

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



May 20, 2020

Company name: A&D Company, Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 7745

URL: <https://www.aandd.jp/>

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Scheduled date of Annual General Meeting of Shareholders: June 25, 2020

Scheduled date of filing annual securities report: June 26, 2020

Scheduled date of commencing dividend payments: June 26, 2020

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual financial results briefing session: Not scheduled

(Amounts of less than one million yen are truncated.)

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 profit		Ordinary profit		Profit attributable to parent company shareholders	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2020	49,197	1.8	3,700	34.5	3,432	27.9	1,576	(17.0)
March 31, 2019	48,344	9.6	2,751	15.7	2,683	15.0	1,900	3.9

Note: Comprehensive income Fiscal year ended March 31, 2020: ¥847 million [(51.9)%]

Fiscal year ended March 31, 2019: ¥1,761 million [24.3%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2020	76.88	73.53	9.2	6.8	7.5
March 31, 2019	92.74	92.36	11.5	5.5	5.7

Reference: Investment gains (losses) on equity method

Fiscal year ended March 31, 2020: ¥5 million

Fiscal year ended March 31, 2019: ¥93 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	49,302	18,576	34.9	833.97
As of March 31, 2019	50,981	18,090	33.6	836.13

Reference: Equity As of March 31, 2020: ¥17,203 million

As of March 31, 2019: ¥17,131 million

(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	Million yen	Million yen	Million yen	Million yen
March 31, 2020	4,309	(1,100)	(1,308)	9,105
March 31, 2019	2,237	(1,454)	(329)	7,527

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2019	-	7.00	-	10.00	17.00	354	18.3	2.1
March 31, 2020	-	10.00	-	10.00	20.00	417	26.0	2.4
Fiscal year ending March 31, 2021 (Forecast)	-	-	-	-	-		-	

Note: For the dividends forecast for the fiscal year ending March 31, 2021 is not yet determined, since it is difficult to forecast the financial results for the fiscal year at this point.

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

For the consolidated financial results forecast for the fiscal year ending March 31, 2021, since it is difficult to reasonably calculate the impacts of the spread of novel coronavirus (COVID-19) at this point, it is not yet determined. The consolidated financial results forecast will be disclosed as soon as it becomes possible to make a reasonable calculation.

* Notes:

- (1) Changes in significant subsidiaries during the period under review: No
(Changes in specified subsidiaries accompanying changes to the scope of consolidation)
New: - companies (Company name) - ; Excluded: - companies (Company name) -
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (3) Total number of issued shares (common stock)
 - 1) Total number of issued shares at the end of the period (including treasury stock):
March 31, 2020: 22,579,700 shares
March 31, 2019: 22,579,700 shares
 - 2) Total number of treasury stock at the end of the period:
March 31, 2020: 1,951,360 shares
March 31, 2019: 2,091,335 shares
 - 3) Average number of shares during the period:
Fiscal year ended March 31, 2020: 20,504,537 shares
Fiscal year ended March 31, 2019: 20,488,405 shares

Note: The number of treasury stock eliminated when calculating the total number of treasury stock at the end of the period and the average number of shares during the period includes the Company's shares held by Trust & Custody Services Bank, Ltd. (Trust E Account) as trust assets for the stock benefit trust system.

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

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

Forward-looking statements in this document, including financial results forecasts, are based on information available to the Company at the time of publication. Actual business results, etc., may differ significantly due to various factors. For matters regarding financial results forecasts, please refer to “1. Overview of Business Results, etc. (4) Future Outlook” on page 4 of the Appendix to this report.

(Method to obtain supplementary briefing material on annual financial results)

Supplementary briefing material on annual financial results will be posted on the Company’s website in the near future.

(Annual financial results briefing session)

Although annual financial results briefing session for institutional investors and analysts was planned to be held, the Company decided to cancel it from the view point of preventing the spread of COVID-19. Video recording of annual financial results briefing will be posted on the Company’s website.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for Period Under Review

The economic environment surrounding A&D Company, Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”) during the fiscal year ended March 31, 2020 in Japan initially saw robust corporate earnings and capital investment. However, in addition to the economic slowdown caused by a series of typhoon disasters in autumn and the consumption tax hike from October 2019, economic activity decreased due to the spread of COVID-19 since the start of 2020. Overseas, as well as declining demand caused by the ongoing trade friction between the United States and China, business activities in the countries where the Group is located faced unavoidable suspensions or contractions since the start of the year due to lockdowns caused by the spread of COVID-19. The fiscal year under review came to an end amid a situation of global uncertainty with regard to COVID-19 due to the lack of any clear outlook over when the outbreak will be contained or when business activities will resume.

