



May 13, 2021

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (under Japanese GAAP)

Name of the Listed Company: CHINO CORPORATION Listed Stock Exchanges: Tokyo Stock Exchange
 Securities Code: 6850 URL: <https://www.chino.co.jp/>
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Scheduled date of ordinary general meeting of shareholders: June 29, 2021
 Scheduled date to commence dividend payments: June 30, 2021
 Scheduled date to submit Securities Report: June 30, 2021
 Preparation of supplementary materials on financial results: Yes
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2021	21,080	2.4	1,136	10.7	1,283	-23.7	1,289	5.9
March 31, 2020	20,582	-6.4	1,026	-40.3	1,683	-3.8	1,218	9.3

Note: Comprehensive income Fiscal year ended March 31, 2021: 1,800 million yen (110.8%)

Fiscal year ended March 31, 2020: 853 million yen (-14.5%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating margin
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2021	152.24	-	8.1	4.5	5.4
March 31, 2020	143.78	-	8.0	6.2	5.0

Reference: Share of profit (loss) of entities accounting for using equity method

Fiscal year ended March 31, 2021: - million yen

Fiscal year ended March 31, 2020: 574 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2021	30,398	19,502	54.7	1,964.43
March 31, 2020	26,708	16,318	57.6	1,815.33

Reference: Equity As of March 31, 2021: 16,639 million yen

As of March 31, 2020: 15,377 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended				
March 31, 2021	2,341	-748	-968	5,430
March 31, 2020	1,149	-1,523	-245	4,800

2. Cash dividends

	Dividend per share					Total dividend payments (Total)	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2020	-	0.00	-	45.00	45.00	381	31.3	2.5
March 31, 2021	-	0.00	-	45.00	45.00	381	29.6	2.4
Fiscal year ending March 31, 2022 (Forecast)	-	0.00	-	45.00	45.00		47.6	

Note: Revisions to the most recently announced forecast of the dividend: Yes

3. Consolidated financial forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2022	22,300	5.8	1,200	5.6	1,300	1.2	800	-38.0	94.45

* Notes

(1) Changes in significant subsidiaries during the period (Transfer of specified subsidiaries resulting in changes in the scope of consolidation): None

Inclusion: None

Exclusion: None

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies other than 1: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of shares issued (common shares)

(i) Total number of shares issued at the end of the period (including treasury shares)

As of March 31, 2021 9,260,116 shares As of March 31, 2020 9,260,116 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2021 789,916 shares As of March 31, 2020 789,236 shares

(iii) Average number of shares during the period

Fiscal year ended March 31, 2021 8,470,593 shares Fiscal year ended March 31, 2020 8,471,252 shares

Reference: Summary of non-consolidated results

1. Non-consolidated financial results for the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	14,727	-5.8	571	-3.7	857	24.7	622	38.6
March 31, 2020	15,637	-9.3	593	-50.3	687	-53.1	448	-58.4

Fiscal year ended	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
March 31, 2021	73.45		-	
March 31, 2020	52.98		-	

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2021	22,967	14,239	62.0	1,681.18
March 31, 2020	22,409	13,796	61.6	1,628.70

Reference: Equity As of March 31, 2021: 14,239 million yen
As of March 31, 2020: 13,796 million yen

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Note regarding forward-looking statements)

The forward-looking statements such as the forecasts of financial results stated in this document are based on the information currently available to the Company and certain assumptions that the Company judges as rational. These statements are not guarantees of future performance. Actual results may differ substantially from the forecasts due to various factors. Please refer to “(4) Outlook” under “1. Overview of Operating Results and Financial Position” on page 7 of the attached materials for the assumptions used in the forecasts and notes regarding the use of the forecasts.

(How to access supplementary materials on financial results)

The Company plans to post the supplementary materials on financial results on the company website shortly.

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1. Overview of Operating Results and Financial Position

(1) Overview of operating results for the fiscal year ended March 31, 2021

During the fiscal year review, the world economy and the Japanese economy both continued to face challenging conditions due to the effects of the COVID-19 pandemic. During the first quarter of the fiscal year under review, the economy suffered a dramatic deterioration due to restrictions on movements and restrictions on economic activity including the suspension of business operations. From the second quarter of the fiscal year under review, economic activity gradually started to resume and business confidence in Japan showed signs of a modest recovery. However, given the recent resurgence in COVID-19 and the continuing standoff between the United States and China, the outlook remains uncertain.

The approach to capital spending in the manufacturing industry, which affects the Chino Group's business in general, was still cautious overall and the order environment remained difficult. However, in the automotive and electronic component sectors, which are the Group's main customers, production activity resumed and, from the third quarter of the fiscal year under review, capital spending also appeared to pick up pace among certain customers.

