

Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [Japanese GAAP]



May 11, 2020

Company name: Shibaura Electronics Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 6957
 URL: <http://www.shibaura-e.co.jp>
 Representative: Akira Kasai, President & Chief Executive Officer
 Contact: Kazuo Hosoi, Managing Director & Managing Executive Officer, Administrative Operations
 Phone: +81-48-615-4000
 Scheduled date for the Ordinary General Meeting of Shareholders: June 26, 2020
 Scheduled date for commencing dividend payments: June 29, 2020
 Scheduled date for filing securities report: June 29, 2020
 Availability of supplementary briefing material on financial results: Yes
 Schedule of financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Consolidated operating results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2020	26,166	(3.5)	2,291	(17.8)	2,392	(16.5)	1,747	(15.0)
March 31, 2019	27,121	7.2	2,787	(8.5)	2,863	(6.8)	2,055	(9.9)

(Note) Comprehensive income: Fiscal year ended March 31, 2020: ¥2,000 million [11.5%]
 Fiscal year ended March 31, 2019: ¥1,794 million [(32.2) %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets	Operating income margin
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2020	226.72	—	7.5	7.0	8.8
March 31, 2019	266.66	—	9.3	8.8	10.3

(Reference) Equity in earnings (losses) of affiliated companies:

Fiscal year ended March 31, 2020: ¥— million

Fiscal year ended March 31, 2019: ¥— million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2020	33,575	24,101	71.6	3,119.91
As of March 31, 2019	34,676	22,678	65.3	2,936.91

(Reference) Equity: As of March 31, 2020: ¥24,052 million
 As of March 31, 2019: ¥22,632 million

(3) Consolidated cash flows

	Net cash flow provided by (used in) operating activities	Net cash flow provided by (used in) investing activities	Net cash flow provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended March 31, 2020	Million yen 3,323	Million yen (2,162)	Million yen (1,468)	Million yen 6,812
March 31, 2019	3,521	(4,241)	1,144	7,170

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2019	Yen —	Yen 0.00	Yen —	Yen 75.00	Yen 75.00
Fiscal year ended March 31, 2020	—	0.00	—	75.00	75.00
Fiscal year ending March 31, 2021 (Forecast)	—	0.00	—	—	—

	Total dividends paid	Payout ratio (Consolidated)	Dividend on net assets (Consolidated)
	Million yen	%	%
Fiscal year ended March 31, 2019	582	28.1	2.6
Fiscal year ended March 31, 2020	582	33.1	2.5
Fiscal year ending March 31, 2021 (Forecast)		—	

(Note) Dividend forecast for the fiscal year ending March 31, 2021 has not been decided and will be disclosed as soon as it becomes predictable.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

Consolidated financial results forecast for the fiscal year ending March 31, 2021 has not been decided at this moment due to the difficulty in calculating the impact of the spread of the novel coronavirus disease. It will be disclosed as soon as it becomes reasonably predictable.

Notes:

- (1) Changes in significant subsidiaries during the period under review: No
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
Newly included: — Excluded: —
- (2) Changes in accounting policies, changes in accounting estimates and restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Restatement: No

(3) Total number of issued shares (common shares)

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

March 31, 2020: 7,779,865 shares

March 31, 2019: 7,779,865 shares

2) Total number of treasury shares at the end of the period:

March 31, 2020: 70,498 shares

March 31, 2019: 73,513 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2020: 7,708,277 shares

Fiscal year ended March 31, 2019: 7,706,451 shares

Note: The Company has introduced the Board Incentive Plan (BIP Trust). Shares of the Company held in the Trust are included in treasury shares to be deducted for the calculation of the “total number of treasury shares at the end of the period” and the “average number of shares during the period.”

