retained earnings	50,664	47,285
Treasury shares	(1,451)	(1,462)
Total shareholders' equity	66,954	63,577
Other comprehensive income		
Valuation difference on available-for-sale securities	1,967	1,215
Foreign currency translation adjustments	3,396	7,938
Remeasurements of defined benefit plans	220	131
Total other comprehensive income	5,584	9,285
Non-controlling interests	6,131	6,318
Total net assets	78,670	79,181
Total liabilities and net assets	150,994	158,997

(2) Consolidated Statements of income and comprehensive income

Consolidated Statements of Income

(Unit: Millions of yen)

	Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Net sales	198,500	206,441
Cost of sales	188,938	193,573
Gross profit	9,561	12,867
Selling, general and administrative expenses		
Employee salaries and benefits	6,034	5,962
Retirement benefit costs	142	68
Provision for reserve for directors' retirement benefits	2	2
Shipping expenses	1,729	2,038
Depreciation expenses	1,200	866
Provision of allowance for doubtful accounts	623	30
Other	7,584	8,102
Total selling, general and administrative expenses	17,315	17,071
Operating profit (loss)	(7,753)	(4,203)
Non-operating income		
Interest income	232	308
Dividend income	169	212
Share of profit of entities accounted for using equity method	1,018	1,339
Miscellaneous income	825	583
Total non-operating income	2,244	2,443
Non-operating expenses		
Interest expenses	271	288
Foreign exchange losses	1,189	818
Miscellaneous expenditures	299	669
Total non-operating expenses	1,760	1,776
Ordinary profit (loss)	(7,270)	(3,536)
Extraordinary income		
Gains on sales of non-current assets	3	3,042
Gain on sales of investment securities	107	1,158
Total extraordinary income	111	4,201
Extraordinary loss		
Loss on disposal of non-current assets	271	108
Impairment loss	3,158	684
Loss on liquidation of subsidiaries	-	386
Extra retirement payments	2,394	146
Business restructuring and improvement expenses	-	110
Loss on valuation of investment securities	7	-
Loss on valuation of investments in capital of subsidiaries and associates	120	-
Total extraordinary losses	5,952	1,436
Profit (loss) before income taxes	(13,110)	(772)
Income taxes - current	1,183	1,803
Income taxes - deferred	(967)	(830)
Total income taxes	215	973
Profit (loss)	(13,326)	(1,745)
Profit attributable to non-controlling interests	375	314
Profit (loss) attributable to owners of parent	(13,701)	(2,059)

Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Profit (loss)	(13,326)	(1,745)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,441	(751)
Foreign currency translation adjustments	(360)	4,090
Remeasurements of defined benefit plans	173	(89)
Share of other comprehensive income of associates accounted for under the equity method	148	1,184
Total other comprehensive income	1,402	4,434
Comprehensive income (loss)	(11,923)	2,689
(Breakdown)		
Comprehensive income attributable to owners of parent	(12,422)	1,641
Comprehensive income attributable to non-controlling interests	498	1,047

(3) Consolidated statement of changes in shareholders' equity, etc.

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

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,040	8,700	64,812	(1,498)	81,055
Changes during period					
Dividends of surplus			(447)		(447)
Profit (loss) attributable to owners of parent			(13,701)		(13,701)
Purchase of treasury shares				(0)	(0)
Disposal of treasury stock				47	47
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(14,148)	47	(14,101)
Balance at end of period	9,040	8,700	50,664	(1,451)	66,954

	Other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income		
Balance at beginning of period	525	3,743	47	4,316	6,608	91,980
Changes during period						
Dividends of surplus						(447)
Profit (loss) attributable to owners of parent						(13,701)
Purchase of treasury shares						(0)
Disposal of treasury stock						47
Net changes in items other than shareholders' equity	1,441	(347)	173	1,267	(477)	790
Total changes during period	1,441	(347)	173	1,267	(477)	(13,310)
Balance at end of period	1,967	3,396	220	5,584	6,131	78,670

