



May 13, 2022

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Under Japanese GAAP)

Name of the Listed Company: CHINO CORPORATION Listed Stock Exchanges: Tokyo Stock Exchange
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Scheduled date of ordinary general meeting of shareholders: June 28, 2022

Scheduled date to commence dividend payments: June 29, 2022

Scheduled date to file Securities Report: June 29, 2022

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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	21,908	3.9	1,499	32.0	1,744	35.9	1,050	-18.5
March 31, 2021	21,080	2.4	1,136	10.7	1,283	-23.7	1,289	5.9

Note: Comprehensive income Fiscal year ended March 31, 2022: 1,302 million yen (-27.7%)

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

	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating margin
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	124.07	–	6.1	5.6	6.8
March 31, 2021	152.24	–	8.1	4.5	5.4

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

Fiscal year ended March 31, 2022: – million yen

Fiscal year ended March 31, 2021: – million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	31,545	20,150	55.7	2,073.94
March 31, 2021	30,398	19,502	54.7	1,964.43

Reference: Equity As of March 31, 2022: 17,564 million yen

As of March 31, 2021: 16,639 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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	1,880	-578	-978	5,821
March 31, 2021	2,341	-748	-968	5,430

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, 2021	–	0.00	–	45.00	45.00	381	29.6	2.4
March 31, 2022	–	0.00	–	46.00	46.00	389	37.1	2.3
Fiscal year ending March 31, 2023 (Forecast)	–	0.00	–	47.00	47.00		36.2	

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

3. Consolidated financial forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Fiscal year ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
March 31, 2023	23,300	6.3	1,550	3.4	1,800	3.2	1,100	4.7	129.89

* Notes

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

Newly included: None

Excluded: 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: Yes

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Please refer to “Changes in accounting policies” on page 16.

(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, 2022 9,260,116 shares As of March 31, 2021 9,260,116 shares

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

As of March 31, 2022 791,138 shares As of March 31, 2021 789,916 shares

(iii) Average number of shares during the period

Fiscal year ended March 31, 2022 8,469,599 shares Fiscal year ended March 31, 2021 8,470,593 shares

Reference: Summary of non-consolidated results

1. Non-consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	15,396	4.5	817	43.1	1,139	33.0	825	32.7
March 31, 2021	14,727	-5.8	571	-3.7	857	24.7	622	38.6

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	97.45	—
March 31, 2021	73.45	—

(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, 2022	23,461	14,667	62.5	1,731.90
March 31, 2021	22,967	14,239	62.0	1,681.18

Reference: Equity As of March 31, 2022: 14,667 million yen

As of March 31, 2021: 14,239 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.

(Change in the unit for displaying monetary amounts)

Amounts of accounts and other items presented in the Company's consolidated financial statements were previously stated in thousands of yen, but are now stated in millions of yen, beginning with the consolidated fiscal year under review. The figures for the previous fiscal year have also been reclassified into millions of yen.

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1. Overview of Operating Results and Financial Position

(1) Overview of operating results for the fiscal year ended March 31, 2022

During the fiscal year under review, the world economy continued to be affected by the COVID-19 pandemic. With the rise in vaccinations, however, particularly in developed countries, economic activity resumed and signs of economic recovery were seen. Meanwhile, the economic recovery was adversely affected by the prolonged U.S.-China trade friction, rising resource prices, and shortages of components, particularly semiconductors. At present there is concern about an economic slowdown chiefly due to the situation in Ukraine, accelerating monetary tightening in the United States, lockdowns in China, and rising energy prices. The economic outlook therefore remains uncertain.

Looking at the business environment for the Chino Group, despite the impact of the insufficient supply of components, particularly semiconductors, the production activities of the automotive and electronic component sectors, which are the Group's main customers, recovered which enabled capital spending to continue its trend toward recovery.

In this environment, the Group sought to provide solutions to issues in industry sectors where the restoration of demand was observed and to provide products and systems for temperature measurement, control and monitoring, which are essential at production sites.

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 in the area of temperature control systems for hydrogen generation, transportation and storage and for energy use to capture the growing demand in hydrogen-related fields.