(Reference) Summary of Non-Consolidated Operating Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Non-consolidated operating results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2020	20,814	(3.9)	582	(29.8)	956	(9.5)	738	(3.6)
March 31, 2019	21,669	5.8	829	(5.9)	1,057	(3.3)	766	(6.1)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended March 31, 2020	95.83		—	
March 31, 2019	99.42		—	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2020	22,003	10,906	49.6	1,414.73
As of March 31, 2019	23,876	10,701	44.8	1,388.64

(Reference) Equity: As of March 31, 2020: ¥10,906 million
As of March 31, 2019: ¥10,701 million

* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

* Explanation of the proper use of the financial results forecast and other notes

- The earnings forecasts and other forward-looking statements herein are based on certain information available to the Company as of the date of publication of this document and on certain assumptions deemed reasonable. As such, it is not a commitment made by the Company to achieve them and actual results may differ significantly from these forecasts due to a wide range of factors. For the assumptions used as the basis for the financial results forecast and notes on the use of the forecast, please refer to “(4) Future Outlook” on page 4 of the appendix to this report.
- The supplementary briefing materials on financial results will be posted on the Company’s website promptly after they become available.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

Looking at the global economic environment surrounding the Group, consisting of Shibaura Electronics Co., Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”), in the fiscal year ended March 31, 2020, the U.S. economy continued moderate economic growth until the third quarter due to strong consumer spending and improvement of employment environment, whereas the European economy recovered moderately despite the uncertainty due to Brexit, etc. On the other hand, China’s economy strongly decelerated by slowdown of capital investments and decrease in exports due to trade friction between the U.S. and China. Since the fourth quarter, economic activity has been largely restrained, the world economy has rapidly deteriorated, and the employment environment has become substantially worse, due to the impact of the global spread of the novel coronavirus disease (COVID-19).

Furthermore, although the Japanese economy had continued to be on a moderate recovery track owing to the steady employment environment and increases in capital investment and improvements in corporate performance, the large restraining of economic activity and deterioration of the economy due to the impact of the spread of the novel coronavirus disease (COVID-19) since the fourth quarter have been conspicuous.

Under these circumstances, from a production perspective, the Group expanded the production lines of thermistor elements at Fukushima Shibaura Electronics Co., Ltd. to meet steadily expanding demand for thermistor elements. In order to secure further production space, the Group started construction of additional plant building (No. 10 Building) in October 2018, which was completed in May 2019. In addition, the Group established a production system in response to increasing demand of thermistor sensors for automobiles. From a sales perspective, the Group continued to conduct aggressive marketing activities targeting automotive manufacturers as well as domestic and overseas energy-saving and green-oriented manufacturers. As a result, the consolidated net sales of its thermistor sensors by application resulted in ¥5,748 million (a decrease of 4.6% year on year) for air conditioning, ¥3,472 million (a decrease of 12.1% year on year) for home appliances, ¥3,371 million (an increase of 9.6% year on year) for automobiles, ¥2,243 million (a decrease of 3.7% year on year) for household equipment, ¥1,998 million (a decrease of 3.5% year on year) for OA equipment and ¥1,288 million (a decrease of 23.4% year on year) for industrial equipment, due to decreased demand resulting from the trade friction between the U.S. and China and due to the impact of the spread of the novel coronavirus (Covid-19). In addition, net sales of thermistor elements decreased 0.9% to ¥7,289 million, of which those for automobiles increased by 0.3% to ¥4,972 million.

As a result, consolidated net sales for the fiscal year ended March 31, 2020, decreased by 3.5% year on year to ¥26,166 million. In terms of profit, consolidated operating income decreased by 17.8% to ¥2,291 million, consolidated ordinary income decreased by 16.5% to ¥2,392 million and net income attributable to owners of parent decreased by 15.0% to ¥1,747 million.

Financial results by reportable segment are as follows.

(i) Japan

Net sales decreased by 3.9% year on year to ¥20,813 million owing to decreased demand for thermistor sensors for industry and thermistor sensors for air conditioning, despite increased demand for thermistor sensors for automobiles. Operating income decreased by 19.1% year on year to ¥2,147 million as a result of lower sales.

(ii) Asia

Net sales decreased by 4.2% year on year to ¥14,730 million as the demand for thermistor sensors for home appliances decreased. Operating income decreased by 7.9% year on year to ¥887 million as a result of lower sales.

