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Securities Code: 6358

June 7, 2021

To our shareholders:

Ichiro Sakai
President and Representing Director
SAKAI HEAVY INDUSTRIES, LTD.
1-4-8 Shibadaimon, Minato-ku, Tokyo

Notice of the 73rd Annual General Meeting of Shareholders

We are pleased to announce the 73rd Annual General Meeting of Shareholders of SAKAI HEAVY INDUSTRIES, LTD. (the “Company”), which will be held as indicated below.

In lieu of attending the meeting in person, you may exercise your voting rights in writing (by postal mail) or via the Internet. Please review the attached Reference Documents for General Meeting of Shareholders, and indicate your approval or disapproval of the proposals in the enclosed voting form, and exercise your voting rights no later than 5:45 p.m. on Monday, June 28, 2021 (JST).

- 1. Date and Time:** Tuesday, June 29, 2021 at 10:00 a.m. (JST)
- 2. Venue:** Shiba Park Hotel, 2F of Annex Building, Rose I
1-5-10 Shiba Koen, Minato-ku, Tokyo

3. Purposes:

Items to be reported:

1. The Business Report and the Consolidated Financial Statements for the 73rd fiscal year (from April 1, 2020 to March 31, 2021), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit and Supervisory Committee
2. The Non-consolidated Financial Statements for the 73rd fiscal year (from April 1, 2020 to March 31, 2021)

Items to be resolved:

- Proposal No. 1** Appropriation of Surplus
- Proposal No. 2** Election of Two Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 3** Election of Three Directors Who Are Audit and Supervisory Committee Members
- Proposal No. 4** Election of One Substitute Director Who Is Audit and Supervisory Committee Member

4. Instructions for Exercising Voting Rights

Please refer to the “Instructions for Exercising Voting Rights” on page 3.

5. Matters Disclosed on the Internet

In accordance with laws and regulations and Article 15 of the Company's Articles of Incorporation, the Company has posted on the Company's website, the following items, which are part of the documents attached to this Notice and the Reference Documents for the General Meeting of Shareholders, and therefore, those items are not included in the documents attached to this Notice and the Reference Documents for the General Meeting of Shareholders.

- (1) "Resolutions regarding the System to Ensure the Appropriateness of Business Operations," "Basic Policy and Progress of System Development for Eliminating Antisocial Forces," "Overview of Operation Status to Ensure the Appropriateness of Business Operations," and "Basic Policy for Control of Stock Company" in the Business Report
- (2) "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements
- (3) "Notes to Non-consolidated Financial Statements" in the Non-consolidated Financial Statements

Therefore, the documents attached to this Notice make up a part of the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Financial Auditor in preparing its Financial Auditor's Reports, and a part of the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Audit and Supervisory Committee in preparing its Audit Report.

If you attend the meeting in person, please submit the enclosed voting form at the reception desk.

Any changes to the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements will be posted on the Company's website on the Internet.

Company's website (<https://www.sakainet.co.jp/>)

Instructions for Exercising Voting Rights

The exercise of voting rights in the General Meeting of Shareholders is the important right of all shareholders.

Please exercise your voting rights after reviewing the Reference Documents for the General Meeting of Shareholders.

There are three ways to exercise your voting rights as described below.

Attending the General Meeting of Shareholders

Please submit the enclosed voting form at the reception desk.

Date and time: Tuesday, June 29, 2021, at 10:00 a.m. (JST)

Exercising Voting Rights in Writing (by Postal Mail)

Please indicate your approval or disapproval of each proposal on the enclosed voting form, and post it without affixing postage stamps.

Exercise due date: to be received by 5:45 p.m. on Monday, June 28, 2021 (JST)

Exercising Voting Rights via the Internet

Please indicate your approval or disapproval of each proposal in accordance with the instructions on the following page.

Exercise due date: to be given by 5:45 p.m. on Monday, June 28, 2021 (JST)

Instructions for Filling Out the Voting Form

Proposals No. 1 and No. 4

- If you approve, put a circle in the box marked 賛.
- If you disapprove, put a circle in the box marked 否.

Proposals No. 2 and No. 3

- If you approve all candidates, put a circle in the box marked 賛.
- If you disapprove all candidates, put a circle in the box marked 否.
- If you disapprove of some candidates, put a circle in the box marked 賛 and write the candidates' number of whom you disapprove.