As a result, orders received in the fiscal year under review amounted to 25,557 million yen (up 24.3% year on year), and net sales were 21,908 million yen (up 3.9% year on year). Orders received rose to a record high, reflecting a recovery in capital spending at customers and the timing of purchase orders being moved up due to the continuing tight supply of semiconductors and other components. Net sales rose year on year as the Group sought to secure components by increasing the number of suppliers and using alternative components to minimize the effect of the tight supply of components on the manufacturing of the Company's products.

On the profit front, operating profit stood at 1,499 million yen (rising 32.0% year on year) and ordinary profit came to 1,744 million yen (increasing 35.9% year on year), reflecting both the increase in sales and cost cutting. Profit attributable to owners of parent was 1,050 million yen (down 18.5% year on year) because of the impact of posting gain on bargain purchase of 557 million yen as extraordinary income as a result of making Meiyō Electric Co., Ltd. a consolidated subsidiary of the Company in the same period of the previous year.

Results by segment are as follows.

1) Measurement & Control Instruments

Net sales reached 7,965 million yen (increase of 15.1% year on year), and segment profit totaled 1,168 million yen (rising 31.6% year on year). Demand for recorders, which were seriously impacted by the stagnation of customers' production activities and postponed capital investment due to the COVID-19 pandemic in the previous fiscal year, grew primarily overseas, particularly in China among other Asian countries, and controllers and thyristor regulators sold well to major customers.

Sales of body surface temperature checkers used for COVID-19 infection control, for which there was special demand in the previous fiscal year, declined significantly. Meanwhile, the Group worked to expand sales of wireless loggers for monitoring systems and thermohygrometers, among other products. Overall, net sales in this segment rose.

2) Instrumentation Systems

Net sales totaled 6,302 million yen (decreasing 6.7% year on year), and segment profit amounted to 481 million yen (decline of 18.7% year on year). Sales of electronic component-related manufacturing systems, which picked up from the second half of the previous fiscal year, remained steady. Looking at decarbonization, demand increased for fuel cell testing systems particularly for automobiles and water electrolysis evaluation systems for the research and development of technology for the utilization of hydrogen energy. As a result, sales of those products increased, and sales are expected to be on an upward trend from the next fiscal year.

However, net sales and profit in this segment declined from a year ago chiefly due to weak demand for compressor performance testing systems.

3) Sensor

Net sales reached 6,804 million yen (increase of 3.7% year on year), and segment profit totaled 1,304 million yen (rising 14.6% year on year). There is strong overseas demand for both infrared radiation thermometers and temperature sensors to be used for semiconductor-related manufacturing systems, and domestic demand for those products for exports are firm. In addition, demand for infrared radiation thermometers and temperature sensors was also firm for the renovation of steel-related equipment and for products that meet AMS (aerospace material specifications) and biomass-related issues, respectively.

4) Other

Net sales were 836 million yen (down 1.0% year on year), and segment profit came to 194 million yen (rising 27.3% year on year).

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

Orders received (by segment)

(Millions of yen)

Name of segment	Previous fiscal year	Fiscal year under review	Change	% change
Measurement & Control Instruments	6,705	8,669	1,963	29.3
Instrumentation Systems	6,662	9,156	2,494	37.4
Sensor	6,540	7,077	537	8.2
Other	645	654	9	1.4
Total	20,553	25,557	5,004	24.3

Net sales (by segment)

(Millions of yen)

Name of segment	Previous fiscal year	Fiscal year under review	Change	% change
Measurement & Control Instruments	6,923	7,965	1,042	15.1
Instrumentation Systems	6,752	6,302	-449	-6.7
Sensor	6,560	6,804	243	3.7
Other	844	836	-8	-1.0
Total	21,080	21,908	828	3.9

Net sales (by geographical segment)

(Millions of yen)

Name of segment	Previous fiscal year	Fiscal year under review	Change	% change
Japan	17,562	17,831	269	1.5
Asia	3,171	3,651	479	15.1
North America	200	229	28	14.2
Europe	115	165	50	43.4
Other	30	30	-0	-1.4
Total	21,080	21,908	828	3.9

Segment profit (Operating profit)

(Millions of yen)

Name of segment	Previous fiscal year	Fiscal year under review	Change	% change
Measurement & Control Instruments	888	1,168	280	31.6
Instrumentation Systems	592	481	-110	-18.7
Sensor	1,138	1,304	166	14.6
Other	152	194	41	27.3
Corporate expenses (Note)	-1,635	-1,649	-14	-
Total	1,136	1,499	363	32.0

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, 2022

1) Assets

Total assets at the end of the fiscal year under review stood at 31,545 million yen, an increase of 1,146 million yen from the end of the previous fiscal year.

