



Consolidated Earnings Report for Fiscal 2021 [Japanese GAAP]

April 27, 2021

Company Name:	KOITO MANUFACTURING CO., LTD.
Stock Listing:	First Section, Tokyo Stock Exchange
Code Number:	7276
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Planned Date of the General Meeting of Shareholders:	June 29, 2021
Planned Date of Dividends Payment:	June 30, 2021
Planned Date of Filing of Annual Securities Report:	June 30, 2021
Supplementary explanatory materials prepared:	Yes
Explanatory meeting:	Yes

(¥ millions are rounded down)

1. Consolidated Results for Fiscal 2021 (April 1, 2020 to March 31, 2021)

(1) Consolidated Operating Result (¥ millions; percentage figures represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Profit attributable to owners of parent	
Fiscal 2021	706,376	△11.8%	56,707	△31.2%	61,107	△28.3%	37,612	△35.2%
Fiscal 2020	800,928	△3.1%	82,411	△18.8%	85,264	△19.2%	58,022	△20.4%

Note: Comprehensive income: Fiscal 2021: ¥68,457 million (65.9%), Fiscal 2020: ¥41,268 million (△45.5%)

	Net income per share (¥)	Net income per share (diluted) (¥)	Return on equity (%)	Recurring profit to total assets ratio (%)	Operating income to net sales ratio (%)
Fiscal 2021	234.00	233.93	7.4	8.1	8.0
Fiscal 2020	360.99	360.87	12.3	11.6	10.3

Note: Equity in earnings of affiliated companies: Fiscal 2021: ¥△595 million, Fiscal 2020: ¥△350 million

(2) Consolidated Financial Position

(¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
March 31, 2021	782,163	569,438	68.7	3,344.65
March 31, 2020	729,715	513,524	65.8	2,989.43

Note: Equity: March 31, 2021: ¥537,605 million, March 31, 2020: ¥480,503 million

(3) Consolidated Cash Flows

(¥ millions)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of year
Fiscal 2021	74,962	△1,093	△18,324	161,855
Fiscal 2020	84,972	△44,728	△32,010	104,202

2. Dividends

	Dividend per share (¥)					Dividend paid (annual) (¥ millions)	Payout ratio (Consolidated) (%)	Ratio of dividends to net assets (Consolidated) (%)
	First quarter	Second quarter	Third quarter	Year end	Full year			
Fiscal 2020	—	52.00	—	20.00	72.00	11,572	19.9	2.5
Fiscal 2021	—	20.00	—	30.00	50.00	8,036	21.4	1.6
Fiscal 2022 (forecast)	—	—	—	—	—		—	

Notes: Forecasts of dividends for fiscal 2022 are currently undecided.

3. Forecast of Consolidated Results for Fiscal 2022 (April 1, 2021 to March 31, 2022)

(¥ millions; percentage figures represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Profit attributable to owners of parent		Net income per share (¥)
First half	353,000	21.4%	24,000	208.3%	25,000	136.6%	16,000	149.2%	99.54
Full year	766,000	8.4%	62,000	9.3%	64,000	4.7%	42,000	11.7%	261.30

*Notes

(1) Changes to important subsidiaries during fiscal 2021 (changes in specified subsidiaries resulting in revised scope of consolidation): Yes

Excluded: 1 company

(Company name) KI HOLDINGS CO., LTD.

Note: For details, please refer to the attached material P.13 “3. Consolidated Financial Statement and Notes (5) Note to Consolidated Financial Statements (Changes to Important Subsidiaries during the Fiscal 2021)”

(2) Changes in accounting principles, accounting estimates and restatements

① Changes in accounting policies in conjunction with revisions to accounting standards: None

② Other changes : None

③ Changes in accounting estimates : None

④ Restatements : None

(3) Number of shares issued (common stock)

① Number of shares issued

(shares)

(including treasury stock):

March 31, 2021	160,789,436	March 31, 2020	160,789,436
March 31, 2021	53,614	March 31, 2020	55,390
Fiscal 2021	160,734,989	Fiscal 2020	160,733,215

② Number of treasury stocks:

③ Average number of shares during the year:

《 For Reference Only 》

Non-consolidated Earnings Report for Fiscal 2021

1. Non-consolidated Results for Fiscal 2021 (April 1, 2020 to March 31, 2021)

(1) Non-consolidated Business Results (¥ millions; percentage figures represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2021	312,201	△12.4%	21,138	△17.3%	38,185	△18.3%	38,048	△8.6%
Fiscal 2020	356,505	△2.1%	25,574	△33.3%	46,713	△17.5%	41,644	△5.6%

	Net income per share (¥)	Net income per share (diluted) (¥)
Fiscal 2021	236.72	236.64
Fiscal 2020	259.09	259.01