If you exercise your voting rights both in writing (by postal mail) and via the Internet, we will only accept the exercise of your voting rights via the Internet as effective. If you exercise your voting rights more than once via the Internet, only the last vote shall be deemed effective.

Instructions for Exercising Voting Rights via the Internet, Etc.

How to scan the QR Code

You can log in to the voting rights exercising website without entering the login ID and temporary password indicated on the voting form.

1. Scan the QR Code indicated on the voting form.
Note: “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.
2. Indicate your approval or disapproval by following the on-screen instructions.

It is only possible to log in with the QR Code one time.
If you wish to re-exercise your voting rights, or if you wish to exercise your voting rights without using the QR Code, please refer to “How to enter your login ID and temporary password” below.

How to enter your login ID and temporary password

Voting rights exercising website (<https://evote.tr.mufg.jp/>)

1. Access the voting rights exercising website.
2. Enter the “login ID and temporary password” indicated on the voting form and click “Login.”
3. Register a new password.
4. Indicate your approval or disapproval by following the on-screen instructions.

<p>If you have any difficulties about the use of a personal computer, smartphone or mobile phone for exercising your voting rights via the Internet, please contact:</p>	<p>Securities Agency Division (Help Desk), Mitsubishi UFJ Trust and Banking Corporation Phone: 0120-173-027 (toll-free and available from 9:00 a.m. to 9:00 p.m., only in Japan)</p>
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Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

Year-end dividends

The Company works to secure a stable management base over the long term, and also places importance on the continuation of stable dividends, and makes it a basic policy to distribute results that are supported by business performance and a sound financial structure.

The Company has given comprehensive consideration to matters including the business performance of the fiscal year, and it proposes to pay year-end dividends for the fiscal year as follows:

(1) Type of dividend property

To be paid in cash.

(2) Allotment of dividend property and their aggregate amount

¥50 per common share of the Company

Total dividends: ¥215,639,450

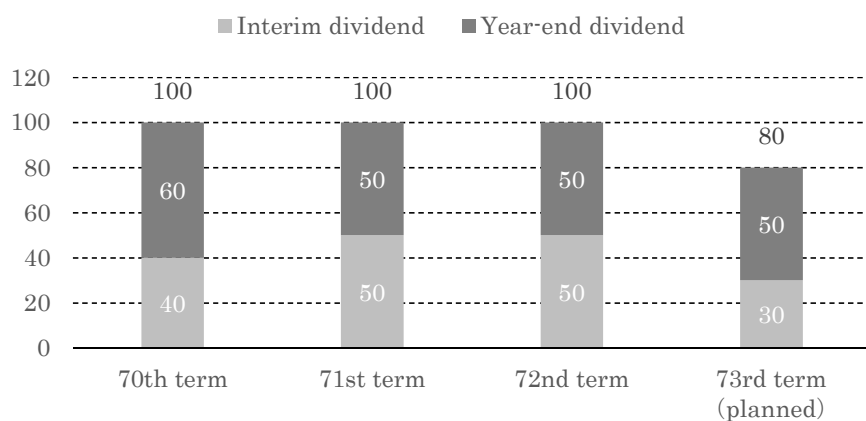
Accordingly, the annual dividend for the fiscal year, including the interim dividend, will be ¥80 per share.

(3) Effective date of dividends of surplus June 30, 2021

Reference

Dividend trends

(Yen)





- Notes: 1. The Company consolidated ten shares of common shares into one share of common shares as of October 1, 2017.
2. Dividends for the 70th term have been adjusted for the effect of the consolidation of shares.

Proposal No. 2 Election of Two Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of two Directors, excluding Directors who are Audit and Supervisory Committee Members, will expire at the conclusion of this meeting. Therefore, the Company proposes the election of two Directors, excluding Directors who are Audit and Supervisory Committee Members.

Candidates for the role of Director (excluding Director who is an Audit and Supervisory Committee Member) are as follows:

 Number of the Company's shares owned: 128,664 shares Tenure: 29 years Attendance at Board of Directors meetings: 18/18	Candidate No. 1	Ichiro Sakai	Date of birth December 4, 1961	Reelection
	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company) July 1990 Joined the Company June 1991 Director and Deputy General Manager of Corporate Planning Office July 1993 Managing Director and General Manager of Business Promotion Office Mar. 1995 President and Representing Director (current position) Apr. 1995 Director and Chairman of SAKAI AMERICA, INC. Jan. 2000 Director and Chairman of SAKAI AMERICA MANUFACTURING, INC. Dec. 2008 Director and Chairman of SAKAI AMERICA, INC. June 2019 Outside Director of PRONEXUS INC. (current position)			
Reasons for nomination as candidate for Director Ichiro Sakai assumed the office as Director in June 1991, and has served as President and Representing Director of the Company since March 1995, and has abundant experience and advanced knowledge as a manager. The Company has nominated him as a candidate for Director because he is considered to be suitable for the medium-term development of the Group and the strengthening of corporate governance.				

