

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021(J-GAAP)

May 17, 2021

Company name: T.RAD Co., Ltd.

Code No.: 7236

Representative: Tomio Miyazaki, President & COO

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Scheduled date of the Ordinary General Meeting of Shareholders: June 29, 2021

Scheduled date of filing of securities report: June 29, 2021

Scheduled date of start of dividend payments: —

Supplemental materials prepared for consolidated financial results: None

Briefing on consolidated financial results: Yes

Listing: Tokyo Stock Exchange, First Section

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June 29, 2021

June 29, 2021

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(Amounts less than one million yen have been truncated)

1. Consolidated Financial Performance for the Fiscal Year Ended March 31, 2021

(April 1, 2020 to March 31, 2021)

(1) Consolidated operating performance

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2021	113,046	-13.4	1,264	-55.5	1,540	-46.6	(1,239)	—
Fiscal year ended March 31, 2020	130,524	-4.1	2,843	-44.2	2,883	-48.3	1,435	-17.3

Note: Comprehensive income

Fiscal year ended March 31, 2021: ¥ -954 million (—%)

Fiscal year ended March 31, 2020: ¥ 910 million (—%)

	Net income per share	Diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2021	(171.62)	—	-3.0	1.8	1.1
Fiscal year ended March 31, 2020	194.28	—	3.3	3.2	2.2

Reference: Equity earnings (losses) of affiliates

Fiscal year ended March 31, 2021: ¥ -142 million

Fiscal year ended March 31, 2020: ¥ -52 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2021	86,800	43,218	47.3	5,673.72
Fiscal year ended March 31, 2020	88,493	44,846	48.1	5,916.09

Reference: Shareholders' equity

As of March 31, 2021: ¥41,048 million

As of March 31, 2020: ¥42,590 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2021	7,475	(5,840)	(588)	14,614
Fiscal year ended March 31, 2020	3,093	(1,778)	(1,357)	13,724

2. Dividends

	Dividends per Share					Total Dividends Paid (Annual)	Payout Ratio (Consolidated)	Dividends per Net Assets (Consolidated)
	1Q	2Q	3Q	Year-End	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2020	—	40.00	—	50.00	90.00	648	45.2	1.6
Fiscal year ended March 31, 2021	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending March 31, 2022 (Forecast)	—	40.00	—	50.00	90.00		24.1	

3. Forecast of Consolidated Financial Performance for the Fiscal Year Ending March 31, 2022

(April 1, 2021 to March 31, 2022)

(Percentage figures indicate changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2 nd Quarter ending September 30, 2021	66,200	35.7	2,700	265.2	2,700	263.9	1,600	164.8	221.15
Fiscal year ending March 31, 2022	134,900	19.3	5,200	311.5	5,000	224.5	2,700	317.8	373.19

4. Other

- (1) Changes in significant subsidiaries during the period (changes in specific subsidiaries resulting in changes in the scope of consolidation): None
- (2) Changes in accounting principles, procedures, presentation methods
 - 1) Changes associated with revision of accounting standards: None
 - 2) Changes other than 1): None
 - 3) Changes accounting estimation procedures: None
 - 4) Changes in presentation methods: None
- (3) Number of shares issued and outstanding (common stock)
 - 1) Number of shares issued and outstanding at end of year (including treasury stock)
 - As of March 31, 2021: 8,380,711 shares
 - As of March 31, 2020: 8,344,405 shares
 - 2) Number of shares of treasury stock at end of period
 - As of March 31, 2021: 1,145,779 shares
 - As of March 31, 2020: 1,145,320 shares
 - 3) Average number of shares outstanding during the period
 - Fiscal year ended March 31, 2021: 7,223,025 shares
 - Fiscal year ended March 31, 2020: 7,390,393 shares

(Reference) Summary of Non-consolidated Financial Performance**1. Non-consolidated Financial Performance for Fiscal Year Ended March 31, 2021**

(April 1, 2020 to March 31, 2021)

(1) Non-consolidated operating performance

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2021	56,278	-11.4	(515)	-14.5	2,934	3.0	(679)	—
Fiscal year ended March 31, 2020	63,484	-5.0	(602)	-191.5	2,847	-19.1	2,735	388.2

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2021	(94.10)	—
Fiscal year ended March 31, 2020	370.12	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2021	54,645	30,344	55.5	4,194.13
Fiscal year ended March 31, 2020	56,332	31,328	55.6	4,351.70

Reference: Shareholders' equity

As of March 31, 2021: ¥30,344 million

As of March 31, 2020: ¥31,328 million

2. Forecast of Non-Consolidated Financial Performance for the Fiscal Year Ending March 31, 2022

(April 1, 2021 to March 31, 2022)

(Percentage figures indicate changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2 nd Quarter ending September 30, 2021	32,900	37.4	0	100.0	1,500	426.1	1,000	170.9	137.84
Fiscal year ending March 31, 2022	67,300	19.6	100	119.4	3,200	9.1	2,200	424.0	304.08

* The consolidated financial results presented herein are not subject to the audit procedures by certified public accountant or audit firm.

* Explanations for proper use of forecasts and other specific affairs

The forward-looking statement such as forecast of financial performance etc. described in this report based on information currently available and certain assumptions judged to be reasonable. Actual performance may differ significantly from these projections due to various factors.

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1. Business Results and Qualitative Information for the Fiscal Year Ended March 31, 2021

(1) General overview of financial performance

General overview

In the economic environment of the consolidated fiscal year under review, the global economy deteriorated significantly due to the spread of novel coronavirus infections. The future business condition depends on the prevalence of the infectious disease. Therefore, there is concern that uncertainty about the future will continue.

Under the circumstances, the net sales of the TRAD Group (on a foreign currency basis) decreased from the same period of the previous year except Europe, China and Other(including elimination). The profit attributable to owner of parent decreased from the same period of the previous year due to impairment loss on tangible fixed assets due to a decline in profitability of the U.S. subsidiary.