(2) Non-consolidated Financial Position (¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
March 31, 2021	469,849	365,178	77.7	2,270.53
March 31, 2020	430,006	324,311	75.4	2,016.25

Note: Equity: March 31, 2021: ¥364,955 million, March 31, 2020: ¥324,080 million

2. Forecast of Non-consolidated Results for Fiscal 2022 (April 1, 2021 to March 31, 2022)

(¥ millions; percentage figures represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Net income		Net income per share (¥)
First half	152,000	15.2%	8,000	77.6%	20,000	15.7%	16,000	△35.6%	99.54
Full year	323,000	3.5%	20,000	△5.4%	38,000	△0.5%	29,000	△23.8%	180.42

*This consolidated earnings report is not subject to the auditing procedures by certified public accountants or auditing firms.

*Explanations concerning proper use of business forecasts and other noteworthy matters (Notes on future assumptions)

The above forecasts are based on information available, and certain assumptions that are judged to be reasonable, at the time of the release of this report. KOITO is not promising that the Company will achieve these forecasts. Actual results could differ from forecasts due to a variety of factors.

The exchange conversion rate based on the business forecast for fiscal 2022, the year ending March 2022 is calculated as 1.00 US\$ = ¥100.0 and 1 CNY = ¥15.0.

(Supplementary materials for financial results)

KOITO is scheduled to have an earnings release conference for securities analysts and institutional investors on May 14, 2021. Supplementary materials will be available on our website.

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1. Outline of Consolidated Results

(1) Outline of Consolidated Results in Fiscal 2021

During the period under review, the uncertainty of the Japanese economy has increased due to concerns of the spread of the COVID-19 infections, and the worsening employment situation and corporate performance.

Globally, the overall world economy decelerated due to a slowdown of the economic activities caused by the novel coronavirus pandemic, the dispute between the U.S. and China, and the geopolitical risks.

In the Japanese automobile industry, the production volume decreased year on year for both domestic and export vehicles.

In overseas, the production volume increased in China etc., year on year. However, the global automobile production volume as a whole has decreased year on year due to the decrease in the production volume in North America, Europe, ASEAN countries, India and other regions.

In this climate, despite an increase in new orders in the mainstay automotive lighting equipment segment and a shift in automobile lamps to LED, the KOITO Group's net sales for the fiscal 2021 decreased 11.8% year on year to ¥706.3 billion due to a year on year decrease in sales in Japan, North America, and Asia, caused by a decrease in the automobile production volume.

Results by geographical segment are outlined as follows:

[Japan]

Despite an increase in new orders and a shift in automobile lamps to LED, sales in Japan decreased 11.1% year on year to ¥341.0 billion due to a decrease in the domestic automobile production volume.

[North America]

Despite an increase in new orders and a shift in automobile lamps to LED, sales in North America decreased 21.2% year on year to ¥143.4 billion due to a decrease in automobile production volume and the effect of currency exchange.

[China]

Sales in China increased 10.4% year on year to ¥103.4 billion due to an increase in automobile production volume.

[Asia]

Despite a shift in automobile lamps to LED, sales in Asia decreased 15.2% year on year to ¥86.2 billion due to a decrease in automobile production volume and the effect of currency exchange.

[Europe]

Sales in Europe decreased 21.1% year on year to ¥27.6 billion due to a decrease in automobile production volume.

[Other regions]

Despite an increase in new orders, decreased 4.1% year on year to ¥4.5 billion due to a decrease in automobile production volume and the effect of currency exchange.

On the earnings front, although KOITO strongly implemented cost reduction and rationalization in response to the decrease in sales, the operating income decreased 31.2% year on year to ¥56.7 billion, recurring profit decreased 28.3% year on year to ¥61.1 billion, and the profit attributable to owners of parent decreased 35.2% year on year to ¥37.6 billion. This was attributable to the investment to meet new orders, and investment in R&D activities for the future growth.

(2) Outline of Financial Position in Fiscal 2020

-1. Assets, liabilities and net assets

Total assets as of March 31, 2021 increased ¥52.4 billion to ¥782.1 billion. This was mainly due to an increase in cash and time deposits, and an increase in investments in securities led by an increase in the evaluation of the market value accompanying the rise in the stock price.

Total liabilities as of March 31, 2021 decreased ¥3.4 billion to ¥212.7 billion, due to the repayment of debt, even though the accounts payable increased.

Net assets as of March 31, 2021 increased ¥55.9 billion to ¥569.4 billion due to an increase in the retained earnings led by the net income attributable to the owners of the parent, and an increase in the total amount of other comprehensive income accompanying the weak Yen, and rise in the stock price.

