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May 12, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

Name of the Listed Company: CHINO CORPORATION Listed Stock Exchanges: Tokyo Stock Exchange
 Securities Code: 6850 URL: <https://www.chino.co.jp/>
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Scheduled date of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 Scheduled date to file Securities Report: June 30, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	23,793	8.6	2,018	34.6	2,294	31.5	1,536	46.2
March 31, 2022	21,908	3.9	1,499	32.0	1,744	35.9	1,050	-18.5

Note: Comprehensive income Fiscal year ended March 31, 2023: 1,880 million yen (44.4%)

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

	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating margin
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	181.22	–	8.5	6.8	8.5
March 31, 2022	124.07	–	6.1	5.6	6.8

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

Fiscal year ended March 31, 2023: – million yen

Fiscal year ended March 31, 2022: – 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, 2023	36,289	21,574	51.8	2,214.16
March 31, 2022	31,545	20,150	55.7	2,073.94

Reference: Equity As of March 31, 2023: 18,784 million yen

As of March 31, 2022: 17,564 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, 2023	1,619	-564	655	7,603
March 31, 2022	1,880	-578	-978	5,821

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, 2022	–	0.00	–	46.00	46.00	389	37.1	2.3
March 31, 2023	–	0.00	–	52.00	52.00	441	28.7	2.4
Fiscal year ending								
March 31, 2024 (Forecast)	–	0.00	–	55.00	55.00		30.1	

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

3. Consolidated financial forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending									
March 31, 2023	26,000	9.3	2,150	6.5	2,350	2.4	1,550	0.9	182.71

* 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, 2023 9,260,116 shares As of March 31, 2022 9,260,116 shares

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

As of March 31, 2023 776,534 shares As of March 31, 2022 791,138 shares

(iii) Average number of shares during the period

Fiscal year ended March 31, 2023 8,478,014 shares Fiscal year ended March 31, 2022 8,469,599 shares

Reference: Summary of non-consolidated results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	16,456	6.9	1,123	37.4	1,497	31.4	1,194	44.7
March 31, 2022	15,396	4.5	817	43.1	1,139	33.0	825	32.7

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	140.91	—
March 31, 2022	97.45	—

(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, 2023	27,744	15,543	56.0	1,832.18
March 31, 2022	23,461	14,667	62.5	1,731.90

Reference: Equity As of March 31, 2023: 15,543 million yen

As of March 31, 2022: 14,667 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.

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1. Overview of Operating Results and Financial Position

(1) Overview of operating results for the fiscal year ended March 31, 2023

During the fiscal year under review, the global economy progressed toward economic normalization due to the easing of COVID-19 pandemic-related restrictions on activities. However, the situation remained uncertain, primarily because of the shortage of components, including semiconductors in particular, and also reflecting surging energy prices due to the prolonged conflict in Ukraine as well as concerns regarding an economic slowdown and unstable foreign exchange rates linked to changes in national monetary policies.

On the other hand, in the manufacturing industry, which affects the Chino Group's business in general, capital spending was solid overall. Further, against the backdrop of the accelerating global trend toward decarbonization, companies stepped up their efforts to increase corporate R&D and capital investments leveraging the support of their governments.

In this environment, the Group worked to provide solutions to issues in electronic components, new materials and other growth areas, while simultaneously providing sophisticated temperature measuring, control and monitoring products and systems that are essential at manufacturing and development sites. Moreover, measures for reducing greenhouse gas (GHG) emission toward achieving carbon neutrality in 2050 have been promoted at the initiative of governments, encouraging a rapid expansion in demand for alternative energy development and the establishment of hydrogen supply chains. Amidst these circumstances, the Group worked aggressively on winning orders in relevant areas.

Looking at sales, reflecting the strong orders received, sales in Japan and Asia, mainly China, increased. Even so, the shipment of certain products continued to be impacted by the continued short supply of semiconductors and other components.

In terms of profitability, amid the situation where the impact of the surging cost of energy and components was unavoidable, the Company accelerated its ongoing cost reduction efforts. In addition, it worked to review pricing structures while simultaneously soliciting customers' understanding about this review regarding the cost increases that the Company was unable to absorb through its efforts alone.