Current assets stood at 21,681 million yen, an increase of 1,382 million yen from the end of the previous fiscal year. This was mainly due to an increase of 340 million yen in cash and deposits, 47 million yen in trade receivables and 1,051 million yen in inventories.

Non-current assets stood at 9,864 million yen, a decrease of 235 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 155 million yen in investment securities.

2) Liabilities

Total liabilities at the end of the fiscal year under review stood at 11,394 million yen, an increase of 497 million yen from the end of the previous fiscal year.

Current liabilities stood at 8,216 million yen, an increase of 941 million yen from the end of the previous fiscal year.

Non-current liabilities stood at 3,177 million yen, a decrease of 443 million yen from the end of the previous fiscal year.

3) Net assets

Total net assets at the end of the fiscal year under review stood at 20,150 million yen, an increase of 648 million yen from the end of the previous fiscal year.

(3) Overview of cash flows for the fiscal year ended March 31, 2022

1) Cash flows from operating activities

Net cash provided by operating activities in the fiscal year under review was a net inflow of 1,880 million yen (down 460 million yen year on year). The amount of cash inflow items including income taxes of 1,719 million yen, depreciation of 795 million yen and an increase of trade payable of 821 million yen exceeded the amount of cash outflow items including inventories of 987 million yen.

2) Cash flows from investing activities

Net cash in investing activities in the fiscal year under review was a net outflow of 578 million yen (up 169 million yen year on year).

The amount of cash outflow items including purchase of property, plant and equipment and intangible assets of 910 million yen exceeded the amount of cash inflow items including proceeds from maturity insurance funds of 302 million yen.

3) Cash flows from financing activities

Net cash in financing activities in the fiscal year under review was a net outflow of 978 million yen (down 9 million yen year on year) due to cash outflow including dividend payment of 381 million yen, repayments of long-term borrowings of 272 million yen and purchase of shares of subsidiaries not resulting in change in scope of consolidation of 222 million yen.

As a result, cash and cash equivalents at the end of the fiscal year under review increased 390 million yen from the end of the previous fiscal year, to 5,821 million yen.

[Trends in cash flow indices]

	FY 3/2018	FY 3/2019	FY 3/2020	FY 3/2021	FY 3/2022
Equity ratio (%)	54.7	54.7	57.6	54.7	55.7
Equity ratio based on market value (%)	47.4	39.6	38.9	40.5	43.5
Ratio of interest-bearing debt to cash flow (years)	0.82	1.58	2.47	1.11	1.20
Interest coverage ratio	263.18	161.64	124.00	225.73	231.61

(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 fiscal year ending March 31, 2023 is the second year of the Medium-term Management Plan (FY2021-FY2026). Anticipating major changes in society and business, such as a growing global emphasis on the environment and the further acceleration of digital transformation, the Group aims in the plan to realize its 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. To achieve the goal, the plan consists of four basic strategies: (i) further development and expansion of growth areas, (ii) enhancement of core businesses and value creation, (iii) strengthening of foundations and expansion of business overseas, and (iv) establishment of resilient management base.

Under the four basic strategies, the Group will energetically develop 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" and will promote sustainability management.

Looking at the business environment surrounding the Group, the global economy is expected to continue to recover overall. In the automotive and electronic component sectors, which are the Group's main customers, strong demand is likely to continue. Demand is expected to increase in areas related to hydrogen against the backdrop of initiatives for decarbonization. Meanwhile, the global economy continues to be affected by supply shortages of semiconductors and other components, along with rising costs. Uncertainty is increasing chiefly due to the worsening situation in Ukraine, which appears prolonged, and lockdowns in China.