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

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,040	8,700	50,664	(1,451)	66,954
Changes during period					
Dividends of surplus			(1,318)		(1,318)
Profit (loss) attributable to owners of parent			(2,059)		(2,059)
Purchase of treasury shares				(256)	(256)
Disposal of treasury stock		12		245	257
Net changes in items other than shareholders' equity					
Total changes during period	—	12	(3,378)	(11)	(3,377)
Balance at end of period	9,040	8,713	47,285	(1,462)	63,577

	Other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income		
Balance at beginning of period	1,967	3,396	220	5,584	6,131	78,670
Changes during period						
Dividends of surplus						(1,318)
Profit (loss) attributable to owners of parent						(2,059)
Purchase of treasury shares						(256)
Disposal of treasury stock						257
Net changes in items other than shareholders' equity	(751)	4,542	(89)	3,701	187	3,888
Total changes during period	(751)	4,542	(89)	3,701	187	511
Balance at end of period	1,215	7,938	131	9,285	6,318	79,181

(4) Consolidated statements of cash flows

(Unit: Millions of yen)

	Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit (loss) before income taxes	(13,110)	(772)
Depreciation expenses	6,708	5,631
Impairment loss	3,158	684
Amortization of goodwill	10	10
Increase (decrease) in allowance for doubtful accounts	517	(406)
Interest and dividend income	(401)	(520)
Interest expenses	271	288
Share of loss (profit) of entities accounted for using equity method	(1,018)	(1,339)
Loss (gain) on disposal of non-current assets	267	(2,933)
Loss (gain) on sale of investment securities	(107)	(1,158)
Decrease (increase) in trade receivables	2,054	2,462
(Increase) decrease in inventories	1,049	(2,946)
Increase (decrease) in trade payables	(1,859)	(351)
Other	236	291
Subtotal	(2,221)	(1,059)
Interest and dividend income	1,649	2,287
Interest expenses	(210)	(268)
Income taxes paid	(1,163)	(1,314)
Net cash provided by (used in) operating activities	(1,945)	(354)
Cash flows from investing activities		
Transfers to time deposits	(1,335)	(523)
Proceeds from maturity of time deposits	876	562
Acquisition of property, plant and equipment	(4,927)	(3,994)
Proceeds from sales of property, plant and equipment	63	4,442
Acquisition of investment securities	(351)	(580)
Proceeds from sale of investment securities	274	1,482
Other	(926)	618
Net cash provided by (used in) investing activities	(6,326)	2,006
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	8,337	3,392
Repayment of long-term borrowings	(1,000)	(1,000)
Decrease (increase) in treasury shares	47	1
Acquisition of treasury shares	(0)	(0)
Dividend income paid to non-controlling interests	(975)	(860)
Dividend income paid	(447)	(1,317)
Other	(832)	(1,028)
Net cash provided by (used in) financing activities	5,128	(812)
Effect of exchange rate changes on cash and cash equivalents	410	1,323
Net change in cash and cash equivalents (decrease)	(2,732)	2,163
Cash and cash equivalents at beginning of period	29,929	27,196
Cash and cash equivalents at end of period	27,196	29,360

(5) Notes to the consolidated financial statements

(Note on assumptions of a going concern)

Not applicable

(Changes in accounting policies)

(Accounting standards for revenue recognition)

The Company has applied the Accounting Standards for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the start of the consolidated fiscal year under review and will now recognize as revenue the amount expected to be received in exchange for goods or services at the point at which the promised good or service is transferred to the control of the customer.

The main changes resulting from the adoption of the Accounting Standards for Revenue Recognition are as follows.

