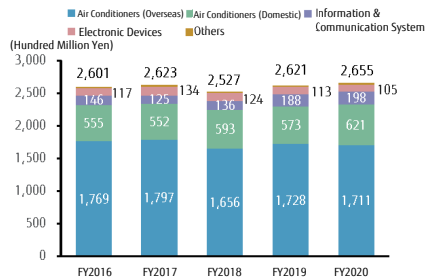


Financial & ESG Highlights

Key Financial/ESG Indicators

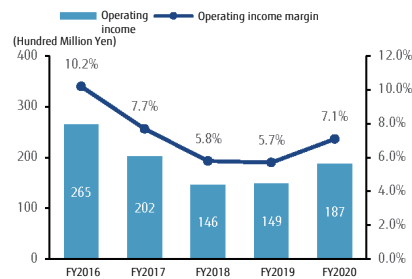
Financial Highlights

Net sales



Net sales increased by 34 hundred million yen on year to 2,655 hundred million yen (an increase of 1% year on year) due to an increase in sales of Air Conditioners and Information & Communication System, despite a decline in sales of Electronic Devices. In the Air Conditioner segment, in addition to the impact of COVID-19, there was a reactionary decline in sales to Europe, which had grown significantly in the previous fiscal year, as well as the postponement of production and shipments due to tough conditions in marine transportation and parts shortages. However, in addition to domestic sales, overseas sales increased by 1% to 2,332 hundred million yen, up 31 hundred million yen year on year, due to stronger sales in North America, India, Oceania and other regions.

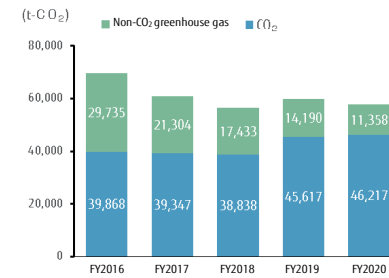
Operating income and Operating income margin



Operating income was 187 hundred million yen (up 25% year on year) due to the effect of increased sales of Air Conditioners in the domestic market, cost reductions and early procurement of materials, as well as favorable exchange rates, despite the impact of soaring ocean freight rates and increased fixed costs in our main stay Air Conditioner business. Operating income margin rose 1.4% year on year to 7.1%.

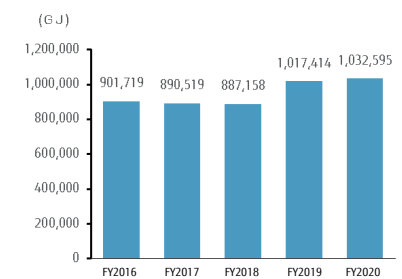
ESG Highlights

Greenhouse gas emissions* (CO₂ equivalent)



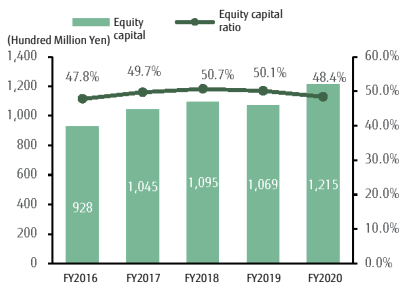
CO₂ emissions from energy consumed and emissions (CO₂ equivalent) from refrigerant CFCs (HFC) used in air conditioning products in our business activities are calculated. CO₂ emissions increased year on year due to the addition of gasoline consumption equivalents used at domestic sales and service bases from FY2020.

Energy consumption*



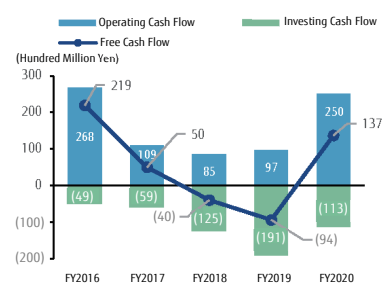
In order to improve the efficiency of energy consumption in our business activities, we are continuing to efficiently operate testing facilities that consume a large amount of electricity at our development sites, and at our production sites, we are strengthening energy-saving measures such as energy conversion at facilities. In FY2020, the amount of LNG consumption increased year on year due to greater use of boilers associated with relocation of the FG Shanghai employee dormitory.