In this environment, the Group sought to provide products and solutions for temperature measurement and monitoring, which are essential at production sites. The Group concentrated on developing new markets, focusing mainly on orders for the semiconductor and electronic component sector, which is expected to grow more quickly due to digital transformation in society and business, and for automotive production facilities, where the shift to electric vehicles is underway. In addition, investment in the energy field increased both in Japan and overseas amid the trend towards decarbonization and the Company also stepped up sales activities to contribute to hydrogen-related innovation in particular. The Group also pushed ahead with business expansion into other areas besides production facilities, including providing infection control solutions such as fever surveillance systems and ventilation and environmental monitoring systems, and the provision of temperature control systems related to the transportation and storage of pharmaceuticals as well as food safety.

As a result, orders received in the fiscal year under review amounted to 20,553 million yen (down 0.4% year on year), and net sales were 21,080 million yen (up 2.4% year on year). Domestic net sales accounted for 17,562 million yen (a rise of 9.7% year on year) of this total, while overseas net sales were 3,518 million yen (falling 23.0% year on year).

On the profit front, operating profit reached 1,136 million yen (climbing 10.7% year on year) and ordinary profit was 1,283 million yen (falling 23.7% year on year). Profit attributable to owners of parent amounted to 1,289 million yen (an increase of 5.9% year on year), reflecting the recording of a gain on bargain purchase of 557 million yen under extraordinary income as a result of making Meiyō Electric Co., Ltd. into a consolidated subsidiary.

Results by segment are as follows.

1) Measurement & Control Instruments

Net sales totaled 6,923 million yen (decreasing 9.8% year on year), and segment profit (operating profit) amounted to 888 million yen (decline of 23.0% year on year). Results for recorders, controllers and thyristor regulators, which are the main products in this segment, were affected by a tendency among main customers in Japan and overseas to postpone or suspend capital spending and the segment's overall net sales and profit were down year on year. However, consumer electronics performed solidly as increased demand for equipment such as body surface temperature checkers was met.

2) Instrumentation Systems

Net sales were 6,752 million yen (down 12.0% year on year), and segment profit (operating profit) came to 592 million yen (a drop of 8.7% year on year). Demand for electronic component-related manufacturing systems picked up from the third quarter of the fiscal year under review, but sales of fuel cell testing systems and compressor performance testing systems remained lackluster. Net sales of temperature and humidity control systems for pharmaceuticals and other applications were much higher than the level a year earlier, reflecting continued growth in demand.

3) Sensor

Net sales reached 6,560 million yen (increase of 50.7% year on year), and segment profit (operating profit) totaled 1,138 million yen (rising 74.4% year on year). Net sales were higher than a year earlier mainly because Meiyō Electric Co., Ltd. (which was made into a consolidated subsidiary from the fiscal year under review) performed solidly, especially in the marine equipment market. Infrared radiation thermometers and temperature sensors were generally on the recovery path and overseas demand especially for semiconductor-related manufacturing systems was firm. The Group also met demand for infection control solutions such as body surface temperature and fever surveillance systems.

4) Other

Net sales were 844 million yen (down 3.8% year on year), and segment profit (operating profit) came to 152 million yen (falling 27.1% year on year).

(Reference) Orders received, net sales and operating profit by segment

Orders received (by segment)

(Thousand yen)

Name of segment	Previous fiscal year	Fiscal year under review	Change	% change
Measurement Control Equipment	7,213,961	6,705,259	-508,702	-7.1
Instrumentation Systems	8,225,860	6,662,723	-1,563,136	-19.0
Sensor	4,519,548	6,540,165	2,020,617	44.7
Other	669,467	645,156	-24,311	-3.6
Total	20,628,838	20,553,305	-75,532	-0.4

Net sales (by segment)

(Thousand yen)

Name of segment	Previous fiscal year	Previous fiscal year	Change	% change
Measurement Control Equipment	7,677,052	6,923,407	-753,645	-9.8
Instrumentation Systems	7,674,900	6,752,356	-922,543	-12.0
Sensor	4,352,215	6,560,683	2,208,468	50.7
Other	877,890	844,378	-33,512	-3.8
Annual	20,582,059	21,080,825	498,766	2.4

Net sales (by geographical segment)

(Thousand yen)

Name of segment	Previous fiscal year	Previous fiscal year	Change	% change
Japan	16,013,157	17,562,122	1,548,965	9.7
Asia	4,042,805	3,171,641	-871,164	-21.5
North America	287,043	200,922	-86,121	-30.0
Europe	128,185	115,658	-12,527	-9.8
Other	110,869	30,480	-80,389	-72.5
Annual	20,582,059	21,080,825	498,766	2.4

Operating profit (by segment)

(Thousand yen)

Name of segment	Previous fiscal year	Previous fiscal year	Change	% change
Measurement Control Equipment	1,153,567	888,274	-265,292	-23.0
Instrumentation Systems	648,920	592,296	-56,624	-8.7
Sensor	652,812	1,138,519	485,707	74.4
Other	209,439	152,625	-56,813	-27.1
Corporate expenses (Note)	-1,638,348	-1,635,591	2,757	-
Annual	1,026,390	1,136,125	109,735	10.7

Note: Corporate expenses are primarily general and administrative expenses that cannot be allocated to specific segments.