	Candidate No. 2	Ryosuke Watanabe	Date of birth June 27, 1952	Reelection
	<p>Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)</p> <p>Apr. 1976 Joined the Company</p> <p>Apr. 2005 General Manager of Overseas Sales Department III, Overseas Business Division</p> <p>Apr. 2007 General Manager of Overseas Sales Department III, Overseas Business Division, and Leader of Russia Project</p> <p>May 2007 General Manager of Overseas Business Division, General Manager of Overseas Sales Department I and Leader of Russia Project</p> <p>June 2007 Director, General Manager of Overseas Business Division, General Manager of Overseas Sales Department I and Leader of Russia Project</p> <p>Apr. 2009 Director, General Manager of Overseas Business Division and General Manager of Overseas Sales Department I</p> <p>Apr. 2010 Director and General Manager of Overseas Business Division</p> <p>July 2013 Managing Director and General Manager of Overseas Business Division</p> <p>July 2016 Senior Managing Director and General Manager of Overseas Business Division</p> <p>June 2019 Director, Senior Managing Executive Officer and General Manager of Overseas Business Division</p> <p>Apr. 2020 Director and Executive Vice President, and General Manager of Overseas Business Division</p> <p>Apr. 2021 Director and Executive Vice President (current position)</p>			
<p>Number of the Company's shares owned: 14,055 shares</p> <p>Tenure: 13 years</p> <p>Attendance at Board of Directors meetings: 18/18</p>	<p>Reasons for nomination as candidate for Director</p> <p>Ryosuke Watanabe assumed the office as Director in June 2007 and has been engaged in sales activities of the Company's products in overseas markets as General Manager of Overseas Business Division. The Company has nominated him as a candidate for Director because he has abundant experience in overseas sales and is suitable for further expansion of overseas business, which is an important issue for the Company going forward.</p>			


- Notes: 1. There is no special interest between each of the candidates and the Company.
2. The Company has entered into a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act of Japan, and the policy covers damages and litigation expenses incurred by the insured, including the Company's Directors. (However, there are certain exemptions, such as damages not being covered for acts committed by the insured with the knowledge that they were in violation of laws and regulations). In the event that each candidate is elected and assumes the office as a Director, they will be the insured under the policy. In addition, the Company plans to renew the policy with the same terms at the next renewal.


Proposal No. 3 Election of Three Directors Who Are Audit and Supervisory Committee Members

The terms of office of three Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this meeting. Therefore, the Company proposes the election of three Directors who are Audit and Supervisory Committee Members. In addition, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

Candidates for the role of Director who is an Audit and Supervisory Committee Member are as follows:

 Number of the Company's shares owned: 5,900 shares Tenure: 2 years Attendance at Board of Directors meetings: 18/18 Attendance at Audit and Supervisory Committee meetings: 14/14	Candidate No. 1	Kazushi Kiyomiya	Date of birth October 31, 1953	Reelection
	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company) July 1984 Joined the Company July 2002 General Manager of International Procurement Department Oct. 2002 General Manager of International Procurement Department, Global Production Division June 2004 Director and General Manager of International Procurement Department, Global Production Division Apr. 2008 Director, Deputy General Manager of Global Production Division, and General Manager of International Procurement Department, Global Production Division Apr. 2009 Director and General Manager of Corporate Planning Department Apr. 2018 Director June 2019 Director and Audit and Supervisory Committee Member (current position)			
Reasons for nomination as candidate for Director Kazushi Kiyomiya assumed the office as Director in June 2004 and has been involved in international procurement and corporate planning for many years. He has sufficient knowledge of the Company's finance and accounting, having been in charge of coordinating the Company's management figures as the head of the Corporate Planning Department, and therefore, the Company believes that he is qualified to serve as a Director who is an Audit and Supervisory Committee Member.				

