



Financial Results for the Fiscal Year Ended March 31, 2022 [Japan GAAP] (Consolidated)

May 13, 2022

Company Name: Fukoku Co., Ltd. Exchange listed on: Tokyo Stock Exchange
 Securities Code: 5185 URL: <https://www.fukoku-rubber.co.jp/>
 Representative: (Title) President & CEO (Name) Takashi Ogawa
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Scheduled date of Annual Meeting of Shareholders: June 28, 2022
 Scheduled filing date of the securities report: June 28, 2022
 Scheduled commencement date of dividends payment: June 13, 2022
 Supplementary materials for financial results: : Yes
 Financial results briefing: : Yes (For institutional investors and analysts)
 (Amounts rounded down to the nearest millions of yen.)

1. Consolidated Financial Results for the Fiscal Year Ended March 2022 (From April 1, 2021 to March 31, 2022)

(1) Consolidated Operating Results

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended March 31, 2022	71,504	-	1,749	152.4	2,522	75.7	2,084	66.2
Fiscal year ended March 31, 2021	63,214	-15.5	693	-21.1	1,435	46.6	1,254	305.7

(Note) Comprehensive income: Fiscal year ended March 31, 2022 3,475 million yen [458.5%]
 Fiscal year ended March 31, 2021 622 million yen [88.6%]

	Profit per share	Profit per share – diluted	Profit to shareholders' equity	Ordinary profit to total assets	Operating profit to net sales
	yen	yen	%	%	%
Fiscal year ended March 31, 2022	127.24	-	6.7	3.9	2.4
Fiscal year ended March 31, 2021	75.69	-	4.2	2.2	1.1

(Reference) Equity method investment gain (loss): Fiscal year ended March 31, 2022 16 million yen
 Fiscal year ended March 31, 2021 29 million yen

(Note) The Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc., at the beginning of the fiscal year under review. Since this change affects net sales figures, year-on-year changes in net sales for the fiscal year ended March 31, 2022, are not shown here.

(2) Consolidated Financial Positions

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2022	65,039	34,377	49.5	2,002.05
As of March 31, 2021	63,817	32,321	47.1	1,814.33

(Reference) Shareholders' equity: Fiscal year ended March 31, 2022 32,224 million yen
 Fiscal year ended March 31, 2021 30,085 million yen

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal year ended March 31, 2022	5,344	-2,846	-2,815	8,782
Fiscal year ended March 31, 2021	4,754	-4,026	-859	8,668

2. Dividends

	Annual dividends					Total amount of annual dividends	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	End of Q4	Total			
Fiscal year ended March 31, 2021	yen -	yen 0.00	yen -	yen 22.00	yen 22.00	million yen 364	% 29.1	% 1.2
Fiscal year ended March 31, 2022	-	29.00	-	20.00	49.00	803	38.5	2.6
Fiscal year ending March 31, 2023 (forecast)	-	25.00	-	25.00	50.00		29.8	

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	77,000	7.7	3,700	111.5	3,800	50.6	2,700	29.5	167.75

* Notes

- (1) Changes in major subsidiaries during the fiscal year under review (Changes in specific subsidiaries that will accompany a change in scope of consolidation) : None
- (2) Change in accounting policies or estimates and retrospective restatements
- (i) Change in accounting policies in accordance with revision of accounting standards : Yes
- (ii) Change in accounting policies other than item i) above : None
- (iii) Change in accounting estimates : None
- (iv) Retrospective restatements : None

(3) Number of shares issued (common shares)

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

Fiscal year ended March 31, 2022	17,609,130 shares	Fiscal year ended March 31, 2021	17,609,130 shares
Fiscal year ended March 31, 2022	1,513,521 shares	Fiscal year ended March 31, 2021	1,026,754 shares
Fiscal year ended March 31, 2022	16,383,988 shares	Fiscal year ended March 31, 2021	16,575,889 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 2022 (From April 1, 2021 to March 31, 2022)

(1) Non-Consolidated Business Results

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended March 31, 2022	31,958	-	204	-	1,073	-36.6	825	-43.1
Fiscal year ended March 31, 2021	30,154	-15.0	-564	-	1,693	71.7	1,452	91.2

	Profit per share	Profit per share – diluted
	yen	yen
Fiscal year ended March 31, 2022	50.39	-
Fiscal year ended March 31, 2021	87.61	-

(Note) The Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc., at the beginning of the fiscal year under review. Since this change affects net sales and operating profit figures, year-on-year changes for the fiscal year ended March 31, 2022, are not shown here.