(iii) Europe

Net sales increased by 9.2% year on year to ¥942 million due to a change of some sales channels from direct sales to Japanese clients to sales by a local subsidiary in Germany. Operating income increased by 22.9% year on year to ¥58 million as a result of higher sales.

(iv) America

Net sales increased by 2.7% year on year to ¥548 million due to increased demand for thermistor elements for automobiles. Operating income increased by 86.6% year on year to ¥35 million as a result of higher sales.

(2) Overview of Financial Position for the Fiscal Year under Review

Total assets at the end of the fiscal year under review decreased by ¥1.1 billion, or 3.2%, from the end of the previous fiscal year to ¥33,575 million. Current assets decreased by ¥772 million, or 3.4%, to ¥21,740 million, and noncurrent assets decreased by ¥327 million, or 2.7%, to ¥11,835 million.

The main cause of the decline in current assets was a decrease of ¥328 million in cash and deposits due to the payments made for the purchase of property, plant and equipment and decline in net sales, and a decrease of ¥235 million in notes and accounts receivable—trade.

The main cause of the decline in noncurrent assets was that depreciation exceeded the acquisition cost of property, plant and equipment, etc. mainly due to the extension of plant and the introduction of machineries to expand production capacity of thermistor elements at Fukushima Shibaura Electronics Co., Ltd.

Total liabilities at the end of the fiscal year under review decreased by ¥2,523 million, or 21.0%, from the end of the previous fiscal year to ¥9,474 million. Current liabilities decreased by ¥1,795 million, or 19.9%, to ¥7,228 million, and noncurrent liabilities decreased by ¥727 million, or 24.5%, to ¥2,245 million.

The main cause of the decline in current liabilities was a decrease of ¥1,324 million in accounts payable included in other under current liabilities due to the payments made for the purchase of property, plant and equipment and a decrease of ¥267 million in notes and accounts payable—trade due to a decrease in net sales.

The main cause of the decline in noncurrent liabilities was a decrease in long-term loans payable. Net assets at the end of the fiscal year under review increased by ¥1,422 million, or 6.3%, from the end of the previous fiscal year to ¥24,101 million.

The main cause of the growth in net assets was an increase in retained earnings.

As a result, the Group's equity ratio increased from 65.3% at the end of the previous fiscal year to 71.6%. Net assets per share based on the total number of issued shares at the end of the fiscal year under review increased from ¥2,936.91 at the end of the previous fiscal year to ¥3,119.91.

(3) Overview of Cash Flows for the Fiscal Year under Review

The Group's consolidated cash and cash equivalents ("cash") as of the end of the fiscal year under review amounted to ¥6,812 million, a decrease of ¥358 million from the end of the previous fiscal year. The status of cash flows from operating, investing and financing activities and major contributing factors were as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥3,323 million compared with ¥3,521 million provided in the previous fiscal year. This was mainly because the cash increase primarily due to income before income taxes of ¥2,392 million and depreciation of ¥1,967 million considerably exceeded the cash decrease caused chiefly by a decrease of ¥612 million in other noncurrent liabilities and a decrease of ¥300 million in notes and accounts payable—trade.

Cash flows from investing activities

Net cash used in investing activities was ¥2,162 million compared with ¥4,241 million used in the previous fiscal year. This was primarily due to ¥2,057 million in the purchase of property, plant and equipment, etc. for the extension of plant and the introduction of machineries to expand production capacity of thermistor elements at Fukushima Shibaura Electronics Co., Ltd., and for the extension of plant and the introduction of machineries to increase production at Thai Shibaura Denshi Co., Ltd.

Cash flows from financing activities

Net cash used in financing activities was ¥1,468 million compared with ¥1,144 million used in the previous fiscal year. This was primarily due to cash dividends paid amounting to ¥582 million and the repayments of long-term loans payable of ¥988 million.