As a result, net sales during the consolidated fiscal year under review decreased by 17,478 million yen from the previous fiscal year, amounting to 113,046 million yen (down 13.4% year on year), operating income decreased by 1,579 million yen, amounting to 1,264 million yen (down 55.5% year on year) and ordinary income decreased by 1,343 million yen, amounting to 1,540 million yen (down 46.6% year on year). Loss attributable to owners of parent of 1,239 million yen was posted, worsening by 2,675 million yen year on year.

The segment results are as follows.

The book-closing date for the consolidated subsidiaries for the consolidated fiscal year under review is December 31. In preparing the consolidated financial statements, the financial statements as of, and for one year period ended on this date were used. With respect to important transactions conducted during the period between this date and the book-closing date for consolidated accounting, we have made adjustments as necessary for consolidated accounting. The segments relevant to such adjustments are the United States, Europe, Asia and China.

Domestic subsidiaries have the same settlement date that coincides with the last day of the consolidated fiscal year. The corresponding segment is Other.

	Net Sales				Operating Income (Loss)			
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Increase/ Decrease	Percentage change (on a foreign currency basis)*	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Increase/ Decrease	Percentage change (on a foreign currency basis)*
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
Japan	56,639	50,177	-6,462	-11.4	(603)	(506)	96	16.1
United States	31,040	23,567	-7,473	-19.7	(892)	(1,938)	-1,045	-129.8
Europe	2,928	2,982	54	6.8	(1,017)	(335)	682	66.8
Asia	17,739	11,774	-5,965	-28.3	2,176	1,166	-1,009	-43.2
China	21,211	23,465	2,254	8.2	2,769	2,956	186	5.3
Other (including elimination)	964	1,078	114	13.0	411	(78)	-489	-119.1
Total	130,524	113,046	-17,478	-11.6	2,843	1,264	-15,799	-55.1

*The percentage changes (on a foreign currency basis) in the chart are the percentage changes after correcting for differences arising from fluctuations in the foreign exchange rates applicable to overseas net sales.

(i) Japan

Net sales of products for automobile industry and construction industrial machines declined sharply from the previous fiscal year due to a decrease in sales by major customers in line with the spread of novel coronavirus infections. As a result, the net sales in the Japan segment decreased by 6,462 million yen, resulting in 50,177 million yen.

Operating loss of 506 million yen was posted, improved by 96 million yen from the same period of the previous year, covering decrease of net sales by reducing fixed costs, such as personnel expenses and transportation expenses etc.

(ii) United States

Net sales of products for automobile industry and construction industrial machines declined sharply from the previous fiscal year due to a decrease in sales by major customers as the novel coronavirus infection spread. As a result, the net sales in the United States segment decreased by 7,473 million yen from the same period of the previous year, resulting in 23,567 million yen. On a foreign currency basis, it decreased by 19.7%.

Operating loss of 1,938 million yen was posted, worsening by 1,045 million yen from the same period of the previous year, due to the effect of net sales declined sharply etc. On a foreign currency basis, it decreased by 129.8%.

(iii) Europe

The net sales of products for the automobile industry increased from the previous fiscal year due to an increase of net sales of models for which orders were newly received in Czech Republic and Russia. As a result, the net sales in the Europe segment increased by 54 million yen from the same period of the previous year, resulting in 2,982 million yen. On a foreign currency basis, it increased by 6.8%.

Operating loss of 335 million yen was posted, improved by 682 million yen from the same period of the previous year, due to the stable production of newly ordered models in the Czech Republic etc. On a foreign currency basis, it increased by 66.8%.

(iv) Asia

The net sales of products for the automobile industry declined sharply from the previous fiscal year due to a decrease in sales by major customers as the novel coronavirus infection spread in Thailand, Indonesia and Vietnam. As a result, the net sales in the Asia segment decreased by 5,965 million yen from the same period of the previous year, resulting in 11,774 million yen. On a foreign currency basis, it decreased by 28.3%.

Operating income decreased by 1,009 million yen from the same period of the previous year due to the effect of net sales declined sharply etc., resulting in 1,166 million yen. On a foreign currency basis, it decreased by 43.2%.

(v) China

Net sales of products for automobile industry and construction industrial machines increased from the previous fiscal year due to recovered from the impact of the spread of novel coronavirus ahead of other countries. As a result, the net sale in the China segment increased by 2,254 million yen from the same period of the previous year, resulting in 23,465 million yen. On a foreign currency basis, it increased by 8.2%.

The operating income increased by 186 million yen from the same period of the previous year, resulting in 2,956 million yen. On a foreign currency basis, it increased by 5.3%.

Outlook for the fiscal year ending March 31, 2022

Regarding the outlook for the fiscal year ending March 31, 2022 of the T.RAD group, by reflecting the recovery of the world economy from the COVID-19 pandemic, our net sales are expected to increase in all regions, including the United States and Asia, which had been sluggish in the current consolidated fiscal year. Simultaneously, our profits are expected to improve significantly due to the reaction to the impairment loss of the U.S. subsidiary.

Therefore, we forecasts the following consolidated financial performance for the fiscal year ending March 31, 2022: net sales of 134,900 million yen (up 19% year on year), operating income of 5,200 million yen (up 311% year on year), ordinary income of 5,000 million yen (up 224% year on year), and profit attributable to owners of parent of 2,700 million yen (up 317% year on year).

As for the profit distribution for the fiscal year ending March 31 2022, we anticipate a dividend resumption of 90 yen per share, with an interim dividend of 40 yen and a year-end dividend of 50 yen, due to the above recovery in business performance.

(2) General overview of consolidated financial position

1) Assets, liabilities and net assets

Total assets at the end of the consolidated fiscal year under review resulted in 86,800 million yen (down 1,692 million yen from the end of the previous fiscal year) due to the decrease of inventories and tangible fixed assets etc.

Liabilities resulted in 43,582 million yen (down 63 million yen).

Net assets resulted in 43,218 million yen (down 1,628 million yen) due to the decreases of retained earnings etc.

2) Cash flows

The increasing and decreasing factors of each cash flow in the consolidated fiscal year under review are as follows.

Net cash provided by operating activities was 7,475 million yen, a decrease of 4,382 million yen year on year due to the increase of accounts payable-trade.

Net cash used by investing activities was 5,840 million yen, an increase of 4,061 million yen year on year due to the decrease of sales of investment securities.

