

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022(J-GAAP)

May 16, 2022

Company name: T.RAD Co., Ltd.

Code No.: 7236

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Scheduled date of the Ordinary General Meeting of Shareholders: June 28, 2022

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Supplemental materials prepared for consolidated financial results: None

Briefing on consolidated financial results: Yes

Listing: Tokyo Stock Exchange, Prime Market

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(Amounts less than one million yen have been truncated)

1. Consolidated Financial Performance for the Fiscal Year Ended March 31, 2022

(April 1, 2021 to March 31, 2022)

(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, 2022	133,581	18.2	5,041	298.7	5,997	289.4	3,600	—
Fiscal year ended March 31, 2021	113,046	-13.4	1,264	-55.5	1,540	-46.6	(1,239)	—

Note: Comprehensive income

Fiscal year ended March 31, 2022: ¥ 6,163 million (—%)

Fiscal year ended March 31, 2021: ¥ -954 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, 2022	515.97	—	8.4	6.6	3.8
Fiscal year ended March 31, 2021	(171.62)	—	-3.0	1.8	1.1

Reference: Equity earnings (losses) of affiliates

Fiscal year ended March 31, 2022: ¥ 435 million

Fiscal year ended March 31, 2021: ¥ -142 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, 2022	93,756	46,732	47.5	6,810.22
Fiscal year ended March 31, 2021	86,800	43,218	47.3	5,673.72

Reference: Shareholders' equity

As of March 31, 2022: ¥44,504 million

As of March 31, 2021: ¥41,048 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, 2022	7,262	(5,839)	(3,391)	13,404
Fiscal year ended March 31, 2021	7,475	(5,840)	(588)	14,614

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, 2021	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended March 31, 2022	—	40.00	—	120.00	160.00	1,065	31.0	2.4
Fiscal year ending March 31, 2023 (Forecast)	—	80.00	—	80.00	160.00		69.7	

3. Forecast of Consolidated Financial Performance for the Fiscal Year Ending March 31, 2023

(April 1, 2022 to March 31, 2023)

(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, 2022	75,000	14.4	1,400	-59.0	1,700	-51.2	200	-89.3	30.60
Fiscal year ending March 31, 2023	158,400	18.6	4,200	-16.7	4,600	-23.3	1,500	-58.3	229.54

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: Yes
 - 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, 2022: 6,712,411 shares
 - As of March 31, 2021: 8,380,711 shares
 - 2) Number of shares of treasury stock at end of period
 - As of March 31, 2022: 177,519 shares
 - As of March 31, 2021: 1,145,779 shares
 - 3) Average number of shares outstanding during the period
 - Fiscal year ended March 31, 2022: 6,978,068 shares
 - Fiscal year ended March 31, 2021: 7,223,025 shares

(Reference) Summary of Non-consolidated Financial Performance**1. Non-consolidated Financial Performance for Fiscal Year Ended March 31, 2022**

(April 1, 2021 to March 31, 2022)

(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, 2022	68,308	21.4	1,473	—	5,496	87.3	3,901	—
Fiscal year ended March 31, 2021	56,278	-11.4	(515)	-14.5	2,934	3.0	(679)	-124.8

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2022	559.11	—
Fiscal year ended March 31, 2021	(94.10)	—

(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, 2022	58,587	31,854	54.4	4,874.54
Fiscal year ended March 31, 2021	54,645	30,344	55.5	4,194.13

Reference: Shareholders' equity

As of March 31, 2022: ¥31,854 million

As of March 31, 2021: ¥30,344 million

2. Forecast of Non-Consolidated Financial Performance for the Fiscal Year Ending March 31, 2023

(April 1, 2022 to March 31, 2023)

(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, 2022	37,000	15.4	900	520.7	2,500	29.7	1,800	-6.7	275.44
Fiscal year ending March 31, 2023	77,000	12.7	1,800	22.2	4,900	-10.8	3,800	-2.6	581.49

* 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, 2022

(1) General overview of financial performance

General overview

The economic environment in the consolidated fiscal year showed signs of recovery from last year's COVID-19 pandemic. However, it has remained tough due to semiconductor shortages, soaring raw material prices, and the escalating tension in Ukraine. There is concern that uncertainty will continue.

Under the circumstances, the net sales of the TRAD Group (on a foreign currency basis) largely increased from the same period of the previous year except China and Other(including elimination). Operating income increased except China. The profit attributable to owner of parent increased from the same period of the previous year due to the net sales largely increased etc.

As a result, net sales during the consolidated fiscal year under review increased by 20,534 million yen from the previous fiscal year, amounting to 133,581 million yen (up 18.2% year on year), operating income increased by 3,776 million yen, amounting to 5,041 million yen (up 298.7% year on year), ordinary income increased by 4,457 million yen, amounting to 5,997 million yen (up 289.4% year on year) and profit attributable to owners of parent increased by 4,840 million yen, amounting to 3,600 million yen.