 Number of the Company's shares owned: 1,900 shares Tenure: 6 years Attendance at Board of Directors meetings: 18/18 Attendance at Audit and Supervisory Committee meetings: 14/14	Candidate No. 2	Ryuichi Tokunaga	Date of birth January 22, 1946	Reelection
	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company) Mar. 1971 Joined The Japan Society Of Industrial Machinery Manufacturers Apr. 1987 General Manager of Construction Machinery Department Apr. 1990 Transferred to Japan Construction Equipment Manufacturers Association (incorporated association), General Manager of Operation Department Apr. 2003 Secretary General Dec. 2005 Managing Director Oct. 2011 Associate Director of Japan Construction Equipment Manufacturers Association (general incorporated association) (transferred from incorporated association in Sept. 2011) June 2012 Audit & Supervisory Board Member (part-time) of the Company June 2015 Outside Director and Audit and Supervisory Committee Member (current position)			
Reasons for nomination as candidate for outside Director and outline of expected roles Ryuichi Tokunaga has abundant knowledge about the global construction machinery industry based on his many years of experience at the Japan Construction Equipment Manufacturers Association, and the Company proposes his election as an outside Director so that his wide-ranging insight, mainly in this field, will be reflected in the Company's auditing. Although he has never been directly involved in corporate management, the Company judges he will appropriately fulfill his duties as an outside Director based on the above reasons.				

 Number of the Company's shares owned: 3,200 shares Tenure: 6 years Attendance at Board of Directors meetings: 17/18 Attendance at Audit and Supervisory Committee meetings: 13/14	Candidate No. 3	Makoto Kikkawa	Date of birth August 25, 1947	Reelection
	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company) Apr. 1970 Joined The Industrial Bank of Japan, Limited Apr. 1996 General Manager of Nihonbashi Branch June 1998 Director and General Manager of Administration Department Nov. 1998 Director and Deputy President of The Long-Term Credit Bank of Japan, Limited Mar. 2000 Managing Executive Officer of The Industrial Bank of Japan, Limited Sept. 2000 Managing Executive Officer of Mizuho Holdings, Inc. Apr. 2002 Senior Managing Executive Officer of Mizuho Bank, Ltd. Apr. 2003 Administrative Officer of Mizuho Holdings, Inc. May 2003 Representative Director and Vice President of Sogo Co., Ltd. June 2003 Representative Director and Vice President of Millennium Retailing, Inc. Mar. 2007 Advisor of Kyowa Hakko Kogyo Co., Ltd. Apr. 2007 Corporate Officer June 2007 Corporate Officer Representative Director & President of Kyowa Hakko Chemical Co., Ltd. Apr. 2012 Representative Director, President & Chief Executive Officer of KH Neochem Co., Ltd. June 2014 Outside Director of the Company Sept. 2014 Director and Chairman of KH Neochem Co., Ltd. June 2015 Outside Director and Audit and Supervisory Committee Member of the Company (current position)			
Reasons for nomination as candidate for outside Director and outline of expected roles Makoto Kikkawa has served as Senior Managing Executive Officer of Mizuho Bank, Ltd., Vice President of Millennium Retailing, Inc. and President of Kyowa Hakko Chemical Co., Ltd. (currently KH Neochem Co., Ltd.), etc., and has abundant experience and a high level of insight. Therefore, the Company believes that he will be able to play a sufficient role in strengthening the supervisory function over the execution of business by the Company's Directors and further improving the transparency of management, etc., and proposes his election as an outside Director.				


- Notes:
1. There is no special interest between each of the candidates and the Company.
 2. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Ryuichi Tokunaga and Makoto Kikkawa have been designated as independent officers as provided for by the aforementioned exchange, and if they are elected, the Company plans to continue to designate them as independent officers.
 3. It is prescribed in the current Articles of Incorporation of the Company that the Company may enter into an agreement with non-executive Directors to limit their liability for damages to the Company within a certain range. In accordance with this, Kazushi Kiyomiya, Ryuichi Tokunaga and Makoto Kikkawa, who are non-executive Directors, have entered into limited liability agreements with the Company.
 4. If the election of Kazushi Kiyomiya, Ryuichi Tokunaga and Makoto Kikkawa is approved, the Company plans to renew the limited liability agreements with them in accordance with laws and regulations.
 5. 18 years have passed since Makoto Kikkawa retired from Mizuho Financial Group, Inc.
 6. The Company has entered into a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act of Japan, and the policy covers damages and litigation expenses incurred by the insured, including the Company's Directors. (However, there are certain exemptions, such as damages not being covered for acts committed by the insured with the knowledge that they were in violation of laws and regulations). In the event that each candidate is elected and assumes the office as a Director, they will be the insured under the policy. In addition, the Company plans to renew the policy with the same terms at the next renewal.