As a result, the free cash flow, which is the sum of the net cash provided by operating activities and used in investing activities, amounted to 1,635 million yen (an increase of 320 million yen year-on-year).

Net cash used in financing activities was 588 million yen, an increase of 769 million yen year on year.

2. Basic Concept Behind the Selection of Accounting Standards

In order to ensure comparability between companies and over time, the T.RAD Group, which consists of T.RAD Co., Ltd. (the “Company”), prepares the Company’s consolidated financial statements based on the “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (except Chapters 7 and 8)” (Ordinance of the Ministry of Finance No. 28 of 1976).

Please note that, in view of domestic and overseas circumstances, the Company intends to respond appropriately to the application of international accounting standards.

3. Consolidated Financial Statements and main notes

(1) Consolidated balance sheets

(Millions of yen)

	FY2019	FY2020
	As of March 31, 2020	As of March 31, 2021
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	13,419	14,403
Notes and accounts receivable-trade	22,274	24,145
Electronically recorded monetary claims-operating	3,873	3,025
Short-term investment securities	499	489
Merchandise and finished goods	3,864	2,962
Work in process	741	523
Raw materials and supplies	5,725	5,290
Others	2,603	2,650
Allowance for doubtful accounts	(73)	(165)
Total current assets	52,927	53,326
Noncurrent assets		
Tangible fixed assets		
Buildings and structures	21,254	21,001
Accumulated depreciation	(14,753)	(15,156)
Building and structures, net	6,501	5,844
Machinery, equipment and vehicles	52,014	52,155
Accumulated depreciation	(36,326)	(37,618)
Machinery, equipment and vehicles, net	15,687	14,537
Land	2,374	2,344
Lease assets	757	746
Accumulated depreciation	(230)	(321)
Lease assets, net	526	424
Construction in progress	4,104	3,642
Other tangible fixed assets	29,905	30,475
Accumulated depreciation	(27,774)	(28,591)
Other tangible fixed assets, net	2,131	1,883
Total tangible fixed assets	31,326	28,676
Intangible assets		
Goodwill	111	11
Other intangible assets	1,173	1,222
Total intangible assets	1,284	1,234
Investments and other assets		
Investment securities	2,206	2,009
Net defined benefit asset	—	848
Long-term loans receivable from employees	—	0
Deferred tax assets	78	89
Others	681	628
Allowance for doubtful accounts	(13)	(13)
Total investments and other assets	2,953	3,563
Total noncurrent assets	35,565	33,474
Total assets	88,493	86,800

(Millions of yen)

	FY2019	FY2020
	As of March 31, 2020	As of March 31, 2021
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	12,149	13,074
Electronically recorded obligations - operating	3,414	3,295
Short-term loans payable	6,205	10,675
Lease obligations	611	444
Income taxes payable	791	484
Accrued expenses	2,779	2,628
Provision for bonuses	1,282	1,116
Provision for directors' bonuses	43	—
Provision for product warranties	181	578
Provision for shareholders benefit program	39	—
Provision for loss on order received	92	148
Electronically recorded obligations - non-operating	384	461
Asset retirement obligations	200	—
Others	1,495	1,774
Total current liabilities	29,671	34,681
Noncurrent liabilities		
Long-term loans payable	10,039	5,910
Lease obligations	2,350	1,856
Deferred tax liabilities	940	694
Provision for directors' retirement benefits	4	—
Net defined benefit liability	410	230
Asset retirement obligations	91	91
Others	138	117
Total noncurrent liabilities	13,974	8,900
Total liabilities	43,646	43,582
(Net assets)		
Shareholders' equity		
Capital stock	8,545	8,570
Capital surplus	7,496	7,521
Retained earnings	29,065	27,466
Treasury stock	(2,257)	(2,258)
Total shareholders' equity	42,850	41,299
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(6)	—
Foreign currency translation adjustment	(405)	(1,171)
Remeasurements of defined benefit plans	152	920
Total valuation and translation adjustments	(259)	(250)
Non-controlling interests	2,256	2,169
Total net assets	44,846	43,218
Total liabilities and net assets	88,493	86,800

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

(Millions of yen)

	FY2019	FY2020
	(Apr. 1, 2019–Mar. 31, 2020)	(Apr. 1, 2020–Mar. 31, 2021)
	Amount	Amount
Net sales	130,524	113,046
Cost of sales	117,051	102,205
Gross profit	13,472	10,841
Selling, general and administrative expenses		
Packing and delivery expenses	1,550	1,369
Provision for product warranties	164	594
Directors' compensations	225	229
Salaries and allowances	2,377	2,112
Provision for bonuses	331	308
Provision for directors' bonuses	43	—
Provision for directors' retirement benefits	2	0
Provision for retirement benefits	96	101
Welfare expenses	1,259	1,054
Depreciation	441	419
Rent expenses	395	395
Transportation and communication expenses	617	283
Research and development expenses	1,247	1,108
Entertainment expenses	90	21
Provision for shareholders benefit program	29	—
Provision of allowance for doubtful accounts	0	94
Provision for loss on order received	92	—
Commission Fee	423	333
Amortization of goodwill	115	—
Miscellaneous expenses	1,124	1,148
Total selling, general and administrative expenses	10,629	9,576
Operating income (loss)	2,843	1,264
Non-operating income		
Interest income	172	131
Dividends income	103	3
Foreign exchange gains	—	169
Subsidy income	123	104
Others	171	286
Total non-operating income	571	696
Non-operating expenses		
Interest expenses	300	263
Foreign exchange losses	145	—
Equity in losses of affiliates	52	142
Others	33	14
Total non-operating expenses	532	420
Ordinary income	2,883	1,540

(Millions of yen)