-2. Cash flows

Cash flow by the operating activities resulted in ¥74.9 billion, mainly reflecting a pretax net profit for the term of ¥59.4 billion and depreciation of ¥37.9 billion, where funds of ¥90.0 billion were secured after payment of the corporate tax.

Investment activities used net cash of ¥1.0 billion mainly reflecting the equipment investment of ¥33.5 billion, and refund of time deposits.

Financing activities used net cash of ¥18.3 billion mainly reflecting expenditures of ¥9.4 billion led by payment of long term debt, and payment of dividends of ¥8.8 billion.

As a result, the cash and cash equivalent as of March 31, 2021 were ¥161.8 billion, ¥57.6 billion higher than on March 31, 2020.

(3) Forecasts for Fiscal 2022

The global automobile production volume is expected to recover, even though the effects of the novel coronavirus continue, and the constraints in the supply and demand of semiconductors remain.

In the business forecast for fiscal 2022, the year ending March 2022, net sales are expected to increase year on year. As for profits, even though we are planning to make further investment to meet new orders and promote R&D activities for the future growth, each of the operating income, recurring profit, and net income attributable to the owners of the parent is expected to increase year on year.

(4) Basic Earnings Distribution Policies and Dividend Payments for Fiscal 2021 and Fiscal 2022

KOITO's policy is to continuously pay stable dividends to shareholders based on the comprehensive evaluation of our present business results, business climate, etc.

The year-end dividend of this term is scheduled to be ¥30 per share in consideration of the current business results and continuation of the severe business climate.

Accordingly, the full year dividend, including the interim dividend, is scheduled to be ¥50.

The full year dividend for fiscal 2022 is currently undecided.

Looking ahead, KOITO will continue efforts to achieve higher earnings to meet the expectations of all shareholders.

The differences between the actual results for fiscal 2021 herein and the previous forecasts (consolidated and non-consolidated) issued in the "Announcement Regarding the Revision of the Business Results Forecast Fiscal 2021" dated January 29, 2021, are as follows:

(¥ millions are rounded down)

Consolidated Results for Fiscal 2021

(¥ millions)

	Net sales	Operating income	Recurring profit	Profit attributable to owners of parent	Net income per share (¥)
Previously announced forecast (A)	697,000	54,000	57,000	35,000	217.75
Actual results for fiscal 2021 (B)	706,376	56,707	61,107	37,612	234.00
Difference (B-A)	9,376	2,707	4,107	2,612	—
Change (%)	1.3	5.0	7.2	7.5	—
(Reference) Actual results for previous year (fiscal 2020)	800,928	82,411	85,264	58,022	360.99

(Reference) Non-Consolidated Results for Fiscal 2021

(¥ millions)

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Previously announced forecast (A)	313,000	21,000	38,000	37,000	230.19
Actual results for fiscal 2021 (B)	312,201	21,138	38,185	38,048	236.72
Difference (B-A)	△798	138	185	1,048	—
Change (%)	△0.3	0.7	0.5	2.8	—
(Reference) Actual results for previous year (fiscal 2020)	356,505	25,574	46,713	41,644	259.09

2. Basic Approach in Selection of Accounting Standard

KOITO applies generally accepted account principles (GAAP) of Japan as its accounting standard, mainly to ensure its financial statements are comparable with past years. (The financial statements are prepared based on “Rules Concerning the Taxonomy, Format and Preparation Method of Consolidated Financial Statements” (Ministry of Finance Ordinance No. 28 of 1976) .

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(¥ millions)

	Fiscal 2020 As of March 31, 2020	Fiscal 2021 As of March 31, 2021
Assets		
Current assets:		
Cash and time deposits	271,774	303,887
Trade notes and accounts receivable	107,872	115,950
Electronically recorded monetary claims-operating	12,816	12,957
Inventories	65,544	73,751
Other current assets	34,505	32,239
Allowance for doubtful accounts	△ 362	△ 370
Total current assets	492,150	538,416
Non-current assets:		
Property, plant and equipment:		
Buildings and structures (net)	49,552	53,493
Machinery and transportation equipment (net)	66,417	69,993
Fixtures, equipment and tools (net)	17,050	14,391
Land	16,028	15,561
Construction in progress	21,033	17,457
Other property, plant and equipment	—	718
Total property, plant and equipment	170,082	171,615
Intangible fixed assets	3,193	3,125
Investments and other assets:		
Investment securities	45,701	56,570
Claims provable in bankruptcy, claims provable in rehabilitation and other	59	18
Deferred income tax assets	14,711	7,755
Net defined assets for retirement benefits	1,599	2,556
Other investments	2,504	2,244
Allowance for doubtful accounts	△ 288	△ 139
Total investments and other assets	64,288	69,005
Total non-current assets	237,564	243,747
Total assets	729,715	782,163