Equity capital and Shareholder's equity ratio



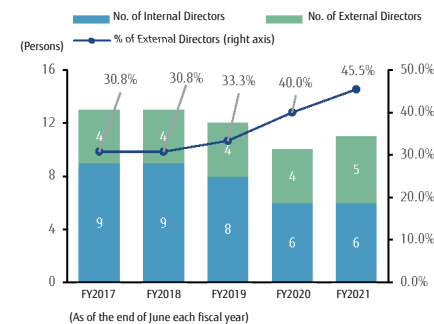
Equity capital increased by 146 hundred million yen from the end of the previous fiscal year to 1,215 hundred million yen, due to recording of the profit attributable to owners of parent and an increase in accumulated other comprehensive income (loss), including foreign currency translation adjustments. The shareholder's equity ratio decreased by 1.7% from the end of the previous fiscal year to 48.4%.

Operating Cash Flow, Investing Cash Flow and Free Cash Flow



Operating Cash Flow resulted in income of 250 hundred million yen, due to the recording of profit before adjustment of taxes, etc., income from depreciation, and improvement in working capital. Investing Cash Flow provided by (used in) investing activities resulted in expenditure of 113 hundred million yen, due to investments in development and production facilities and IT systems, as well as the investment in a manufacturer of ultraviolet lighting equipment. As a result, Free Cash Flow provided for the fiscal year under review were 137 hundred million yen.

Number of Board of Directors and External Directors



(As of the end of June each fiscal year)

At the General Meeting of Shareholders held in June 2021, we increased the number of Independent External Directors by one, bringing the total number of Directors to 11, consisting of five External Directors (including one woman) and six internal Directors. The ratio of External Directors is 45.5%.

*As a result of careful examination of the data, some of the figures for FY 2020 have been revised.

Financial Data

Financial Data

Five-Year Financial Summary

Financial Data	(Unit)	FY2016	FY2017	FY2018	FY2019	FY2020
Net sales	(Millions of yen)	260,054	262,340	252,667	262,117	265,452
Operating income	(Millions of yen)	26,490	20,207	14,589	14,941	18,737
Operating income margin	(%)	10.2	7.7	5.8	5.7	7.1
Ordinary income	(Millions of yen)	23,960	18,543	14,116	13,683	20,537
Profit attributable to owners of parent	(Millions of yen)	10,031	12,854	8,892	5,765	13,008
Comprehensive income	(Millions of yen)	10,513	14,879	8,171	752	19,921
Total net assets	(Millions of yen)	95,694	107,722	113,122	110,711	126,085
Total assets	(Millions of yen)	193,949	210,403	215,784	213,250	251,378
Net cash provided by (used in) operating activities	(Millions of yen)	26,799	10,894	8,513	9,724	25,001
Net cash provided by (used in) investing activities	(Millions of yen)	(4,923)	(5,862)	(12,515)	(19,141)	(11,267)
Free cash flows	(Millions of yen)	21,875	5,032	(4,002)	(9,416)	13,733
Net cash provided by (used in) financing activities	(Millions of yen)	(2,891)	(2,936)	(3,172)	2,090	(5,825)
Cash and cash equivalents at end of period	(Millions of yen)	40,789	42,710	35,412	27,571	36,707
Amount per share						
Earnings per share (EPS)	(Yen)	95.88	122.86	84.99	55.11	124.32
Net assets per share (BPS)	(Yen)	886.89	998.94	1,046.46	1,021.74	1,161.61
Dividend per share	(Yen)	22.00	24.00	26.00	28.00	30.00
Key Indicators, etc.						
R&D expenses	(Millions of yen)	12,102	12,874	12,986	13,425	14,133
R&D expense ratio	(%)	4.7	4.9	5.1	5.1	5.3
Capital expenditures	(Millions of yen)	5,538	6,358	8,378	13,939	8,729
Depreciation expenses	(Millions of yen)	5,382	5,062	5,280	5,848	6,124
Shareholder's equity ratio	(%)	47.8	49.7	50.7	50.1	48.4
Return on equity (ROE)	(%)	11.3	13.0	8.3	5.3	11.4
Return on assets (ROA)	(%)	5.3	6.4	4.2	2.7	5.6
Net D/E ratio	(Times)	(0.44)	(0.41)	(0.32)	(0.21)	(0.26)
Cash Conversion Cycle*	(Days)	74.5	74.5	87.4	91.9	91.3
Days Inventory Outstanding	(Days)	31.7	37.8	42.8	45.9	52.2
Inventories	(Millions of yen)	23,355	27,930	26,703	32,979	44,479
Dividend payout ratio	(%)	22.9	19.5	30.6	50.8	24.1
Price earnings ratio (PER)	(Times)	22.9	15.5	18.4	35.4	24.8
Total shareholder return (TSR)	(%)	127.9	112.2	94.3	118.2	185.1

* Cash conversion cycle (CCC): Days' sales in accounts receivable + Days' sales in inventory - Days' sales in accounts payable

Consolidated Balance Sheets

(Unit: millions of yen)