	FY2019	FY2020
	(Apr. 1, 2019–Mar. 31, 2020)	(Apr. 1, 2020–Mar. 31, 2021)
	Amount	Amount
Extraordinary income		
Gain on sales of noncurrent assets	74	46
Gain on sales of investment securities	1,498	—
Gain on transfer of business	64	—
Total extraordinary income	1,637	46
Extraordinary loss		
Loss on retirement of noncurrent assets	251	210
Loss on sales of noncurrent assets	12	33
Loss on sales of investment securities	382	3
Impairment loss	102	1,274
Loss on sales of golf club memberships	0	—
Loss on liquidation of subsidiaries and associates	—	11
Surcharges	24	3
Total extraordinary loss	773	1,535
Income (loss) before income taxes	3,747	51
Income taxes-current	2,025	1,605
Income taxes-deferred	(55)	(593)
Total income taxes	1,969	1,012
Profit (loss)	1,777	(960)
Profit (loss) attributable to non-controlling interests	341	278
Profit (loss) attributable to owners of parent	1,435	(1,239)

(Consolidated statement of comprehensive income)

(Millions of yen)

	FY2019	FY2020
	(Apr. 1, 2019–Mar. 31, 2020)	(Apr. 1, 2020–Mar. 31, 2021)
	Amount	Amount
Profit (loss)	1,777	(960)
Other comprehensive income		
Valuation difference on available-for-sale securities	(462)	6
Foreign currency translation adjustment	(55)	(727)
Remeasurements of defined benefit plans, net of tax	(333)	767
Share of other comprehensive income of associates accounted for using equity method	(14)	(41)
Total other comprehensive income	(866)	6
Comprehensive income	910	(954)
(Breakdown)		
Comprehensive income attributable to owners of parent	615	(1,230)
Comprehensive income attributable to non-controlling interests	294	275

(3) Consolidated statements of changes in net assets
 Fiscal year ended March 31, 2020(April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2019	8,545	7,551	28,315	(901)	43,512
Changes of items during the period					
Issuance of new shares					
Dividends from surplus			(685)		(685)
Profit(Loss) attributable to owners of parent			1,435		1,435
Purchase of treasury stock				(1,356)	(1,356)
Change in ownership interest of parent due to transactions with non-controlling interests		(54)			(54)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(54)	749	(1,356)	(661)
As of March 31, 2020	8,545	7,496	29,065	(2,257)	42,850

(Millions of yen)

	Valuation and translation adjustments				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
As of April 1, 2019	456	(381)	485	559	2,098	46,170
Changes of items during the period						
Issuance of new shares						
Dividends from surplus						(685)
Profit(Loss) attributable to owners of parent						1,435
Purchase of treasury stock						(1,356)
Change in ownership interest of parent due to transactions with non-controlling interests						(54)
Net changes of items other than shareholders' equity	(462)	(24)	(333)	(819)	158	(662)
Total changes of items during the period	(462)	(24)	(333)	(819)	158	(1,323)
As of March 31, 2020	(6)	(405)	152	(259)	2,256	44,846

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

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2020	8,545	7,496	29,065	(2,257)	42,850
Changes of items during the period					
Issuance of new shares	24	24			49
Dividends from surplus			(359)		(359)
Profit(Loss) attributable to owners of parent			(1,239)		(1,239)
Purchase of treasury stock				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes of items other than shareholders' equity					
Total changes of items during the period	24	24	(1,599)	(0)	(1,550)
As of March 31, 2021	8,570	7,521	27,466	(2,258)	41,299

(Millions of yen)

	Valuation and translation adjustments				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
As of April 1, 2020	(6)	(405)	152	(259)	2,256	44,846
Changes of items during the period						
Issuance of new shares						49
Dividends from surplus						(359)
Profit(Loss) attributable to owners of parent						(1,239)
Purchase of treasury stock						(0)
Change in ownership interest of parent due to transactions with non-controlling interests						—
Net changes of items other than shareholders' equity	6	(766)	768	9	(86)	(77)
Total changes of items during the period	6	(766)	768	9	(86)	(1,628)
As of March 31, 2021	—	(1,171)	920	(250)	2,169	43,218

(4) Consolidated statements of cash flows

(Millions of yen)

	FY2019	FY2020
	(Apr. 1, 2019–Mar. 31, 2020)	(Apr. 1, 2020–Mar. 31, 2021)
	Amount	Amount
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	3,747	51
Depreciation and amortization	6,240	6,420
Impairment loss	102	1,274
Retirement benefit expenses	(37)	(14)
Increase (decrease) in net defined benefit liability	101	103
Increase (decrease) in provision for directors' retirement benefits	(1)	(4)
Increase (decrease) in allowance for doubtful accounts	(16)	94
Increase (decrease) in provision for bonuses	(108)	(165)
Increase (decrease) in provision for directors' bonuses	(40)	(43)
Increase (decrease) in provision for product warranties	(50)	397
Increase (decrease) in provision for shareholders benefit program	(9)	—
Loss on retirement of noncurrent assets	251	210
Loss (gain) on sales of tangible fixed assets	(62)	(13)
Loss (gain) on sales of investment securities	(1,116)	3
Surcharges	24	3
Interests and dividends income	(276)	(135)
Interests expenses	300	263
Foreign exchange losses (gains)	31	(44)
Equity in (earnings) losses of affiliates	52	142
Decrease (increase) in notes and accounts receivable-trade	1,188	(1,309)
Decrease (increase) in inventories	(1,552)	1,272
Increase (decrease) in notes and accounts payable-trade	(3,973)	788
Loss (gain) on investments in partnership	(5)	—
Decrease (increase) in other current assets	(188)	(229)
Increase (decrease) in other current liabilities	330	159
Other, net	81	123
Subtotal	5,012	9,349
Interest and dividends income received	445	140
Interest expenses paid	(299)	(254)
Income taxes paid	(1,805)	(1,756)
Surcharges	(260)	(3)
Net cash provided by (used in) operating activities	3,093	7,475

(Millions of yen)