The Group processes the parts and raw materials provided by its customers (hereinafter, “supplies provided for a fee”) and then sells the processed product to the customer in question, charging the purchase price and the processing costs, etc. (hereinafter, “fee-based supply transactions”). By applying the Accounting Standards for Revenue Recognition, in the event that the party supplying the materials for a fee is required to buy back the supplies provided for a fee, the full amount for “net sales” and “cost of sales” related to the fee-based supply transactions is not recorded; rather, the processing costs, etc. for this transaction are recorded as “net sales.”

In adopting the Accounting Standard for Revenue Recognition, etc., the Company followed the transitional treatment stipulated in the provision of Paragraph 84 of the Accounting Standard for Revenue Recognition. The new accounting standards were applied effective from the balance at the start of this fiscal year. However, due to application of the method set forth in Paragraph 86 of the Accounting Standard for Revenue Recognition, the new accounting policy was not retroactively applied to a contract for which nearly all of the revenue had been recognized in accordance with the previous accounting treatment prior to the beginning of the fiscal year under review. There was no cumulative effect on retained earnings at the start of the fiscal year when applying the new accounting method retroactively compared with applying it earlier than the start of the fiscal year under review.

As a result, net sales and cost of sales decreased 22,824 million yen and 22,824 million yen, respectively in this fiscal year.

In addition, by applying the Accounting Standards for Revenue Recognition, the inventory value of supplies provided for a fee and supplies provided for a fee including goods will not be presented as “raw materials and supplies” and “goods and products,” but instead as “other” under current assets. The Company has not reclassified the previous fiscal year using the new presentation method in accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition. Moreover, in line with the transitional treatment laid out in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, the “revenue recognition-related” note for the previous consolidated fiscal year is not provided.

(Accounting standard for fair value measurement)

Effective from the beginning of the current fiscal review, the Company applied “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), etc. In accordance with the transitional treatment stipulated 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 Company has decided to adopt the new accounting policy stipulated by the Accounting Standard for Fair Value measurement, etc. prospectively from the date of the change. The impact on the consolidated financial statements is immaterial.

(Segment information, etc.)

(Segment information)

1. Overview of reportable segments

The Group is able to obtain delineated financial data on its reportable segments from its structural units. Accordingly, its segments are subject to regular examination in order to assist decision-making on allocation of managerial resources and evaluation of business performance by the Board of Directors.

The Group primarily manufactures and sells automobile seats and seat parts, and each company devises its own business strategies and carries out business activities.

Accordingly, the Group is made up of segments for each company. Since business segments with similar economic characteristics are combined, the six reportable segments are Japan, North America, Latin America, Europe, China, and Southeast Asia.

Of the reportable segments, the Japan segment also rents real estate, in addition to the auto seats and seat parts business.

2. Method of computing sales, profit (loss), assets, and other items by reportable segment

The accounting treatment method for the reportable segments is generally the same as that described in “Basis for Presenting Consolidated Financial Statements.”

Segment profit is based on operating profit, and pricing on intersegment internal revenue and transfers is determined based on market conditions.

3. Sales, profit (loss), assets, and other items by reportable segment

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

(Unit: Millions of yen)

	Reportable segments							Adjustments (Note 1)	Total shown in consolidated financial statements (Note 2)
	Japan	North America	Latin America	Europe	China	Southeast Asia	Total		
Net sales									
Sales to outside customers	88,476	29,373	41,179	587	37,725	1,158	198,500	—	198,500
Intersegment internal sales or transfers	3,207	369	2,977	840	5,140	703	13,239	(13,239)	—
Total	91,684	29,742	44,156	1,427	42,866	1,862	211,740	(13,239)	198,500
Segment profit (loss)	(2,236)	(2,182)	(4,010)	29	1,137	(661)	(7,922)	168	(7,753)
Segment assets	102,201	41,264	29,587	2,461	32,233	5,331	213,079	(62,084)	150,994
Other items									
Depreciation expenses	2,900	667	1,478	9	1,485	166	6,708	—	6,708
Amortization of goodwill	—	—	—	—	10	—	10	—	10
Investment in equity-method affiliate	2,506	4,299	—	—	1,815	—	8,620	—	8,620
Increase in property, plant and equipment and intangible assets	2,358	604	1,127	—	622	77	4,789	—	4,789

Notes:

1. Adjustment is mainly intersegment transaction eliminations.

(1) Segment profit (loss) adjustment is mainly intersegment transaction eliminations.