Proposal No. 4 Election of One Substitute Director Who Is Audit and Supervisory Committee Member

In order to prepare for cases where there is a vacancy which results in the number of Directors who are Audit and Supervisory Committee Members falling short of the number provided in laws and regulations, the Company proposes the election of one substitute Director who is an Audit and Supervisory Committee Member in advance.

In addition, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

Candidate for the role of substitute Director who is an Audit and Supervisory Committee Member is as follows:

 <p>Number of the Company's shares owned: – shares</p>	<p>Yoshiaki Ozawa</p>	<p>Date of birth May 31, 1954</p>
	<p>Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)</p> <p>July 1978 Joined Osaka Office of Price Waterhouse Accounting Firm</p> <p>Oct. 1979 Joined Osaka Office of Chuo Audit Corporation</p> <p>Oct. 1985 Seconded to New York Office of Coopers & Lybrand</p> <p>July 1990 Registered as U.S. Certified Public Accountant</p> <p>July 1995 Senior Partner of Chuo Shinko Audit Corporation</p> <p>July 2005 Seconded to New York Office of PricewaterhouseCoopers, Partner supervising Japanese companies in the U.S.</p> <p>July 2007 Senior Partner of PricewaterhouseCoopers Aarata</p> <p>Apr. 2012 Professor of Faculty of Business Administration, Momoyama Gakuin University (current position)</p> <p>Sept. 2012 Retired from PricewaterhouseCoopers Aarata</p> <p>June 2014 Outside Director of Daifuku Co., Ltd. (current position)</p> <p>June 2018 Outside Audit & Supervisory Board Member of Daido Life Insurance Company (current position)</p> <p>Aug. 2018 Director of Japan Auditing Association (current position)</p>	
<p>Reasons for nomination as candidate for substitute Director who is an Audit and Supervisory Committee Member and outline of expected roles</p> <p>Yoshiaki Ozawa has worked as a professor at Momoyama Gakuin University for many years. He also has complete knowledge of the details of the Company's business as he has specialist knowledge related to finance and accounting due to him being involved in work for many years as a certified public accountant in Japan and the U.S. Although he has never been directly involved in corporate management, the Company has nominated him as a candidate for substitute Director who is an Audit and Supervisory Committee Member (outside) because he is considered to be suitable for the strengthening of the Company's management supervisory function.</p>		

- Notes:
1. There is no special interest between the candidate and the Company.
 2. Yoshiaki Ozawa is a candidate for substitute outside Director.
 3. If Yoshiaki Ozawa assumes the office as Director who is an Audit and Supervisory Committee Member, his term of office shall be until the term of office of the retired Director who is an Audit and Supervisory Committee Member is to expire.
 4. If Yoshiaki Ozawa assumes the office as Director who is an Audit and Supervisory Committee Member, the Company plans to enter into a limited liability agreement with him in accordance with laws and regulations.
 5. The Company has entered into a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act of Japan, and the policy covers damages and litigation expenses incurred by the insured, including the Company's Directors. (However, there are certain exemptions, such as damages not being covered for acts committed by the insured with the knowledge that they were in violation of laws and regulations). In the event that the candidate assumes the office as a Director, they will be the insured under the policy.
 6. 8 years have passed since Yoshiaki Ozawa retired from PricewaterhouseCoopers Aarata.

Current status of the corporate group

(1) Progress and results of operations

The business environment affecting SAKAI HEAVY INDUSTRIES, LTD. and its subsidiaries (the “Group”) during the fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021) was in a period of great change that used the spread of the novel coronavirus disease (COVID-19) and global warming as an opportunity to transform global society. Big transformations have also progressed for behavioral patterns of global society and industrial regulations, such as the penetration of digital technologies for restricting activities on a global scale, the decision of policies for decarbonization and the great transformation to an era of green growth that keeps pace with major nations of the world, and the further fluidization of the global geopolitical situation and the disruption of the supply chain.

Under such conditions, the Group actively worked on initiatives for SDG issues through the digital transformation (DX) of business activities and the main business of the development of social infrastructure, and continued to promote “business management based on the major premise of change” and “medium- to long-term growth strategies based on overseas businesses and next-generation businesses.”