	FY2019	FY2020
	(Apr. 1, 2019–Mar. 31, 2020)	(Apr. 1, 2020–Mar. 31, 2021)
	Amount	Amount
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	294	853
Payments into time deposits	(30)	(943)
Purchase of tangible fixed assets	(7,696)	(5,472)
Proceeds from sales of tangible fixed assets	80	182
Purchase of intangible assets	(304)	(350)
Purchase of investment securities	(0)	—
Proceeds from sales of investment securities	5,835	12
Payments for asset retirement obligations	—	(100)
Other, net	41	(22)
Net cash provided by (used in) investing activities	(1,778)	(5,840)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(375)	1,548
Proceeds from long-term loans payable	2,661	—
Repayment of long-term loans payable	(2,395)	(939)
Purchase of treasury stock	(1,356)	(0)
Cash dividends paid	(685)	(359)
Cash dividends paid to non-controlling shareholders	(385)	(199)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(59)
Others	1,180	(576)
Net cash provided by (used in) financing activities	(1,357)	(588)
Effect of exchange rate change on cash and cash equivalents	(58)	(156)
Net increase (decrease) in cash and cash equivalents	(101)	889
Cash and cash equivalents at beginning of period	13,826	13,724
Cash and cash equivalents at end of period	13,724	14,614

(5) Notes concerning Consolidated Financial Statements

(Going concern assumptions)

Not applicable

(Notes in the event of significant changes in shareholders' equity)

According to the Board of Directors' resolution on July 20, 2020, we issued new shares on August 20, 2020, as restricted stock compensation (transfer-restricted share compensation) for directors and managing executive officers. The capital stock increased by 24 million yen, and the capital surplus increased by 24 million yen at the end of the consolidated fiscal year under review.

(Consolidated statements of income)

#1 Impairment Loss:

Impairment losses were recorded in the following asset groups of the Group:

FY2019 (April 1, 2019–March 31, 2020)

Place	Purpose of use	Type	Impairment loss (Millions of yen)
The Company, Technical Division Nagoya, Aichi, Japan,	Idle assets	Building and other	1
T.RAD Czech s.r.o Unhost, Czech	Manufacture and sales of heat exchangers	Machinery, equipment and vehicles	41
		Tools, furniture and fixtures	59
		Subtotal	101
		Total	102

The asset groups are classified on the base of managerial accounting in consideration of company category and business category.

As a result of accounting for the impairment of assets based on the aforementioned grouping, regarding idle assets with no expected future use, its book value was written down to recoverable values, and the Company posted this loss as an impairment loss under extraordinary loss. The amount listed as recoverable value by each asset group have been appraised based on residual value.

As to manufacture and sales of heat exchangers, regarding aforementioned tangible fixed assets were no longer expected to recover the investment amount due to the decrease in profitability. Accordingly, their book values were written down to recoverable values, and the Company posted those losses as an impairment loss under extraordinary loss.

The amount listed as recoverable value by each asset group was calculated in accordance with the asset's value in usage. In T.RAD Czech s.r.o, the calculation reflects a 10% discount in future cash flow.

FY2020 (April 1, 2020–March 31, 2021)

Place	Purpose of use	Type	Impairment loss (Millions of yen)
The Company, Head Quarter etc. Shibuya-ku, Tokyo, Japan	Idle assets	Machinery, equipment and vehicles	16
		Tools, furniture and fixtures	35
		Software	58
		Subtotal	111
T.RAD North America, Inc. Hopkinsville, Kentucky, U.S.A	Manufacture and sales of heat exchangers	Machinery, equipment and vehicles	823
		Tools, furniture and fixtures	73
		Construction in progress	199
		Subtotal	1,095
T.RAD Czech s.r.o Unhost, Czech	Manufacture and sales of heat exchangers	Machinery, equipment and vehicles	62
		Tools, furniture and fixtures	5
		Subtotal	67
		Total	1,274

The asset groups are classified on the base of managerial accounting in consideration of company category and business category.

As a result of accounting for the impairment of assets based on the aforementioned grouping, regarding idle assets with no expected future use, its book value was written down to recoverable values, and the Company posted this loss as an impairment loss under extraordinary loss. The amount listed as recoverable value by each asset group have been appraised based on residual value.

As to manufacture and sales of heat exchangers in the United States and Czech Republic, regarding aforementioned tangible fixed assets were no longer expected to recover the investment amount due to the decrease in profitability. Accordingly, their book values were written down to recoverable values, and the Company posted those losses as an impairment loss under extraordinary loss.

The amount listed as recoverable value by each asset group was calculated in accordance with the asset's value in usage. In T.RAD North America, Inc. the calculation reflects 5.11% to 5.92% discount. T.RAD Czech s.r.o. has no value in use based on future cash flows. Therefore, the recoverable amount is evaluated as zero, and no discount rate is applied.

(Additional information)

(About the accounting estimate associated with the spread of novel coronavirus infections)

The spread of the COVID-19 pandemic is an event that has a widespread impact on the economy and corporate activities. There is a possibility that the operation adjustments of customers will have a significant impact on the T.RAD Group. However, in the latter half of the consolidated fiscal year (fiscal year ended in March 2021), the impact almost disappeared. If we assume that this situation will continue in the next consolidated fiscal year (fiscal year ending in March 2022), we have made accounting estimates for the current consolidated fiscal year (fiscal year ended in March 2021).

(Application of tax effect accounting related to the transition from the consolidated tax payment system to the Group Total System)

The Company and some consolidated domestic subsidiaries established a Group Total System under the Act on Partial Revision of Income Tax Act, etc. (Act No. 8 of 2020). The non-consolidated tax payment system was reviewed in line with the transition to this system. Regarding the review items, the provisions of Paragraph 44 of the Application Guidelines for Accounting Standards for Tax Effect Accounting (Corporate Accounting Standards Application Guideline No. 28, February 16, 2018) was not applied according to the interpretation of Paragraph 3 of the Handling of Application of Tax Effect Accounting for Transition from Consolidated Tax Payment System to Group Total System (by Practical Response Report No. 39, March 31, 2020). The amount of deferred tax assets and deferred tax liabilities is based on the provisions of the Income Tax Act before the revision.

(Segment information)

1. General information of reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed at management meetings comprising directors and officers, whereby decisions are made regarding the allocation of resources to the segments and assessments are made concerning the segments' performance.

The Group's business involves the manufacture and sales of heat exchangers for the automobile and other industries. The Company covers the business in Japan. Overseas companies cover the business of each region such as the United States, Europe (the Czech Republic, Russia and Germany), Asia (Thailand, Indonesia and Vietnam) and China. Each of these overseas corporations is an independent business unit whose operations involve the manufacture of products that are marketed in each respective area.