(2) Segment asset adjustment is mainly elimination of intersegment liabilities.

2. Segment profit (loss) is adjusted for operating loss noted in the consolidated statements of income.

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

(Unit: Millions of yen)

	Reportable segments							Adjustments (Note 1)	Total shown in consolidated financial statements (Note 2)
	Japan	North America	Latin America	Europe	China	Southeast Asia	Total		
Net sales									
Revenue from contracts with customers	80,763	38,492	51,420	1,110	32,629	2,025	206,441	—	206,441
Sales to outside customers	80,763	38,492	51,420	1,110	32,629	2,025	206,441	—	206,441
Intersegment internal sales or transfers	3,763	670	3,442	1,003	9,458	1,035	19,373	(19,373)	—
Total	84,526	39,163	54,863	2,114	42,088	3,060	225,815	(19,373)	206,441
Segment profit (loss)	(1,684)	(2,454)	(1,627)	133	1,969	(342)	(4,007)	(196)	(4,203)
Segment assets	113,888	45,202	33,496	2,584	31,773	5,115	232,060	(73,062)	158,997
Other items									
Depreciation expenses	2,043	665	1,342	15	1,395	168	5,631	—	5,631
Amortization of goodwill	—	—	—	—	10	—	10	—	10
Investment in equity-method affiliate	3,031	4,453	—	—	1,940	—	9,425	—	9,425
Increase in property, plant and equipment and intangible assets	2,389	277	1,046	—	307	483	4,503	—	4,503

Notes:

1. Adjustment is mainly intersegment transaction eliminations.

(1) Segment profit (loss) adjustment is mainly intersegment transaction eliminations.

(2) Segment asset adjustment is mainly elimination of intersegment liabilities.

2. Segment profit (loss) is adjusted for operating loss noted in the consolidated statements of income.

(Earnings per share)

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	
Net assets per share	2,119.67 yen	Net assets per share	2,129.09 yen
Net profit (loss) per share	(400.53) yen	Net profit (loss) per share	(60.19) yen

Notes: 1. Information on net income per share after full dilution is omitted, as there is no potential common stock.

2. The Company has introduced Stock Benefit Trust for Directors and an Employee Stock Ownership Trust. The Company shares remaining in the trust that are posted as treasury shares in shareholders' equity are included in treasury shares to be deducted from the calculation of the average number of shares in the period for the purpose of calculating net losses per share, and in calculating net assets per share, are included in the number of treasury shares to be deducted from the total number of shares issued at the end of the fiscal year. The average number of shares in the period related to the trust are shown below.

• Stock Benefit Trust for Directors

Average number of stocks in period	:	Previous consolidated fiscal year	42,900 shares	Current consolidated fiscal year	57,546 shares
Number of stocks at fiscal year-end	:	Previous consolidated fiscal year	42,900 shares	Current consolidated fiscal year	90,500 shares

• Employee Stock Ownership Trust

Average number of stocks in period	:	Previous consolidated fiscal year	178,997 shares	Current consolidated fiscal year	205,883 shares
Number of stocks at fiscal year-end	:	Previous consolidated fiscal year	164,298 shares	Current consolidated fiscal year	300,198 shares

3. The basis for calculating net profit (loss) per share is shown below.

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Profit (loss) attributable to owners of parent (millions of yen)	(13,701)	(2,059)
Amount not belonging to common stockholders (millions of yen)	—	—
Profit (loss) attributable to owners of parent related to common stock (millions of yen)	(13,701)	(2,059)
Average ordinary shares outstanding (thousands of shares)	34,207	34,222