In light of the situation, consolidated financial forecasts for the fiscal year ending March 31, 2023 are net sales of 23,300 million yen, operating profit of 1,550 million yen, ordinary profit of 1,800 million yen, and profit attributable to owners of parent of 1,100 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

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	6,991	7,331
Notes and accounts receivable - trade	5,563	—
Notes receivable – trade	—	441
Electronically recorded monetary claims - operating	1,985	1,943
Accounts receivable – trade	—	5,210
Merchandise and finished goods	742	631
Work in process	2,143	2,860
Raw materials and supplies	2,641	3,086
Other	240	274
Allowance for doubtful accounts	-8	-99
Total current assets	20,299	21,681
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,559	8,601
Accumulated depreciation	-5,428	-5,576
Buildings and structures, net	3,131	3,025
Machinery, equipment and vehicles	4,031	4,182
Accumulated depreciation	-3,195	-3,345
Machinery, equipment and vehicles, net	836	837
Land	1,277	1,406
Construction in progress	5	2
Other	3,842	3,806
Accumulated depreciation	-3,514	-3,511
Other, net	327	294
Total property, plant and equipment	5,578	5,566
Intangible assets		
Software	382	392
Other	16	16
Total intangible assets	398	408
Investments and other assets		
Investment securities	1,916	1,761
Deferred tax assets	678	740
Retirement benefit asset	623	663
Other	962	780
Allowance for doubtful accounts	-58	-56
Total investments and other assets	4,122	3,889
Total non-current assets	10,099	9,864
Total assets	30,398	31,545

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,840	2,397
Electronically recorded obligations - operating	1,770	2,113
Short-term borrowings	1,322	1,265
Current portion of long-term borrowings	272	375
Income taxes payable	299	317
Provision for bonuses	576	625
Provision for bonuses for directors (and other officers)	27	34
Provision for shareholder benefit program	—	43
Electronically recorded obligations-operating-facilities	29	35
Other	1,135	1,009
Total current liabilities	7,274	8,216
Non-current liabilities		
Long-term borrowings	995	620
Deferred tax liabilities	91	83
Provision for retirement benefits for directors (and other officers)	462	343
Retirement benefit liability	1,819	1,867
Other	252	263
Total non-current liabilities	3,621	3,177
Total liabilities	10,896	11,394
Net assets		
Shareholders' equity		
Share capital	4,292	4,292
Capital surplus	4,017	4,264
Retained earnings	9,245	9,911
Treasury shares	-1,157	-1,159
Total shareholders' equity	16,398	17,308
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	306	289
Foreign currency translation adjustment	-24	67
Remeasurements of defined benefit plans	-41	-101
Total accumulated other comprehensive income	240	255
Non-controlling interests	2,863	2,586
Total net assets	19,502	20,150
Total liabilities and net assets	30,398	31,545

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	21,080	21,908
Cost of sales	14,716	14,832
Gross profit	6,363	7,076
Selling, general and administrative expenses		
Salaries, allowances and bonuses	2,213	2,242
Provision for bonuses	200	213
Provision for bonuses for directors (and other officers)	27	34
Retirement benefit expenses	167	117
Provision for retirement benefits for directors (and other officers)	57	64
Depreciation	171	149
Research and development expenses	598	798
Provision for shareholder benefit program	—	43
Provision of allowance for doubtful accounts	5	91
Other	1,784	1,822
Total selling, general and administrative expenses	5,227	5,576
Operating profit	1,136	1,499
Non-operating income		
Interest income	8	7
Dividend income	48	50
Electricity sale income	35	35
Foreign exchange gains	20	94
Subsidy income	63	20
Surrender value of insurance policies	13	66
Other	38	26
Total non-operating income	227	301
Non-operating expenses		
Interest expenses	10	8
Finance related expenses	6	4
Electricity sale expenses	17	15
Contract business related costs	14	11
Other	31	16
Total non-operating expenses	80	55
Ordinary profit	1,283	1,744
Extraordinary income		
Gain on sale of investment securities	—	1
Gain on sale of non-current assets	3	0
Gain on bargain purchase	557	—
Total extraordinary income	560	1
Extraordinary losses		
Loss on disposal of non-current assets	4	3
Loss on valuation of investment securities	—	23
Loss on step acquisitions	1	—
Total extraordinary losses	5	27
Profit before income taxes	1,838	1,719
Income taxes - current	414	504
Income taxes - deferred	-4	-19
Total income taxes	409	484
Profit	1,428	1,234
Profit attributable to non-controlling interests	139	183
Profit attributable to owners of parent	1,289	1,050