(¥ millions)

	Fiscal 2020 As of March 31, 2020	Fiscal 2021 As of March 31, 2021
Liabilities		
Current liabilities:		
Trade notes and accounts payable	85,737	95,989
Electronically recorded monetary obligations-operating	8,692	7,867
Short-term loans	29,171	20,715
Accrued expenses	21,073	23,366
Income taxes payable	7,147	5,267
Allowance for employees' bonuses	5,332	5,420
Reserve for product warranties	2,517	2,622
Allowance for expenses for damages	91	—
Allowance for environmental strategies	40	—
Other current liabilities	13,888	10,679
Total current liabilities	173,690	171,928
Non-current liabilities:		
Long-term debt	355	230
Deferred income tax liabilities	6,221	7,938
Allowance for directors' and corporate auditors' retirement benefits	266	275
Reserve for product warranties	5,796	5,641
Allowance for environmental strategies	4	17
Net defined liability for retirement benefits	28,027	24,701
Other non-current liabilities	1,827	1,991
Total non-current liabilities	42,500	40,796
Total liabilities	216,190	212,724
Net assets		
Shareholders' equity:		
Common stock	14,270	14,270
Additional paid-in capital	13,373	13,380
Retained earnings	449,031	480,214
Treasury common stock, at cost	△53	△52
Total shareholders' equity	476,622	507,813
Accumulated other comprehensive income:		
Valuation adjustment on marketable securities	14,822	23,690
Translation adjustments	△ 9,333	4,291
Adjustments in defined benefit plans	△ 1,608	1,810
Total accumulated other comprehensive income	3,880	29,792
Subscription rights to shares	231	222
Non-controlling interests	32,789	31,610
Total net assets	513,524	569,438
Total liabilities and net assets	729,715	782,163

(2) Consolidated Statements of Income and Comprehensive Income

(¥ millions)

	Fiscal 2020 April 1, 2019 to March 31, 2020	Fiscal 2021 April 1, 2020 to March 31, 2021
Net sales	800,928	706,376
Cost of sales	672,890	609,132
Gross profit	128,038	97,244
Selling, general and administrative expenses:		
Selling expenses	13,502	13,688
General and administrative expenses	32,124	26,848
Total selling, general and administrative expenses	45,626	40,537
Operating income	82,411	56,707
Non-operating income:		
Interest income	1,724	1,190
Dividends	1,274	1,050
Subsidies for employment adjustment	—	676
Royalty income, other	597	475
Foreign exchange gains	—	10
Other non-operating income	1,692	2,697
Total non-operating income	5,289	6,100
Non-operating expenses:		
Interest expenses	870	581
Shares of loss of entities accounted for using equity method	350	595
Foreign exchange losses	814	—
Other non-operating expenses	401	524
Total non-operating expenses	2,436	1,700
Recurring profit	85,264	61,107
Extraordinary gains:		
Gain on sales of property and equipment	25	41
Gain on sales of investment securities	27	220
Subsidies for employment adjustment	—	2
Total extraordinary gains	52	265
Extraordinary losses:		
Loss on sale and disposal of property and equipment	700	567
Loss on sale of investment securities	—	2
Loss on valuation of investment securities	14	—
Impairment loss	—	1,331
Loss related to the Act on Prohibition to Private Monopolization and Maintenance of Fair Trade	324	41
Loss on extinguishment of tie-in shares	127	—
Allowance for expenses for damages	91	—
Total extraordinary losses	1,258	1,943
Income before income taxes	84,058	59,429
Income taxes	21,252	15,430
Refund of income taxes	—	△994
Income tax adjustment	717	4,532
Total income taxes	21,970	18,969
Net income	62,087	40,460
(Breakdown)		
Profit attributable to owners of parent	58,022	37,612
Profit attributable to non-controlling interests	4,065	2,848

(¥ millions)

	Fiscal 2020 April 1, 2019 to March 31, 2020	Fiscal 2021 April 1, 2020 to March 31, 2021
Other comprehensive income or loss		
Valuation adjustment on marketable securities	△5,198	8,884
Translation adjustments	△14,723	15,688
Adjustments in defined benefit plans	△907	3,418
Share of other comprehensive income of entities accounted for using equity method	10	5
Total other comprehensive income	△20,819	27,997
Comprehensive income	41,268	68,457
(Breakdown)		
Attributable to shareholders of the parent company	39,266	63,523
Attributable to non-controlling interests	2,001	4,934

(3) Consolidated Statements of Changes in Shareholders' Equity

Fiscal 2020 (April 1, 2019 to March 31, 2020)