Therefore, our Group consists of the Company and these overseas corporations which are based on a manufacturing and sales structure. As such, "Japan," "the United States," "Europe," "Asia" and "China" are our five reportable segments.

In each reportable segment, heat exchangers for automobiles, construction, industrial machinery, air conditioners and others are manufactured and sold.

2. Calculation method for net sales, profit (loss), assets and other items by reportable segment

The accounting method for the Group's reportable segments is comply with accounting policy adopted for preparation of consolidated financial statements.

Net sales for reportable segments are for each production region.

Segment income is based on operating income.

Intersegment income and transfer amount are calculated based on arm's length price.

3. Net sales, profit (loss), assets and other items by reportable segments

Fiscal year ended March 31, 2020(from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segment						Other	Total
	Japan	United States	Europe	Asia	China	Total		
Net Sales:								
Sales to outside customers	56,639	31,040	2,928	17,739	21,211	129,559	964	130,524
Intersegment sales or transfers	6,844	145	405	66	1,677	9,139	3,184	12,324
Total	63,484	31,186	3,333	17,806	22,888	138,699	4,149	142,848
Segment income (loss)	(603)	(892)	(1,017)	2,176	2,769	2,432	117	2,550
Segment assets	57,779	17,016	2,969	9,785	18,352	105,903	2,371	108,275
Other items								
Depreciation	3,220	1,210	144	971	677	6,225	112	6,338
Investment amount in equity-method affiliate	531	—	—	—	—	531	—	531
Increase of tangible fixed assets and intangible assets	3,693	1,377	588	893	830	7,382	81	7,463

Note: "Other" comprises business operations that are not categorized as reportable segments and includes the business activities of domestic subsidiaries, such as the transportation business.

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

(Millions of yen)

	Reportable segment						Other	Total
	Japan	Unites States	Europe	Asia	China	Total		
Net Sales:								
Sales to outside customers	50,177	23,567	2,982	11,774	23,465	111,967	1,078	113,046
Intersegment sales or transfers	6,100	218	271	148	1,504	8,243	1,809	10,052
Total	56,278	23,785	3,254	11,923	24,969	120,210	2,888	123,098
Segment income (loss)	(506)	(1,938)	(335)	1,165	2,956	1,343	(36)	1,306
Segment assets	60,352	15,323	2,361	9,288	18,681	106,007	1,060	107,067
Other items								
Depreciation	3,545	1,244	112	835	690	6,429	88	6,517
Investment amount in equity-method affiliate	531					531		531
Increase of tangible fixed assets and intangible assets	2,844	1,746	118	897	502	6,110	37	6,148

Note: "Other" comprises business operations that are not categorized as reportable segments and includes the business activities of domestic subsidiaries, such as the transportation business.

4. Difference amount between the total amount of reportable segments and the posted amounts in the consolidated financial statements and the main contents of the difference amount (the adjustment of difference)

(Millions of yen)

Net sales	FY2019	FY2020
Total of reportable segments	138,699	120,210
Net sales of the classification "Others"	4,149	2,888
Elimination of trades among segments	(12,324)	(10,052)
Net sales in the consolidated financial statements	130,524	113,046

(Millions of yen)

Profit	FY2019	FY2020
Total of reportable segments	2,432	1,343
Profit of the classification "Others"	117	(36)
Elimination of trades among segments	293	(42)
Operating income in the consolidated financial statements	2,843	1,264

(Millions of yen)

Assets	FY2019	FY2020
Total of reportable segments	105,903	106,007
Assets of the classification "Others"	2,371	1,060
Elimination of trades among segments	(19,781)	(20,265)
Total assets in the consolidated financial statements	88,493	86,800

(Millions of yen)

Other items	Total of reportable segments		Other		Adjustments(Note)		Posted amounts in the consolidated financial statements	
	FY2019	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019	FY2020
Depreciation	6,225	6,429	112	88	(97)	(97)	6,240	6,420
Investment amount to equity-method affiliate	531	531	—	—	1,623	1,435	2,154	1,966
Increase of tangible fixed assets and intangible assets	7,382	6,110	81	37	17	(213)	7,481	5,935

Note: Adjustments are as follows.

1. The adjustment of depreciation cost derives from the elimination of unrealized losses and gains related to non-current assets.
2. The adjustment of investment amount to the entities accounted for using equity method derives from investment profit on equity method.
3. The adjustment of increased amounts of tangible fixed assets and intangible assets are as follows.
 Elimination of unrealized losses and gains related to non-current assets: (109) million yen
 Other consolidated adjustment among segments: (104) million yen

(Supplementary information)

Sales states (consolidated)

(Millions of yen)

	FY2019 (April 1, 2019 to March 31, 2020)		FY2020 (April 1, 2020 to March 31, 2021)		Increase/Decrease	
	Amount	%	Amount	%	Amount	%
For Automobile	98,377	75.4	85,817	75.9	-12,559	-12.8
For construction & industrial machine	26,147	20.0	22,381	19.8	-3,765	-14.4
For Air conditioner	3,158	2.4	1,961	1.7	-1,197	-37.9
Other	2,841	2.2	2,885	2.6	43	1.5
Total	130,524	100.0	113,046	100.0	-17,478	-13.4

Notes: Amounts less than one million yen have been truncated.

(Per share information)

	FY2019 (April 1, 2019–March 31, 2020)	FY2020 (April 1, 2020–March 31, 2021)
Net assets per share:	¥5,916.09	¥5,673.72
Net income(loss) per share:	¥194.28	¥(171.62)

(Note) 1. Diluted net income per share is not listed for the consolidated fiscal year under review, as there are no potential shares that have dilutive effects on per-share net income.

2. Basis for calculation of net income per share as follows.

	FY2019 (April 1, 2019–March 31, 2020)	FY2020 (April 1, 2020–March 31, 2021)
Net income(loss) per share		
Profit(Loss) attributable to owners of parent (Millions of yen)	1,435	(1,239)
Amount that is not attributable to shares of common stock (Millions of yen)	—	—
Profit(Loss) attributable to owners of parent related to shares of common stock (Millions of yen)	1,435	(1,239)
Average number of shares of common stock during the period (Thousands)	7,390	7,223

(Omitted disclosure)

Disclosure of the statement of comprehensive income, lease transactions, information on related parties, financial products, securities, derivative transactions, retirement benefits, stock options, tax-effect accounting, asset retirement obligations, and notes related to the rental property are omitted because disclosure of such information is deemed to be insignificant.