As a result, orders received in the fiscal year under review amounted to 27,829 million yen (up 8.9% year on year), and net sales were 23,793 million yen (up 8.6% year on year). On the profit front, thanks to ongoing cost reduction efforts and the review of sales prices, coupled with higher sales, operating profit was 2,018 million yen (up 34.6% year on year), ordinary profit came to 2,294 million yen (up 31.5% year on year), and profit attributable to owners of parent stood at 1,536 million yen (up 46.2% year on year), achieving record highs in both net sales and profits.

Results by segment are as follows.

1) Measurement & Control Instruments

Net sales reached 8,617 million yen (up 8.2% year on year), and segment profit totaled 1,226 million yen (up 5.0% year on year). Demand hovered at a high level, mainly demand for semiconductor/electronic component-related manufacturing systems and heat processing equipment, so orders for and sales of graphic recorders, controllers, thyristor regulators and other products increased. Demand also remained strong overseas in regions such as China, South Korea and India.

2) Instrumentation Systems

Net sales reached 7,131 million yen (up 13.2% year on year), and segment profit totaled 1,015 million yen (up 110.9% year on year). Looking at decarbonization, orders and sales continued to rise, reflecting an increase in demand for fuel cell testing systems and water electrolysis testing systems for the research and development of technology for the utilization of hydrogen energy.

Regarding compressor performance testing systems, which recorded a decline in sales in the previous fiscal year due to the sluggish capital investment of our major customers, sales recovered due to the effect of the order-receiving activities aimed at capturing demand for natural refrigerant-compatible equipment with a low greenhouse effect.

3) Sensor

Net sales reached 7,124 million yen (up 4.7% year on year), and segment profit totaled 1,304 million yen (down 0.1% year on year). Demand continued to be strong for both infrared radiation thermometers and temperature sensors for use primarily in semiconductor-related manufacturing systems. Demand for temperature sensors that meet AMS (specifications for special process in the aerospace industry) also remained robust.

Net sales increased but profit decreased during the period, mainly reflecting the impact of surging component prices. Even so, the Company secured profit at the level of the previous year throughout the fiscal year with sales growth of radiation thermometers and taking measures such as the acceleration of cost reduction efforts and the review of pricing structures.

4) Other

Net sales reached 919 million yen (up 10.0% year on year), and segment profit totaled 232 million yen (up 19.7% 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	8,669	8,497	-172	-2.0
Instrumentation Systems	9,156	11,126	1,969	21.5
Sensor	7,077	7,481	404	5.7
Other	654	724	70	10.7
Total	25,557	27,829	2,271	8.9

Net sales (by segment)

(Millions of yen)

Name of segment	Previous fiscal year	Fiscal year under review	Change	% change
Measurement & Control Instruments	7,965	8,617	651	8.2
Instrumentation Systems	6,302	7,131	828	13.2
Sensor	6,804	7,124	320	4.7
Other	836	919	83	10.0
Total	21,908	23,793	1,884	8.6

Net sales (by geographical segment)

(Millions of yen)

Name of segment	Previous fiscal year	Fiscal year under review	Change	% change
Japan	17,831	18,941	1,109	6.2
Asia	3,651	4,441	790	21.6
North America	229	212	-16	-7.4
Europe	165	128	-37	-22.3
Other	30	68	38	129.2
Total	21,908	23,793	1,884	8.6

Segment profit (Operating profit)

(Millions of yen)

Name of segment	Previous fiscal year	Fiscal year under review	Change	% change
Measurement & Control Instruments	1,168	1,226	58	5.0
Instrumentation Systems	481	1,015	534	110.9
Sensor	1,304	1,304	-0	-0.1
Other	194	232	38	19.7
Corporate expenses (Note)	-1,649	-1,760	-110	—
Total	1,499	2,018	518	34.6

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, 2023

1) Assets

Total assets at the end of the fiscal year under review stood at 36,289 million yen, an increase of 4,744 million yen from the end of the previous fiscal year.