As a result, net sales for the fiscal year under review were ¥21,620 million, a decrease of 4.9% year on year, owing to a decrease in overseas sales due to the spread of COVID-19, despite solid sales in Japan.

In terms of profit, following the decrease of net sales and the decrease of expenses due to restrictions on movement, operating profit was ¥700 million, a decrease of 26.9% year on year, and ordinary profit was ¥650 million, a decrease of 20.6% year on year. As a result of the reversal of ¥380 million in deferred tax assets at a North American operating subsidiary, profit attributable to owners of parent was ¥4 million, a decrease of 99.1% year on year.

The following presents net sales on a consolidated basis by geographic segment.

Net sales in Japan were ¥13,040 million, a decrease of 1.6% year on year, as a result of solid sales against the backdrop of the solid execution of public works.

Net sales to overseas were ¥8,580 million, a decrease of 9.6% year on year, as patchy market conditions continued due to the spread of COVID-19.

Net sales to North America recovered to ¥3,240 million, a decrease of 10.3% year on year, due to demand for construction machinery eventually bottoming out after a sharp drop in spite of solid construction investment.

Net sales to Asia were ¥4,850 million, an increase of 3.1% year on year, due to demand recovering in Thailand, Vietnam, South Korea and China, and demand showing signs of bottoming out, even in Indonesia, where net sales have decreased significantly.

Net sales to the Middle East, Russia, and the CIS were ¥30 million, a decrease of 94.5% year on year, due to the stagnation of sales activities.

Net sales to other markets were ¥440 million, a decrease of 22.0% year on year, due to the stagnation of net sales to Africa, despite net sales to Central and South America and Oceania bottoming out.

	72nd term (Previous fiscal year) (From April 1, 2019 to March 31, 2020)	73rd term (Fiscal year under review) (From April 1, 2020 to March 31, 2021)	Year-on-year change	
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Increase (Decrease) (%)
Net sales	22,744	21,624	(1,120)	(4.9)
Operating profit	959	701	(258)	(26.9)
Ordinary profit	829	659	(170)	(20.6)
Profit attributable to owners of parent	470	4	(466)	(99.1)

Net sales in Japan and overseas are as presented in the following table.

Geographic segment	72nd term (Previous fiscal year) (From April 1, 2019 to March 31, 2020)		73rd term (Fiscal year under review) (From April 1, 2020 to March 31, 2021)		Year-on-year change	
	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Increase (Decrease) (%)
	Japan	13,251	58.3	13,042	60.3	(209)
Overseas	9,492	41.7	8,582	39.7	(910)	(9.6)
North America	3,618	15.9	3,245	15.0	(373)	(10.3)
Asia	4,708	20.7	4,854	22.5	145	3.1
Middle East, Russia and the CIS	588	2.6	32	0.2	(556)	(94.5)
Others	576	2.5	449	2.0	(126)	(22.0)
Total	22,744	100.0	21,624	100.0	(1,120)	(4.9)

Note: Major countries and regions that belong to each overseas geographic segment in the fiscal year under review

North America United States

Asia..... Indonesia, China and the various countries surrounding the
Mekong River

Middle East, Russia and the CIS..... Uzbekistan and Russia

Others Africa, Oceania and Central and South America

(2) Issues to be addressed

In Japan, we are expecting a firm business environment against the backdrop of the government's 15-trillion-yen, five-year national resilience plan to speed up countermeasures for disaster prevention and mitigation.

Overseas, as economic activities begin to restart after a period of stagnation, countries across the world, most notably China, the U.S. and those of the EU, are commencing large economic measures focused on infrastructure investment and green growth strategies, and the global economy is expected to return to a solid recovery track.

From a technological viewpoint, we can expect to see a steady rise in needs from next-generation businesses utilizing new technologies, such as those related to the digitalization and the smartification of social infrastructure, and the electrification and promotion of energy efficiency toward decarbonization.

In the stock markets, we can see a trend of increasing pressure being placed on management to increase the level of importance on ESG (environmental, social and corporate governance) and shareholder value, such as the Tokyo Stock Exchange revising its listing categories and amending the corporate governance code.

Amid this period of great change in the world, the Group will boldly embark on new initiatives such as reform of business models through DX, initiatives for solving social issues such as SDGs and decarbonization through business activities, and the transition to a system of management that places priority on capital policy.

