

Note: This is an excerpt translation of the “Yukashoken-Houkokusho” for the convenience of overseas stakeholders. In cases where any differences occur between the English version and the original Japanese version, the Japanese version shall prevail. RIKEN TECHNOS CORPORATION assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Consolidated Financial Statements

(Pursuant to Article 24, Paragraph 1 of the
Japanese Financial Instruments and Exchange Act)

Business year: From April 1, 2019
(91st term) to March 31, 2020

RIKEN TECHNOS CORPORATION

2-101, Kanda-Awajicho, Chiyoda-ku, Tokyo, Japan

Consolidated Financial Statements and Others

(1) Consolidated Financial Statements

a. Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2019		As of March 31, 2020	
Assets				
Current assets				
Cash and deposits	*1	17,550,326		18,342,206
Notes and accounts receivable - trade	*4	26,020,053	*4	24,398,163
Merchandise and finished goods		6,918,874		6,474,606
Work in process		785,762		788,560
Raw materials and supplies		5,222,601		4,720,146
Other		1,408,509		1,168,234
Allowance for doubtful accounts		(96,701)		(84,898)
Total current assets		57,809,424		55,807,020
Non-current assets				
Property, plant and equipment				
Buildings and structures		23,783,479		24,615,064
Accumulated depreciation		(13,661,099)		(14,508,337)
Buildings and structures, net		10,122,379		10,106,727
Machinery, equipment and vehicles		51,070,338		53,279,972
Accumulated depreciation		(41,526,892)		(43,822,871)
Machinery, equipment and vehicles, net		9,543,445		9,457,101
Land		6,409,088		6,354,579
Leased assets		413,901		395,943
Accumulated depreciation		(377,795)		(369,029)
Leased assets, net		36,105		26,913
Construction in progress		699,155		287,737
Other		5,903,207		6,040,825
Accumulated depreciation		(5,200,613)		(5,370,882)
Other, net		702,593		669,943
Total property, plant and equipment		27,512,767		26,903,003
Intangible assets				
Goodwill		100,221		743,518
Leased assets		7,998		5,251
Other		1,696,276		1,266,508
Total intangible assets		1,804,497		2,015,278
Investments and other assets				
Investment securities		5,734,433		5,182,750
Long-term loans receivable		48,255		44,218
Retirement benefit asset		565,739		512,807
Deferred tax assets		421,434		508,798
Other		1,315,119		898,773
Allowance for doubtful accounts		(3,770)		(3,770)
Total investments and other assets		8,081,213		7,143,578
Total non-current assets		37,398,478		36,061,860
Total assets		95,207,902		91,868,881

(Thousands of yen)

	As of March 31, 2019		As of March 31, 2020	
Liabilities				
Current liabilities				
Notes and accounts payable - trade	*4	18,306,323	*4	16,479,773
Short-term borrowings	*3	8,144,431	*3	7,324,167
Current portion of long-term borrowings		712,703		614,308
Current portion of bonds payable		800,000		—
Lease obligations		15,572		15,252
Income taxes payable		712,389		423,546
Provision for bonuses		677,135		596,165
Provision for bonuses for directors (and other officers)		103,007		72,077
Other		2,505,573		2,387,202
Total current liabilities		31,977,136		27,912,493
Non-current liabilities				
Long-term borrowings	*1	4,120,063		3,458,857
Lease obligations		30,691		18,528
Deferred tax liabilities		944,178		1,042,985
Provision for retirement benefits for directors (and other officers)		141,291		86,841
Provision for share-based remuneration for directors (and other officers)		158,100		178,922
Retirement benefit liability		959,810		1,134,958
Asset retirement obligations		323,044		327,678
Other		75,117		120,798
Total non-current liabilities		6,752,298		6,369,571
Total liabilities		38,729,434		34,282,064
Net assets				
Shareholders' equity				
Share capital		8,514,018		8,514,018
Capital surplus		7,371,821		7,373,812
Retained earnings		31,223,798		33,252,502
Treasury shares		(488,720)		(1,444,377)
Total shareholders' equity		46,620,918		47,695,956
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		2,571,083		2,170,858
Foreign currency translation adjustment		44,410		218,900
Remeasurements of defined benefit plans		(294,312)		(375,387)
Total accumulated other comprehensive income		2,321,182		2,014,371
Non-controlling interests		7,536,367		7,876,489
Total net assets		56,478,468		57,586,816
Total liabilities and net assets		95,207,902		91,868,881

b. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Thousands of yen)