(2) Non-Consolidated Financial Positions

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2022	33,792	18,816	55.7	1,169.06
As of March 31, 2021	34,118	19,337	56.7	1,166.14

(Reference) Shareholders' equity: Fiscal year ended March 31, 2022 18,816 million yen
Fiscal year ended March 31, 2021 19,337 million yen

* Financial results are not subject to auditing performed by a Certified Public Accountant or audit firm.

* Explanation of appropriate use of operating results forecasts and other special notes

Any forward-looking statements, such as the financial results outlook, included in this material are based on information the Company presently has and certain assumptions the Company considers reasonable, and they do not constitute a promise that the Company will achieve them. In addition, the actual financial results may differ significantly due to various factors. For assumptions for operating results forecasts and points to consider in utilizing them, please see "1. Overview of operating results, etc., (4) Future outlook" on Page 3 of the attachments.

* This document is an English translation of a statement initially written in Japanese. The Original Japanese document should be considered as the primary version.

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1. Overview of Operating Results, etc.

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

During the fiscal year under review, the global economy recovered slowly due to the spread of policies aimed at both epidemic prevention and economic recovery in various countries around the world, despite a rebound in COVID-19 infections. While there were pressures on corporate management, such as production adjustment by automakers due to an insufficient semiconductor supply and increases in raw materials costs, transportation costs and fuel expenses, demand generally recovered in the Group's business because restrictions on economic activities were alleviated around the world.

Under this management environment, the Group also saw a recovery in orders, and consolidated net sales increased 13.1% year on year to 71,504 million yen. In terms of profit/loss, as a result of the increase in net sales and continuous initiatives for strengthening the Group's overall structure and improving its production system, operating profit was 1,749 million yen, up 152.4% on a year-on-year basis, and ordinary profit increased by 75.7% on a year-on-year basis to 2,522 million yen. Profit attributable to owners of the parent was 2,084 million yen, up 66.2% on a year-on-year basis. While net sales decreased 1,527 million yen due to the adoption of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard"), etc., the effect on profit/loss was insignificant.

The Group's business performance by segment is as follows.

Functional Parts Business

Orders slowed down in the second half of the fiscal year under review due to production adjustment by automakers in response to an insufficient semiconductor supply, but the trend for the full year was one of recovery. As a result, net sales increased 10.1% year-on-year to 30,910 million. Segment income increased 23.4% year-on-year to 3,137 million yen supported by structural reforms including streamlining production and cutting costs, despite the pressure of rising raw materials prices and surging transportation costs. Net sales decreased 237 million yen due to the adoption of the Revenue Recognition Accounting Standard, etc., but this did not effect segment income.

Anti-Vibration Parts Business

Net sales increased 19.1% year-on-year to 28,334 million yen supported by orders for construction machinery. Segment income decreased 25.7% year-on-year to 824 million yen due to surging costs for materials for metal parts. Net sales decreased 25 million yen due to the adoption of the Revenue Recognition Accounting Standard, etc., but this did not significantly effect segment income.

Metal Business

Net sales remained flat year on year at (increased 0.3% to) 5,502 million yen. Segment loss was 175 million yen (compared to a loss of 563 million yen for the same period of the previous fiscal year) due to a surge in costs for materials for metal parts offsetting the emerging effect of efforts for streamlining. Net sales decreased 1,227 million yen due to the adoption of the Revenue Recognition Accounting Standard, etc., but this did not effect segment income.