Amid such circumstances, the Group focused on developing new products and cultivating new markets to respond to diverse and changing needs among customers and society. In addition, the Group strived to differentiate its products from those of competitors through ongoing active investments in growth segments.

As a result, net sales for the fiscal year ended March 31, 2020 were ¥49,197 million (up 1.8% year-on-year), operating profit was ¥3,700 million (up 34.5% year-on-year), ordinary profit was ¥3,432 million (up 27.9% year-on-year), and profit attributable to parent company shareholders was ¥1,576 million (down 17.0% year-on-year).

Business results by segment are as follows.

1) Measurement and Weighing Instruments Business

In Japan, sales related to semiconductor instruments improved mainly because HOLON CO., LTD. became a subsidiary, and sales of thermometers also grew. In addition, testing equipment and powertrain test benches, etc. performed well, and sales increased slightly year on year.

In the Americas, although in weighing instruments, sales of metal detectors and checkweighers were stagnant, both sales and profit improved as we could acquire high-margin projects in measurement and control simulation systems (DSP systems).

In Asia and Oceania, both sales and profits declined due to a slowdown in the special demand for metal detectors, checkweighers and testing equipment in Australia and South Korea that we enjoyed in the previous corresponding period.

As a result, net sales in the measurement and weighing instruments business was ¥30,742 million (up 2.8% year-on-year) and operating profit was ¥2,545 million (up 2.2% year-on-year).

2) Medical and Healthcare Business

In Japan, sales of household-use healthcare instruments, primarily active monitors that had experienced special demand in the previous fiscal year, and sales of medical instruments, primarily automatic blood pressure monitors, fell sharply.

In the Americas, sales increased significantly due to continued shipments for a large-scale project in the United States and strong sales mainly of blood glucose meters in Canada. In addition to the increased sales, cost saving effects also contributed to an increase in profits.

In Europe, sales and profits increased mainly for blood pressure monitors for household use in Russia.

As a result, net sales in the medical and healthcare business were ¥18,455 million (up 0.0% year-on-year) and operating profit was ¥2,129 million (up 8.3% year-on-year).

(2) Overview of Financial Position for the Period Under Review

Total assets as of March 31, 2020 were ¥49,302 million, a decrease of ¥1,678 million compared to the end of the previous fiscal year. This is due to a decrease of ¥871 million in current assets, mainly bills and accounts receivable as well as inventory, and a decrease of 807 million in fixed assets, mainly owing to the reversals of software amortization under intangible fixed assets and deferred tax assets under investments, etc.

Total liabilities as of March 31, 2020 were ¥30,726 million, a decrease of ¥2,163 million compared to the end of the previous fiscal year. This is primarily due to a decrease of ¥2,924 million in current liabilities resulting from a decrease in bills and accounts payable, while fixed liabilities increased by ¥761 million due to an increase in long-term debt.

Net assets as of March 31, 2020 were ¥18,576 million, an increase of ¥485 million compared to the end of the previous fiscal year. This was primarily attributable to a decrease of ¥1,218 million in accumulated other comprehensive income due mainly to a decline in foreign currency translation adjustments, while shareholders' equity increased by ¥1,290 million due to profit attributable to parent company shareholders, etc.

(3) Overview of Cash Flows for the Period Under Review

Cash and cash equivalents (hereinafter referred to as "cash") as of March 31, 2020 amounted to ¥9,105 million (up 21.0% year-on-year), resulting from ¥4,309 million provided by operating activities, ¥1,100 million used in investing activities, ¥1,308 million used in financing activities, and ¥(321) million in effect of exchange rate change on cash and cash equivalents.

Overview of Cash Flows as of March 31, 2020 and the factors are as follows.

1) Cash flows from operating activities

Net cash provided by operating activities amounted to ¥4,309 million (up 92.6% year-on-year). This is mainly attributable to income taxes paid of ¥1,046 million, while profit before income tax and depreciation amounted to ¥3,423 million and ¥1,804 million, respectively.

2) Cash flows from investing activities

Net cash used in investing activities amounted to ¥1,100 million (down 24.3% year-on-year). This is mainly attributable to purchase of property, plant and equipment of ¥619 million, and purchase of intangible assets of ¥461 million.