(Significant subsequent events)

Not applicable

4. Individual Financial Statements

(1) Statement of financial position

(Unit: Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Assets		
Current assets		
Cash and deposits	5,645	5,758
Notes and accounts receivable - trade	5	-
Electronically recorded monetary claims - operating	2,264	2,634
Accounts receivable - trade	16,909	17,914
Merchandise and finished goods	286	278
Work in progress	1,919	2,775
Raw materials and supplies	2,133	3,763
Advance payments - trade	914	1,171
Advance payments - other	1,612	1,394
Short-term loans receivable	5,728	15,269
Other	851	1,180
Allowance for doubtful accounts	(3,954)	(11,119)
Total current assets	34,315	41,021
Non-current assets		
Property, plant and equipment		
Buildings, net	4,708	4,407
Structures, net	109	90
Machinery and equipment, net	1,279	1,059
Vehicles, net	5	3
Tools, instruments and fixtures, net	403	332
Land	4,816	3,435
Construction in progress	33	42
Total property, plant and equipment	11,356	9,370
Intangible assets		
Software	487	469
Other	16	16
Total intangible assets	503	485
Investments and other assets		
Investment securities	8,753	7,417
Shares of subsidiaries and associates	24,680	24,680
Investment in capital	0	0
Investments in capital of subsidiaries and associates	8,564	8,564
Long-term loans receivable to employees	3	6
Long-term prepaid expenses	13	6
Prepaid pension costs	157	267
Other	312	491
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	42,480	41,430
Total non-current assets	54,340	51,286
Total assets	88,655	92,307

(Unit: Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Liabilities		
Current liabilities		
Notes payable - trade	70	11
Electronically recorded monetary obligations - operating	1,811	1,919
Accounts payable - trade	12,938	13,952
Short-term borrowings	7,074	11,665
Current portion of long-term borrowings	1,000	2,000
Short-term borrowings from subsidiaries and associates	966	4,598
Accounts payable - other	241	157
Accrued expenses	1,927	2,181
Income taxes payable	117	218
Deposits received	75	83
Notes payable - facilities	84	118
Unearned revenue	31	31
Other	60	22
Total current liabilities	26,398	36,962
Non-current liabilities		
Long-term borrowings	8,500	6,500
Deferred tax liabilities	943	648
Provision for share-based remuneration	103	191
Asset retirement obligations	-	247
Other	602	571
Total non-current liabilities	10,149	8,159
Total liabilities	36,548	45,121
Net assets		
Shareholders' equity		
Share capital	9,040	9,040
Capital surplus		
Capital reserves	8,592	8,592
Legal capital surplus	-	12
Total capital surplus	8,592	8,604
Retained earnings		
Legal retained earnings	480	480
Other retained earnings		
Reserve for tax purpose reduction entry	20	20
General reserve	15,000	15,000
Retained earnings brought forward	18,459	14,289
Total retained earnings	33,960	29,790
Treasury shares	(1,451)	(1,462)
Total shareholders' equity	50,142	45,972
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,965	1,213
Total valuation and translation adjustments	1,965	1,213
Total net assets	52,107	47,186
Total liabilities and net assets	88,655	92,307