(Significant subsequent events)

Not applicable

5. Non-Consolidated Financial Statements and main notes

(1) Non-consolidated balance sheets

(Millions of yen)

	FY2019	FY2020
	As of March 31, 2020	As of March 31, 2021
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	4,248	5,957
Notes receivable-trade	113	126
Electronically recorded monetary claims-operating	3,873	3,025
Accounts receivable-trade	11,873	13,128
Short-term investment securities	499	489
Merchandise and finished goods	1,729	1,463
Work in process	1,249	975
Raw materials and supplies	601	600
Prepaid expenses	125	149
Accounts receivable-other	2,131	2,065
Other current assets	2	3
Allowance for doubtful accounts	(0)	(0)
Total current assets	26,450	27,984
Noncurrent assets		
Tangible Fixed Assets		
Buildings	12,314	12,684
Accumulated depreciation	(9,501)	(10,048)
Buildings, net	2,813	2,636
Structures	1,489	1,542
Accumulated depreciation	(1,257)	(1,296)
Structures, net	232	246
Machinery and equipment	25,813	26,087
Accumulated depreciation	(18,972)	(19,953)
Machinery and equipment, net	6,841	6,133
Vehicles	128	128
Accumulated depreciation	(104)	(113)
Vehicles, net	24	14
Tools, furniture and fixtures	24,518	25,296
Accumulated depreciation	(23,392)	(24,357)
Tools, furniture and fixtures, net	1,126	938
Land	1,251	1,771
Lease assets	48	21
Accumulated depreciation	(44)	(20)
Lease assets, net	3	0
Construction in progress	895	1,223
Other, net	0	0
Total Tangible Fixed Assets	13,189	12,966
Intangible assets		
Software	677	428
Other intangible assets	68	381
Total intangible assets	746	809

(Millions of yen)

	FY2019	FY2020
	As of March 31, 2020	As of March 31, 2021
	Amount	Amount
Investments and other assets		
Investment securities	31	42
Stocks of subsidiaries and affiliates	7,603	8,066
Investments in capital of subsidiaries and affiliates	7,636	7,446
Long-term prepaid expenses	15	11
Long-term loans receivable from employees	—	0
Insurance funds	49	49
Deferred tax assets	406	896
Others	217	162
Allowance for doubtful accounts	(13)	(13)
Allowance for investment loss	—	(3,778)
Total investments and other assets	15,946	12,884
Total noncurrent assets	29,882	26,660
Total assets	56,332	54,645
(Liabilities)		
Current liabilities		
Electronically recorded obligations – operating	3,414	3,295
Accounts payable-trade	5,722	6,343
Short-term loans payable	217	3,992
Lease obligations	360	196
Accounts payable-other	409	533
Income taxes payable	354	61
Accrued consumption taxes	95	164
Accrued expenses	1,313	1,337
Advances received	384	173
Deposits received	67	63
Provision for bonuses	1,250	1,072
Provision for directors’ bonuses	43	—
Provision for product warranties	28	23
Provision for shareholders benefit program	39	—
Electronically recorded obligations - non-operating	384	461
Asset retirement obligations	200	—
Others	4	7
Total current liabilities	14,292	17,726
Noncurrent liabilities		
Long-term loans payable	9,745	5,752
Lease obligations	422	226
Provision for retirement benefits	460	493
Asset retirement obligations	63	63
Others	20	38
Total noncurrent liabilities	10,712	6,574
Total liabilities	25,004	24,300

(Millions of yen)

	FY2019	FY2020
	As of March 31, 2020	As of March 31, 2021
	Amount	Amount
(Net assets)		
Shareholders' equity		
Capital stock	8,545	8,570
Capital surplus		
Legal capital surplus	7,306	7,331
Other capital surplus	167	167
Total capital surplus	7,473	7,498
Retained earnings		
Legal retained earnings	1,097	1,097
Other retained earnings		
Reserve for dividends	500	500
Reserve for special account for advanced depreciation of noncurrent assets	98	96
General reserve	8,130	8,130
Retained earnings brought forward	7,746	6,709
Total retained earnings	17,573	16,533
Treasury stock	(2,257)	(2,258)
Total shareholders' equity	31,334	30,344
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(6)	—
Total valuation and translation adjustments	(6)	—
Total net assets	31,328	30,344
Total liabilities and net assets	56,332	54,645

(2) Non-consolidated statements of income

(Millions of yen)

	FY2019	FY2020
	(Apr. 1, 2019–Mar. 31, 2020)	(Apr. 1, 2020–Mar. 31, 2021)
	Amount	Amount
Net sales	63,484	56,278
Cost of sales		
Beginning finished goods	1,248	1,616
Cost of products manufactured	52,558	45,767
Purchase of finished goods	702	1,131
Transfer from other account	3,719	3,214
Total	58,228	51,729
Finished goods transfer to other account	166	164
Ending finished goods	1,616	1,362
Cost of finished goods sold	56,445	50,203
Gross profit	7,038	6,074
Selling, general and administrative expenses		
Packing and delivery expenses	2,438	2,172
Advertising expenses	42	38
Provision for product warranties	12	36
Directors' compensations	199	216
Salaries and allowances	1,128	1,022
Provision for bonuses	299	264
Provision for directors' bonuses	42	—
Provision for retirement benefits	73	81
Welfare expenses	489	435
Depreciation	232	229
Repair expenses	101	94
Taxes and dues	161	101
Rent expenses	253	265
Transportation and communication expenses	415	159
Research and development expenses	1,266	1,020
Insurance expenses	21	14
Provision of allowance for doubtful accounts	(0)	—
Stationery expenses	28	32
Entertainment expenses	49	9
Provision for shareholders benefit program	29	—
Commission Fee	291	241
Miscellaneous expenses	64	151
Total selling, general and administrative expense	7,641	6,590
Operating income (loss)	(602)	(515)
Non-operating income		
Interest income	3	1
Interest on securities	0	1
Dividends income	3,528	3,084
Foreign exchange gains	—	139
Subsidy income	—	104
Others	72	160
Total non-operating income	3,605	3,492