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, 2021	Fiscal year ended March 31, 2022	Increase/ Decrease	Percentage change (on a foreign currency basis)*	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	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	50,177	60,560	10,383	20.7	(506)	1,484	1,990	—
United States	23,567	29,104	5,537	11.1	(1,938)	(1,374)	563	36.2
Europe	2,982	4,432	1,449	36.3	(335)	(101)	234	72.1
Asia	11,774	15,325	3,550	22.2	1,166	2,308	1,142	92.0
China	23,465	23,888	423	-9.3	2,956	2,738	-217	-18.5
Other (including elimination)	1,078	270	-808	-73.9	(78)	(14)	63	81.1
Total	113,046	133,581	20,534	11.6	1,264	5,041	3,776	298.7

*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 were also affected by production cutbacks due to semiconductor shortages at major customers. However, the net sales remained at the same level as in the same period of the previous year. Net sales of products for construction industrial machines significantly increased from the same period of the previous year due to an increase in orders etc. As a result, the net sales in the Japan segment increased by 10,383 million yen, resulting in 60,560 million yen.

Operating income increased by 1,990 million yen from the same period of the previous year due to the net sales largely increased etc., resulting in 1,484 million yen.

(ii) United States

Net sales of products for automobile industry significantly increased from the same period of the previous year due to the commencement of mass production of models for which orders were newly received etc. Net sales of construction industrial machines decreased from the same period of the previous year due to the suspension of production of older models. As a result, the net sales in the United States segment increased by 5,537 million yen from the same period of the previous year, resulting in 29,104 million yen. On a foreign currency basis, it increased by 11.1%.

Operating loss of 1,374 million yen was posted, improved by 563 million yen from the same period of the previous year due to the net sales largely increased etc. On a foreign currency basis, it increased by 36.2%.

(iii) Europe

In the Czech Republic and Russia, the net sales of products for automotive industry significantly increased from the same period of the previous year due to an increase in orders etc. As a result, the net sales in the Europe segment increased by 1,449 million yen from the same period of the previous year, resulting in 4,432 million yen. On a foreign currency basis, it increased by 36.3%.

Operating loss of 101 million yen was posted, improved by 234 million yen from the same period of the previous year due to the net sales largely increased etc. On a foreign currency basis, it increased by 72.1%.

(iv) Asia

In Thailand, Indonesia and Vietnam, the net sales of products for automotive industry significantly increased from the same period of the previous year due to an increase in orders etc. As a result, the net sales in the Asia segment increased by 3,550 million yen from the same period of the previous year, resulting in 15,325 million yen. On a foreign currency basis, it increased by 22.2%.

Operating income increased by 1,142 million yen from the same period of the previous year due to the net sales largely increased etc., resulting in 2,308 million yen. On a foreign currency basis, it increased by 92.0%.

(v) China

Net sales of products for automobile industry decreased from the same period of the previous year due to lower sales of commercial vehicles and decreasing orders from Japanese customers. Net sales of products for construction industrial machines decreased from the same period of the previous year, due to a decrease in orders etc. As a result, the net sales in this segment increased by 423 million yen from the same period of the previous year, to 23,888 million yen, partly due to the impact of foreign exchange rates, despite a 9.3% decrease on a foreign currency basis.

Operating income decreased by 217 million yen from the same period of the previous year, to 2,738 million yen. On a foreign currency basis, it decreased by 18.5%.

Outlook for the fiscal year ending March 31, 2023

Regarding the outlook for the fiscal year, we expect an increase in net sales in all regions, except for some subsidiaries in China. However, the operating income and ordinary income are expected to decrease due to significant increases in raw material prices and distribution costs. Furthermore, we forecast extraordinary loss due to the deconsolidation of the Russian subsidiary in addition to the withdrawal from the Russian business. The profit attributable to owners of parent is also expected to decrease.

Therefore, we forecasts the following consolidated financial performance for the fiscal year ending March 31, 2023: net sales of 158,400 million yen (up 19% year on year), operating income of 4,200 million yen (down 17% year on year), ordinary income of 4,600 million yen (down 23% year on year), and profit attributable to owners of parent of 1,500 million yen (down 58% year on year).

As for the profit distribution for the fiscal year, we plan to pay out the same amount of dividend as in the previous fiscal year (an interim dividend of 80 yen, a year-end dividend of 80 yen, and an annual dividend of 160 yen).

(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 93,756 million yen (up 6,955 million yen from the end of the previous fiscal year) due to the increase of inventories and tangible fixed assets etc.

Liabilities resulted in 47,024 million yen (up 3,441 million yen) due to the increase of accounts payable-trade and long-term loans payable etc.

Net assets resulted in 46,732 million yen (up 3,514 million yen) due to the increase of foreign currency translation adjustment 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 7,262 million yen, a decrease of 213 million yen year on year due to the increase of inventories etc. despite increase of profit before income taxes.

Net cash used by investing activities was 5,839 million yen, an increase of 1 million yen year on year.

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 1,422 million yen (a decrease of 212 million yen year-on-year).

Furthermore, net cash used in financing activities was 3,391 million yen, an increase of 2,802 million yen year on year due to the repayment of long-term loans payable and purchase of treasury stock etc.