(2) Overview of financial position for the fiscal year ended March 31, 2021

Assets, liabilities and net assets at the end of the fiscal year under review increased from the end of the previous fiscal year mainly because Meiyu Electric Co., Ltd. was made into a subsidiary.

1) Assets

Total assets at the end of the fiscal year under review were 30,398 million yen, increasing 3,690 million yen from the end of the previous fiscal year.

Current assets stood at 20,299 million yen, rising 2,877 million yen from the end of the previous fiscal year. The main changes were increases of 2,340 million yen in cash and deposits, 220 million yen in trade receivables and 534 million yen in inventories, and a decrease of 150 million yen in securities.

Non-current assets rose 813 million yen from the end of the previous fiscal year, to 10,099 million yen. The increase included an increase of 821 million yen in property, plant and equipment.

2) Liabilities

Total liabilities at the end of the fiscal year under review amounted to 10,896 million yen, climbing 507 million yen from the end of the previous fiscal year.

Current liabilities increased 211 million yen from the end of the previous fiscal year, reaching 7,274 million yen.

Non-current liabilities rose 295 million yen from the end of the previous fiscal year, to 3,621 million yen.

3) Net assets

Total net assets at the end of the fiscal year under review stood at 19,502 million yen. This mainly reflects an increase of 1,289 million yen due to profit attributable to owners of parent, a 205 million yen increase in valuation difference on available-for-sale securities, and a decrease due to dividends of surplus of 381 million yen.

(3) Overview of cash flows for the fiscal year ended March 31, 2021

1) Cash flows from operating activities

Cash provided by operating activities in the fiscal year under review was 2,341 million yen, an increase of 1,191 million yen from the previous fiscal year when cash provided was 1,149 million yen. Major cash inflow items included profit before income taxes of 1,838 million yen, depreciation and amortization of 872 million yen, a decrease in trade receivables of 696 million yen and a decrease in inventories of 181 million yen. Cash outflow items included a decrease in trade payables of 684 million yen and a gain on bargain purchase of 557 million yen.

2) Cash flows from investing activities

Cash used in investing activities in the fiscal year under review was 748 million yen, a decrease of 774 million yen from the previous fiscal year, when cash used was 1,523 million yen. Cash inflow items included proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation of 1,082 million yen and proceeds from withdrawal of time deposits of 255 million yen, while cash outflow items included purchases of property, plant and equipment and intangible assets of 953 million yen, and payments into time deposits of 980 million yen.

3) Cash flows from financing activities

Cash used in financing activities in the fiscal year under review was 968 million yen, an increase of 723 million yen from the previous fiscal year, when cash used was 245 million yen. This is mainly attributable to a net decrease in short-term borrowings of 122 million yen, repayments of long-term borrowings of 390 million yen, and dividends paid of 381 million yen.

As a result, cash and cash equivalents at the end of the fiscal year under review increased 629 million yen from the end of the previous fiscal year, to 5,430 million yen.

[Trends in cash flow indices]

	FY 3/2017	FY 3/2018	FY 3/2019	FY 3/2020	FY 3/2021
Equity ratio (%)	56.0	54.7	54.7	57.6	54.7
Equity ratio based on market value (%)	43.4	47.4	39.6	38.9	40.5
Ratio of interest-bearing debt to cash flow (years)	3.57	0.82	1.58	2.47	1.11
Interest coverage ratio	55.15	263.18	161.64	124.00	225.73

(Notes) Equity ratio: Equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt/Operating cash flows

Interest coverage ratio: Operating cash flows / Interest expenses paid

* Each indicator is calculated using financial figures on a consolidated basis.

* Market capitalization is calculated by multiplying closing price of the stock at the end of the fiscal year by number of shares issued and outstanding at the end of the fiscal year (after deduction of treasury shares).

* Operating cash flows are derived from cash flows from operating activities on the consolidated statement of cash flows. Interest-bearing debt is all liabilities recorded on the consolidated balance sheet on which interest is paid. Interest expenses paid is derived from interest paid on the consolidated statement of cash flows.