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	1,428	1,234
Other comprehensive income		
Valuation difference on available-for-sale securities	208	-17
Foreign currency translation adjustment	2	145
Remeasurements of defined benefit plans, net of tax	160	-60
Total other comprehensive income	371	67
Comprehensive income	1,800	1,302
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,653	1,065
Comprehensive income attributable to non-controlling interests	146	236

(3) Consolidated statement of changes in equity

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

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,292	4,053	8,312	-1,156	15,500
Changes during period					
Dividends of surplus			-381		-381
Profit attributable to owners of parent			1,289		1,289
Transfer		-35	33		-1
Purchase of treasury shares				-0	-0
Other			-8		-8
Net changes in items other than shareholders' equity					
Total changes during period	—	-35	933	-0	897
Balance at end of period	4,292	4,017	9,245	-1,157	16,398

	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	-23	-201	-123	941	16,318
Changes during period						
Dividends of surplus						-381
Profit attributable to owners of parent						1,289
Transfer						-1
Purchase of treasury shares						-0
Other						-8
Net changes in items other than shareholders' equity	205	-1	160	364	1,921	2,285
Total changes during period	205	-1	160	364	1,921	3,183
Balance at end of period	306	-24	-41	240	2,863	19,502

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,292	4,017	9,245	-1,157	16,398
Changes during period					
Dividends of surplus			-381		-381
Profit attributable to owners of parent			1,050		1,050
Change in ownership interest of parent due to transactions with non-controlling interests		246			246
Purchase of treasury shares				-1	-1
Other			-4		-4
Net changes in items other than shareholders' equity					
Total changes during period	—	246	665	-1	910
Balance at end of period	4,292	4,264	9,911	-1,159	17,308

	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	306	-24	-41	240	2,863	19,502
Changes during period						
Dividends of surplus						-381
Profit attributable to owners of parent						1,050
Change in ownership interest of parent due to transactions with non-controlling interests					-468	-222
Purchase of treasury shares						-1
Other						-4
Net changes in items other than shareholders' equity	-16	91	-60	14	192	206
Total changes during period	-16	91	-60	14	-276	648
Balance at end of period	289	67	-101	255	2,586	20,150

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	1,838	1,719
Depreciation	872	795
Increase (decrease) in allowance for doubtful accounts	14	88
Increase (decrease) in provision for bonuses	21	49
Increase (decrease) in retirement benefit liability	549	-38
Decrease (increase) in retirement benefit asset	-623	-39
Increase (decrease) in provision for retirement benefits for directors (and other officers)	26	-119
Increase (decrease) in provision for shareholder benefit program	—	43
Interest and dividend income	-56	-58
Interest expenses	10	8
Subsidy income	-63	-20
Loss (gain) on sale of investment securities	—	-1
Loss (gain) on valuation of investment securities	—	23
Decrease (increase) in trade receivables	686	156
Decrease (increase) in inventories	181	-987
Increase (decrease) in trade payables	-684	821
Increase (decrease) in accrued consumption taxes	13	-79
Loss (gain) on step acquisitions	1	—
Gain on bargain purchase	-557	—
Other, net	194	-60
Subtotal	2,425	2,301
Interest and dividends received	56	58
Interest paid	-10	-8
Subsidies received	63	20
Income taxes refund (paid)	-193	-491
Net cash provided by (used in) operating activities	2,341	1,880
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	255	1,449
Payments into time deposits	-980	-1,390
Purchase of property, plant and equipment	-754	-774
Proceeds from sale of property, plant and equipment	4	0
Purchase of intangible assets	-198	-136
Proceeds from sale of investment securities	—	94
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	1,082	—
Loan advances	-27	-8
Proceeds from collection of loans receivable	11	4
Purchase of insurance funds	-81	-73
Proceeds from maturity of insurance funds	73	302
Other, net	-133	-47
Net cash provided by (used in) investing activities	-748	-578