Hose Business

Net sales increased 24.3% year-on-year to 4,377 million yen as orders remained steady. Segment income surged from a loss of 155 million for the same period of the previous year to a total of 94 million yen due to increased net sales. Net sales fell 36 million yen due to the adoption of the Revenue Recognition Accounting Standard, etc., but this did not effect segment income.

Industrial Equipment Business

Net sales increased 4.4% year-on-year to 3,045 million yen as orders remained steady. Segment income increased 90.7% year-on-year to 520 million yen due to cutting costs.

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

Assets, liabilities and net assets

(Assets)

Total assets increased by 1,221 million yen from the end of the previous fiscal year to 65,039 million yen.

This is due primarily to an increase in current assets by 1,525 million yen caused by an increase in merchandise and finished goods as a result of the recovery in orders. Non-current assets decreased by 304 million yen due to a decrease in property, plant and equipment as a result of suppressed capital investment.

(Liabilities)

Liabilities decreased by 833 million yen from the end of the previous fiscal year to 30,662 million yen.

This is due primarily to a decrease in current liabilities by 478 million yen as a result of a decrease in borrowings.

(Net assets)

Net assets increased by 2,055 million yen from the end of the previous fiscal year to 34,377 million yen.

This is due primarily to an increase in retained earnings of 1,238 million yen and an increase in foreign currency translation adjustments of 1,400 million yen.

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

Cash and cash equivalents (hereinafter “funds”) as of the end of the fiscal year under review were 8,782 million yen, up 113 million yen compared to the end of the previous fiscal year.

Cash flows and the factors for changes thereof in the fiscal year under review are as follows.

(Cash flows from operating activities)

Funds provided by operating activities were 5,344 million yen (compared to 4,754 million yen in the same period of the previous year). This is due primarily to an increase in funds as a result of depreciation of 4,369 million yen and profit before income taxes of 2,553 million yen.

(Cash flows from investing activities)

Funds used in investing activities were 2,846 million yen (compared to 4,026 million yen in the same period of the previous year). This is due primarily to the acquisition of property, plant and equipment of 2,772 million yen.

(Cash flows from financing activities)

Funds used in financing activities were 2,815 million yen (compared to 859 million yen in the same period of the previous year). This is due primarily to repayments of borrowings exceeding income by 1,362 million yen.

(4) Future outlook

The future outlook is quite uncertain. While the impact of the COVID-19 pandemic will gradually lessen, an insufficient supply of semiconductors is expected to remain for the time being. The surge in raw materials and fuel prices is expected to continue due to Russia's invasion of Ukraine, and the Company anticipates a large impact on the economy.

Amid such circumstances, the Group will promote the development and nurturing of next-generation finished goods for which there are strong social needs, including measures for CASE, lower the breakeven point by enhancing efficiency in indirect operations and further driving activities to streamline production, and improve the resilience of the corporate structure in a Company-wide effort, in order to maximize profit.

For the fiscal year ending March 31, 2023, the Company expects net sales of 77,000 million yen, operating profit of 3,700 million yen, ordinary profit of 3,800 million yen, and profit attributable to owners of the parent of 2,700 million yen.

(5) Basic policy for appropriation of profits and dividends for the fiscal year under review and next fiscal year

The Company positions the return of profits to shareholders as a significant managerial issue, and sets the return of profits to shareholders in accordance with its performance while maintaining stable dividends, and taking internal reserves into consideration with future business development and business characteristics in mind, as one of the basic policies of the Company. Under this policy, the Company has decided to set the consolidated dividend payout ratio of 30% as the standard, and 20 yen per share a year (10 yen per share for the interim and year-end dividends, respectively) as the minimum dividend, except in the case where performance is extremely sluggish due to rapid changes in the management environment.

As the year-end dividend for the fiscal year under review, the Company will pay 20 yen per share as indicated in the Notice of Dividends of Surplus published on May 13, 2022.

Regarding the dividends for the next fiscal year, the Company plans to pay 50 yen per share a year, with a consolidated dividend payout ratio of 30% as the standard.

2. Basic Approach towards Selection of Accounting Standard

The Group's policy is to prepare consolidated financial statements based on Japan GAAP for the time being, while taking the comparability of consolidated financial statements between fiscal years and between companies into consideration.