(4) Future Outlook

Concern about the future outlook of the global economy is becoming very strong due to the global spread of the novel coronavirus disease (COVID-19), in addition to the prolonging trade friction between the U.S. and China.

In Japan, on the other hand, the future outlook of the economy is increasingly uncertain, as further economic deterioration is expected due to the declaration of a state of emergency because of the spread of the novel coronavirus disease (COVID-19) and continued restrained economic activity.

As the Group's temperature sensors and thermistors are supplied to a wide range of industries in destinations mainly including Japan, U.S., Europe, China, and Southeast Asia, it is very difficult to predict the extent to which demand will decline due to the spread of the novel coronavirus disease (COVID-19).

As a result of these circumstances, the consolidated financial forecast for the year ending March 31, 2021, is undecided, as it is currently difficult to rationally calculate a financial forecast. We will carefully assess the impact on our financial results and promptly disclose a consolidated financial forecast when it is possible to rationally calculate one.

2. Basic Concept on Adoption of Accounting Standards

The Group currently applies the Japanese GAAP primarily taking into account the comparability of the accounting periods and other factors and has no intention of changing this selection in the immediate future.

3. Consolidated Financial Statements and Primary Notes
(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	7,480,311	7,151,846
Notes and accounts receivable—trade	6,300,843	6,065,784
Electronically recorded monetary claims—operating	1,077,076	978,130
Merchandise and finished goods	1,860,350	1,915,802
Work in process	3,289,219	3,183,476
Raw materials and supplies	1,464,618	1,479,057
Accounts receivable—other	874,310	827,519
Other	166,578	138,642
Allowance for doubtful accounts	(423)	—
Total current assets	22,512,884	21,740,259
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	9,297,949	10,533,295
Accumulated depreciation	(5,002,816)	(5,458,709)
Buildings and structures, net	4,295,133	5,074,585
Machinery, equipment and vehicles	15,093,164	16,041,202
Accumulated depreciation	(11,154,217)	(12,325,559)
Machinery, equipment and vehicles, net	3,938,947	3,715,643
Land	873,748	882,150
Construction in progress	1,497,710	544,735
Other	1,705,886	1,792,543
Accumulated depreciation	(1,415,848)	(1,523,014)
Other, net	290,038	269,528
Total property, plant and equipment	10,895,578	10,486,643
Intangible assets	125,065	150,736
Investments and other assets		
Investment securities	366,104	412,196
Net defined benefit asset	367,178	409,636
Deferred tax assets	212,139	211,348
Other	197,079	164,992
Total investments and other assets	1,142,501	1,198,174
Total noncurrent assets	12,163,146	11,835,554
Total assets	34,676,030	33,575,813

(Thousand yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable—trade	4,276,392	4,008,866
Short-term loans payable	1,124,409	959,009
Income taxes payable	350,621	266,259
Accrued consumption taxes	87,985	177,657
Provision for bonuses	448,283	472,839
Provision for directors' bonuses	70,000	60,000
Other	2,666,539	1,284,140
Total current liabilities	9,024,231	7,228,772
Noncurrent liabilities		
Long-term loans payable	2,596,355	1,856,947
Deferred tax liabilities	16,291	31,355
Provision for BIP Trust	46,960	58,089
Net defined benefit liability	179,065	188,112
Asset retirement obligations	12,051	12,327
Other	122,832	99,162
Total noncurrent liabilities	2,973,557	2,245,993
Total liabilities	11,997,788	9,474,765
Net assets		
Shareholders' equity		
Capital stock	2,144,612	2,144,612
Capital surplus	2,090,704	2,090,704
Retained earnings	17,540,578	18,705,230
Treasury shares	(130,498)	(125,135)
Total shareholders' equity	21,645,397	22,815,412
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	196,800	241,047
Foreign currency translation adjustment	831,216	1,040,063
Remeasurements of defined benefit plans	(40,553)	(43,976)
Total accumulated other comprehensive income	987,462	1,237,134
Non-controlling interests	45,381	48,500
Total net assets	22,678,241	24,101,047
Total liabilities and net assets	34,676,030	33,575,813