Current assets stood at 26,322 million yen, an increase of 4,641 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,844 million yen in cash and deposits, 686 million yen in trade receivables and 1,998 million yen in inventories.

Non-current assets stood at 9,967 million yen, an increase of 102 million yen from the end of the previous fiscal year. This was mainly due to an increase of 56 million yen in investment securities and 140 million yen in deferred tax assets, a decrease of 120 million yen in retirement benefit asset.

2) Liabilities

Total liabilities at the end of the fiscal year under review stood at 14,715 million yen, an increase of 3,320 million yen from the end of the previous fiscal year.

Current liabilities stood at 10,489 million yen, an increase of 2,272 million yen from the end of the previous fiscal year. This was mainly due to an increase of 806 million yen in trade payable, 804 million yen in advances received, 195 million yen in provision for bonuses and 153 million yen in income taxes payable.

Non-current liabilities stood at 4,225 million yen, an increase of 1,048 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,040 million yen in long-term borrowings.

3) Net assets

Total net assets at the end of the fiscal year under review stood at 21,574 million yen, an increase of 1,423 million yen from the end of the previous fiscal year.

(3) Overview of cash flows for the fiscal year ended March 31, 2023

1) Cash flows from operating activities

Net cash provided by operating activities in the fiscal year under review was a net inflow of 1,619 million yen (down 260 million yen year on year). The amount of cash inflow items including profit before income taxes of 2,305 million yen, depreciation of 785 million yen and an increase of trade payable of 744 million yen exceeded the amount of cash outflow items including inventories of 1,937 million yen.

2) Cash flows from investing activities

Net cash in investing activities in the fiscal year under review was a net outflow of 564 million yen (up 13 million yen year on year).

The amount of cash outflow items including purchase of property, plant and equipment and intangible assets of 572 million yen exceeded the amount of cash inflow items including proceeds from maturity insurance funds of 122 million yen.

3) Cash flows from financing activities

Net cash provided by financing activities in the current consolidated fiscal year was 655 million yen, due to an increase of 1,500 million yen in proceeds from long-term borrowing exceeding a decrease of 389 million yen in dividends paid and 375 million yen in repayment of long-term borrowings.

As a result, cash and cash equivalents at the end of the fiscal year under review increased 1,781 million yen from the end of the previous fiscal year, to 7,603 million yen.

[Trends in cash flow indices]

	FY 3/2019	FY 3/2020	FY 3/2021	FY 3/2022	FY 3/2023
Equity ratio (%)	54.7	57.6	54.7	55.7	51.8
Equity ratio based on market value (%)	39.6	38.9	40.5	43.5	50.3
Ratio of interest-bearing debt to cash flow (years)	1.58	2.47	1.11	1.20	2.09
Interest coverage ratio	161.64	124.00	225.73	231.61	221.25

(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, 2024 is the third year of the Medium-term Management Plan (FY2021-FY2026). With an eye toward the major changes affecting society and corporations, such as a growing global emphasis on the environment and the continued acceleration of digital transformation, the Group, as advocated in its corporate philosophy, aims to push the limits of measurement, control and monitoring technologies and contribute to industrial development and the realization of a brighter tomorrow. The Medium-term Management Plan, which was formulated based on this goal, consists of four basic strategies: (i) further development and expansion of growth areas, (ii) enhancement of core businesses and create value, (iii) strengthening of foundations and expansion of businesses overseas, and (iv) establishment of resilient management bases.

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 economic environment surrounding the Chino Group, the impact of the insufficient supply of components, particularly semiconductors, and surging energy prices shows no sign of abating, and uncertainty about the future is growing, reflecting concerns regarding an economic slowdown linked to changes in national monetary policies and the global financial instability. However, the Group expects that demand will remain firm in the automotive and electronic component sectors, the Group's main customers, and it will continue to expand overall in the hydrogen-related sectors given efforts to realize a decarbonized society.