With regard to application of the International Accounting Standards, the Group will take appropriate action in light of the situation at home and abroad.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated balance sheet

(Million yen)

	Previous fiscal year As of March 31, 2021	Fiscal year under review As of March 31, 2022
Assets		
Current assets		
Cash and deposits	8,992	9,301
Notes and accounts receivable - trade	15,886	-
Notes receivable - trade	-	949
Accounts receivable - trade	-	13,331
Electronically recorded monetary claims - operating	2,827	3,112
Merchandise and finished goods	3,990	5,256
Work in process	1,060	1,236
Raw materials and supplies	2,200	3,112
Other	1,299	1,495
Allowance for doubtful accounts	-37	-51
Total current assets	36,218	37,744
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,235	7,848
Machinery, equipment and vehicles, net	10,040	9,640
Tools, furniture and fixtures, net	910	969
Land	5,806	5,844
Leased assets, net	43	40
Construction in progress	1,146	409
Total property, plant and equipment	25,184	24,753
Intangible assets		
Other	784	878
Total intangible assets	784	878
Investments and other assets		
Investment securities	745	734
Long-term prepaid expenses	0	31
Retirement benefit assets	190	203
Deferred tax assets	471	481
Other	234	211
Allowance for doubtful accounts	-13	-
Total investments and other assets	1,629	1,662
Total non-current assets	27,599	27,294
Total assets	63,817	65,039

(Million yen)

	Previous fiscal year As of March 31, 2021	Fiscal year under review As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,460	4,741
Electronically recorded obligations - operating	4,733	4,589
Short-term borrowings	6,427	5,644
Current portion of long-term borrowings	2,323	2,141
Income taxes payable	209	297
Provision for bonuses	798	934
Notes payable - facilities	247	595
Other	4,070	3,846
Total current liabilities	23,270	22,792
Non-current liabilities		
Long-term borrowings	3,338	3,143
Deferred tax liabilities	506	489
Retirement benefit liabilities	2,296	2,540
Provision for retirement benefits for directors (and other officers)	144	146
Other	1,940	1,549
Total non-current liabilities	8,225	7,870
Total liabilities	31,496	30,662
Net assets		
Shareholders' equity		
Share capital	1,395	1,395
Capital surplus	1,571	1,572
Retained earnings	28,315	29,554
Treasury shares	-933	-1,416
Total shareholders' equity	30,348	31,106
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	109	93
Deferred gains or losses on hedges	1	-1
Foreign currency translation adjustment	-374	1,025
Total accumulated other comprehensive income	-262	1,117
Non-controlling interests	2,235	2,152
Total net assets	32,321	34,377
Total liabilities and net assets	63,817	65,039

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

(Million yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Fiscal year under review (From April 1, 2021 to March 31, 2022)
Net sales	63,214	71,504
Cost of sales	53,795	59,995
Gross profit	9,418	11,508
Selling, general and administrative expenses		
Salaries	3,262	3,669
Freight and other	1,816	2,289
Depreciation	219	195
Provision for retirement benefits for directors (and other officers)	22	15
Retirement benefit expenses	109	130
Provision for bonuses	196	222
Provision of allowance for doubtful accounts	-	29
Other	3,097	3,205
Total selling, general and administrative expenses	8,725	9,758
Operating profit	693	1,749
Non-operating income		
Interest income	37	30
Dividend income	74	7
Royalty income	27	-
Share of profit of entities accounted for using equity method	29	16
Foreign exchange gains	-	261
Gain on sale of non-current assets	48	266
Subsidies for employment adjustment	460	201
Other	220	174
Total non-operating income	899	957
Non-operating expenses		
Interest expenses	108	94
Foreign exchange losses	9	-
Loss on sale of non-current assets	0	33
Loss on retirement of non-current assets	29	39
Other	9	16
Total non-operating expenses	156	184
Ordinary profit	1,435	2,522
Extraordinary income		
Gain on sale of investment securities	-	31
Total extraordinary income	-	31
Extraordinary losses		
Loss on valuation of investment securities	17	-
Total extraordinary losses	17	-
Profit before income taxes	1,417	2,553
Income taxes - current	375	583
Income taxes - deferred	-144	-23
Total income taxes	230	559
Profit	1,187	1,994
Loss attributable to non-controlling interests	-67	-90
Profit attributable to owners of parent	1,254	2,084