(4) Outlook

The Chino Group formulated its Medium-term Management Plan (FY2021-FY2026) under which FY2021 is the first fiscal year for realization of its “90th Anniversary (2026) Vision.” The plan anticipates major changes in society and business such as the further acceleration of digital transformation and stronger commitment to achievement of the SDGs worldwide, sets out a vision for achieving the Group’s corporate philosophy based on the core values of “Collaborative Creation, Uniqueness and Trust” and specifies activities for realizing this vision. The Group will work together to achieve this Medium-term Management Plan, aiming to put the Group on track for sustainable growth and to enhance its corporate value in the medium and long term. The outline of the Medium-Term Management Plan is as follows.

1) Corporate Philosophy

The Chino Group pushes the limits of measurement, control and monitoring technologies and contributes to industrial development and the realization of a brighter tomorrow.

2) 90th Anniversary (2026) Vision

- Collaborative Creation: Creating new value with stakeholders based on an understanding of changes in the environment
- Uniqueness: Impressing customers with superior technology solutions
- Trust: Strengthening the “bond” of trust to continue growing into the future through passion and teamwork

3) Implementation of sustainability management

The Group aims to contribute to the realization of environmental and social sustainability by conducting business activities which provide both economic and social value, focusing on areas such as hydrogen technologies, semiconductors and electronic components, next-generation batteries, new materials, ethical drug and food management and logistics, for the realization of “decarbonization” and a “safe and secure society.”

4) Four basic strategies

- (i) Further development and expansion of growth areas
The Group will generate group synergies and accelerate the development and provision of unique solutions for new growth areas.
- (ii) Enhancement of core businesses and value creation
The Group will enhance its core businesses through the integration of original technologies and services and create new value with customers.
- (iii) Strengthening of foundations and expansion of business overseas
The Group will increase its earning potential by strengthening the relationship between domestic and overseas business and deploying regional strategies.
- (iv) Establishment of resilient management base
The Group will enhance the resilience of its human resources, organizations, ICT, governance and finances to support the creation of corporate value, innovation, and agile management.

Whilst the world economy is on the road to recovery primarily due to the rollout of COVID-19 vaccination programs and the effect of economic measures in each country, the outlook for FY2021 remains uncertain given the resurgence of COVID-19 in Japan.

Looking at the market environment surrounding the Group, the approach to capital spending in the manufacturing industry will remain cautious. However, the acceleration of initiatives for digital transformation and decarbonization is anticipated and there is expected to be growing demand for capital spending associated with advances in technological development in the automotive and electronic component sectors, which are the Group’s main customers, as well as in the energy related market, especially in relation to hydrogen. In light of the above, consolidated financial forecasts for the fiscal year ending March 31, 2022 are net sales of 22,300 million yen, operating profit of 1,200 million yen, ordinary profit of 1,300 million yen, and profit attributable to owners of parent of 800 million yen.

2. Basic Policy Regarding Selection of Accounting Standards

The Group’s policy is to prepare consolidated financial statements in accordance with JGAAP to facilitate the comparison of consolidated financial statements between different reporting periods and different reporting entities.

The Group will determine when or if to adopt International Financial Reporting Standards (IFRS) as appropriate based on consideration of circumstances in Japan and overseas.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	4,650,885	6,991,754
Notes and accounts receivable - trade	5,783,762	5,563,338
Electronically recorded monetary claims - operating	1,544,056	1,985,350
Securities	150,000	–
Merchandise and finished goods	712,932	742,011
Work in process	2,002,352	2,143,817
Raw materials and supplies	2,277,153	2,641,022
Other	305,546	240,284
Allowance for doubtful accounts	-4,759	-8,515
Total current assets	17,421,931	20,299,064
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,465,396	8,559,657
Accumulated depreciation	-4,989,138	-5,428,042
Buildings and structures, net	2,476,258	3,131,615
Machinery, equipment and vehicles	3,598,148	4,031,970
Accumulated depreciation	-2,874,771	-3,195,187
Machinery, equipment and vehicles, net	723,376	836,782
Land	1,034,036	1,277,071
Construction in progress	111,155	5,941
Other	3,835,542	3,842,406
Accumulated depreciation	-3,422,846	-3,514,961
Other, net	412,696	327,445
Total property, plant and equipment	4,757,522	5,578,855
Intangible assets		
Software	311,321	382,083
Other	16,613	16,325
Total intangible assets	327,934	398,409
Investments and other assets		
Investment securities	2,658,941	1,916,328
Deferred tax assets	715,531	678,789
Retirement benefit asset	–	623,829
Other	874,691	962,402
Allowance for doubtful accounts	-48,258	-58,725
Total investments and other assets	4,200,905	4,122,623
Total non-current assets	9,286,362	10,099,888
Total assets	26,708,293	30,398,953