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

	(Thousand yen)	
	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Net sales	27,121,692	26,166,691
Cost of sales	20,897,066	20,440,791
Gross profit	6,224,625	5,725,899
Selling, general and administrative expenses		
Freightage and packing expenses	339,006	308,705
Advertising expenses	19,234	14,934
Salaries, allowances and bonuses	1,260,584	1,314,499
Provision for bonuses	122,706	133,501
Provision for directors' bonuses	70,000	60,000
Retirement benefit expenses	77,642	112,216
Provision for BIP Trust	14,548	16,584
Legal welfare expenses	201,154	199,694
Traveling and transportation expenses	168,593	147,538
Communication expenses	30,551	29,277
Commission fee	316,444	286,259
Rent expenses	1,951	1,644
Depreciation	92,748	82,801
Provision of allowance for doubtful accounts	107	—
Other	722,223	726,311
Total selling, general and administrative expenses	3,437,498	3,433,971
Operating income	2,787,126	2,291,928
Non-operating income		
Interest income	3,214	3,602
Dividend income	5,609	5,678
Foreign exchange gains	—	43,401
Commission fee	16,784	—
Land and house rent received	12,063	11,705
Insurance income	1,113	2,365
Subsidy income	62,354	16,585
Insurance premiums refunded cancellation	—	11,925
Other	13,684	19,045
Total non-operating income	114,822	114,309
Non-operating expenses		
Interest expenses	4,617	10,253
Compensation expenses	79	20
Foreign exchange losses	29,596	—
Other	4,249	3,873
Total non-operating expenses	38,543	14,146
Ordinary income	2,863,405	2,392,091

	(Thousand yen)	
	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Extraordinary income		
Gain on sales of noncurrent assets	—	302
Subsidy income	—	194,500
Total extraordinary income	—	194,802
Extraordinary losses		
Loss on disposal of noncurrent assets	56,641	25,248
Loss on tax purpose reduction entry of non-current assets	—	115,207
Loss on valuation of investment securities	—	15,990
Impairment loss	—	37,765
Total extraordinary losses	56,641	194,212
Income before income taxes	2,806,764	2,392,682
Income taxes—current	715,080	642,379
Income taxes—deferred	31,709	(620)
Total income taxes	746,790	641,758
Net income	2,059,973	1,750,923
Net income attributable to non-controlling interests	4,954	3,273
Net income attributable to owners of parent	2,055,019	1,747,649

Consolidated Statements of Comprehensive Income

	(Thousand yen)	
	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Net income	2,059,973	1,750,923
Other comprehensive income		
Valuation difference on available-for-sale securities	2,107	44,247
Foreign currency translation adjustment	(242,661)	208,847
Remeasurements of defined benefit plans	(24,973)	(3,422)
Total other comprehensive income	(265,527)	249,671
Comprehensive income	1,794,445	2,000,595
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,789,491	1,997,321
Comprehensive income attributable to non-controlling interests	4,954	3,273

(3) Consolidated Statements of Changes in Equity
Previous fiscal year (From April 1, 2018 to March 31, 2019)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	2,144,612	2,090,704	16,068,576	(129,313)	20,174,580
Changes of items during the period					
Dividends of surplus			(583,017)		(583,017)
Net income attributable to owners of parent			2,055,019		2,055,019
Purchase of treasury shares				(1,185)	(1,185)
Disposal of treasury shares					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	1,472,002	(1,185)	1,470,817
Balance at the end of current period	2,144,612	2,090,704	17,540,578	(130,498)	21,645,397

	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 the beginning of current period	194,692	1,073,877	(15,580)	1,252,990	40,582	21,468,153
Changes of items during the period						
Dividends of surplus						(583,017)
Net income attributable to owners of parent						2,055,019
Purchase of treasury shares						(1,185)
Disposal of treasury shares						—
Net changes of items other than shareholders' equity	2,107	(242,661)	(24,973)	(265,527)	4,799	(260,728)
Total changes of items during the period	2,107	(242,661)	(24,973)	(265,527)	4,799	1,210,088
Balance at the end of current period	196,800	831,216	(40,553)	987,462	45,381	22,678,241