(Consolidated statement of comprehensive income)

(Million yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Fiscal year under review (From April 1, 2021 to March 31, 2022)
Profit	1,187	1,994
Other comprehensive income		
Valuation difference on available-for-sale securities	51	-15
Deferred gains or losses on hedges	0	-1
Foreign currency translation adjustment	-621	1,441
Share of other comprehensive income of entities accounted for using equity method	5	56
Total other comprehensive income	-564	1,480
Comprehensive income	622	3,475
Profit attributable to		
Comprehensive income attributable to owners of parent	744	3,465
Comprehensive income attributable to non-controlling interests	-122	9

(3) Consolidated statement of changes in equity

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

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,395	1,576	27,226	-951	29,246
Changes during period					
Dividends of surplus			-165		-165
Profit attributable to owners of parent			1,254		1,254
Disposal of treasury shares		-4		17	13
Net changes in items other than shareholders' equity					
Total changes during period		-4	1,088	17	1,101
Balance at end of period	1,395	1,571	28,315	-933	30,348

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Other securities Valuation difference	Deferred gains or losses on hedges	Foreign currency translation adjustment		
Balance at beginning of period	58	0	188	2,447	31,941
Changes during period					
Dividends of surplus					-165
Profit attributable to owners of parent					1,254
Disposal of treasury shares					13
Net changes in items other than shareholders' equity	51	0	-562	-211	-721
Total changes during period	51	0	-562	-211	380
Balance at end of period	109	1	-374	2,235	32,321

Fiscal year under review (From April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,395	1,571	28,315	-933	30,348
Cumulative effect of changes in accounting policies			0		0
Restated balance	1,395	1,571	28,315	-933	30,349
Changes during period					
Dividends of surplus			-846		-846
Profit attributable to owners of parent			2,084		2,084
Purchase of treasury shares				-494	-494
Disposal of treasury shares		1		12	13
Net changes in items other than shareholders' equity					
Total changes during period		1	1,238	-482	757
Balance at end of period	1,395	1,572	29,554	-1,416	31,106

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Other securities Valuation difference	Deferred gains or losses on hedges	Foreign currency translation adjustment		
Balance at beginning of period	109	1	-374	2,235	32,321
Cumulative effect of changes in accounting policies					0
Restated balance	109	1	-374	2,235	32,321
Changes during period					
Dividends of surplus					-846
Profit attributable to owners of parent					2,084
Purchase of treasury shares					-494
Disposal of treasury shares					13
Net changes in items other than shareholders' equity	-15	-3	1,400	-82	1,298
Total changes during period	-15	-3	1,400	-82	2,055
Balance at end of period	93	-1	1,025	2,152	34,377

(4) Consolidated statement of cash flows

(Million yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Fiscal year under review (From April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	1,417	2,553
Depreciation	4,344	4,369
Increase (decrease) in allowance for doubtful accounts	24	-1
Increase (decrease) in provision for bonuses	59	135
Increase (decrease) in retirement benefit assets and liabilities	74	199
Increase (decrease) in provision for retirement benefits for directors (and other officers)	15	-0
Interest and dividend income	-112	-37
Interest expenses	108	94
Share of loss (profit) of entities accounted for using equity method	-29	-16
Foreign exchange losses (gains)	7	-103
Loss (gain) on sale of property, plant and equipment	-48	-232
Loss on retirement of property, plant and equipment	29	39
Loss (gain) on sale of investment securities	-	-31
Loss (gain) on valuation of investment securities	17	-
Decrease (increase) in trade receivables	-633	2,080
Decrease (increase) in inventories	297	-2,004
Increase (decrease) in trade payables	-663	-329
Decrease (increase) in other assets	-63	-122
Increase (decrease) in other liabilities	240	-257
Other	145	-336
Subtotal	5,234	5,998
Interest and dividends received	129	45
Interest paid	-107	-97
Income taxes refund (paid)	-501	-601
Cash flow from operating activities	4,754	5,344