Fiscal years ended March 31	2019	2020
Assets		
Current assets:		
Cash and deposits	27,571	36,707
Notes and accounts receivable - trade	71,266	75,921
Merchandise and finished goods	24,874	34,484
Work in process	1,548	2,178
Raw materials and supplies	6,556	7,815
Other	10,221	13,269
Allowance for doubtful accounts	(268)	(268)
Total current assets	141,770	170,108
Noncurrent assets:		
<i>Property, plant and equipment-</i>		
Buildings and structures	33,678	35,923
Machinery, equipment and vehicles	35,554	39,159
Tools, furniture and fixtures	24,333	27,622
Land	9,007	8,973
Construction in progress	796	840
Accumulated depreciation	(60,452)	(67,718)
Total property, plant and equipment	42,917	44,801
<i>Intangible assets-</i>		
Goodwill	3,517	5,556
Other	7,713	11,352
Total intangible assets	11,231	16,908
<i>Investments and other assets-</i>		
Investment securities	4,976	6,232
Deferred tax assets	8,469	9,885
Retirement benefit asset	249	-
Other	3,647	3,452
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	17,331	19,560
Total non-current assets	71,480	81,270
Total assets	213,250	251,378

Financial Data

Consolidated Statements of Income

(Unit: millions of yen)

Fiscal years ended March 31	2019	2020
Liabilities		
Current liabilities:		
Notes and accounts payable - trade	35,465	46,642
Short-term loans payable	5,446	5,018
Lease obligations	252	303
Income taxes payable	1,564	3,853
Accrued expenses	14,946	17,498
Provision for product warranties	3,835	6,540
Provision for overseas business restructuring	2,580	1,439
Provision for loss related to the Antimonopoly Act	7,925	7,925
Other	10,066	14,116
Total current liabilities	82,082	103,337
Noncurrent liabilities:		
Long-term loans payable	120	96
Lease obligations	518	642
Deferred tax liabilities for land revaluation	2,380	2,380
Net defined benefit liability	15,990	10,093
Other	1,447	8,742
Total noncurrent liabilities	20,457	21,955
Total liabilities	102,539	125,293
Net assets		
Shareholders' equity:		
Capital stock	18,089	18,089
Capital surplus	530	-
Retained earnings	95,296	104,660
Treasury Stock	(5,045)	(5,023)
Total shareholders' equity	108,870	117,726
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	434	1,120
Deferred gains or losses on hedges	(706)	-
Revaluation reserve for land	4,793	4,793
Foreign currency translation adjustment	(6,496)	(1,979)
Remeasurements of defined benefit plans	6	(102)
Total accumulated other comprehensive income	(1,969)	3,832
Non-controlling interests	3,810	4,526
Total net assets	110,711	126,085
Total liabilities and net assets	213,250	251,378

Consolidated Statements of Income

(Unit: millions of yen)

Fiscal years ended March 31	2019	2020
Net sales	262,117	265,452
Cost of sales	189,877	186,693
Gross profit	72,240	78,759
Selling, general and administrative expenses	57,298	60,021
Operating income	14,941	18,737
Non-operating income:		
Interest income	53	49
Dividends income	101	114
Foreign exchange gains	-	2,485
Equity in earnings of affiliates	130	344
Other	270	740
Total non-operating income	556	3,734
Non-operating expenses:		
Interest expenses	117	108
Foreign exchange losses	700	-
Compensation payment	-	816
Payment of indirect tax for prior periods	-	372
Loss on valuation of investment securities	325	0
Closure compensation when waiting at home	249	-
Adjustment for revision of retirement benefit plan	158	-
Other	263	636
Total non-operating expenses	1,814	1,934
Ordinary profit	13,683	20,537
Extraordinary loss:		
Effect of change in retirement benefit plan	-	2,003
Overseas business restructuring expenses	3,473	-
Total extraordinary loss	3,473	2,003
Profit before income taxes	10,210	18,534
Income taxes - current	4,442	6,227
Income taxes - deferred	(639)	(1,574)
Total income taxes	3,803	4,653
Profit	6,406	13,880
Profit attributable to non-controlling interests	640	872
Profit attributable to owners of parent	5,765	13,008

Data Collection

Financial Data

Consolidated Statements of Comprehensive Income

(Unit: millions of yen)

Fiscal years ended March 31	2019	2020
Profit	6,406	13,880
Other comprehensive income:		
Valuation difference on available-for-sale securities	(424)	686
Deferred gains or losses on hedges	(706)	706
Foreign currency translation adjustment	(4,610)	4,506
Remeasurements of defined benefit plans, net of tax	232	(108)
Share of other comprehensive income of entities accounted for using equity method	(144)	249
Total other comprehensive income	(5,653)	6,040
Comprehensive income	752	19,921
Comprehensive income attributable to:		
Owners of the parent	239	18,810
Non-controlling interests	513	1,110