In addition, we will continue to solidify our foundation for growth in the new business environment by focusing on “business management based on the major premise of change” and “medium- to long-term growth strategies based on overseas businesses and next-generation businesses,” in order to strengthen our capability to respond to changing demand, reform our revenue structures for the U.S. businesses and China businesses to adapt to the U.S.-China rift, pioneer Asian markets while developing North American markets, develop next-generation businesses by leveraging new technologies, and cultivating a vibrant corporate culture.

Consolidated Financial Statements

Consolidated Balance Sheet (As of March 31, 2021)

(Thousands of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	22,927,582	Current liabilities	11,488,144
Cash and deposits	6,983,590	Notes and accounts payable - trade	1,737,165
Notes and accounts receivable - trade	7,959,111	Electronically recorded obligations - operating	2,951,463
Merchandise and finished goods	3,646,537	Short-term borrowings	5,105,785
Work in process	1,151,343	Income taxes payable	173,071
Raw materials and supplies	2,252,540	Provision for product warranties	154,973
Other	934,664	Other	1,365,684
Allowance for doubtful accounts	(204)		
Non-current assets	12,173,419	Non-current liabilities	1,574,598
Property, plant and equipment	6,725,762	Long-term borrowings	428,001
Buildings and structures	2,962,791	Lease obligations	311,433
Machinery, equipment and vehicles	585,273	Deferred tax liabilities	483,460
Land	2,845,322	Retirement benefit liability	156,043
Leased assets	214,664	Other	195,659
Other	117,710		
Intangible assets	557,799	Total liabilities	13,062,742
Investments and other assets	4,889,857	Net assets	
Investment securities	3,625,519	Shareholders' equity	20,396,733
Deferred tax assets	37,311	Share capital	3,221,868
Other	1,227,026	Capital surplus	6,467,811
		Retained earnings	10,769,680
		Treasury shares	(62,626)
		Accumulated other comprehensive income	1,600,599
		Valuation difference on available-for-sale securities	1,732,254
		Foreign currency translation adjustment	(124,237)
		Remeasurements of defined benefit plans	(7,417)
		Non-controlling interests	40,925
		Total net assets	22,038,259
Total assets	35,101,001	Total liabilities and net assets	35,101,001

Note: Listed amounts have been rounded down to the nearest thousand yen.

Consolidated Statement of Income (From April 1, 2020 to March 31, 2021)

(Thousands of yen)

Item	Amount	
Net sales		21,624,456
Cost of sales		16,215,578
Gross profit		5,408,878
Selling, general and administrative expenses		4,707,629
Operating profit		701,249
Non-operating income		
Interest income	8,896	
Dividend income	128,526	
Other	43,767	181,190
Non-operating expenses		
Interest expenses	126,063	
Foreign exchange losses	26,873	
Bank charge	62,231	
Other	8,084	223,253
Ordinary profit		659,186
Extraordinary income		
Gain on sale of non-current assets	45,149	
Gain on sale of investment securities	17	45,167
Extraordinary losses		
Loss on disposal of non-current assets	472	472
Profit before income taxes		703,881
Income taxes - current	314,545	
Income taxes - deferred	384,881	699,427
Profit		4,454
Profit attributable to non-controlling interests		453
Profit attributable to owners of parent		4,001

Note: Listed amounts have been rounded down to the nearest thousand yen.

Consolidated Statement of Changes in Equity (From April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,191,658	6,437,601	11,109,401	(61,846)	20,676,814
Changes during period					
Issuance of new shares	30,210	30,210			60,420
Dividends of surplus			(343,721)		(343,721)
Profit attributable to owners of parent			4,001		4,001
Purchase of treasury shares				(780)	(780)
Net changes in items other than shareholders' equity					
Total changes during period	30,210	30,210	(339,720)	(780)	(280,081)
Balance at end of period	3,221,868	6,467,811	10,769,680	(62,626)	20,396,733

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,079,061	118,860	2,387	1,200,309	42,857	21,919,981
Changes during period						
Issuance of new shares						60,420
Dividends of surplus						(343,721)
Profit attributable to owners of parent						4,001
Purchase of treasury shares						(780)
Net changes in items other than shareholders' equity	653,193	(243,097)	(9,805)	400,290	(1,931)	398,359
Total changes during period	653,193	(243,097)	(9,805)	400,290	(1,931)	118,278
Balance at end of period	1,732,254	(124,237)	(7,417)	1,600,599	40,925	22,038,259

Note: Listed amounts have been rounded down to the nearest thousand yen.