In light of the situation, consolidated financial forecasts for the fiscal year ending March 31, 2024 are net sales of 26,000 million yen, operating profit of 2,150 million yen, ordinary profit of 2,350 million yen, and profit attributable to owners of parent of 1,550 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	7,331	9,176
Notes receivable - trade	441	479
Electronically recorded monetary claims – operating	1,943	2,599
Accounts receivable - trade	5,210	5,202
Merchandise and finished goods	631	706
Work in process	2,860	3,658
Raw materials and supplies	3,086	4,212
Other	274	374
Allowance for doubtful accounts	-99	-87
Total current assets	21,681	26,322
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,601	8,704
Accumulated depreciation	-5,576	-5,677
Buildings and structures, net	3,025	3,027
Machinery, equipment and vehicles	4,182	4,289
Accumulated depreciation	-3,345	-3,525
Machinery, equipment and vehicles, net	837	763
Land	1,406	1,415
Construction in progress	2	33
Other	3,806	3,819
Accumulated depreciation	-3,511	-3,480
Other, net	294	338
Total property, plant and equipment	5,566	5,578
Intangible assets		
Software	392	420
Other	16	15
Total intangible assets	408	436
Investments and other assets		
Investment securities	1,761	1,817
Deferred tax assets	740	881
Retirement benefit asset	663	543
Other	780	766
Allowance for doubtful accounts	-56	-56
Total investments and other assets	3,889	3,952
Total non-current assets	9,864	9,967
Total assets	31,545	36,289

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,397	2,697
Electronically recorded obligations - operating	2,113	2,619
Short-term borrowings	1,265	1,265
Current portion of long-term borrowings	375	459
Income taxes payable	317	470
Advances received	176	980
Provision for bonuses	625	821
Provision for bonuses for directors (and other officers)	34	46
Provision for shareholder benefit program	43	47
Electronically recorded obligations - facilities	35	137
Other	832	943
Total current liabilities	8,216	10,489
Non-current liabilities		
Long-term borrowings	620	1,660
Long-term accounts payable - other	—	188
Deferred tax liabilities	83	91
Provision for retirement benefits for directors (and other officers)	343	135
Retirement benefit liability	1,867	1,887
Other	263	263
Total non-current liabilities	3,177	4,225
Total liabilities	11,394	14,715
Net assets		
Shareholders' equity		
Share capital	4,292	4,292
Capital surplus	4,264	4,267
Retained earnings	9,911	11,050
Treasury shares	-1,159	-1,138
Total shareholders' equity	17,308	18,471
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	289	341
Foreign currency translation adjustment	67	158
Remeasurements of defined benefit plans	-101	-187
Total accumulated other comprehensive income	255	312
Non-controlling interests	2,586	2,790
Total net assets	20,150	21,574
Total liabilities and net assets	31,545	36,289

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	21,908	23,793
Cost of sales	14,832	15,924
Gross profit	7,076	7,869
Selling, general and administrative expenses		
Salaries, allowances and bonuses	2,242	2,294
Provision for bonuses	213	311
Provision for bonuses for directors (and other officers)	34	44
Retirement benefit expenses	117	126
Provision for retirement benefits for directors (and other officers)	64	22
Depreciation	149	179
Research and development expenses	798	886
Provision for shareholder benefit program	43	47
Provision of allowance for doubtful accounts	91	-16
Other	1,822	1,954
Total selling, general and administrative expenses	5,576	5,851
Operating profit	1,499	2,018
Non-operating income		
Interest income	7	13
Dividend income	50	58
Electricity sale income	35	35
Foreign exchange gains	94	81
Subsidy income	20	5
Surrender value of insurance policies	66	92
Other	26	36
Total non-operating income	301	323
Non-operating expenses		
Interest expenses	8	7
Finance related expenses	4	4
Electricity sale expenses	15	14
Contract business related costs	11	—
Other	16	19
Total non-operating expenses	55	46
Ordinary profit	1,744	2,294
Extraordinary income		
Gain on sale of investment securities	1	13
Gain on sale of non-current assets	0	3
Total extraordinary income	1	16
Extraordinary losses		
Loss on disposal of non-current assets	3	6
Loss on valuation of investment securities	23	—
Total extraordinary losses	27	6
Profit before income taxes	1,719	2,305
Income taxes - current	504	670
Income taxes - deferred	-19	-116
Total income taxes	484	553
Profit	1,234	1,752
Profit attributable to non-controlling interests	183	215
Profit attributable to owners of parent	1,050	1,536