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)

	FY2020	FY2021
	As of March 31, 2021	As of March 31, 2022
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	14,403	13,264
Notes and accounts receivable-trade	2,403	2,004
Electronically recorded monetary claims-operating	3,025	3,012
Accounts receivable-trade	21,742	23,832
Short-term investment securities	489	489
Merchandise and finished goods	2,962	3,805
Work in process	523	902
Raw materials and supplies	5,290	8,152
Others	2,650	2,542
Allowance for doubtful accounts	(165)	(172)
Total current assets	53,326	57,835
Noncurrent assets		
Tangible fixed assets		
Buildings and structures	21,001	21,763
Accumulated depreciation	(15,156)	(16,048)
Building and structures, net	5,844	5,715
Machinery, equipment and vehicles	52,155	56,902
Accumulated depreciation	(37,618)	(41,824)
Machinery, equipment and vehicles, net	14,537	15,077
Land	2,344	2,384
Lease assets	746	826
Accumulated depreciation	(321)	(462)
Lease assets, net	424	364
Construction in progress	3,642	4,904
Other tangible fixed assets	30,475	31,592
Accumulated depreciation	(28,591)	(29,838)
Other tangible fixed assets, net	1,883	1,754
Total tangible fixed assets	28,676	30,200
Intangible assets		
Goodwill	11	—
Other intangible assets	1,222	1,613
Total intangible assets	1,234	1,613
Investments and other assets		
Investment securities	2,009	2,392
Net defined benefit asset	848	1,020
Long-term loans receivable from employees	0	—
Deferred tax assets	89	149
Others	628	549
Allowance for doubtful accounts	(13)	(5)
Total investments and other assets	3,563	4,106
Total noncurrent assets	33,474	35,921
Total assets	86,800	93,756

(Millions of yen)

	FY2020	FY2021
	As of March 31, 2021	As of March 31, 2022
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	13,074	13,994
Electronically recorded obligations - operating	3,295	4,249
Short-term loans payable	10,675	10,390
Lease obligations	444	495
Income taxes payable	484	948
Accrued expenses	2,628	3,081
Provision for bonuses	1,116	1,421
Provision for directors' bonuses	—	72
Provision for product warranties	578	272
Provision for loss on order received	148	187
Electronically recorded obligations - non-operating	461	474
Others	1,774	1,788
Total current liabilities	34,681	37,377
Noncurrent liabilities		
Long-term loans payable	5,910	6,720
Lease obligations	1,856	1,576
Deferred tax liabilities	694	867
Net defined benefit liability	230	287
Asset retirement obligations	91	92
Others	117	102
Total noncurrent liabilities	8,900	9,646
Total liabilities	43,582	47,024
(Net assets)		
Shareholders' equity		
Capital stock	8,570	8,570
Capital surplus	7,521	7,352
Retained earnings	27,466	27,004
Treasury stock	(2,258)	(421)
Total shareholders' equity	41,299	42,505
Valuation and translation adjustments		
Foreign currency translation adjustment	(1,171)	948
Remeasurements of defined benefit plans	920	1,049
Total accumulated other comprehensive income	(250)	1,998
Non-controlling interests	2,169	2,228
Total net assets	43,218	46,732
Total liabilities and net assets	86,800	93,756

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

(Millions of yen)

	FY2020	FY2021
	(Apr. 1, 2020–Mar. 31, 2021)	(Apr. 1, 2021–Mar. 31, 2022)
	Amount	Amount
Net sales	113,046	133,581
Cost of sales	102,205	118,478
Gross profit	10,841	15,103
Selling, general and administrative expenses		
Packing and delivery expenses	1,369	1,780
Provision for product warranties	594	273
Directors' compensations	229	244
Salaries and allowances	2,112	2,308
Provision for bonuses	308	399
Provision for directors' bonuses	—	72
Provision for directors' retirement benefits	0	—
Retirement benefit expenses	101	98
Welfare expenses	1,054	1,213
Depreciation	419	356
Rent expenses	395	443
Transportation and communication expenses	283	337
Research and development expenses	1,108	1,127
Entertainment expenses	21	19
Provision of allowance for doubtful accounts	94	4
Commission Fee	333	295
Amortization of goodwill	99	—
Miscellaneous expenses	1,049	1,086
Total selling, general and administrative expenses	9,576	10,061
Operating income (loss)	1,264	5,041
Non-operating income		
Interest income	131	156
Dividends income	3	2
Equity in earnings of affiliates	—	435
Foreign exchange gains	169	315
Subsidy income	118	104
Others	273	189
Total non-operating income	696	1,204
Non-operating expenses		
Interest expenses	263	235
Equity in losses of affiliates	142	—
Others	14	12
Total non-operating expenses	420	248
Ordinary income	1,540	5,997

(Millions of yen)

	FY2020	FY2021
	(Apr. 1, 2020–Mar. 31, 2021)	(Apr. 1, 2021–Mar. 31, 2022)
	Amount	Amount
Extraordinary income		
Gain on sales of noncurrent assets	46	36
Gain on sales of golf memberships	—	16
Total extraordinary income	46	52
Extraordinary loss		
Loss on retirement of noncurrent assets	210	128
Loss on sales of noncurrent assets	33	7
Loss on sales of investment securities	3	—
Impairment loss	# ¹ 1,274	# ¹ 15
Loss on liquidation of subsidiaries and associates	11	—
Surcharges	3	—
Total extraordinary loss	1,535	151
Income (loss) before income taxes	51	5,899
Income taxes-current	1,605	2,187
Income taxes-deferred	(593)	71
Total income taxes	1,012	2,258
Profit (loss)	(960)	3,640
Profit (loss) attributable to non-controlling interests	278	39
Profit (loss) attributable to owners of parent	(1,239)	3,600