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,027,398	1,840,950
Electronically recorded obligations - operating	1,822,960	1,770,134
Short-term borrowings	1,194,200	1,322,600
Current portion of long-term borrowings	380,476	272,110
Income taxes payable	125,024	299,775
Provision for bonuses	531,244	576,043
Provision for bonuses for directors (and other officers)	41,150	27,800
Electronically recorded obligations - facilities	121,248	29,751
Other	819,356	1,135,746
Total current liabilities	7,063,059	7,274,912
Non-current liabilities		
Long-term borrowings	1,260,009	995,750
Deferred tax liabilities	84,604	91,247
Provision for retirement benefits for directors (and other officers)	397,837	462,937
Retirement benefit liability	1,354,989	1,819,122
Other	228,797	252,701
Total non-current liabilities	3,326,238	3,621,758
Total liabilities	10,389,297	10,896,670
Net assets		
Shareholders' equity		
Share capital	4,292,027	4,292,027
Capital surplus	4,053,230	4,017,909
Retained earnings	8,312,042	9,245,739
Treasury shares	-1,156,560	-1,157,509
Total shareholders' equity	15,500,739	16,398,167
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	101,445	306,624
Foreign currency translation adjustment	-23,174	-24,420
Remeasurements of defined benefit plans	-201,547	-41,258
Total accumulated other comprehensive income	-123,276	240,945
Non-controlling interests	941,533	2,863,170
Total net assets	16,318,996	19,502,282
Total liabilities and net assets	26,708,293	30,398,953

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

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	20,582,059	21,080,825
Cost of sales	14,227,552	14,716,984
Gross profit	6,354,506	6,363,841
Selling, general and administrative expenses		
Salaries, allowances and bonuses	2,140,032	2,213,769
Provision for bonuses	187,365	200,933
Provision for bonuses for directors (and other officers)	41,150	27,800
Retirement benefit expenses	143,359	167,259
Provision for retirement benefits for directors (and other officers)	63,207	57,740
Depreciation	208,156	171,471
Research and development expenses	615,551	598,061
Provision of allowance for doubtful accounts	-11,203	5,839
Other	1,940,496	1,784,840
Total selling, general and administrative expenses	5,328,115	5,227,715
Operating profit	1,026,390	1,136,125
Non-operating income		
Interest income	16,337	8,095
Dividend income	53,579	48,089
Electricity sale income	38,902	35,116
Foreign exchange gains	–	20,757
Share of profit of entities accounted for using equity method	574,608	–
Subsidy income	–	63,609
Other	50,524	52,307
Total non-operating income	733,953	227,977
Non-operating expenses		
Interest expenses	9,272	10,372
Financial commission	7,916	6,496
Foreign exchange losses	18,097	–
Electricity sale expenses	20,252	17,459
Contract expenses	–	14,248
Other	21,579	31,570
Total non-operating expenses	77,118	80,148
Ordinary profit	1,683,225	1,283,955
Extraordinary income		
Gain on sale of non-current assets	3,887	3,260
Gain on bargain purchase	–	557,005
Total extraordinary income	3,887	560,265
Extraordinary losses		
Loss on disposal of non-current assets	12,174	4,542
Loss on step acquisitions	–	1,030
Total extraordinary losses	12,174	5,573
Profit before income taxes	1,674,937	1,838,647
Income taxes - current	229,602	414,974
Income taxes - deferred	127,664	-4,985
Total income taxes	357,266	409,989
Profit	1,317,671	1,428,658
Profit attributable to non-controlling interests	99,669	139,065
Profit attributable to owners of parent	1,218,001	1,289,593

(Consolidated statement of comprehensive income)

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	1,317,671	1,428,658
Other comprehensive income		
Valuation difference on available-for-sale securities	-228,337	208,711
Foreign currency translation adjustment	-76,884	2,664
Remeasurements of defined benefit plans, net of tax	-156,115	160,288
Share of other comprehensive income of entities accounted for using equity method	-2,360	-
Total other comprehensive income	-463,698	371,664
Comprehensive income	853,972	1,800,323
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	787,231	1,653,815
Comprehensive income attributable to non-controlling interests	66,741	146,507

(3) Consolidated statement of changes in equity

For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,292,027	4,053,230	7,485,888	-1,155,381	14,675,765
Changes during period					
Dividends of surplus			-381,229		-381,229
Profit attributable to owners of parent			1,218,001		1,218,001
Change in ownership interest of parent due to transactions with non-controlling interests			-10,618		-10,618
Purchase of treasury shares				-1,179	-1,179
Net changes in items other than shareholders' equity					
Total changes during period	-	-	826,153	-1,179	824,974
Balance at end of period	4,292,027	4,053,230	8,312,042	-1,156,560	15,500,739

	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	332,143	20,781	-45,431	307,493	965,272	15,948,530
Changes during period						
Dividends of surplus						-381,229
Profit attributable to owners of parent						1,218,001
Change in ownership interest of parent due to transactions with non-controlling interests						-10,618
Purchase of treasury shares						-1,179
Net changes in items other than shareholders' equity	-230,698	-43,956	-156,115	-430,770	-23,738	-454,508
Total changes during period	-230,698	-43,956	-156,115	-430,770	-23,738	370,465
Balance at end of period	101,445	-23,174	-201,547	-123,276	941,533	16,318,996