(Million yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Fiscal year under review (From April 1, 2021 to March 31, 2022)
Cash flows from investing activities		
Payments into time deposits	-0	-174
Proceeds from withdrawal of time deposits	96	-
Purchase of long-term prepaid expenses	-0	-35
Purchase of property, plant and equipment	-4,325	-2,772
Proceeds from sale of property, plant and equipment	224	154
Purchase of intangible assets	-63	-124
Purchase of investment securities	-2	-2
Proceeds from sale of investment securities	-	37
Other	44	70
Cash flow from investing activities	-4,026	-2,846
Cash flow from financing activities		
Proceeds from short-term borrowings	810	235
Repayments of short-term borrowings	-1,087	-1,178
Proceeds from long-term borrowings	2,240	1,915
Repayments of long-term borrowings	-2,549	-2,334
Repayments of lease obligations	-19	-18
Purchase of treasury shares	-	-494
Dividends paid	-165	-846
Dividends paid to non-controlling interests	-88	-93
Cash flow from financing activities	-859	-2,815
Effect of exchange rate change on cash and cash equivalents	-77	430
Net increase (decrease) in cash and cash equivalents	-208	113
Cash and cash equivalents at beginning of period	8,877	8,668
Cash and cash equivalents at end of period	8,668	8,782

(5) Notes to consolidated financial statements
(Notes to assumptions for on going concerns)
Not applicable.

(Change in accounting policies)

(Adoption of Accounting Standard for Revenue Recognition)

The Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter the “Revenue Recognition Accounting Standard”), etc., at the beginning of the fiscal year under review. Under this standard, revenue is recognized when control of promised goods or services is transferred to the customer, for the amount expected to be received in exchange for the goods or services.

The major change is that in the case of transactions, where the Company processes raw materials bought from a customer and then sells them back to that customer, the Company now recognizes the net amount of payment received from the customer minus the purchase price of raw materials as revenue, whereas previously the Company would recognize the total amount of payment including the purchase price of raw materials as revenue.

In addition, for transactions in which the Company's role in selling finished goods to customers falls under the category of agent, the Company previously recognized revenue based on the total amount of payment received from the customer, but that has changed to a method of recognizing revenue based on the net amount of such total payment minus the amount paid to third parties.

Furthermore, regarding royalty income received from entities accounted for using the equity method for the provision of technologies that are the results of our research and development activities, the Company previously recognized it as non-operating income, but that has changed to a method of presenting it as net sales, starting with the fiscal year under review, since it was found that such royalty income falls under the category of revenue from contracts with customers under the Revenue Recognition Accounting Standard.

The Company has applied the Revenue Recognition Accounting Standard, etc., in accordance with the transitional treatment provided in the proviso of Paragraph 84 of the Guidance on Accounting Standard for Revenue Recognition. After the cumulative effect of retrospectively applying the new accounting policy prior to the beginning of the fiscal year under review was added to or subtracted from the beginning balance of retained earnings, the Company began using the new accounting policy starting with the beginning balance of the current fiscal year.

“Notes and accounts receivable - trade,” which was previously presented in the section of current assets in the consolidated balance sheet for the previous fiscal year, is included in “Notes receivable - trade” and “Accounts receivable - trade” starting from the fiscal year under review. However, in accordance with the transitional treatment specified in Paragraph 89-2 of the Revenue Recognition Accounting Standard, the prior year's consolidated financial statements have not been reclassified to conform to the new presentation.

As a result, net sales and cost of sales in the consolidated statement of income for the fiscal year under review decreased 1,527 million yen and 1,554 million yen, respectively, compared to prior to the adoption of the Revenue Recognition Accounting Standard. The effect on operating profit, ordinary profit, and profit before income taxes was insignificant. The effect on the balance at beginning of period of retained earnings was also insignificant.