(¥ millions)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury common stock, at cost	Total shareholders' equity
Balance at beginning of year	14,270	16,759	407,725	△55	438,700
Changes during fiscal year					
Dividends from retained earnings	—	—	△16,716	—	△16,716
Profit attributable to owners of parent	—	—	58,022	—	58,022
Purchases of treasury stock	—	—	—	△0	△0
Disposal of treasury stock	—	11	—	2	13
Changes of equity interest in consolidated subsidiaries	—	△0	—	—	△0
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	△3,396	—	—	△3,396
Changes in items other than shareholders' equity during fiscal year (net)	—	—	—	—	—
Total changes during fiscal year	—	△3,385	41,306	1	37,922
Balance at fiscal year-end	14,270	13,373	449,031	△53	476,622

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation adjustment on marketable securities	Translation adjustments	Adjustments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year	19,857	3,473	△694	22,636	245	41,981	503,564
Changes during fiscal year							
Dividends from retained earnings	—	—	—	—	—	—	△16,716
Profit attributable to owners of parent	—	—	—	—	—	—	58,022
Purchases of treasury stock	—	—	—	—	—	—	△0
Disposal of treasury stock	—	—	—	—	—	—	13
Changes of equity interest in consolidated subsidiaries	—	—	—	—	—	—	△0
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	△3,396
Changes in items other than shareholders' equity during fiscal year (net)	△5,034	△12,807	△913	△18,755	△13	△9,192	△27,961
Total changes during fiscal year	△5,034	△12,807	△913	△18,755	△13	△9,192	9,960
Balance at fiscal year-end	14,822	△9,333	△1,608	3,880	231	32,789	513,524

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

(¥ millions)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury common stock, at cost	Total shareholders' equity
Balance at beginning of year	14,270	13,373	449,031	△53	476,622
Changes during fiscal year					
Dividends from retained earnings	—	—	△6,429	—	△6,429
Profit attributable to owners of parent	—	—	37,612	—	37,612
Purchases of treasury stock	—	—	—	△1	△1
Disposal of treasury stock	—	7	—	1	9
Changes in items other than shareholders' equity during fiscal year (net)	—	—	—	—	—
Total changes during fiscal year	—	7	31,182	0	31,190
Balance at fiscal year-end	14,270	13,380	480,214	△52	507,813

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation adjustment on marketable securities	Translation adjustments	Adjustments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year	14,822	△9,333	△1,608	3,880	231	32,789	513,524
Changes during fiscal year							
Dividends from retained earnings	—	—	—	—	—	—	△6,429
Profit attributable to owners of parent	—	—	—	—	—	—	37,612
Purchases of treasury stock	—	—	—	—	—	—	△1
Disposal of treasury stock	—	—	—	—	—	—	9
Changes in items other than shareholders' equity during fiscal year (net)	8,867	13,625	3,418	25,911	△9	△1,178	24,723
Total changes during fiscal year	8,867	13,625	3,418	25,911	△9	△1,178	55,914
Balance at fiscal year-end	23,690	4,291	1,810	29,792	222	31,610	569,438

(4) Consolidated Statements of Cash Flows

(¥ millions)

	Fiscal 2020 April 1, 2019 to March 31, 2020	Fiscal 2021 April 1, 2020 to March 31, 2021
Cash flows from operating activities		
Income before income taxes	84,058	59,429
Depreciation	36,066	37,962
Stock-based compensation	—	1,331
Equity in earnings of affiliated companies	350	595
Provision for allowance for doubtful accounts	△143	△79
Net defined assets and liability for retirement benefits	△549	519
Provision for reserve for bonuses	△100	59
Reserve for product warranties	293	△49
Interest and dividends received	△2,998	△2,241
Interest payments	870	581
Gain on sale of marketable and investment securities	△27	△217
Loss on valuation of marketable and investment securities	14	—
Loss on sale of property and equipment	675	525
Gain on sales of shares in subsidiaries	—	△2
Loss related to the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade	324	41
Allowance for expenses for damages	91	—
Loss on extinguishment of tie-in shares	127	—
Increase or decrease in trade notes and accounts receivable	7,339	△7,796
Increase in inventories	△2,161	△8,429
Increase or decrease in other current assets	△7,275	3,231
Increase or decrease in trade notes and accounts payable	△8,621	7,635
Increase or decrease in accrued expenses and other current liabilities	△2,232	1,522
Others	△3,166	△4,612
Subtotal	102,934	90,006
Interest and dividend received	2,994	2,236
Interest paid	△870	△581
Loss related to the Act on Prohibition to Private Monopolization and Maintenance of Fair Trade paid	△389	△40
Expenses for damages	—	△91
Income taxes paid	△19,695	△16,567
Net cash provided by operating activities	84,972	74,962
Cash flows from investing activities		
Payments into time deposits	△168,475	△124,085
Proceeds from the redemption of time deposits	188,071	153,186
Payments for purchase of marketable and investment securities	△6,088	△348
Proceeds from sale of marketable and investment securities	30	1,139
Proceeds from sale of shares in subsidiaries resulting in revised scope of consolidation	—	2,221
Payments for acquisition of shares of subsidiaries and affiliates	△2,668	—
Acquisition of property and equipment	△54,796	△33,533
Proceeds from sale and disposal of property and equipment	534	512
Payments for new loans	△6	△4
Proceeds from loan repayments	8	5
Others	△1,337	△185
Net cash used in investing activities	△44,728	△1,093