For the fiscal year ended March 31, 2021 (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	4,292,027	4,053,230	8,312,042	-1,156,560	15,500,739
Changes during period					
Dividends of surplus			-381,189		-381,189
Profit attributable to owners of parent			1,289,593		1,289,593
Change in ownership interest of parent due to transactions with non-controlling interests			-8,150		-8,150
Transfer		-35,321	33,444		-1,876
Purchase of treasury shares				-948	-948
Net changes in items other than shareholders' equity					
Total changes during period	-	-35,321	933,696	-948	897,427
Balance at end of period	4,292,027	4,017,909	9,245,739	-1,157,509	16,398,167

	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	101,445	-23,174	-201,547	-123,276	941,533	16,318,996
Changes during period						
Dividends of surplus						-381,189
Profit attributable to owners of parent						1,289,593
Change in ownership interest of parent due to transactions with non-controlling interests						-8,150
Transfer						-1,876
Purchase of treasury shares						-948
Net changes in items other than shareholders' equity	205,178	-1,245	160,288	364,222	1,921,636	2,285,858
Total changes during period	205,178	-1,245	160,288	364,222	1,921,636	3,183,286
Balance at end of period	306,624	-24,420	-41,258	240,945	2,863,170	19,502,282

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	1,674,937	1,838,647
Depreciation	843,536	872,155
Amortization of goodwill	25,354	–
Increase (decrease) in allowance for doubtful accounts	-149,179	14,222
Increase (decrease) in provision for bonuses	-131,706	21,663
Increase (decrease) in retirement benefit liability	-124,329	549,913
Decrease (increase) in retirement benefit asset	–	-623,829
Increase (decrease) in provision for retirement benefits for directors (and other officers)	56,187	26,977
Interest and dividend income	-69,917	-56,185
Interest expenses	9,272	10,372
Decrease (increase) in trade receivables	131,045	696,489
Decrease (increase) in inventories	332,060	181,349
Increase (decrease) in trade payables	-777,771	-684,661
Increase (decrease) in accrued consumption taxes	91,778	13,965
Share of loss (profit) of entities accounted for using equity method	-574,608	–
Loss (gain) on step acquisitions	–	1,030
Gain on bargain purchase	–	-557,005
Other	270,317	184,624
Subtotal	1,606,978	2,489,731
Interest and dividends received	70,551	56,185
Interest paid	-9,272	-10,372
Income taxes refund (paid)	-518,397	-194,219
Net cash provided by (used in) operating activities	1,149,859	2,341,325
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	–	255,000
Payments into time deposits	–	-980,830
Proceeds from redemption of securities	496,451	–
Purchase of securities	-396,451	–
Purchase of property, plant and equipment	-1,104,414	-754,457
Proceeds from sale of property, plant and equipment	39,573	4,399
Purchase of intangible assets	-100,231	-198,740
Purchase of investment securities	-224,683	–
Proceeds from redemption of investment securities	240,000	–
Purchase of shares of subsidiaries and associates	-292,400	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	1,082,790
Loan advances	-3,850	-27,088
Proceeds from collection of loans receivable	4,137	11,253
Purchase of insurance funds	-75,683	-81,056
Proceeds from maturity of insurance funds	8,715	73,720
Other	-114,874	-133,713
Net cash provided by (used in) investing activities	-1,523,711	-748,722

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-492,700	-122,800
Proceeds from long-term borrowings	1,200,000	–
Repayments of long-term borrowings	-485,434	-390,472
Purchase of treasury shares	-1,179	-948
Dividends paid	-380,559	-381,309
Dividends paid to non-controlling interests	-85,598	-73,168
Net cash provided by (used in) financing activities	-245,472	-968,699
Effect of exchange rate change on cash and cash equivalents	-43,149	6,070
Net increase (decrease) in cash and cash equivalents	-662,473	629,974
Cash and cash equivalents at beginning of period	5,463,359	4,800,885
Cash and cash equivalents at end of period	4,800,885	5,430,860

(5) Notes to consolidated financial statements

(Notes on going concern assumptions)

There is no items to report.

(Segment information)

Segment information

1. Overview of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and which are subject to periodic review by the Board of Directors in order to decide how resources should be allocated and to evaluate financial results.

For each business group which is comprised of the Company's sales division and production sites as well as group companies, the Group formulates comprehensive domestic and overseas strategies for the finished goods, merchandise and services handled and conducts business activities accordingly. The Group is, therefore, made up of segments based on these business groups and classified according to the finished goods, merchandise and services handled. It has three reportable segments: the Measurement Control Equipment segment, the Instrumentation Systems segment and the Sensor segment.