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,234	1,752
Other comprehensive income		
Valuation difference on available-for-sale securities	-17	53
Foreign currency translation adjustment	145	160
Remeasurements of defined benefit plans, net of tax	-60	-85
Total other comprehensive income	67	128
Comprehensive income	1,302	1,880
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,065	1,593
Comprehensive income attributable to non-controlling interests	236	287

(3) Consolidated statement of changes in equity

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
Transfer		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
Transfer					-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

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,292	4,264	9,911	-1,159	17,308
Changes during period					
Dividends of surplus			-389		-389
Profit attributable to owners of parent			1,536		1,536
Change in ownership interest of parent due to transactions with non-controlling interests				-0	-0
Purchase of treasury shares		2		22	25
Other			-7		-7
Net changes in items other than shareholders' equity					
Total changes during period	—	2	1,139	21	1,163
Balance at end of period	4,292	4,267	11,050	-1,138	18,471

	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	289	67	-101	255	2,586	20,150
Changes during period						
Dividends of surplus						-389
Profit attributable to owners of parent						1,536
Change in ownership interest of parent due to transactions with non-controlling interests						-0
Purchase of treasury shares						25
Other						-7
Net changes in items other than shareholders' equity	51	90	-85	56	203	260
Total changes during period	51	90	-85	56	203	1,423
Balance at end of period	341	158	-187	312	2,790	21,574

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,719	2,305
Depreciation	795	785
Increase (decrease) in allowance for doubtful accounts	88	-12
Increase (decrease) in provision for bonuses	49	195
Increase (decrease) in retirement benefit liability	-38	35
Decrease (increase) in retirement benefit asset	-39	-19
Increase (decrease) in provision for shareholder benefit program	43	4
Interest and dividend income	-58	-71
Interest expenses	8	7
Subsidy income	-20	-5
Loss (gain) on sale of investment securities	-1	-13
Loss (gain) on valuation of investment securities	23	—
Decrease (increase) in trade receivables	50	-626
Decrease (increase) in inventories	-987	-1,937
Increase (decrease) in trade payables	821	744
Increase (decrease) in advances received	106	796
Other, net	-259	-115
Subtotal	2,301	2,073
Interest and dividends received	58	71
Interest paid	-8	-7
Subsidies received	20	5
Income taxes refund (paid)	-491	-524
Net cash provided by (used in) operating activities	1,880	1,619
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	1,449	1,543
Payments into time deposits	-1,390	-1,573
Purchase of property, plant and equipment	-774	-416
Proceeds from sale of property, plant and equipment	0	3
Purchase of intangible assets	-136	-155
Proceeds from sale of investment securities	94	34
Loan advances	-8	-5
Proceeds from collection of loans receivable	4	4
Purchase of insurance funds	-73	-71
Proceeds from maturity of insurance funds	302	122
Other, net	-47	-50
Net cash provided by (used in) investing activities	-578	-564

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-58	—
Repayments of long-term borrowings	-272	-375
Proceeds from long-term borrowings	—	1,500
Purchase of treasury shares	-1	-0
Dividends paid	-381	-389
Dividends paid to non-controlling interests	-42	-78
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-222	—
Net cash provided by (used in) financing activities	-978	655
Effect of exchange rate change on cash and cash equivalents	67	71
Net increase (decrease) in cash and cash equivalents	390	1,781
Cash and cash equivalents at beginning of period	5,430	5,821
Cash and cash equivalents at end of period	5,821	7,603

(5) Notes to consolidated financial statements

(Notes on going concern assumptions)

There is no items to report.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard, etc. for Fair Value Measurement)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 31, June 17, 2021, Accounting Standards Board of Japan.”), from the beginning of the fiscal 2023. The company has prospectively applied new accounting policies based on the Implementation Guidance on Accounting Standard for Fair Value Measurement, in accordance with the transitional measurement in Article 27-2 of Accounting Standard for Fair Value Measurement. There is no impact on consolidated financial statements for fiscal 2023 by this application.