(¥ millions)

	Fiscal 2020 April 1, 2019 to March 31, 2020	Fiscal 2021 April 1, 2020 to March 31, 2021
Cash flows from financing activities		
Increase in short-term loans	1,481	△301
Increase in long-term debt	1,085	216
Repayment of long-term debt	△3,712	△9,416
Payments for repurchase of treasury stock	△0	△1
Proceeds from exercise of stock options	0	0
Purchase of shares in subsidiaries resulting in change in scope of consolidation	△11,762	—
Dividends paid by parent company	△16,713	△6,432
Dividends paid to non-controlling shareholders	△2,387	△2,388
Net cash used in financing activities	△32,010	△18,324
Effect of exchange rate changes on cash and cash equivalents	△2,024	2,108
Increase in cash and cash equivalents	6,209	57,652
Cash and cash equivalents at beginning of year	97,993	104,202
Cash and cash equivalents at end of year	104,202	161,855

**(5) Notes to Consolidated Financial Statements
(Going Concern Assumption)**

None

(Changes to Important Subsidiaries during the Fiscal 2021)

On April 1, 2020, KI HOLDINGS CO., LTD. (KIHD) was absorbed by absorption-type merger entered into between the two companies where by KIHD would be ceases to exist, and KOITO MANUFACTURING CO.,LTD. (the company) would be the surviving company. Therefore, KIHD has been excluded from the scope of consolidation since the fiscal 2021.

The company transferred all of the shares in CHANGZHOU KOITO JINCHUANG TRANSPORTATION EQUIPMENT CO., LTD. (CHANGZHOU KOITO) to KTK Group Co., Ltd. in August 2020. As a result, CHANGZHOU KOITO has been excluded from the scope of consolidation since the fiscal 2021.

(Segment Information)

1. Overview of Reporting Segments

The KOITO Group produces primarily automotive lighting equipment in Japan and overseas, and supplies products to countries around the world as a global supplier. Each local subsidiary is an independent business entity, and the Group does business by establishing a comprehensive plan for each region. The Company's six reporting segments are therefore geographical segments based on production and sales structures, comprising Japan, North America, China, Asia, Europe and Other regions.

Within each of these geographical segments are segments that produce and sell automotive lighting equipment, railroad car control equipment, aircraft components, and seats for railroad cars and aircraft.

2. Calculation for Net Sales, Segment Income or Loss, Assets, Liabilities and Others of Reporting Segments

Accounting treatment for reporting segments are same as Consolidated Financial Statements.

Income of reporting segments is based on operating income.

Inter-segment sales and transfers are based on general market prices.

3. Information Concerning Net Sales and Operating Income or Loss for Each Segment

I Fiscal 2020 (April 1, 2019 to March 31, 2020)

(¥ millions)

	Japan	North America	China	Asia	Europe	Other regions	Total	Adjustment (Note 1)	Amount recorded on consolidated financial statements (Note 3)
Net sales									
Sales to outside customers	383,672	181,981	93,670	101,743	35,072	4,788	800,928	—	800,928
Inter-segment sales and transfers	24,225	259	9,050	4,233	57	4	37,831	(37,831)	—
Total	407,898	182,240	102,720	105,976	35,130	4,793	838,760	(37,831)	800,928
Segment operating income or loss	43,524	11,266	14,508	9,412	2,138	△457	80,392	2,018	82,411
Segment assets	204,500	97,014	81,835	96,673	25,886	7,444	513,353	216,362	729,715
Other items									
Depreciation	18,841	6,857	3,665	5,098	1,278	178	35,919	146	36,066
Increase in property, plant and equipment and intangible fixed assets	24,888	10,203	3,525	12,163	5,055	900	56,737	—	56,737

Notes: 1. Adjustments are as follows:

- (1) The ¥2,018 million adjustment in segment operating income includes ¥8,261 million in intersegment eliminations and ¥△6,242 million in unallocated expenses. Unallocated expenses comprise expenses related to management divisions such as administrative and accounting divisions of the Head Office of the parent company.
- (2) The ¥216,362 million adjustment in segment assets includes ¥△5,543 million in intersegment eliminations, ¥178,200 million in surplus operational funds at the parent company (cash and time deposits), ¥39,180 million in long-term investments (investment securities, etc.) and ¥4,525 million in the parent company's Head Office building, etc.
- (3) The ¥146 million adjustment of depreciation expenses are the fixed assets amortization expenses for the parent company's Head Office.