3) Cash from financing activities

Net cash used in financing activities amounted to ¥1,308 million (up 297.5% year-on-year). This is mainly attributable to a net increase (decrease) in short-term loans payable of ¥(668) million and cash dividends paid of ¥416 million.

(Reference) Cash flow indicators by year

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Equity ratio (%)	32.4	32.4	33.6	33.6	34.9
Equity ratio based on fair value (%)	19.0	20.4	28.7	30.7	26.8
Ratio of interest-bearing debts to operating cash flow (year)	6.8	8.7	4.7	8.8	4.4
Interest coverage ratio (times)	13.8	13.3	21.7	9.6	18.5

Equity ratio:

Equity capital / Total assets

Equity ratio based on fair value:

Total market value of shares / Total assets

Ratio of interest-bearing debt to operating cash flow:

Interest-bearing debts / Operating cash flow

Interest coverage ratio:

Operating cash flow / Interest paid

(Note 1) The indicators were calculated using consolidated financial figures.

(Note 2) The total market value of shares was calculated based on total number of issued shares excluding treasury stock.

(Note 3) Operating cash flow is the figure of net cash provided by (used in) operating.

(Note 4) Interest-bearing debts include all debts recorded on the Consolidated Balance Sheets for which interest is paid. Interest paid is the interest expenses paid shown in the Consolidated Statements of Cash Flows.

(4) Future Outlook

Regarding the future outlook, due to the spread of COVID-19, the economies not only of Japan but of the entire world are facing a crisis said to be greater than that of the Lehman shock.

Until now, the countries and regions where the Group's corporate entities are located have been subject to wide-ranging restrictions, and it is difficult to forecast when the infection will be contained, as well as the timing and extent of the easing of restrictions imposed on business activities by governments in each country. For example, business activities are continuing in some countries like Japan that have adopted teleworking, some countries are permitted to engage in limited business activities (including sales of blood pressure monitors that are medical instruments), while business activities in other countries are virtually impossible due to lockdowns that mean even leaving home is almost impossible. As a result, the Company will refrain from disclosing its financial results forecast for the fiscal year ending March 31, 2021. We will continue to monitor and adjust the situation with the intention of announcing the financial results forecast at such time that it is possible to make certain forecasts.

In addition, the figures for the medium-term management plan ending in the fiscal year ending March 31, 2022 that were announced on May 10, 2019 have been temporarily withdrawn in view of the situation outlined above. Although there are no major changes to the basic policy, it is necessary to review the numerical targets, and a new medium-term management plan will therefore be announced once it is possible to calculate those figures.

Going forward, while striving to further hone its technology, cultivate new markets and attract new customers, the Group moves toward further cost saving by standardizing products such as testing equipment and systems as well as reinforcing overseas production. Additionally, the Group is united as a whole in its efforts to efficiently use selling, general and administrative expenses and to maintain and improve performance, while promoting more effective research and development investments.

1) Measurement and Weighing Instruments Business

As for the DSP systems, while taking advantage of the Group's collective strengths to reinforce support and service structures, the Company further focuses its efforts on understanding users' needs through closer communications with them and continues to develop the effective manufacturing and sales structures.

As for the weighing instruments, the Company strives to promote development of high-value added products and increase its market shares through concentration of global resources.

In the electron beam related business, our sight is set on continuing to improve its operating performance in the semiconductor market by generating synergy effects between the Company and its subsidiary, HOLON CO., LTD.

2) Medical and Healthcare Business

As for the weighing instruments and blood monitors for professional use and healthcare instruments for household use, the Company makes efforts to grasp and respond to users' needs from the global viewpoint, continuing to offer the products that work hand-in-hand with healthcare management services and expand such product lines.

As for the healthcare instruments, the Company strives to further improve quality and productivity, as well as strengthen its international competitiveness.