(Consolidated statement of comprehensive income)

(Millions of yen)

	FY2020	FY2021
	(Apr. 1, 2020–Mar. 31, 2021)	(Apr. 1, 2021–Mar. 31, 2022)
	Amount	Amount
Profit (loss)	(960)	3,640
Other comprehensive income		
Valuation difference on available-for-sale securities	6	—
Foreign currency translation adjustment	(727)	2,353
Remeasurements of defined benefit plans, net of tax	767	128
Share of other comprehensive income of associates accounted for using equity method	(41)	41
Total other comprehensive income	6	2,523
Comprehensive income	(954)	6,163
(Breakdown)		
Comprehensive income attributable to owners of parent	(1,230)	5,849
Comprehensive income attributable to non-controlling interests	275	314

(3) Consolidated statements of changes in net assets
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
Cumulative effects of changes in accounting policies					
As of April 1, 2020 reflecting changes in accounting policies	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)
Disposal of treasury stock					—
Retirement of treasury stock					—
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
Cumulative effects of changes in accounting policies						
As of April 1, 2020 reflecting changes in accounting policies	(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)
Disposal of treasury stock						—
Retirement of treasury stock						—
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

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

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2021	8,570	7,521	27,466	(2,258)	41,299
Cumulative effects of changes in accounting policies			(1)		(1)
As of April 1, 2021 reflecting changes in accounting policies	8,570	7,521	27,464	(2,258)	41,298
Changes of items during the period					
Issuance of new shares					—
Dividends from surplus			(281)		(281)
Profit attributable to owners of parent			3,600		3,600
Purchase of treasury stock				(2,159)	(2,159)
Disposal of treasury stock		12		36	49
Retirement of treasury stock		(179)	(3,779)	3,959	—
Change in ownership interest of parent due to transactions with non-controlling interests		(1)			(1)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(169)	(460)	1,837	1,207
As of March 31, 2022	8,570	7,352	27,004	(421)	42,505

(Millions of yen)

	Valuation and translation adjustments			Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
As of April 1, 2021	(1,171)	920	(250)	2,169	43,218
Cumulative effects of changes in accounting policies					(1)
As of April 1, 2021 reflecting changes in accounting policies	(1,171)	920	(250)	2,169	43,216
Changes of items during the period					
Issuance of new shares					—
Dividends from surplus					(281)
Profit attributable to owners of parent					3,600
Purchase of treasury stock					(2,159)
Disposal of treasury stock					49
Retirement of treasury stock					—
Change in ownership interest of parent due to transactions with non-controlling interests					(1)
Net changes of items other than shareholders' equity	2,120	128	2,249	58	2,308
Total changes of items during the period	2,120	128	2,249	58	3,515
As of March 31, 2022	948	1,049	1,998	2,228	46,732

(4) Consolidated statements of cash flows

(Millions of yen)

	FY2020	FY2021
	(Apr. 1, 2020–Mar. 31, 2021)	(Apr. 1, 2021–Mar. 31, 2022)
	Amount	Amount
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	51	5,899
Depreciation and amortization	6,420	5,836
Impairment loss	1,274	15
Retirement benefit expenses	(14)	(1)
Increase (decrease) in net defined benefit liability	103	60
Increase (decrease) in provision for directors' retirement benefits	(4)	—
Increase (decrease) in allowance for doubtful accounts	94	(22)
Increase (decrease) in provision for bonuses	(165)	302
Increase (decrease) in provision for directors' bonuses	(43)	72
Increase (decrease) in provision for product warranties	397	(330)
Increase (decrease) in provision for shareholders benefit program	(39)	—
Loss on retirement of noncurrent assets	210	128
Loss (gain) on sales of tangible fixed assets	(13)	(29)
Loss (gain) on sales of investment securities	3	—
Surcharges	3	—
Interests and dividends income	(135)	(158)
Interests expenses	263	235
Foreign exchange losses (gains)	(44)	(85)
Equity in (earnings) losses of affiliates	142	(435)
Decrease (increase) in notes and accounts receivable-trade	(1,309)	(66)
Decrease (increase) in inventories	1,272	(3,322)
Increase (decrease) in notes and accounts payable-trade	788	780
Decrease (increase) in other current assets	(229)	147
Increase (decrease) in other current liabilities	159	(42)
Other, net	162	(7)
Subtotal	9,349	8,975
Interest and dividends income received	140	252
Interest expenses paid	(254)	(228)
Income taxes paid	(1,756)	(1,737)
Surcharges	(3)	—
Net cash provided by (used in) operating activities	7,475	7,262

(Millions of yen)