Current fiscal year (From April 1, 2019 to March 31, 2020)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	2,144,612	2,090,704	17,540,578	(130,498)	21,645,397
Changes of items during the period					
Dividends of surplus			(582,998)		(582,998)
Net income attributable to owners of parent			1,747,649		1,747,649
Purchase of treasury shares				(91)	(91)
Disposal of treasury shares				5,455	5,455
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	1,164,651	5,363	1,170,014
Balance at the end of current period	2,144,612	2,090,704	18,705,230	(125,135)	22,815,412

	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 the beginning of current period	196,800	831,216	(40,553)	987,462	45,381	22,678,241
Changes of items during the period						
Dividends of surplus						(582,998)
Net income attributable to owners of parent						1,747,649
Purchase of treasury shares						(91)
Disposal of treasury shares						5,455
Net changes of items other than shareholders' equity	44,247	208,847	(3,422)	249,671	3,118	252,790
Total changes of items during the period	44,247	208,847	(3,422)	249,671	3,118	1,422,805
Balance at the end of current period	241,047	1,040,063	(43,976)	1,237,134	48,500	24,101,047

(4) Consolidated Statements of Cash Flows

	(Thousand yen)	
	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Income before income taxes	2,806,764	2,392,682
Depreciation	1,685,563	1,967,946
Impairment loss	—	37,765
Increase (decrease) in allowance for doubtful accounts	107	(400)
Increase (decrease) in provision for bonuses	34,658	24,555
Increase (decrease) in provision for directors' bonuses	—	(10,000)
Increase (decrease) in net defined benefit liability	(98,299)	(43,115)
Increase (decrease) in provision for BIP Trust	14,548	11,129
Interest and dividend income	(8,823)	(9,281)
Interest expenses	4,617	10,253
Foreign exchange losses (gains)	3,816	(21,520)
Loss (gain) on disposal of noncurrent assets	56,641	24,945
Loss on tax purpose reduction entry of non-current assets	—	115,207
Loss (gain) on valuation of investment securities	—	15,990
Subsidy income	—	(194,500)
Decrease (increase) in notes and accounts receivable—trade	(108,146)	357,457
Decrease (increase) in inventories	(981,943)	116,584
Decrease (increase) in accounts receivable—other	(3,137)	(13,537)
Decrease (increase) in consumption taxes refund receivable	(159,288)	60,735
Decrease (increase) in other current assets	(16,348)	11,176
Increase (decrease) in notes and accounts payable—trade	590,583	(300,805)
Increase (decrease) in accrued consumption taxes	41,577	89,671
Increase (decrease) in other current liabilities	466,424	(612,757)
Other, net	(1,347)	3,509
Subtotal	4,327,968	4,033,694
Interest and dividend income received	8,629	9,326
Interest expenses paid	(4,742)	(9,878)
Income taxes paid	(809,965)	(738,337)
Income taxes refund	—	28,443
Net cash provided by (used in) operating activities	3,521,889	3,323,248

	(Thousand yen)	
	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Cash flows from investing activities		
Payments into time deposits	(272,019)	(329,168)
Proceeds from withdrawal of time deposits	261,949	297,589
Purchase of property, plant and equipment	(4,159,452)	(2,251,982)
Proceeds from sales of property, plant and equipment	370	613
Purchase of intangible assets	(38,812)	(69,703)
Subsidies received	—	194,500
Other, net	(34,024)	(3,943)
Net cash provided by (used in) investing activities	(4,241,989)	(2,162,094)
Cash flows from financing activities		
Increase in short-term loans payable	139,652	143,594
Decrease in short-term loans payable	(139,652)	(143,594)
Proceeds from long-term loans payable	2,400,000	100,000
Repayments of long-term loans payable	(671,490)	(988,228)
Purchase of treasury shares	(1,185)	(91)
Proceeds from disposal of treasury shares	—	5,455
Cash dividends paid	(582,407)	(582,143)
Dividends paid to non-controlling interests	(91)	(91)
Other, net	—	(3,394)
Net cash provided by (used in) financing activities	1,144,825	(1,468,493)
Effect of exchange rate change on cash and cash equivalents	(82,640)	(51,305)
Net increase (decrease) in cash and cash equivalents	342,085	(358,644)
Cash and cash equivalents at beginning of period	6,828,707	7,170,792
Cash and cash equivalents at end of period	7,170,792	6,812,147