2. Basic Stance Concerning Choice of Accounting Standards

Regarding the timing of application of International Financial Reporting Standards (IFRS), the Group continues discussions in consideration of the several situations.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	8,412	9,756
Bills and accounts receivable	14,659	13,719
Marketable securities	—	280
Products	6,999	6,081
Unfinished goods	2,834	2,643
Raw materials and supplies	3,513	3,109
Other	926	759
Allowance for doubtful accounts	(203)	(81)
Total current assets	37,141	36,269
Fixed assets		
Tangible fixed assets		
Buildings and structures	8,362	8,336
Accumulated depreciation	(5,207)	(5,378)
Buildings and structures, net	3,154	2,958
Machinery, equipment and vehicles	2,246	2,081
Accumulated depreciation	(1,887)	(1,776)
Machinery, equipment and vehicles, net	358	305
Tools, furniture and fixtures	7,384	7,012
Accumulated depreciation	(6,346)	(6,196)
Tools, furniture and fixtures, net	1,038	815
Land	4,172	4,476
Leased assets	667	477
Accumulated depreciation	(363)	(229)
Leased assets, net	303	247
Right-of-use assets	—	600
Accumulated depreciation	—	(156)
Right-of-use assets, net	—	444
Construction in progress	342	126
Total tangible fixed assets	9,370	9,374
Intangible fixed assets		
Goodwill	416	316
Trademark right	144	69
Software	1,611	1,394
Leased assets	2	0
Other	88	87
Total intangible fixed assets	2,262	1,869
Investments, etc.		
Investment securities	168	114
Deferred tax assets	1,415	1,052
Other	629	644
Allowance for doubtful accounts	(7)	(21)
Total investments, etc.	2,206	1,789
Total fixed assets	13,840	13,033
Total assets	50,981	49,302

(Million yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Bills and accounts payable	5,398	4,513
Short-term debt	11,980	11,136
Long-term borrowings to be repaid within one year	3,162	2,869
Lease obligations	175	274
Accrued corporate taxes, etc.	619	542
Provision for bonuses	1,136	1,084
Provision for product warranties	155	177
Other	4,164	3,271
Total current liabilities	26,794	23,869
Fixed liabilities		
Corporate bonds	505	500
Long-term debt	4,035	4,415
Lease obligations	149	440
Provision for product warranties	64	58
Debt related to retirement benefits	941	1,021
Provision for directors' share benefits	41	60
Asset retirement obligations	28	29
Other	329	332
Total fixed liabilities	6,096	6,857
Total liabilities	32,890	30,726
Net assets		
Shareholders' equity		
Common stock	6,388	6,388
Capital surplus	6,412	6,442
Retained earnings	7,406	8,586
Treasury stock	(1,136)	(1,056)
Total shareholders' equity	19,070	20,361
Accumulated other comprehensive income		
Unrealized gains on other marketable securities	21	14
Foreign currency translation adjustments	(2,526)	(3,529)
Accumulated adjustment on retirement benefits	564	357
Total accumulated other comprehensive income	(1,939)	(3,157)
Share acquisition rights	11	10
Non-controlling shareholders' equity	948	1,362
Total net assets	18,090	18,576
Total liabilities and net assets	50,981	49,302

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

(Million yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Net sales	48,344	49,197
Cost of sales	27,513	27,411
Gross profit	20,830	21,786
Selling, general and administrative expenses	18,079	18,085
Operating profit	2,751	3,700
Non-operating income		
Interest income	57	50
Dividend income	16	19
Investment gain on equity method	93	5
Insurance income	43	9
Rent received	30	33
Subsidy income	—	22
Other	114	82
Total non-operating income	355	224
Non-operating expenses		
Interest expense	235	227
Sales discounts	17	17
Exchange loss	70	150
Other	99	97
Total non-operating expenses	423	493
Ordinary profit	2,683	3,432
Extraordinary income		
Gain on step acquisitions	498	14
Gain on sale of fixed assets	19	1
Total extraordinary income	517	15
Extraordinary loss		
Loss on sale of fixed assets	4	0
Loss on disposal of fixed assets	13	21
Impairment loss	461	—
Loss on valuation of investment securities	9	2
Total extraordinary loss	489	24
Profit before taxes	2,711	3,423
Corporate, inhabitant and business taxes	874	930
Corporate tax adjustments	(226)	417
Total corporate taxes	648	1,347
Profit	2,063	2,075
Profit attributable to non-controlling shareholders' equity	163	499
Profit attributable to parent company shareholders	1,900	1,576

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Profit	2,063	2,075
Other comprehensive income		
Unrealized gains on other marketable securities	(3)	(7)
Foreign currency translation adjustments	(220)	(1,014)
Adjustment related to retirement benefits	(77)	(207)
Equity equivalent for equity method affiliates	(0)	0
Total other comprehensive income	(301)	(1,228)
Comprehensive income	1,761	847
(Breakdown)		
Comprehensive income attributable to parent company shareholders	1,600	358
Comprehensive income attributable to non-controlling shareholders' equity	161	489