	FY2020	FY2021
	(Apr. 1, 2020–Mar. 31, 2021)	(Apr. 1, 2021–Mar. 31, 2022)
	Amount	Amount
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	853	1,314
Payments into time deposits	(943)	(1,356)
Purchase of tangible fixed assets	(5,472)	(5,231)
Proceeds from sales of tangible fixed assets	182	88
Purchase of intangible assets	(350)	(581)
Proceeds from sales of investment securities	12	7
Payments for asset retirement obligations	(100)	(100)
Other, net	(22)	19
Net cash provided by (used in) investing activities	(5,840)	(5,839)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,548	65
Proceeds from long-term loans payable	—	3,820
Repayment of long-term loans payable	(939)	(4,138)
Purchase of treasury stock	(0)	(2,159)
Cash dividends paid	(359)	(281)
Cash dividends paid to non-controlling shareholders	(199)	(211)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(59)	(42)
Others	(576)	(444)
Net cash provided by (used in) financing activities	(588)	(3,391)
Effect of exchange rate change on cash and cash equivalents	(156)	758
Net increase (decrease) in cash and cash equivalents	889	(1,210)
Cash and cash equivalents at beginning of period	13,724	14,614
Cash and cash equivalents at end of period	14,614	13,404

(5) Notes concerning Consolidated Financial Statements

(Going concern assumptions)

Not applicable

(Changes of accounting policy)

(Application of accounting standard for revenue recognition)

We have applied the Accounting Standard for Revenue Recognition (hereinafter referred to as the “ASRR”) under Statement No. 29, March 31, 2020, of the Accounting Standards Board of Japan (ASBJ) since the beginning of the current consolidated fiscal year. We recognize revenue as the amount receivable in exchange for goods or services when the possession of the promised goods or services is transferred to the customer.

As a result of the adoption of the ASRR, We have changed from recognition of the cancellation of paid-for supplies in paid-for transactions to non-recognition of the cancellation of such supplies if we are obligated to repurchase the supplies.

We have complied with the transitional treatment prescribed in the provision of Paragraph 84 of the ASRR to apply ASRR, adjusted retained earnings per the cumulative effect of retroactively applying the new accounting policy before the current fiscal year to at the beginning of the current fiscal year and applied the new accounting policy to the balance at the beginning of this fiscal year. However, following the method specified in Paragraph 86 of the ASRR, we have not applied the new accounting policy retrospectively to contracts for which almost all revenues were recognized per the previous treatment before the beginning of the current consolidated fiscal year. Furthermore, we have applied the method prescribed in Paragraph 86 (1) of the ASRR, conducted account processing for changes in contracts made before the current consolidated fiscal year based on the contract terms after reflecting all contract changes and adjusted the retained earnings per the cumulative effect of the changes at the beginning of the current consolidated fiscal year.

As a result, in the consolidated balance sheet for current consolidated fiscal year, raw materials increased by 227 million yen, current assets and others decreased by 200 million yen and retained earnings increased by 26 million yen. In the consolidated statements of income for current consolidated fiscal year, the cost of sales decreased by 27 million yen. The operating income, ordinary income, and profit before income taxes each increased by 27 million yen. The balance of retained earnings at the beginning of the current fiscal year decreased by 1 million yen. In addition, the effect on per share information is negligible.

(Application of accounting standard for the fair value measurement)

We have applied the Accounting Standard for Fair Value Measurement (hereinafter referred to as the “Fair Value Measurement Standard”) under Statement No. 30, July 4, 2019, of the Accounting Standards Board of Japan (ASBJ) since the beginning of the current consolidated fiscal year. Under the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the Accounting Standards for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), we will apply the new accounting policy prescribed by the Fair Value Measurement Standard prospectively. This arrangement does not affect the current consolidated fiscal year.

(Consolidated statements of income)

#1 Impairment Loss:

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

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.

FY2021 (April 1, 2021–March 31, 2022)

Place	Purpose of use	Type	Impairment loss (Millions of yen)
T.RAD Czech s.r.o Unhost, Czech	Manufacture and sales of heat exchangers	Machinery, equipment and vehicles	15
		Subtotal	15
		Total	15

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, as to manufacture and sales of heat exchangers in the 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. 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 current consolidated fiscal year (fiscal year ended in March 2022), the impact almost disappeared. If we assume that this situation will continue in the next consolidated fiscal year (fiscal year ending in March 2023), we have made accounting estimates for the current consolidated fiscal year (fiscal year ended in March 2022).

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

We and some of our consolidated domestic subsidiaries will shift from the consolidated tax payment system to the group totalization system from the next consolidated fiscal year. However, some items in the non-consolidated tax payment system were reviewed according to the shifting to the group aggregation system established by the Act for Partial Revision of the Income Tax Acts and other Acts (Act No. 8 of 2020). For such items, the provisions of paragraph 44 of the Guidance on Accounting Standard for Tax Effect Accounting (Guidance No. 28 of the Accounting Standards Board of Japan (ASBJ), February 16, 2018) are not applied due to the treatment in paragraph 3 of the Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (Practical Issues Task Force No. 39, March 31, 2020). The deferred tax assets and deferred tax liabilities are based on the tax law before the revision.

Effective from the beginning of the next fiscal year, we plan to apply the Treatment for Auditing of Reserve under Special Taxation Measures Law and Reserve under Special Laws (Practical Issues Task Force No. 42, August 12, 2021). The said treatment provides for the accounting treatment and disclosure of corporate tax, local tax, and tax effect accounting in the case of applying the group totalization system.