Consolidated Statements of Changes in Net Sales

Fiscal Year ended March 31, 2020

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2019	18,089	530	92,290	(5,044)	105,865
Changes of items during the period					
Dividends from surplus			(2,824)		(2,824)
Profit attributable to owners of parent			5,765		5,765
Purchase of treasury stock				(0)	(0)
Reversal of revaluation reserve for land			65		65
Net changes in items other than shareholders' equity					
Total changes of items during the period	-	-	3,006	(0)	3,005
Balance as of March 31, 2020	18,089	530	95,296	(5,045)	108,870

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available for sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2019	859	-	4,858	(1,869)	(226)	3,622	3,634	113,122
Changes of items during the period								
Dividends from surplus								(2,824)
Profit attributable to owners of parent								5,765
Purchase of treasury stock								(0)
Reversal of revaluation reserve for land								65
Net changes in items other than shareholders' equity	(424)	(706)	(65)	(4,627)	232	(5,591)	175	(5,416)
Total changes of items during the period	(424)	(706)	(65)	(4,627)	232	(5,591)	175	(2,411)
Balance as of March 31, 2020	434	(706)	4,793	(6,496)	6	(1,969)	3,810	110,711

Financial Data

Consolidated Statements of Changes in Net Sales

Fiscal Year ended March 31, 2020

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2020	18,089	530	95,296	(5,045)	108,870
Changes of items during the period					
Dividends from surplus			(3,034)		(3,034)
Profit attributable to owners of parent			13,008		13,008
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		24		22	46
Changes in treasury stock of the parent arising from transactions with non-controlling shareholders		(1,164)			(1,164)
Transfer to retained earnings from additional paid-in capital		610	(610)		-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(530)	9,364	22	8,855
Balance as of March 31, 2021	18,089	-	104,660	(5,023)	117,726

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available for sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2020	434	(706)	4,793	(6,496)	6	(1,969)	3,810	110,711
Changes of items during the period								
Dividends from surplus								(3,034)
Profit attributable to owners of parent								13,008
Purchase of treasury stock								(0)
Disposal of treasury stock								46
Changes in treasury stock of the parent arising from transactions with non-controlling shareholders								(1,164)
Transfer to retained earnings from additional paid-in capital								-
Net changes of items other than shareholders' equity	686	706	-	4,517	(108)	5,801	716	6,518
Total changes of items during the period	686	706	-	4,517	(108)	5,801	716	15,374
Balance as of March 31, 2021	1,120	-	4,793	(1,979)	(102)	3,832	4,526	126,085

Consolidated Statements of Cash Flows

(Unit: millions of yen)

Fiscal years ended March 31	2019	2020
Net cash provided by (used in) operating activities:		
Profit before income taxes	10,210	18,534
Depreciation and amortization	5,848	6,124
Amortization of goodwill	223	211
Increase (decrease) in provision	2,335	1,122
Increase (decrease) in net defined benefit liability	239	(5,825)
Interest and dividend income	(155)	(163)
Interest expenses	117	108
Decrease (increase) in notes and accounts receivable-trade	2,770	668
Decrease (increase) in inventories	(8,902)	(8,031)
Increase (decrease) in notes and accounts payable-trade	(593)	5,812
Other, net	429	9,528
Subtotal	12,525	28,088
Interest and dividends income received	155	163
Interest expenses paid	(120)	(105)
Income taxes paid	(2,834)	(3,145)
Net cash provided by (used in) operating activities	9,724	25,001
Net cash provided by (used in) investing activities:		
Purchase of property, plant and equipment	(12,641)	(5,503)
Proceeds from sales of property, plant and equipment	57	64
Purchase of investment securities	(12)	(12)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(454)	(2,940)
Other, net	(6,089)	(2,875)
Net cash provided by (used in) investing activities	(19,141)	(11,267)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	5,427	(948)
Proceeds from long-term loans payable	160	-
Repayment of long-term loans payable	-	(40)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(2,820)	(3,028)
Repayments of lease obligations	(259)	(269)
Other, net	(416)	(1,538)
Net cash provided by (used in) financing activities	2,090	(5,825)
Effect of exchange rate change on cash and cash equivalents	(514)	1,228
Net increase (decrease) in cash and cash equivalents	(7,840)	9,136
Cash and cash equivalents at beginning of period	35,412	27,571
Cash and cash equivalents at end of period	27,571	36,707