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-122	-58
Repayments of long-term borrowings	-390	-272
Purchase of treasury shares	-0	-1
Dividends paid	-381	-381
Dividends paid to non-controlling interests	-73	-42
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	-222
Net cash provided by (used in) financing activities	-968	-978
Effect of exchange rate change on cash and cash equivalents	6	67
Net increase (decrease) in cash and cash equivalents	629	390
Cash and cash equivalents at beginning of period	4,800	5,430
Cash and cash equivalents at end of period	5,430	5,821

(5) Notes to consolidated financial statements

(Notes on going concern assumptions)

There is no items to report.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Group decided to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the consolidated fiscal year under review to recognize the revenue the Group expects to receive in exchange for the relevant good or service when the control over the promised good or service is transferred to the customer.

The Group has applied the alternative treatment stipulated in Section 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition to recognize revenue from the domestic sale of merchandise or products at the time of its shipment when an ordinary period of time is expected from shipment to the transfer of the control of the relevant merchandise or products being shipped to the customer.

Regarding the application of the Accounting Standard for Revenue Recognition, etc., the Group complies with transitional treatment stipulated in the proviso of Section 84 of the Accounting Standard for Revenue Recognition, so that retained earnings at the beginning of the consolidated fiscal year under review was adjusted for the cumulative impact of the retroactive application of the new accounting policy from the beginning of the fiscal consolidated year under review, and the new accounting policy is applied in the new accounting period from the balance at the beginning of the period. However, by applying the method stipulated in Section 86 of the Accounting Standard for Revenue Recognition, the new accounting policy was not applied retroactively to contracts for which most of the revenue was recognized before the beginning of the consolidated fiscal year under review in accordance with the previous treatment. Also, by applying the method stipulated in additional provision (1) of Section 86 of the Accounting Standard for Revenue Recognition, when any contract was modified before the beginning of the consolidated fiscal year under review, the accounting processing was done based on contract conditions reflecting all of the contract modifications, and retained earnings at the beginning of the consolidated fiscal year under review were adjusted for the cumulative impact.

This change has only a minor impact on the consolidated financial statements for the consolidated fiscal year under review.

Because of the application of the Accounting Standard for Revenue Recognition, etc., notes and accounts receivable - trade indicated in the consolidated balance sheet of the previous consolidated fiscal year are included in "notes", "accounts receivable - trade" and "contract assets" from the consolidated fiscal year under review. In compliance with the transitional treatment stipulated in Section 89-2 of the Accounting Standard for Revenue Recognition, the details of the previous consolidated fiscal year were not reclassified using the new presentation method.

(Adoption of the Accounting Standard for Fair Value Measurement)

The Companies have adopted "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019) and related implementation guidance from the beginning of the consolidated fiscal year under review. Based on the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019), the Companies have decided to apply the new accounting policies set forth by the Accounting Standard for Fair Value Measurement into the future. These changes had no impact on the consolidated financial statements.

(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 Instruments 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 Instruments 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 sensor, and applied sensor

Note: The "Other" 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, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segments				Other (Note)	Total
	Measurement & Control Instruments	Instrumentation Systems	Sensor	Total		
Net sales						
External	6,923	6,752	6,560	20,236	844	21,080
Inter-segment sales and transfers	–	–	–	–	–	–
Total	6,923	6,752	6,560	20,236	844	21,080
Segment profit	888	592	1,138	2,619	152	2,771
Segment assets	7,438	5,011	8,619	21,069	608	21,678
Other items						
Depreciation and amortization	334	100	239	674	33	707
Impairment losses	–	–	–	–	–	–
Increase in property, plant and equipment and intangible assets	268	246	275	790	10	800

Note: The “Other” 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, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segments				Other (Note)	Total
	Measurement & Control Instruments	Instrumentation Systems	Sensor	Total		
Net sales						
External	7,965	6,302	6,804	21,072	836	21,908
Inter-segment sales and transfers	–	–	–	–	–	–
Total	7,965	6,302	6,804	21,072	836	21,908
Segment profit	1,168	481	1,304	2,954	194	3,149
Segment assets	7,969	5,301	9,013	22,283	605	22,889
Other items						
Depreciation and amortization	303	91	231	626	33	659
Impairment losses	–	–	–	–	–	–
Increase in property, plant and equipment and intangible assets	335	30	267	633	4	637