The main finished goods, merchandise and services in each reportable segment are as follows.

Name of segment	Details of finished goods, merchandise and services
Measurement Control Equipment Segment	Recorders, controllers and consumer electronics
Instrumentation Systems Segment	Performance and evaluation test equipment, package systems for control and monitoring, device and semiconductor test equipment, clean rooms, temperature calibration equipment, and various instrumentation systems
Sensor Segment	Infrared radiation equipment, thermal image measurement devices, temperature sensors, and applied sensors

Note: The "Others" segment is a business segment not included in the reportable segments and it covers business such as repair and maintenance services.

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

The accounting methods used for reportable segments are the same as those applied for the consolidated financial statements.

Profit of reportable segments is based on operating profit. Intersegment sales and transfers are based on actual transactions.

3. Information concerning net sales, profit/loss, assets, liabilities and other items by reportable segment

For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Reportable segments				Others (Note)	Total
	Measurement Control Equipment	Instrumentation Systems	Sensor	Total		
Net sales						
External	7,677,052	7,674,900	4,352,215	19,704,168	877,890	20,582,059
Inter-segment sales and transfers	—	—	—	—	—	—
Total	7,677,052	7,674,900	4,352,215	19,704,168	877,890	20,582,059
Segment profit	1,153,567	648,920	652,812	2,455,300	209,439	2,664,739
Segment assets	8,143,653	4,883,025	3,511,815	16,538,494	690,169	17,228,664
Other items						
Depreciation and amortization	327,942	98,645	166,388	592,976	41,164	634,141
Impairment losses	—	—	—	—	—	—
Increase in property, plant and equipment and intangible assets	306,330	147,087	293,337	746,755	37,035	783,791

Note: The "Others" segment is a business segment not included in the reportable segments and it covers business such as repair and maintenance services.

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Reportable segments				Other (Note)	Annual
	Measurement Control Equipment	Instrumentation Systems	Sensor	Total		
Net sales						
External	6,923,407	6,752,356	6,560,683	20,236,447	844,378	21,080,825
Inter-segment sales and transfers	–	–	–	–	–	–
Total	6,923,407	6,752,356	6,560,683	20,236,447	844,378	21,080,825
Segment profit	888,274	592,296	1,138,519	2,619,091	152,625	2,771,717
Segment assets	7,438,528	5,011,767	8,619,101	21,069,396	608,808	21,678,205
Other items						
Depreciation and amortization	334,007	100,960	239,246	674,215	30,945	705,160
Impairment losses	–	–	–	–	–	–
Increase in property, plant and equipment and intangible assets	268,826	246,343	275,146	790,316	-5,153	785,162

Note: The “Others” segment is a business segment not included in the reportable segments and it covers business such as repair and maintenance services.

4. Reconciliations of the totals of segment sales, reported segment profit or loss, segment assets, segment liabilities and other material segment items to consolidated financial statement amounts and breakdown by major item

(Thousands of yen)

Net sales	Previous fiscal year	Fiscal year under review
Reportable segment total	19,704,168	20,236,447
Net sales of Others segment	877,890	844,378
Net sales in consolidated financial statements	20,582,059	21,080,825

(Thousands of yen)

Profit	Previous fiscal year	Fiscal year under review
Reportable segment total	2,455,300	2,619,091
Profit of Others segment	209,439	152,625
Corporate expenses (Note)	-1,638,348	-1,635,591
Operating profit in consolidated financial statements	1,026,390	1,136,125

Note: Corporate expenses are primarily general and administrative expenses that cannot be allocated to specific segments.

(Thousands of yen)

Assets	Previous fiscal year	Fiscal year under review
Reportable segment total	16,538,494	21,069,396
Assets of Others segment	690,169	608,808
Corporate assets (Note)	9,479,629	8,720,747
Total assets in consolidated financial statements	26,708,293	30,398,953

Note: Corporate assets are primarily head office building, etc. that cannot be allocated to specific segments.

(Thousands of yen)

Other items	Reportable segment total		Other		Adjustments		Amount on consolidated financial statements	
	Previous fiscal year	Fiscal year under review	Previous fiscal year	Fiscal year under review	Previous fiscal year	Fiscal year under review	Previous fiscal year	Fiscal year under review
Depreciation and amortization	592,976	674,215	41,164	30,945	209,394	166,994	843,536	872,155
Impairment losses	–	–	–	–	–	–	–	–
Increase in property, plant and equipment and intangible assets	746,755	790,316	37,035	-5,153	193,574	206,266	977,365	991,429

Note: The adjustments to “Increase in property, plant and equipment and intangible assets” are head office-related capital expenditures.

Relevant information

For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

1. Information by product and service

This information is omitted because such information is disclosed in “Segment information.”