(Segment information)

1. General information of reportable segments

Our reportable segments are its components for which separate financial information is available. Our reportable segments are its components for which separate financial information is available. These components are subject to periodic review by the Management Committee, composed of directors, corporate auditors, etc., to share the status of business execution and important matters and issues.

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, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segment						Other	Total
	Japan	United 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.

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

(Millions of yen)

	Reportable segment						Other	Total
	Japan	United States	Europe	Asia	China	Total		
Net Sales:								
Sales to outside customers	60,560	29,104	4,432	15,325	23,888	133,311	270	133,581
Intersegment sales or transfers	7,747	120	336	206	2,001	10,412	1,915	12,328
Total	68,308	29,224	4,769	15,531	25,890	143,723	2,186	145,909
Segment income (loss)	1,484	(1,374)	(101)	2,308	2,738	5,056	64	5,120
Segment assets	65,174	19,317	3,132	10,100	19,173	116,898	928	117,826
Other items								
Depreciation	2,844	1,265	105	745	804	5,765	69	5,835
Investment amount in equity-method affiliate	531	-	-	-	-	531	-	531
Increase of tangible fixed assets and intangible assets	2,940	1,427	231	512	1,132	6,244	26	6,271

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	FY2020	FY2021
Total of reportable segments	120,210	143,723
Net sales of the classification "Others"	2,888	2,186
Elimination of trades among segments	(10,052)	(12,328)
Net sales in the consolidated financial statements	113,046	133,581

(Millions of yen)

Profit	FY2020	FY2021
Total of reportable segments	1,343	5,055
Profit of the classification "Others"	(36)	64
Elimination of trades among segments	(41)	(78)
Operating income in the consolidated financial statements	1,264	5,041

(Millions of yen)

Assets	FY2020	FY2021
Total of reportable segments	106,007	116,898
Assets of the classification "Others"	1,060	928
Elimination of trades among segments	(20,265)	(24,069)
Total assets in the consolidated financial statements	86,800	93,756

(Millions of yen)

Other items	Total of reportable segments		Other		Adjustments(Note)		Posted amounts in the consolidated financial statements	
	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021
Depreciation	6,429	5,765	88	69	(97)	0	6,420	5,836
Investment amount to equity-method affiliate	531	531	—	—	1,435	1,818	1,966	2,349
Increase of tangible fixed assets and intangible assets	6,110	6,244	37	26	(213)	(98)	5,935	6,173

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: (98) million yen

(Supplementary information)

Sales states (consolidated)

(Millions of yen)

	FY2020 (April 1, 2020 to March 31, 2021)		FY2021 (April 1, 2021 to March 31, 2022)		Increase/Decrease	
	Amount	%	Amount	%	Amount	%
For Automobile	85,817	75.9	97,452	73.0	11,634	13.6
For construction & industrial machine	22,381	19.8	31,814	23.8	9,432	42.1
For Air conditioner	1,961	1.7	2,128	1.6	166	8.5
Other	2,885	2.6	2,186	1.6	-698	-24.2
Total	113,046	100.0	133,581	100.0	20,534	18.2

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

(Per share information)

	FY2020 (April 1, 2020–March 31, 2021)	FY2021 (April 1, 2021–March 31, 2022)
Net assets per share:	¥5,673.72	¥6,810.22
Net income(loss) per share:	¥(171.62)	¥515.97

(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(loss) per share as follows.

	FY2020 (April 1, 2020–March 31, 2021)	FY2021 (April 1, 2021–March 31, 2022)
Net income(loss) per share		
Profit(Loss) attributable to owners of parent (Millions of yen)	(1,239)	3,600
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)	(1,239)	3,600
Average number of shares of common stock during the period (Thousands)	7,223	6,978

(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

4. Non-Consolidated Financial Statements and main notes

(1) Non-consolidated balance sheets

(Millions of yen)

	FY2020	FY2021
	As of March 31, 2021	As of March 31, 2022
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	5,957	3,860
Notes receivable-trade	126	308
Electronically recorded monetary claims-operating	3,025	3,012
Accounts receivable-trade	13,128	15,482
Short-term investment securities	489	489
Merchandise and finished goods	1,463	1,561
Work in process	975	937
Raw materials and supplies	600	671
Prepaid expenses	149	129
Accounts receivable-other	2,065	2,060
Other current assets	3	6
Allowance for doubtful accounts	(0)	—
Total current assets	27,984	28,520
Noncurrent assets		
Tangible Fixed Assets		
Buildings	12,684	12,792
Accumulated depreciation	(10,048)	(10,332)
Buildings, net	2,636	2,460
Structures	1,542	1,566
Accumulated depreciation	(1,296)	(1,331)
Structures, net	246	235
Machinery and equipment	26,087	26,410
Accumulated depreciation	(19,953)	(20,625)
Machinery and equipment, net	6,133	5,785
Vehicles	128	110
Accumulated depreciation	(113)	(100)
Vehicles, net	14	9
Tools, furniture and fixtures	25,296	25,494
Accumulated depreciation	(24,357)	(24,813)
Tools, furniture and fixtures, net	938	681
Land	1,771	1,771
Lease assets	21	25
Accumulated depreciation	(20)	(19)
Lease assets, net	0	6
Construction in progress	1,223	2,048
Other, net	0	0
Total Tangible Fixed Assets	12,966	12,997
Intangible assets		
Software	428	262
Other intangible assets	381	878
Total intangible assets	809	1,140