Note: The “Other” 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

(Millions of yen)

Net sales	Previous fiscal year	Fiscal year under review
Reportable segment total	20,236	21,072
Net sales of Other segment	844	836
Net sales in consolidated financial statements	21,080	21,908

(Millions of yen)

Profit	Previous fiscal year	Fiscal year under review
Reportable segment total	2,619	2,954
Profit of Other segment	152	194
Corporate expenses (Note)	-1,635	-1,649
Operating profit in consolidated financial statements	1,136	1,499

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

(Millions of yen)

Assets	Previous fiscal year	Fiscal year under review
Reportable segment total	21,069	22,283
Assets of Other segment	608	605
Corporate assets (Note)	8,720	8,656
Total assets in consolidated financial statements	30,398	31,545

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

(Millions 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	674	626	33	33	164	135	872	795
Impairment losses	-	-	-	-	-	-	-	-
Increase in property, plant and equipment and intangible assets	790	633	10	4	191	146	991	784

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, 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

(Millions of yen)			
Japan	Asia	Other	Total
17,562	3,171	347	21,080

- 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, 2022 (from April 1, 2021 to March 31, 2022)

1. Information by product and service

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

2. Geographic information

(1) Net sales

(Millions of yen)			
Japan	Asia	Other	Total
17,831	3,651	425	21,908

- 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, 2021 (from April 1, 2020 to March 31, 2021)

There is no items to report.

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

There is no items to report.

Information concerning amortization of goodwill and unamortized balance by reportable segment

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

There is no items to report.

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

There is no items to report.

Information concerning gain on bargain purchase by reportable segment

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 million yen. At the time of additionally acquiring shares, the Group also recorded a loss on step acquisitions of 1 million yen.

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

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

There is no items to report.

(Per share information)

Previous fiscal year (from April 1, 2020 to March 31, 2021)		Fiscal year under review (from April 1, 2021 to March 31, 2022)	
Net assets per share	1,964.43 yen	Net assets per share	2,073.94 yen
Earnings per share	152.24 yen	Earnings per share	124.07 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, 2021)	Fiscal year under review (as of March 31, 2022)
Total net assets (Millions of yen)	19,502	20,150
Amount deducted from total net assets (Millions of yen)	2,863	2,586
[Non-controlling interests (Millions of yen)]	[2,863]	[2,586]
Total net assets related to common shares at the end of the year (Millions of yen)	16,639	17,564
Number of common shares used in calculating net assets per share at the end of the year (Thousand)	8,470	8,468

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

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Profit attributable to owners of parent (Millions of yen)	1,289	1,050
Amount not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common shares (Millions of yen)	1,289	1,050
Average number of shares during the period (Thousand)	8,470	8,469

(Subsequent events)

(Abolition of officer retirement benefit system, revision of compensation, etc. for Directors, and introduction of a restricted stock-based compensation plan)

At a meeting of the Board of Directors held on April 28, 2022, the Company resolved to review the officer compensation plan and abolish the officer retirement benefit system. It also resolved to refer the proposals to pay officer retirement benefits to officers still in office for the period they will have been in office, revise Director's compensation, etc., and introduce a restricted stock-based compensation plan ("the Plan") to the 86th annual shareholders' meeting to be held on June 28, 2022 ("the Shareholders' Meeting").

1. Abolition of the officer retirement benefit system

As part of a revision of the officer compensation plan, the Company has decided to abolish its officer retirement benefit system at the closing of the Shareholders' Meeting. With the abolition of the officer retirement benefit system, the Company will pay officer retirement benefits to the officers in office for the period they will have been in office until the closing of the Shareholders' Meeting within the range of reasonable amounts under certain standards. The proposal to pay the officer retirement benefits when they retire will be referred to the Shareholders' Meeting.

The effect of the payment of the officer retirement benefits is minor and insignificant because the Company posts a provision for retirement benefits for directors (and other officers) in preparation for payment of retirement benefits for directors (and other officers) under certain standards.