(5) Notes to Consolidated Financial Statements
(Notes regarding Going Concern Assumptions)
Not applicable

(Segment Information)

1. Summary of reportable segments

The reportable segments of the Company are components for which discrete financial information is available and which are subject to regular review by the President in order to make decisions on allocation of management resources and to assess the performance of the respective segments.

The Company mainly engages in production and sales of thermistors. Production and sales in Japan are conducted by the Company, while the same activities overseas are handled by local subsidiaries in Asia (primarily China and Thailand), in Europe and in America. The overseas local subsidiaries are independent business entities, and therefore they plan their own comprehensive strategies on product lines for each region and deploy their own business activities.

Accordingly, the Company consists of geographical segments based on production and sales systems, and the four reportable segments are “Japan,” “Asia,” “Europe” and “America.” Each reportable segment produces and sells thermistors, as well as temperature/humidity sensors and other products.

2. Calculation method of net sales, income or loss, assets, liabilities and other items by reportable segment

The accounting method for the reportable segments is predominantly identical to the accounting method adopted for preparing Consolidated Financial Statements.

The segment income or loss is based on operating income or loss. The amounts of inter-segment sales and transfers are calculated based on prevailing market prices.

3. Net sales, income or loss, assets, liabilities and other items by reportable segment
Previous fiscal year (From April 1, 2018 to March 31, 2019)

(Thousand yen)

	Reportable segment				Total
	Japan	Asia	Europe	America	
Net sales					
Net sales to external customers	16,210,680	9,611,586	781,623	517,801	27,121,692
Inter-segment sales or transfers	5,458,102	5,769,570	82,162	16,422	11,326,257
Total	21,668,783	15,381,157	863,785	534,223	38,447,950
Segment income	2,654,837	963,873	47,907	18,944	3,685,562
Segment assets	24,016,342	11,797,449	309,348	137,609	36,260,750
Other items					
Depreciation	1,189,316	487,397	1,035	838	1,678,587
Increase in amounts of property, plant and equipment and intangible assets	2,575,117	1,614,205	—	—	4,189,323

Current fiscal year (From April 1, 2019 to March 31, 2020)

(Thousand yen)

	Reportable segment				Total
	Japan	Asia	Europe	America	
Net sales					
Net sales to external customers	15,620,398	9,149,781	861,444	535,067	26,166,691
Inter-segment sales or transfers	5,193,541	5,580,550	81,479	13,414	10,868,985
Total	20,813,940	14,730,331	942,923	548,482	37,035,677
Segment income	2,147,641	887,863	58,860	35,357	3,129,723
Segment assets	26,663,007	11,664,241	331,102	160,802	38,819,154
Other items					
Depreciation	1,344,929	614,771	807	822	1,961,330
Increase in amounts of property, plant and equipment and intangible assets	1,735,598	384,362	—	86	2,120,048

4. Differences between the total of the reportable segments and the carrying amounts on the consolidated financial statements, as well as the major content of said differences (adjustment of differences)

(Thousand yen)

Net sales	Previous fiscal year	Current fiscal year
Total of the reportable segments	38,447,950	37,035,677
Elimination of inter-segment transactions	(11,326,257)	(10,868,985)
Net sales on the consolidated financial statements	27,121,692	26,166,691

(Thousand yen)

Income	Previous fiscal year	Current fiscal year
Total of the reportable segments	3,685,562	3,129,723
Elimination of inter-segment transactions	(42,120)	35,474
Corporate expenses (Note)	(856,315)	(873,269)
Operating income on the consolidated financial statements	2,787,126	2,291,928

Note: Corporate expenses mainly refer to general and administrative expenses that are not distributed to each reportable segment.