(Millions of yen)

	FY2020	FY2021
	As of March 31, 2021	As of March 31, 2022
	Amount	Amount
Investments and other assets		
Investment securities	42	42
Stocks of subsidiaries and affiliates	8,066	8,184
Investments in capital of subsidiaries and affiliates	7,446	7,873
Long-term prepaid expenses	11	9
Long-term loans receivable from employees	0	—
Insurance funds	49	49
Deferred tax assets	896	916
Others	162	139
Allowance for doubtful accounts	(13)	(5)
Allowance for investment loss	(3,778)	(1,280)
Total investments and other assets	12,884	15,928
Total noncurrent assets	26,660	30,066
Total assets	54,645	58,587
(Liabilities)		
Current liabilities		
Electronically recorded obligations – operating	3,295	4,249
Accounts payable-trade	6,343	7,039
Short-term loans payable	3,992	2,882
Lease obligations	196	228
Accounts payable-other	533	824
Income taxes payable	61	516
Accrued consumption taxes	164	58
Accrued expenses	1,337	1,522
Advances received	173	104
Deposits received	63	53
Provision for bonuses	1,072	1,367
Provision for directors' bonuses	—	72
Provision for product warranties	23	32
Electronically recorded obligations - non-operating	461	474
Others	7	4
Total current liabilities	17,726	19,431
Noncurrent liabilities		
Long-term loans payable	5,752	6,690
Lease obligations	226	4
Provision for retirement benefits	493	507
Asset retirement obligations	63	63
Others	38	35
Total noncurrent liabilities	6,574	7,301
Total liabilities	24,300	26,733

(Millions of yen)

	FY2020	FY2021
	As of March 31, 2021	As of March 31, 2022
	Amount	Amount
(Net assets)		
Shareholders' equity		
Capital stock	8,570	8,570
Capital surplus		
Legal capital surplus	7,331	7,331
Other capital surplus	167	—
Total capital surplus	7,498	7,331
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	96	110
General reserve	8,130	8,130
Retained earnings brought forward	6,709	6,535
Total retained earnings	16,533	16,374
Treasury stock	(2,258)	(421)
Total shareholders' equity	30,344	31,854
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	—	—
Total valuation and translation adjustments	—	—
Total net assets	30,344	31,854
Total liabilities and net assets	54,645	58,587

(2) Non-consolidated statements of income

(Millions of yen)

	FY2020	FY2021
	(Apr. 1, 2020–Mar. 31, 2021)	(Apr. 1, 2021–Mar. 31, 2022)
	Amount	Amount
Net sales	56,278	68,308
Cost of sales		
Beginning finished goods	1,616	1,362
Cost of products manufactured	45,767	54,023
Purchase of finished goods	1,131	2,046
Transfer from other account	3,214	3,636
Total	51,729	61,068
Finished goods transfer to other account	164	167
Ending finished goods	1,362	1,435
Cost of finished goods sold	50,203	59,465
Gross profit	6,074	8,842
Selling, general and administrative expenses		
Packing and delivery expenses	2,172	2,692
Advertising expenses	38	36
Provision for product warranties	36	43
Directors' compensations	216	220
Salaries and allowances	1,022	1,086
Provision for bonuses	264	345
Provision for directors' bonuses	—	72
Provision for retirement benefits	81	73
Welfare expenses	435	433
Depreciation	229	176
Repair expenses	94	125
Taxes and dues	101	98
Rent expenses	265	336
Transportation and communication expenses	159	204
Research and development expenses	1,020	1,035
Insurance expenses	14	19
Stationery expenses	32	81
Entertainment expenses	9	5
Commission Fee	241	196
Miscellaneous expenses	151	87
Total selling, general and administrative expense	6,590	7,369
Operating income (loss)	(515)	1,473
Non-operating income		
Interest income	1	1
Interest on securities	1	1
Dividends income	3,084	3,616
Foreign exchange gains	139	283
Subsidy income	104	33
Others	160	127
Total non-operating income	3,492	4,064

(Millions of yen)

	FY2020	FY2021
	(Apr. 1, 2020–Mar. 31, 2021)	(Apr. 1, 2021–Mar. 31, 2022)
	Amount	Amount
Non-operating expenses		
Interest expenses	40	39
Others	1	2
Total non-operating expenses	42	41
Ordinary income	2,934	5,496
Extraordinary income		
Gain on sales of noncurrent assets	10	0
Gain on extinguishment of tie-in shares	590	—
Gain on sales of golf memberships	—	16
Total extraordinary income	601	16
Extraordinary Loss		
Loss on sales of noncurrent assets	—	5
Loss on retirement of noncurrent assets	191	114
Impairment loss	111	—
Loss on sales of investment securities	3	—
Provision of allowance for investment loss	3,778	103
Loss on valuation of shares of subsidiaries and associates	—	590
Loss on valuation of investment securities	59	—
Loss on liquidation of subsidiaries	38	—
Loss on sales of property	90	—
Surcharges	3	—
Total extraordinary loss	4,275	813
Income before income taxes	(740)	4,699
Income taxes-current	427	817
Income taxes-deferred	(488)	(20)
Total income taxes	(60)	797
Net income(loss)	(679)	3,901