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31, 2019

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	6,388	6,404	5,798	(1,136)	17,454
Cumulative effects of changes in accounting policies					
Restated balance	6,388	6,404	5,798	(1,136)	17,454
Changes of items during period					
Dividends of surplus			(291)		(291)
Profit attributable to parent company shareholders			1,900		1,900
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock					—
Change in parent company's equity due to transactions with non-controlling shareholders		8			8
Net changes of items other than shareholders' equity					
Total changes of items during period	—	8	1,608	(0)	1,616
Balance at end of current period	6,388	6,412	7,406	(1,136)	19,070

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling shareholders' equity	Total net assets
	Unrealized gains on other marketable securities	Foreign currency translation adjustment	Accumulated adjustment on retirement benefits	Total accumulated other comprehensive income			
Balance at beginning of current period	25	(2,307)	642	(1,640)	—	125	15,939
Cumulative effects of changes in accounting policies							—
Restated balance	25	(2,307)	642	(1,640)	—	125	15,939
Changes of items during period							
Dividends of surplus							(291)
Profit attributable to parent company shareholders							1,900
Purchase of treasury stock							(0)
Disposal of treasury stock							—
Change in parent company's equity due to transactions with non-controlling shareholders						664	672
Net changes of items other than shareholders' equity	(3)	(218)	(77)	(299)	11	158	(130)
Total changes of items during period	(3)	(218)	(77)	(299)	11	822	2,151
Balance at end of current period	21	(2,526)	564	(1,939)	11	948	18,090

For the fiscal year ended March 31, 2020

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	6,388	6,412	7,406	(1,136)	19,070
Cumulative effects of changes in accounting policies			19		19
Restated balance	6,388	6,412	7,426	(1,136)	19,090
Changes of items during period					
Dividends of surplus			(416)		(416)
Profit attributable to parent company shareholders			1,576		1,576
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		47		80	128
Change in parent company's equity due to transactions with non-controlling shareholders		(17)			(17)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	30	1,159	80	1,270
Balance at end of current period	6,388	6,442	8,586	(1,056)	20,361

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling shareholders' equity	Total net assets
	Unrealized gains on other marketable securities	Foreign currency translation adjustment	Accumulated adjustment on retirement benefits	Total accumulated other comprehensive income			
Balance at beginning of current period	21	(2,526)	564	(1,939)	11	948	18,090
Cumulative effects of changes in accounting policies							19
Restated balance	21	(2,526)	564	(1,939)	11	948	18,110
Changes of items during period							
Dividends of surplus							(416)
Profit attributable to parent company shareholders							1,576
Purchase of treasury stock							(0)
Disposal of treasury stock					(0)		127
Change in parent company's equity due to transactions with non-controlling shareholders		3		3		(31)	(44)
Net changes of items other than shareholders' equity	(7)	(1,007)	(207)	(1,221)	—	444	(777)
Total changes of items during period	(7)	(1,003)	(207)	(1,218)	(0)	413	465
Balance at end of current period	14	(3,529)	357	(3,157)	10	1,362	18,576

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	2,711	3,423
Depreciation	1,712	1,804
Amortization of goodwill	115	135
Amortization of trademark right	57	56
Loss (gain) on step acquisitions	(498)	(14)
Impairment loss of goodwill	461	—
Increase (decrease) in allowance for doubtful accounts	(299)	(94)
Interest and dividend income	(73)	(69)
Interest expenses	235	227
Commission for syndicated loans	—	30
Insurance income	(43)	(9)
Loss (gain) on sales of non-current assets	(14)	(0)
Loss on retirement of non-current assets	13	21
Decrease (increase) in notes and accounts receivable – trade	(744)	496
Decrease (increase) in inventories	(1,238)	808
Increase (decrease) in notes and accounts payable - trade	243	(507)
Increase (decrease) in provision for bonuses	143	(52)
Increase (decrease) in provision for product warranties	(27)	33
Increase (decrease) in net defined benefit liability	(124)	(176)
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	16	18
Other, net	472	(635)
Subtotal	3,119	5,496
Interest and dividend income received	91	81
Interest expenses paid	(232)	(232)
Proceeds from insurance income	43	10
Settlement package received	(42)	—
Income taxes paid	(742)	(1,046)
Net cash provided by (used in) operating activities	2,237	4,309
Cash flows from investing activities		
Payments into time deposits	(621)	(605)
Proceeds from withdrawal of time deposits	574	560
Purchase of property, plant and equipment	(955)	(619)
Proceeds from sales of property, plant and equipment	20	6
Purchase of intangible assets	(521)	(461)
Purchase of investment securities	(1)	(2)
Proceeds from redemption of securities	50	—
Collection of loans receivable	2	3
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	12
Other, net	2	4
Net cash provided by (used in) investing activities	(1,454)	(1,100)