2. Revision of compensation, etc. for Directors

Annual compensation for Directors of 168 million yen maximum (excluding salaries for Directors who are also employees as employees) has been approved at the 76th annual shareholders' meeting held on June 28, 2012. The Company will refer a proposal to change the annual compensation for Directors to 250 million yen maximum to the Shareholders' Meeting in consideration of the revision of the officer compensation plan to promote sustainable growth at the Company and changes in the business environment. The revised maximum annual compensation for Directors does not include salaries for Directors who are also employees as employees like the existing maximum annual remuneration for Directors.

3. Introduction of the Plan

(1) Purpose of the introduction of the Plan, etc.

1) Purpose of introducing the Plan

The Company will introduce the Plan as a compensation plan where restricted stock-based compensation will be allotted to the Company's Directors (excluding Outside Directors; hereinafter "Eligible Directors") for the purpose of giving them an incentive to sustainably enhance the Company's corporate value and further promote the sharing of value with the shareholders.

2) Conditions for introduction of the Plan

As monetary claims will be granted as compensation to Eligible Directors for the allotment of restricted stock under the Plan, the introduction of the Plan will be subject to shareholders' approval at the Shareholders' Meeting for the granting of said compensation.

If the revision of the compensation, etc. for Directors is approved at the Shareholders' Meeting, the maximum annual compensation for Directors will become 250 million yen (excluding salaries for Directors who are also employees as employees).

At the Shareholders' Meeting, the Company plans to request shareholder approval of the introduction of the Plan and set a maximum amount of restricted stock-based compensation for the Eligible Directors in addition to the aforementioned maximum compensation for Directors.

(2) Overview of the Plan

Under the Plan, Eligible Directors shall make in-kind contributions of all the monetary compensation receivables to be granted from the Company and in return receive the Company's common stock that will be issued or disposed of by the Company.

The total amount of monetary compensation claims to be granted to Eligible Directors under the Plan shall be no more than 40 million yen per year. The total number of the Company's common stock that will be issued or disposed of by the Company under the Plan shall be no more than 26,000 shares per year (if unavoidable circumstances necessitate an adjustment to the number of shares to be issued or disposed of, however, such as a share split and consolidation of shares of the Company's common stock, the number of shares to be issued or disposed of shall be adjusted to a reasonable extent).

The amount paid per share for the restricted shares that will be issued or disposed of under the Plan shall be determined by the Board of Directors of the Company based on the closing price of the Company's common shares at the Tokyo Stock Exchange on the business day immediately before the day on which resolutions are made at a meeting of the Board of Directors (or the closing price on the immediately preceding day if no trades are made on this day), to the extent that the amount is not particularly advantageous to the Eligible Directors who will subscribe for the restricted shares.

To achieve an alignment with shareholders' value, which is one of the purposes of the introduction of the Plan, over the medium and long term, the transfer restriction period shall be from the restricted share delivery date to the retirement from office as both a Director and an Executive Officer of the Company.

The specific timing of payment and allotment to each Eligible Director shall be determined at the Board of Directors meetings. Regarding the issuance or disposal of its common stock under the Plan, the Company shall enter into a restricted stock allotment agreement (the "Allotment Agreement") with Eligible Directors, the provisions of which shall contain the following items.

- i) The Eligible Directors may not, during a predefined period, transfer, attach a security interest on or otherwise dispose of the Company's common stock allotted pursuant to the Allotment Agreement; and
- ii) The Company shall acquire said common stock without consideration if certain events occur.

(3) Other

If the proposal is approved at the Shareholders' Meeting, the Company will allot restricted shares similar to those under the Plan also to the Executive Officers of the Company.

(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

Change of Directors (expected effective date is June 28, 2022)

- Retiring Director

Koichi Yoshida (currently Director and Senior Executive Officer) (Scheduled to become advisor to the Company)
(Scheduled to become President of MEIYO ELECTRIC Co., Ltd. on June 22, 2022)

- Candidate for Director to be newly appointed

Yukinobu Miki (former Senior Vice-President of National Institute of Advanced Industrial Science and Technology)