(3) Non-consolidated statements of changes in net assets
Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(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, 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						
Provision of reserve for advanced depreciation of non-current assets										
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										
Disposal of treasury stock										
Retirement 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
Provision of reserve for advanced depreciation of non-current assets					
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)
Disposal of treasury stock					
Retirement of treasury stock					
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

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

(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, 2021	8,570	7,331	167	7,498	1,097	500	96	8,130	6,709	16,533
Changes of items during the period										
Provision of reserve for advanced depreciation of non-current assets							16		(16)	—
Reversal of reserve for advanced depreciation of non-current assets							(2)		2	—
Dividends from surplus									(281)	(281)
Net income									3,901	3,901
Purchase of treasury stock										
Disposal of treasury stock			12	12						
Retirement of treasury stock			(179)	(179)					(3,779)	(3,779)
Total changes of items during the period	—	—	(167)	(167)	—	—	14	—	(173)	(159)
As of March 31, 2022	8,570	7,331	—	7,331	1,097	500	110	8,130	6,535	16,374

(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, 2021	(2,258)	30,344	—	—	30,344
Changes of items during the period					
Provision of reserve for advanced depreciation of non-current assets		—			—
Reversal of reserve for advanced depreciation of non-current assets		—			—
Dividends from surplus		(281)			(281)
Net income		3,901			3,901
Purchase of treasury stock	(2,159)	(2,159)			(2,159)
Disposal of treasury stock	36	49			49
Retirement of treasury stock	3,959	—			—
Total changes of items during the period	1,837	1,510	—	—	1,510
As of March 31, 2022	(421)	31,854	—	—	31,854

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

(Changes of accounting policy)

(Application of accounting standard for revenue recognition)

We have applied the Accounting Standard for Revenue Recognition (hereinafter referred to as the “ASRR”) under Statement No. 29, March 31, 2020, of the Accounting Standards Board of Japan (ASBJ) since the beginning of the current consolidated fiscal year. We recognize revenue as the amount receivable in exchange for goods or services when the possession of the promised goods or services is transferred to the customer.

For certain paid-in transactions in which we are obligated to repurchase supplies, we apply the alternative treatment and recognize the extinguishment of such supplies.

We have complied with the transitional treatment prescribed in the provision of Paragraph 84 of the ASRR to apply ASRR, adjusted retained earnings per the cumulative effect of retroactively applying the new accounting policy before the current fiscal year to at the beginning of the current fiscal year and applied the new accounting policy to the balance at the beginning of this fiscal year. However, following the method specified in Paragraph 86 of the ASRR, we have not applied the new accounting policy retrospectively to contracts for which almost all revenues were recognized per the previous treatment before the beginning of the current consolidated fiscal year. Furthermore, we have applied the method prescribed in Paragraph 86 (1) of the ASRR, conducted account processing for changes in contracts made before the current consolidated fiscal year based on the contract terms after reflecting all contract changes and adjusted the retained earnings per the cumulative effect of the changes at the beginning of the current consolidated fiscal year.

This Application of accounting standard does not affect the current consolidated fiscal year.

(Application of accounting standard for the fair value measurement)

We have applied the Accounting Standard for Fair Value Measurement (hereinafter referred to as the “Fair Value Measurement Standard”) under Statement No. 30, July 4, 2019, of the Accounting Standards Board of Japan (ASBJ) since the beginning of the current consolidated fiscal year. Under the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the Accounting Standards for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), we will apply the new accounting policy prescribed by the Fair Value Measurement Standard prospectively. This arrangement does not affect the current consolidated fiscal year.

(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 current consolidated fiscal year (fiscal year ended in March 2022), the impact almost disappeared. If we assume that this situation will continue in the next consolidated fiscal year (fiscal year ending in March 2023), we have made accounting estimates for the current consolidated fiscal year (fiscal year ended in March 2022).

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

We will shift from the consolidated tax payment system to the group totalization system from the next consolidated fiscal year. However, some items in the non-consolidated tax payment system were reviewed according to the shifting to the group aggregation system established by the Act for Partial Revision of the Income Tax Acts and other Acts (Act No. 8 of 2020). For such items, the provisions of paragraph 44 of the Guidance on Accounting Standard for Tax Effect Accounting (Guidance No. 28 of the Accounting Standards Board of Japan (ASBJ), February 16, 2018) are not applied due to the treatment in paragraph 3 of the Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (Practical Issues Task Force No. 39, March 31, 2020). The deferred tax assets and deferred tax liabilities are based on the tax law before the revision.

Effective from the beginning of the next fiscal year, we plan to apply the Treatment for Auditing of Reserve under Special Taxation Measures Law and Reserve under Special Laws (Practical Issues Task Force No. 42, August 12, 2021). The said treatment provides for the accounting treatment and disclosure of corporate tax, local tax, and tax effect accounting in the case of applying the group totalization system.

(Significant subsequent events)

Not applicable