(Million yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(262)	(668)
Proceeds from long-term loans payable	3,475	3,730
Repayments of long-term loans payable	(3,587)	(3,600)
Commission for syndicated loans paid	—	(30)
Proceeds from issuance of bonds	500	—
Redemption of bonds	(10)	(10)
Repayments of lease obligations	(223)	(334)
Proceeds from sale and leaseback transactions	85	71
Proceeds from issuance of share acquisition rights	11	—
Purchase of treasury stock	(0)	(0)
Proceeds from sales of treasury stock	—	127
Cash dividends paid	(292)	(416)
Dividends paid to non-controlling shareholders	(2)	(45)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(21)	(131)
Net cash provided by (used in) financing activities	(329)	(1,308)
Effect of exchange rate change on cash and cash equivalents	(117)	(321)
Net increase (decrease) in cash and cash equivalents	335	1,578
Cash and cash equivalents at beginning of period	7,191	7,527
Cash and cash equivalents at end of period	7,527	9,105

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of IFRS 16 “Leases”)

Subsidiaries applying International Financial Reporting Standards have applied International Financial Reporting Standards 16 “Leases” (hereinafter referred to as “IFRS 16”) from the beginning of the fiscal year under review.

As a result, with regard to lease transactions as lessee, in principle, for all leases, right-of-use assets and lease obligations are recognized, and depreciation of the right-of-use assets and interest expenses on the lease obligations are recorded.

Regarding the application of IFRS 16, a method recognized as a transitional treatment is applied, in which the cumulative impact of applying this standard is recognized at the date of initial application.

In line with the application of this standard, as of the beginning of the fiscal year under review, right-of-use assets under tangible fixed assets and the total amount of lease obligations included in current liabilities and fixed liabilities increased by ¥569 million, respectively.

The impact of this change on the profit and loss of the fiscal year ended March 31, 2020 is immaterial.

(Application of ASC 606 “Revenue from Contracts with Customers”)

Starting from the beginning of the consolidated fiscal year under review, ASC 606 “Revenue from Contracts with Customers” has been applied to the Company’s subsidiaries that have adopted the US GAAP.

ASC 606 requires such subsidiaries to recognize revenue when promised goods or services are transferred to customers in an amount reflecting consideration to which they expect to be entitled to in exchange for those goods or services.

Regarding the application of this accounting standard, the Company adopts a method whereby the cumulative impact of applying this accounting standard is recognized at the date of initial application, and adjustments are made to the balance of retained earnings at the beginning of the consolidated fiscal year under review in accordance with transitional procedures.

In accordance with the application of this standard, the balance of retained earnings at the beginning of the consolidated fiscal year under review increased by ¥19 million. In addition, in the consolidated fiscal year under review, net sales, cost of sales, and selling, general and administrative expenses decreased by ¥221 million, ¥181 million, and ¥2 million, respectively, while operating profit, ordinary profit, and profit before income taxes each decreased by ¥37 million.

The impact on net assets per share, basic earnings per share, and diluted earnings per share of the fiscal year ended March 31, 2020 is immaterial.

(Segment information, etc.)

1. Summary of reportable segments

Reportable segments of the Group are components of the Group about which separate financial statement is available that is evaluated regularly at the Board of Directors' meetings in deciding how to allocate the management resources and in assessing performance. The Group manufactures and distributes measurement and weighing instruments as well as medical and healthcare instruments. In Japan, the Company and its subsidiaries are in charge. Outside Japan, overseas subsidiaries in the Americas (the United States and Canada), Europe (the United Kingdom, Germany, Russia), Asia and Oceania (China, South Korea, India, and Australia, etc.) are in charge of each region. Each of the overseas subsidiaries is an independent management unit, develops each region's comprehensive strategies for the products handled and operates its business activities.