2. Geographic information

(1) Net sales

(Thousands of yen)

Japan	Asia	Other	Total
16,013,157	4,042,805	526,097	20,582,059

- Notes: 1. Country and regional segmentation are based on geographic proximity.
 2. Main countries or regions belonging to geographical segments besides Japan
 (1) Asia: Mainly China, South Korea and Taiwan
 (2) Other: Mainly the United States, Germany and Italy

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment in the consolidated financial statements.

3. Information on major customers

This information is omitted because there are no customers that account for 10% or more of net sales in the consolidated statements of income.

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

1. Information by product and service

This information is omitted because such information is disclosed in “Segment information.”

2. Geographic information

(1) Net sales

(Thousands of yen)

Japan	Asia	Other	Total
17,562,122	3,171,641	347,060	21,080,825

- Notes: 1. Country and regional segmentation are based on geographic proximity.
 2. Main countries or regions belonging to geographical segments besides Japan
 (1) Asia: Mainly China, South Korea and Taiwan
 (2) Other: Mainly the United States, Germany and Italy

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment in the consolidated financial statements.

3. Information on major customers

This information is omitted because there are no customers that account for 10% or more of net sales in the consolidated statements of income.

Information concerning impairment loss on non-current assets by reportable segment

For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Measurement Control Equipment	Instrumentation Systems	Sensor	Other	Total
Impairment losses	—	—	—	—	—

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Measurement Control Equipment	Instrumentation Systems	Sensor	Other	Total
Impairment losses	—	—	—	—	—

Information concerning amortization of goodwill and unamortized balance by reportable segment
For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Measurement Control Equipment	Instrumentation Systems	Sensor	Other	Total
Amortization during the period	–	14,879	–	10,475	25,354
Balance at end of period	–	–	–	–	–

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Measurement Control Equipment	Instrumentation Systems	Sensor	Other	Total
Amortization during the period	–	–	–	–	–
Balance at end of period	–	–	–	–	–

Information concerning gain on bargain purchase by reportable segment

For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

There is no items to report.

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

In the Sensor Segment, the Group additionally acquired shares in Meiyo Electric Co., Ltd., which was an affiliated company accounted for using the equity method, to make it into a consolidated subsidiary at the beginning of the fiscal year under review and, as a result, recorded a gain on bargain purchase of 557,005 thousand yen. At the time of additionally acquiring shares, the Group also recorded a loss on step acquisitions of 1,030 thousand yen.

The gain on bargain purchase and loss on step acquisitions were not allocated to a specific reportable segment.

(Per share information)

Previous fiscal year (from April 1, 2019 to March 31, 2020)		Fiscal year under review (from April 1, 2020 to March 31, 2021)	
Net assets per share	1,815.33 yen	Net assets per share	1,964.43 yen
Earnings per share	143.78 yen	Earnings per share	152.24 yen

Notes: 1. Diluted earnings per share is omitted because there are no potential shares with a dilutive effect.

2. The basis for calculating net assets per share is as follows:

	Previous fiscal year (as of March 31, 2020)	Fiscal year under review (as of March 31, 2021)
Total net assets (thousands of yen)	16,318,996	19,502,282
Amount deducted from total net assets (thousands of yen)	941,533	2,863,170
[Non-controlling interests (thousands of yen)]	[941,533]	[2,863,170]
Total net assets related to common shares at the end of the year (thousands of yen)	15,377,462	16,639,112
Number of common shares used in calculating net assets per share at the end of the year (thousand)	8,470	8,470

3. The basis for calculating earnings per share is as follows:

	Previous fiscal year (from April 1, 2019 to March 31, 2020)	Fiscal year under review (from April 1, 2020 to March 31, 2021)
Profit attributable to owners of parent (thousands of yen)	1,218,001	1,289,593
Amount not attributable to common shareholders (thousands of yen)	–	–
Profit attributable to owners of parent related to common shares (thousands of yen)	1,218,001	1,289,593
Average number of shares during the period (thousand)	8,471	8,470

(Subsequent events)

There is no items to report.

(Omission of disclosure)

The non-consolidated financial statements and significant notes thereto are omitted, as we do not see any significant need to disclose them in the financial results.

4. Other

1. Change of Directors (expected effective date is June 29, 2021)

- Retiring Directors

Takao Kariya (currently Director and Chairman)

(Scheduled to become advisor to the Company)

Tadashi Matsumoto (currently Director, Senior Managing Executive Officer and General Manager of Overseas Business Division)

(Scheduled to become advisor to the Company)

Masato Fukuura (currently Director, Managing Executive Officer and General Manager of East Japan Branch)

2. Change of Executive Officers (expected effective date is June 29, 2021)

- Candidate for Executive Officer to be newly appointed

Hajime Chino (currently Assistant General Manager of Kuki Factory and General Manager of Production Management Department)