(Millions of yen)

	FY2019	FY2020
	(Apr. 1, 2019–Mar. 31, 2020)	(Apr. 1, 2020–Mar. 31, 2021)
	Amount	Amount
Non-operating expenses		
Interest expenses	43	40
Foreign exchange losses	109	—
Others	2	1
Total non-operating expenses	155	42
Ordinary income	2,847	2,934
Extraordinary income		
Gain on sales of noncurrent assets	50	10
Gain on sales of investment securities	1,498	—
Reversal of allowance for investment loss	227	—
Gain on extinguishment of tie-in shares	—	590
Total extraordinary income	1,775	601
Extraordinary Loss		
Loss on retirement of noncurrent assets	241	191
Impairment loss	1	111
Loss on sales of investment securities	382	3
Provision of allowance for investment loss	—	3,778
Loss on valuation of investments in capital of subsidiaries and affiliates	481	59
Provision of allowance for doubtful accounts of golf club membership	0	—
Loss on liquidation of subsidiaries	—	38
Loss on sales of property	—	90
Surcharges	24	3
Total extraordinary loss	1,132	4,275
Income before income taxes	3,491	(740)
Income taxes-current	713	427
Income taxes-deferred	41	(488)
Total income taxes	755	(60)
Net income(loss)	2,735	(679)

(3) Non-consolidated statements of changes in net assets
Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' Equity									
	Capital stock	Capital Surplus			Legal retained earnings	Retained Earnings				Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings				
						Reserve for dividends	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
As of April 1, 2019	8,545	7,306	167	7,473	1,097	500	101	8,130	5,694	15,523
Changes of items during the period										
Issuance of new shares										
Reversal of reserve for advanced depreciation of non-current assets							(2)		2	—
Dividends from surplus									(685)	(685)
Net income(loss)									2,735	2,735
Purchase of treasury stock										
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	—	(2)	—	2,052	2,049
As of March 31, 2020	8,545	7,306	167	7,473	1,097	500	98	8,130	7,746	17,573

(Millions of yen)

	Shareholders' Equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
As of April 1, 2019	(901)	30,642	456	456	31,098
Changes of items during the period					
Issuance of new shares					
Reversal of reserve for advanced depreciation of non-current assets		—			—
Dividends from surplus		(685)			(685)
Net income(loss)		2,735			2,735
Purchase of treasury stock	(1,356)	(1,356)			(1,356)
Net changes of items other than shareholders' equity			(462)	(462)	(462)
Total changes of items during the period	(1,356)	692	(462)	(462)	230
As of March 31, 2020	(2,257)	31,334	(6)	(6)	31,328

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

(Millions of yen)

	Shareholders' Equity									
	Capital stock	Capital Surplus			Retained Earnings					
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for dividends	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
As of April 1, 2020	8,545	7,306	167	7,473	1,097	500	98	8,130	7,746	17,573
Changes of items during the period										
Issuance of new shares	24	24		24						
Reversal of reserve for advanced depreciation of non-current assets							(2)		2	—
Dividends from surplus									(359)	(359)
Net income(loss)									(679)	(679)
Purchase of treasury stock										
Net changes of items other than shareholders' equity										
Total changes of items during the period	24	24	—	24	—	—	(2)	—	(1,036)	(1,039)
As of March 31, 2021	8,570	7,331	167	7,498	1,097	500	96	8,130	6,709	16,533

(Millions of yen)

	Shareholders' Equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
As of April 1, 2020	(2,257)	31,334	(6)	(6)	31,328
Changes of items during the period					
Issuance of new shares		49			49
Reversal of reserve for advanced depreciation of non-current assets		—			—
Dividends from surplus		(359)			(359)
Net income(loss)		(679)			(679)
Purchase of treasury stock	(0)	(0)			(0)
Net changes of items other than shareholders' equity			6	6	6
Total changes of items during the period	(0)	(990)	6	6	(983)
As of March 31, 2021	(2,258)	30,334	—	—	30,344

(4) Notes concerning non-consolidated financial statement
(Going concern assumptions)
Not applicable

(Notes in the event of significant changes in shareholders' equity)

According to the Board of Directors' resolution on July 20, 2020, we issued new shares on August 20, 2020, as restricted stock compensation (transfer-restricted share compensation) for directors and managing executive officers. The capital stock increased by 24 million yen, and the capital surplus increased by 24 million yen at the end of the consolidated fiscal year under review.

(Additional information)

(About the accounting estimate associated with the spread of novel coronavirus infections)

The spread of the COVID-19 pandemic is an event that has a widespread impact on the economy and corporate activities. There is a possibility that the operation adjustments of customers will have a significant impact on the T.RAD Group. However, in the latter half of the consolidated fiscal year (fiscal year ended in March 2021), the impact almost disappeared. If we assume that this situation will continue in the next consolidated fiscal year (fiscal year ending in March 2022), we have made accounting estimates for the current consolidated fiscal year (fiscal year ended in March 2021).

(Application of tax effect accounting related to the transition from the consolidated tax payment system to the Group Total System)

The Company and some consolidated domestic subsidiaries established a Group Total System under the Act on Partial Revision of Income Tax Act, etc. (Act No. 8 of 2020). The non-consolidated tax payment system was reviewed in line with the transition to this system. Regarding the review items, the provisions of Paragraph 44 of the Application Guidelines for Accounting Standards for Tax Effect Accounting (Corporate Accounting Standards Application Guideline No. 28, February 16, 2018) was not applied according to the interpretation of Paragraph 3 of the Handling of Application of Tax Effect Accounting for Transition from Consolidated Tax Payment System to Group Total System (by Practical Response Report No. 39, March 31, 2020). The amount of deferred tax assets and deferred tax liabilities is based on the provisions of the Income Tax Act before the revision.

(Significant subsequent events)

Not applicable