Accordingly, the Group consists of regional segments on a basis of production of the products handled ("measurement and weighing instruments" and "medical and healthcare instruments") and its sales system, classifying its reportable segments into "Japan", "the Americas", "Europe" and "Asia and Oceania" by two product lines. The main products under each product line are as below.

Product line	Main products
Measurement and Weighing Instruments Business	Measurement and control simulation systems, noise and vibration comparators, A/D and D/A converters, electron guns, testing equipment, electronic balances, weight scales, bench scales, commercial scales, counting scales, weighing systems, indicators, load cells, checkweighers, metal detectors, industrial measurement instruments, hydraulic testing equipment, emission measurement instruments, etc.
Medical and Healthcare Business	Digital blood pressure monitors for household use, blood pressure monitoring systems, fully automatic blood pressure monitors, precision health scales, ultrasonic nebulizers, etc.

2. Method of measurement for the amounts of net sales, profit (loss), assets and other items for each reportable segment

The accounting method used for reporting segments is generally the same as stated in "Important Matters That Form the Basis for Preparing Consolidated Financial Statements."

Reporting segment profit (loss) figures are based on operating profit (loss).

Inter-segment sales and transfers are based on market prices.

3. Information on net sales, profit (loss), assets and other items by reportable segment
For the fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Million yen)

	Measurement and Weighing Instruments Business				
	Japan	Americas	Europe	Asia and Oceania	Total
Net sales					
Net sales to outside customers	22,130	3,483	882	3,400	29,896
Inter-segment net sales or transfers	2,601	181	43	2,616	5,442
Total	24,731	3,664	926	6,016	35,338
Segment profit (loss)	2,411	(144)	(31)	255	2,491
Segment assets	36,445	2,602	771	4,354	44,174
Other items					
Depreciation	1,226	44	8	64	1,344
Amortization of goodwill	79	20	-	-	99
Impairment loss	461	-	-	-	461
Increases in tangible and intangible fixed assets	859	107	11	296	1,276

	Medical and Healthcare Business					Adjustment (Note 1)	Consolidation (Note 2)
	Japan	Americas	Europe	Asia and Oceania	Total		
Net sales							
Net sales to outside customers	5,058	5,754	7,283	351	18,448	-	48,344
Inter-segment net sales or transfers	8,289	7	0	6,384	14,682	(20,125)	-
Total	13,348	5,761	7,284	6,736	33,130	(20,125)	48,344
Segment profit (loss)	1,486	(400)	432	447	1,965	(1,706)	2,751
Segment assets	6,759	3,167	4,526	3,128	17,580	(10,773)	50,981
Other items							
Depreciation	189	26	96	65	378	47	1,770
Amortization of goodwill	-	16	-	-	16	-	115
Impairment loss	-	-	-	-	-	-	461
Increases in tangible and intangible fixed assets	218	18	56	60	353	46	1,676

Notes: 1. (1) The adjustment of ¥(1,706) million in segment profit (loss) includes corporate expenses of ¥(1,618) million not allocated to reportable segments. Corporate expenses are primarily general and administrative expenses for management departments.

(2) The adjustment of ¥(10,773) million in segment assets includes eliminations of inter-segment transactions of ¥(14,514) million and corporate assets of ¥3,741 million not allocated to reportable segments.

(3) The adjustment of ¥46 million in increases in tangible and intangible fixed assets is primarily capital expenditures for our main systems.

(4) Depreciation and increases in tangible and intangible fixed assets include amortization of long-term prepaid expenses and increases in the said expenses.

2. Segment profit (loss) is adjusted with operating profit on the consolidated statements of income.

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

(Million yen)

	Measurement and Weighing Instruments Business				
	Japan	Americas	Europe	Asia and Oceania	Total
Net sales					
Net sales to outside customers	23,344	3,554	852	2,991	30,742
Inter-segment net sales or transfers	2,242	194	55	2,392	4,884
Total	25,586	3,748	908	5,383	35,626
Segment profit (loss)	2,238	147	(30)	190	2,545
Segment assets	35,519	2,412	852	4,269	43,053
Other items					
Depreciation	1,121	55	18	88	1,283
Amortization of goodwill	100	20	-	-	120
Impairment loss	-	-	-	-	-
Increases in tangible and intangible fixed assets	764	36	9	117	927