(2) Statement of income

(Unit: Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Net sales	83,051	75,183
Cost of sales		
Starting balance of product inventory	339	286
Product manufacturing costs	78,242	71,232
Total	78,582	71,519
Ending balance of product inventory	286	324
Product cost of sales	78,295	71,194
Gross profit	4,756	3,988
Selling, general and administrative expenses		
Employee salaries and benefits	1,723	1,730
Directors' compensation	166	225
Bonuses	173	160
Provision for reserve for directors' retirement benefits	37	52
Shipping expenses	944	953
Research and development expenses	819	642
Provision of allowance for doubtful accounts	212	-
Depreciation expenses	420	268
Other	1,806	1,745
Total selling, general and administrative expenses	6,305	5,779
Operating profit (loss)	(1,549)	(1,790)
Non-operating income		
Interest income	57	234
Dividend income	2,835	3,287
Foreign exchange gains	7	-
Miscellaneous revenue	197	309
Total non-operating income	3,097	3,831
Non-operating expenses		
Interest expenses	58	114
Foreign exchange losses	-	454
Provision of allowance for doubtful accounts	3,708	7,310
Miscellaneous expenditures	22	48
Total non-operating expenses	3,789	7,929
Ordinary profit (loss)	(2,241)	(5,888)
Extraordinary income		
Gains on sales of non-current assets	0	3,004
Gain on sales of investment securities	107	1,158
Total extraordinary income	107	4,163
Extraordinary loss		
Loss on disposal of non-current assets	42	17
Impairment loss	2,745	529
Business restructuring and improvement expenses	-	22
Loss on valuation of investment securities	7	-
Loss on valuation of investments in capital of subsidiaries and associates	120	-
Extra retirement payments	2,108	-
Total extraordinary loss	5,024	569
Profit (loss) before income taxes	(7,158)	(2,294)
Income taxes - current	369	522
Income taxes - deferred	72	34
Total income taxes	441	557
Profit (loss)	(7,600)	(2,852)

(3) Statement of changes in shareholders' equity

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

(Unit: Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Legal retained earnings	Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings			Total retained earnings
						Reserves for reduction entry	General reserve	Retained earnings brought forward	
Balance at beginning of period	9,040	8,592	—	8,592	480	20	15,000	26,507	42,008
Changes during period									
Dividends of surplus								(447)	(447)
Profit (loss)								(7,600)	(7,600)
Reversal of reserve for tax purpose reduction entry						(0)		0	—
Purchase of treasury shares									
Disposal of treasury shares			—	—				—	—
Net changes of items other than shareholders' equity									
Total changes during period	—	—	—	—	—	(0)	—	(8,047)	(8,047)
Balance at end of period	9,040	8,592	—	8,592	480	20	15,000	18,459	33,960

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(1,498)	58,142	523	523	58,666
Changes during period					
Dividends of surplus		(447)			(447)
Profit (loss)		(7,600)			(7,600)
Reversal of reserves for tax purpose reduction entry		—			—
Purchase of treasury shares	(0)	(0)			(0)
Disposal of treasury shares	47	47			47
Net changes of items other than shareholders' equity			1,441	1,441	1,441
Total changes during period	47	(8,000)	1,441	1,441	(6,558)
Balance at end of period	(1,451)	50,142	1,965	1,965	52,107

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

(Unit: Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserves for reduction entry	General reserve	Retained earnings brought forward	
Balance at beginning of period	9,040	8,592	—	8,592	480	20	15,000	18,459	33,960
Changes during period									
Dividends of surplus								(1,318)	(1,318)
Profit (loss)								(2,852)	(2,852)
Reversal of reserves for tax purpose reduction entry						(0)		0	—
Purchase of treasury shares									
Disposal of treasury shares			12	12				—	—
Net changes of items other than shareholders' equity									
Total changes during period	—	—	12	12	—	(0)	—	(4,170)	(4,170)
Balance at end of period	9,040	8,592	12	8,604	480	20	15,000	14,289	29,790

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(1,451)	50,142	1,965	1,965	52,107
Changes during period					
Dividends of surplus		(1,318)			(1,318)
Profit (loss)		(2,852)			(2,852)
Reversal of reserves for tax purpose reduction entry		—			—
Purchase of treasury shares	(256)	(256)			(256)
Disposal of treasury shares	245	257			257
Net changes of items other than shareholders' equity			(751)	(751)	(751)
Total changes during period	(11)	(4,169)	(751)	(751)	(4,920)
Balance at end of period	(1,462)	45,972	1,213	1,213	47,186