(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, 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.

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segments				Other (Note)	Total
	Measurement & Control Instruments	Instrumentation Systems	Sensor	Total		
Net sales						
External	8,617	7,131	7,124	22,873	919	23,793
Inter-segment sales and transfers	–	–	–	–	–	–
Total	8,617	7,131	7,124	22,873	919	23,793
Segment profit	1,226	1,015	1,304	3,546	232	3,778
Segment assets	8,802	6,609	9,246	24,658	616	25,274
Other items						
Depreciation and amortization	316	93	220	630	32	663
Impairment losses	–	–	–	–	–	–
Increase in property, plant and equipment and intangible assets	309	66	164	540	12	552

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	21,072	22,873
Net sales of Other segment	836	919
Net sales in consolidated financial statements	21,908	23,793

(Millions of yen)

Profit	Previous fiscal year	Fiscal year under review
Reportable segment total	2,954	3,546
Profit of Other segment	194	232
Corporate expenses (Note)	-1,649	-1,760
Operating profit in consolidated financial statements	1,499	2,018

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	22,283	24,658
Assets of Other segment	605	616
Corporate assets (Note)	8,656	11,015
Total assets in consolidated financial statements	31,545	36,289

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	626	630	33	32	135	122	795	785
Impairment losses	-	-	-	-	-	-	-	-
Increase in property, plant and equipment and intangible assets	633	540	4	12	146	262	784	815

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, 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.

For the fiscal year ended March 31, 2023 (from April 1, 2021 to March 31, 2023)

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
18,941	4,441	410	23,793

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

There is no items to report.

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

There is no items to report.

Information concerning amortization of goodwill and unamortized balance by reportable segment

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

There is no items to report.

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

There is no items to report.

Information concerning gain on bargain purchase by reportable segment

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

There is no items to report.

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

There is no items to report.

(Per share information)

Previous fiscal year (from April 1, 2021 to March 31, 2022)		Fiscal year under review (from April 1, 2022 to March 31, 2023)	
Net assets per share	2,073.94 yen	Net assets per share	2,214.16yen
Earnings per share	124.07 yen	Earnings per share	181.22yen

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, 2022)	Fiscal year under review (as of March 31, 2023)
Total net assets (Millions of yen)	20,150	21,574
Amount deducted from total net assets (Millions of yen)	2,586	2,790
[Non-controlling interests (Millions of yen)]	[2,586]	[2,790]
Total net assets related to common shares at the end of the year (Millions of yen)	17,564	18,784
Number of common shares used in calculating net assets per share at the end of the year (Thousand)	8,468	8,483

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

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Fiscal year under review (from April 1, 2022 to March 31, 2023)
Profit attributable to owners of parent (Millions of yen)	1,050	1,536
Amount not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common shares (Millions of yen)	1,050	1,536
Average number of shares during the period (Thousand)	8,469	8,478

(Subsequent events)

There is no items to report.

(Omission of disclosure)

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

4. Other

1. Change of Director (expected effective date is June 29, 2023)

- Candidate for Director to be newly appointed

Director and Executive Officer

Manabu Matsuoka (currently Executive Officer and Executive Manager, Quality Headquarters)

2. Change of Auditors (expected effective date is June 29, 2023)

- Retiring Auditor

Outside Auditor

Ryusaburo Harasawa

- Candidate for Auditor to be newly appointed

Outside Auditor

Yoshihiko Kasuya

3. Change of Corporate Officers (expected effective date is June 29, 2023)

- Promoted Corporate Officers

Director and Senior Executive Officer

Takao Shimizu (Currently Director and Executive Officer, In charge of Group Technical Management,
Director, Innovation Center)

Director and Senior Executive Officer

Akihiko Nishiguchi (Currently Director and Executive Officer, Executive Manager,
Sales Headquarters, Branch Manager, Eastern Japan Branch)

- Candidate for Corporate Officer to be newly appointed

Corporate Officer

Kazumi Masuda (Currently Executive Manager, Overseas Sales Promotion Department)