(Thousand yen)

Assets	Previous fiscal year	Current fiscal year
Total of the reportable segments	31,373,576	38,819,154
Elimination of inter-segment transactions	(5,824,877)	(5,243,340)
Corporate assets (Note)	4,240,157	4,418,750
Total assets on the consolidated financial statements	30,732,132	37,994,564

Note: Corporate assets consist mainly of surplus funds (cash), long-term investments (investment securities) and certain assets related to corporate administrative departments that are not distributed to each reportable segment.

(Thousand yen)

Other items	Total of the reportable segments		Adjustment		Carrying amount on the consolidated financial statements	
	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year
Depreciation	1,678,587	1,961,330	6,975	6,616	1,685,563	1,967,946
Increase in amounts of property, plant and equipment and intangible assets	4,189,323	2,120,048	8,942	7,137	4,198,265	2,127,185

Note: The adjustment for increase in amounts of property, plant and equipment and intangible assets refers to the increase of software, etc., resulting from the improvement of the Company's computer system.

(Per-Share Information)

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Net assets per share	¥2,936.91	¥3,119.91
Basic earnings per share	¥266.66	¥226.72

Notes:

1. Diluted earnings per share are not provided because the Company had no securities with dilutive effects.
2. The basis for calculation of basic earnings per share is as follows:

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Basic earnings per share		
Net income attributable to owners of parent (Thousand yen)	2,055,019	1,747,649
Amounts not attributable to common shareholders (Thousand yen)	—	—
Net income attributable to owners of parent regarding common shares (Thousand yen)	2,055,019	1,747,649
Average number of common shares during the fiscal year (Shares)	7,706,451	7,708,277

3. The basis for calculation of net assets per share is as follows:

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Total net assets (Thousand yen)	22,678,241	24,101,047
Amounts deducted from total net assets (Thousand yen)	45,381	48,500
(Non-controlling interests included therein) (Thousand yen)	(45,381)	(48,500)
Net assets regarding common shares at the end of fiscal year (Thousand yen)	22,632,859	24,052,546
Number of common shares at the end of fiscal year used for calculation of net assets per share (Shares)	7,706,352	7,709,367

4. Shares of the Company remaining in the “BIP Trust Account,” which are accounted for as treasury shares in the net assets, are included in the treasury shares to be deducted for the calculation of the average number of shares during the fiscal year under review which is then used to calculate basic earnings per share. These shares are also included in the treasury shares to be deducted for the calculation of the total number of treasury shares at the end of the fiscal year under review which is then used to calculate net assets per share. The average number of such treasury shares during the previous fiscal year and during the fiscal year under review deducted for the calculation of basic earnings per share were 66,960 shares and 65,014 shares, respectively, and the total number of treasury shares at the end of the previous fiscal year and at the end of the fiscal year under review deducted for the calculation of net assets per share were 66,960 shares and 63,914 shares, respectively.

(Significant Subsequent Events)

Not applicable

4. Others

(1) Changes in Corporate Officers

1) Transfer of representative (scheduled for June 26, 2020)

i) Retiring Representative Director

Mr. Hiroyuki Hashikura, Chairman of the Company

2) Transfers of other Corporate Officers (scheduled for June 26, 2020)

i) New candidates for Audit & Supervisory Board Member

Mr. Natsuki Sugida, Full-time Audit & Supervisory Board Member (currently Director, IR & PR Office and Legal Office)

Ms. Maki Kataoka, Outside Audit & Supervisory Board Member (currently Certified Public Accountant, Director, Kataoka CPA Office, and External Relations Advisor, General Affairs, HQ, Sony Corporation)

ii) Retiring Audit & Supervisory Board Members

Mr. Tatsumi Kyoya, Full-time Audit & Supervisory Board Member

Mr. Kenichi Asano, Outside Audit & Supervisory Board Member