2. The breakdown of countries and regions other than Japan and China is as follows:

- (1) North America: United States and Mexico
- (2) Asia: Thailand, Indonesia, Taiwan, India and Malaysia
- (3) Europe: United Kingdom and Czech Republic
- (4) Other regions: Brazil

3. Segment operating income or loss is adjusted to operating income in the consolidated financial statements.

II Fiscal 2021 (April 1, 2020 to March 31, 2021)

(¥ millions)

	Japan	North America	China	Asia	Europe	Other regions	Total	Adjustment (Note 1)	Amount recorded on consolidated financial statements (Note 3)
Net sales									
Sales to outside customers	341,038	143,420	103,400	86,254	27,668	4,594	706,376	—	706,376
Inter-segment sales and transfers	21,978	207	5,212	5,212	25	—	32,636	(32,636)	—
Total	363,016	143,628	108,613	91,467	27,693	4,594	739,013	(32,636)	706,376
Segment operating income or loss	36,536	670	15,218	6,267	△1,285	△892	56,514	192	56,707
Segment assets	187,332	104,774	90,423	104,932	29,721	7,798	524,982	257,180	782,163
Other items									
Depreciation	19,512	6,933	3,710	5,919	1,541	229	37,847	115	37,962
Impairment loss	—	—	—	1,331	—	—	1,331	—	1,331
Increase in property, plant and equipment and intangible fixed assets	16,591	5,956	3,470	8,599	2,591	678	37,887	—	37,887

Notes: 1. Adjustments are as follows:

- (1) The ¥192 million adjustment in segment operating income includes ¥5,744 million in intersegment eliminations and ¥△5,551 million in unallocated expenses. Unallocated expenses comprise expenses related to management divisions such as administrative and accounting divisions of the Head Office of the parent company.
- (2) The ¥257,180 million adjustment in segment assets includes ¥△7,474 million in intersegment eliminations, ¥194,086 million in surplus operational funds at the parent company (cash and time deposits), ¥64,347 million in long-term investments (investment securities, etc.) and ¥6,221 million in the parent company's Head Office building, etc.
- (3) The ¥115 million adjustment of depreciation expenses are the fixed assets amortization expenses for the parent company's Head Office.

2. The breakdown of countries and regions other than Japan and China is as follows:

- (1) North America: United States and Mexico
- (2) Asia: Thailand, Indonesia, Taiwan, India and Malaysia
- (3) Europe: United Kingdom and Czech Republic
- (4) Other regions: Brazil

3. Segment operating income or loss is adjusted to operating income in the consolidated financial statements.

(Per Share Information)

Fiscal 2020 April 1, 2019 to March 31, 2020		Fiscal 2021 April 1, 2020 to March 31, 2021	
Net assets per share	¥2,989.43	Net assets per share	¥3,344.65
Net income per share	¥360.99	Net income per share	¥234.00
Profit per share after adjustment for dilution	¥360.87	Profit per share after adjustment for dilution	¥233.93

The following shows the basis for calculation of profit per share, and profit per share after adjustment for dilution.

	Fiscal 2020 April 1, 2019 to March 31, 2020	Fiscal 2021 April 1, 2020 to March 31, 2021
(1)Net income per share	¥360.99	¥234.00
(Basis for calculation)		
Adjustment to profit attributable to owners of parent	¥58,022 million	¥37,612 million
Amount not attributable to common stock	—	—
Profit attributable to shareholders of common stock of parent	¥58,022 million	¥37,612 million
Average number of shares outstanding during the period (thousand shares)	160,733	160,734
(2)Profit per share after adjustment for dilution	¥360.87	¥233.93
(Basis for calculation)		
Adjustment to profit attributable to owners of parent	—	—
Increase in the number of common stock (thousand shares)	50	48
Details of material change from the end of previous fiscal year for latent stocks without a dilution effect, which were not included in the calculation of profit per share after adjustment for dilution	—	—

(Significant Subsequent Events)

None.

4. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(¥ millions)

	Fiscal 2020 As of March 31, 2020	Fiscal 2021 As of March 31, 2021
Assets		
Current assets:		
Cash and time deposits	178,200	194,086
Notes receivable	641	638
Electronically recorded monetary claims-operating	11,406	10,994
Accounts receivable-trade	47,591	50,333
Finished products	7,258	8,268
Work in progress	1,058	1,061
Raw materials and supplies	6,746	7,338
Accrued income	5,762	6,607
Other current assets	267	1,660
Less: Allowance for doubtful receivables	△241	△243
Total current assets	258,691	280,745
Non-current assets:		
Property, plant and equipment:		
Buildings (net)	8,066	11,902
Structures (net)	857	829
Machinery (net)	7,229	5,988
Transportation equipment (net)	217	150
Fixtures, equipment and tools (net)	4,293	3,215
Land	4,652	7,260
Construction in progress	2,943	2,008
Total property, plant and equipment	28,259	31,355
Intangible fixed assets:		
Telephone subscription rights	37	37
Other intangible fixed assets	1,828	1,694
Total intangible fixed assets	1,866	1,731
Investments and other assets:		
Investment securities	22,395	34,898
Shares of affiliated companies	83,788	85,791
Investments in affiliated companies	26,333	26,333
Long-term loans of affiliated companies	—	110
Claims provable in bankruptcy, claims provable in rehabilitation and other	59	18
Deferred income tax assets	7,899	8,425
Other investments	876	681
Less: Allowance for doubtful accounts	△163	△242
Total investments and other assets	141,189	156,017
Total non-current assets	171,315	189,104
Total assets	430,006	469,849

(¥ millions)

	Fiscal 2020 As of March 31, 2020	Fiscal 2021 As of March 31, 2021
Liabilities		
Current liabilities:		
Notes and accounts payable	57,908	60,244
Electronically recorded monetary obligations-operating	3,538	3,058
Accrued amount payable	3,352	1,168
Accrued expenses	7,526	7,692
Income taxes payable	2,354	385
Allowance for employees' bonuses	3,511	3,429
Reserve for product warranties	2,232	2,281
Other current liabilities	971	1,523
Total current liabilities	81,397	79,782
Non-current liabilities:		
Allowance for retirement benefits	15,939	15,949
Allowance for losses on overseas investments	2,016	2,687
Reserve for product warranties	5,400	5,302
Allowance for environmental strategies	4	17
Other non-current liabilities	937	932
Total non-current liabilities	24,297	24,888
Total liabilities	105,694	104,671
Net assets		
Shareholders' equity:		
Common stock	14,270	14,270
Additional paid-in capital		
Capital reserve	17,107	17,107
Other additional paid-in capital	185	192
Total additional paid-in capital	17,293	17,300
Retained earnings		
Profit reserve	3,567	3,567
Other retained earnings		
Reserve for reductions of asset costs	955	910
Other reserve	100,000	100,000
Retained earnings brought forward	173,764	205,427
Total retained earnings	278,287	309,906
Treasury common stock, at cost	△53	△52
Total shareholders' equity	309,798	341,425
Revaluations and translation adjustments:		
Valuation adjustment on marketable securities	14,281	23,530
Total revaluations and translation adjustments	14,281	23,530
Subscription rights to shares	231	222
Total net assets	324,311	365,178
Total liabilities and net assets	430,006	469,849

(2) Non-consolidated Statements of Income

(¥ millions)

	Fiscal 2020 April 1, 2019 to March 31, 2020	Fiscal 2021 April 1, 2020 to March 31, 2021
Net sales	356,505	312,201
Cost of sales	305,736	269,398
Gross profit	50,769	42,802
Selling, general and administrative expenses:		
Selling expenses	10,741	9,711
General and administrative expenses	14,454	11,952
Total selling, general and administrative expenses	25,195	21,663
Operating income	25,574	21,138
Non-operating income:		
Interest income	380	87
Interest on securities	—	36
Dividend income	12,302	10,988
Royalty income, other	8,298	5,859
Rent income	55	351
Foreign exchange gains	—	176
Miscellaneous income	284	665
Total non-operating income	21,322	18,164
Non-operating expenses:		
Foreign exchange losses	101	—
Reserve for allowance for overseas investment loss	—	671
Miscellaneous expenses	81	447
Total non-operating expenses	183	1,118
Recurring profit	46,713	38,185
Extraordinary gains:		
Gain on sale of fixed assets	28	4
Gain on sale of investment securities	23	220
Gain on sales of shares in subsidiaries	—	783
Gain on reversing allowance for overseas investment	4,984	—
Total extraordinary gains	5,036	1,008
Extraordinary losses:		
Loss on sale and disposal of fixed assets	496	361
Loss on sales of investment securities	—	2
Loss on valuation of investment securities	14	—
Loss on extinguishment of tie-in shares	—	68
Loss related to the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade	324	41
Total extraordinary losses	835	473
Income before income taxes	50,914	38,719
Income taxes	9,229	4,503
Income tax adjustment	41	△3,832
Total income taxes	9,270	671
Net income	41,644	38,048