	Medical and Healthcare Business					Adjustment (Note 1)	Consolidation (Note 2)
	Japan	Americas	Europe	Asia and Oceania	Total		
Net sales							
Net sales to outside customers	4,252	6,371	7,485	346	18,455	-	49,197
Inter-segment net sales or transfers	7,660	21	20	5,434	13,137	(18,022)	-
Total	11,912	6,392	7,506	5,780	31,592	(18,022)	49,197
Segment profit (loss)	1,451	63	433	181	2,129	(974)	3,700
Segment assets	5,861	2,895	3,946	3,103	15,807	(9,558)	49,302
Other items							
Depreciation	215	32	118	159	525	51	1,860
Amortization of goodwill	-	15	-	-	15	-	135
Impairment loss	-	-	-	-	-	-	-
Increases in tangible and intangible fixed assets	191	50	88	404	734	56	1,719

Notes: 1. (1) The adjustment of ¥(974) million in segment profit (loss) includes corporate expenses of ¥(1,558) million not allocated to reportable segments. Corporate expenses are primarily general and administrative expenses for management departments.

(2) The adjustment of ¥(9,558) million in segment assets includes eliminations of inter-segment transactions of ¥(13,469) million and corporate assets of ¥3,911 million not allocated to reportable segments.

(3) The adjustment of ¥56 million in increases in tangible and intangible fixed assets is primarily capital expenditures for our main systems.

(4) Depreciation and increases in tangible and intangible fixed assets include amortization of long-term prepaid expenses and increases in the said expenses.

2. Segment profit (loss) is adjusted with operating profit on the consolidated statements of income.

3. As described in (Changes in accounting policies), overseas consolidated subsidiaries that adopt the US GAAP have applied ASC 606 "Revenue from Contracts with Customers" from the consolidated fiscal year under review. ASC 606 require such subsidiaries to recognize revenue when promised goods or services are transferred to customers in an amount reflecting the consideration to which they expect to be entitled to in exchange for those goods or services. In accordance with this change, in the consolidated fiscal year

under review, net sales and segment profit in the Measurement and Weighing Instruments Business in Americas decreased by ¥161 million and ¥20 million, respectively, and net sales and segment profit in the Medical and Healthcare Business in Americas decreased by ¥60 million and ¥16 million, respectively.

(Per share information)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Net assets per share	¥836.13	¥833.97
Basic earnings per share	¥92.74	¥76.88
Diluted earnings per share	¥92.36	¥73.53

(Note) 1. The basis for the calculation of net assets per share is as follows.

	As of March 31, 2019	As of March 31, 2020
Total net assets (Million yen)	18,090	18,576
Amounts deducted from total net assets (Million yen)	959	1,372
(Of which, share acquisition rights)	(11)	(10)
(Of which, non-controlling shareholders' equity)	(948)	(1,362)
Net assets as of the end of the period relating to common stock (Million yen)	17,131	17,203
Number of shares of common stock as of the end of the period used to calculate net assets per share (Thousand shares)	20,488	20,628

2. The basis for the calculation of basic earnings per share and diluted earnings per share is as follows.

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Basic earnings per share		
Profit attributable to parent company shareholders (Million yen)	1,900	1,576
Amounts not attributable to common shareholders (Million yen)	—	—
Profit attributable to parent company shareholders relating to common stock (Million yen)	1,900	1,576
Average number of shares of common stock during the period (Thousand shares)	20,488	20,504
Diluted earnings per share		
Adjustment to profit attributable to parent company shareholders (Million yen)	—	—
Increase in number of shares of common stock (Thousand shares)	85	934
(Of which, share acquisition rights (Thousand shares))	(85)	(934)
Overview of potential shares not included in the calculation of diluted earnings per share due to lack of dilutive effect	—	—

3. The Company's own stock held in the Trust, which is included in "treasury stock" under shareholder's equity, is deducted from average number of shares of common stock when calculating basic earnings per share. It is also deducted from total number of issued shares at the end of the period when calculating net assets per share.

In the calculation of basic earnings per share, average number of the deducted treasury stock during the period is 335 thousand shares for both the previous consolidated fiscal year and the consolidated fiscal year under review. In the calculation of net assets per share, number of the deducted treasury stock as of the end of the period is 335 thousand shares for both the previous consolidated fiscal year and the consolidated fiscal year under review.

(Significant subsequent events)

Not applicable.

4. Others

Changes in Officers and Directors

(1) Changes in Representatives

Not applicable.

(2) Changes in other officers

Once the content of the disclosure is determined, it will be disclosed separately.