(Adoption of Accounting Standard for Fair Value Measurement)

The Company adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019); hereinafter the “Fair Value Measurement Accounting Standard”), etc., at the beginning of the fiscal year under review. In accordance with the transitional treatment specified in Paragraph 19 of the Fair Value Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Company applies the new accounting policies set forth in the Fair Value Accounting Standard prospectively. The adoption of the new accounting standard had no effect on consolidated financial statements.

(Segment information)

Segment information

1. Overview of Reporting Segments

(1) Methods to determine reporting segments

Reporting segments of the Company are components of the Company for which separate financial information can be obtained, and for which the Board of Directors conducts reviews on a regular basis to determine the allocation of management resources and assess business performance.

The Company has business units by finished goods line at its head office. Each business unit develops comprehensive strategies for Japan and overseas and carries out business activities regarding the product line it handles. The parent company, however, directly supervises the businesses of its subsidiaries in Japan that do not belong to the finished goods lines of the business units mentioned above.

This means that the Company consists of segments by finished goods line based on business units and business segments of subsidiaries in Japan that do not belong to the business units. Among them, the Functional Parts Business, the Anti-Vibration Parts Business, the Metal Business, the Hose Business, and the Industrial Equipment Business compose the reporting segments.

(2) Categories of finished goods and services belonging to each reporting segment

The Functional Parts Business manufactures and sells seal parts and wiper blade rubber, among other finished goods. The Anti-Vibration Parts Business manufactures and sells dampers and mounts, among other finished goods. The Metal Business manufactures and sells metal parts for trucks and construction machinery, among other finished goods. The Hose Business manufactures and sells hoses and other rubber finished goods. The Industrial Equipment Business manufactures and sells office automation equipment, medical equipment, motors and urethane, among other finished goods.

2. Method Used to Calculate Net Sales, Income or Loss, Assets, Liabilities and Other Items by Reporting Segment

Accounting procedures adopted for the reported business segments are the same as those adopted for preparation of consolidated financial statements.

Income of the reporting segments is based on operating profit.

Intersegment revenue or transfer is based on market prices.

As described in "Changes in accounting policies," the Company adopted the Revenue Recognition Accounting Standard, etc. starting with the consolidated financial statements for the fiscal year under review and changed its accounting method for revenue recognition. Accordingly, the method of accounting for profit or loss in the business segments has also been changed.

As a result of these changes, net sales for the Metal Business, the Functional Parts Business, the Hose Business, and the Anti-Vibration Parts Business have declined by 1,227 million yen, 237 million yen, 36 million yen, and 25 million yen respectively for the fiscal year under review, compared to the figures otherwise calculated by the accounting method used prior to the changes. The effect of these changes on profit and loss in the segments was insignificant.

3. Information on Net Sales, Income or Loss, Assets, Liabilities and Other Items by Reporting Segment

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

(Million yen)

	Reporting segment					Total	Adjustments (Note) 1	Amount reported in consolidated financial statements (Note) 2
	Functional Parts	Anti- Vibration Parts	Metal	Hose	Industrial Equipment			
Net sales								
Sales to external customers	27,595	23,788	5,481	3,430	2,918	63,214	-	63,214
Intersegment sales or transfer	466	1	3	90	-	561	-561	-
Total	28,062	23,789	5,484	3,521	2,918	63,776	-561	63,214
Segment income (loss)	2,541	1,109	-563	-155	272	3,206	-2,512	693
Segment assets	25,134	24,239	3,554	3,938	2,735	59,602	4,214	63,817
Other items								
Depreciation	1,667	1,942	207	329	125	4,273	71	4,344
Investment in entities accounted for using equity method	-	409	-	-	-	409	-	409
Increase in property, plant and equipment and intangible assets	1,414	2,089	113	261	58	3,939	61	4,000

(Notes) 1. Adjustments are as follows:

- (1) The adjustment of -2,512 million yen for segment income (loss) includes an inter-segment elimination of 1 million yen and corporate expenses that are not allocated to any reporting segments totaling -2,513 million yen. Corporate expenses are primarily general and administrative expenses that are not attributable to any reporting segments.
 - (2) The adjustment of 4,214 million yen for segment assets includes an inter-segment elimination of -905 million yen and company-wide assets that are not allocated to any reporting segments totaling 5,120 million yen. Company-wide assets are primarily cash and deposits that are not attributable to any reporting segments.
 - (3) The adjustment of 71 million yen for depreciation is primarily depreciation of non-current assets for the research and development departments of the parent company.
 - (4) The adjustment of 61 million yen for the increase in property, plant and equipment and intangible assets is the increase in company-wide assets that are not allocated to any reporting segments.
2. Segment income (loss) is adjusted to be consistent with operating profit recorded in the consolidated financial statements.

Fiscal year under review (From April 1, 2021 to March 31, 2022)

(Million yen)

	Reporting segment					Total	Adjustments (Note) 1	Amount reported in consolidated financial statements (Note) 2
	Functional Parts	Anti- Vibration Parts	Metal	Hose	Industrial Equipment			
Net sales								
Sales to external customers	30,371	28,329	5,501	4,256	3,045	71,504	-	71,504
Intersegment sales or transfer	538	5	0	120	-	665	-665	-
Total	30,910	28,334	5,502	4,377	3,045	72,170	-665	71,504
Segment income (loss)	3,137	824	-175	94	520	4,400	-2,651	1,749
Segment assets	25,436	25,226	3,833	4,249	2,752	61,498	3,540	65,039
Other items								
Depreciation	1,827	1,930	156	275	116	4,307	61	4,369
Investment in entities accounted for using equity method	-	474	-	-	-	474	-	474
Increase in property, plant and equipment and intangible assets	1,447	1,499	104	172	128	3,351	165	3,517

(Notes) 1. Adjustments are as follows:

- (1) The adjustment of -2,651 million yen for segment income (loss) includes an inter-segment elimination of 16 million yen and corporate expenses that are not allocated to any reporting segments totaling -2,667 million yen. Corporate expenses are primarily general and administrative expenses that are not attributable to any reporting segments.
 - (2) The adjustment of 3,540 million yen for segment assets includes an inter-segment elimination of -934 million yen and company-wide assets that are not allocated to any reporting segments totaling 4,475 million yen. Company-wide assets are primarily cash and deposits that are not attributable to any reporting segments.
 - (3) The adjustment of 61 million yen for depreciation is primarily depreciation of non-current assets for the research and development departments of the parent company.
 - (4) The adjustment of 165 million yen for the increase in property, plant and equipment and intangible assets is the increase in company-wide assets that are not allocated to any reporting segments.
2. Segment income (loss) is adjusted to be consistent with operating profit recorded in the consolidated financial statements.

(Per-share information)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Fiscal year under review (From April 1, 2021 to March 31, 2022)
Net assets per share	1,814.33 yen	2,002.05 yen
Profit per share	75.69 yen	127.24 yen

(Notes) 1. Profit per share – diluted is not stated as there are no dilutive shares.

2. As described in “Changes in accounting policies,” the Company adopted the Accounting Standard for Revenue Recognition. The effect on net assets per share and profit per share in the fiscal year under review is insignificant.

3. The basis for calculation of profit per share is as follows.

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Fiscal year under review (From April 1, 2021 to March 31, 2022)
Profit per share		
Profit attributable to owners of parent (million yen)	1,254	2,084
Amount not attributable to common shareholders (million yen)	-	-
Profit attributable to owners of parent related to common shares (million yen)	1,254	2,084
Average number of shares issued during the period (thousand shares)	16,575	16,383

(Important subsequent events)

On April 1, 2022, the Company completely shifted its defined-benefit corporate pension program to a defined-contribution corporate pension program. The Company adopted the Accounting Procedures for Shifting between Different Retirement Benefit Programs (ASBJ Implementation Guidelines No.1, January 31, 2002) for the accounting procedures for the shift of the pension program. The Company plans to record extraordinary income for the next fiscal year, but the effect is still being calculated.