	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020	
Net sales		97,813,960		98,808,671
Cost of sales	*1, *3	80,072,066	*1, *3	80,833,385
Gross profit		17,741,893		17,975,286
Selling, general and administrative expenses	*2, *3	11,980,097	*2, *3	12,393,465
Operating profit		5,761,796		5,581,820
Non-operating income				
Interest income		39,452		44,861
Dividend income		150,972		179,262
Foreign exchange gains		9,504		–
Surrender value of insurance policies		9,473		67,791
Other		149,235		140,437
Total non-operating income		358,638		432,352
Non-operating expenses				
Interest expenses		216,402		218,927
Foreign exchange losses		–		63,725
Other		34,515		61,104
Total non-operating expenses		250,918		343,757
Ordinary profit		5,869,515		5,670,415
Extraordinary income				
Gain on sales of non-current assets	*4	5,253	*4	344,967
Gain on sales of investment securities		292,203		71,324
Gain on bargain purchase		19,487		–
Total extraordinary income		316,944		416,291
Extraordinary losses				
Loss on sales of non-current assets	*5	1,742	*5	4,264
Loss on retirement of non-current assets	*6	23,616	*6	15,111
Environmental expenses		25,587		41,800
Total extraordinary losses		50,946		61,176
Profit before income taxes		6,135,514		6,025,530
Income taxes - current		1,708,244		1,549,036
Income taxes - deferred		55,860		98,920
Total income taxes		1,764,104		1,647,956
Profit		4,371,409		4,377,573
Profit attributable to non-controlling interests		1,310,487		1,313,224
Profit attributable to owners of parent		3,060,922		3,064,349

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	4,371,409	4,377,573
Other comprehensive income		
Valuation difference on available-for-sale securities	(648,969)	(400,205)
Foreign currency translation adjustment	(638,621)	386,540
Remeasurements of defined benefit plans, net of tax	115,020	(81,075)
Total other comprehensive income	*1 (1,172,570)	*1 (94,740)
Comprehensive income	3,198,839	4,282,833
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,129,817	2,757,538
Comprehensive income attributable to non-controlling interests	1,069,021	1,525,295

c. Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,514,018	7,297,981	28,937,991	(828,559)	43,921,432
Changes during period					
Dividends of surplus			(771,686)		(771,686)
Profit attributable to owners of parent			3,060,922		3,060,922
Purchase of treasury shares				(215)	(215)
Disposal of treasury shares		69,246		340,053	409,300
Other		4,593	(3,428)		1,164
Net changes in items other than shareholders' equity					
Total changes during period	–	73,840	2,285,807	339,838	2,699,486
Balance at end of period	8,514,018	7,371,821	31,223,798	(488,720)	46,620,918

	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	3,219,427	442,192	(409,332)	3,252,287	7,680,481	54,854,201
Changes during period						
Dividends of surplus						(771,686)
Profit attributable to owners of parent						3,060,922
Purchase of treasury shares						(215)
Disposal of treasury shares						409,300
Other						1,164
Net changes in items other than shareholders' equity	(648,343)	(397,781)	115,020	(931,104)	(144,114)	(1,075,218)
Total changes during period	(648,343)	(397,781)	115,020	(931,104)	(144,114)	1,624,267
Balance at end of period	2,571,083	44,410	(294,312)	2,321,182	7,536,367	56,478,468

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31,)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,514,018	7,371,821	31,223,798	(488,720)	46,620,918
Changes during period					
Dividends of surplus			(1,029,754)		(1,029,754)
Profit attributable to owners of parent			3,064,349		3,064,349
Purchase of treasury shares				(1,513,092)	(1,513,092)
Disposal of treasury shares		6,531		557,435	563,967
Other		(4,540)	(5,891)		(10,431)
Net changes in items other than shareholders' equity					
Total changes during period	–	1,991	2,028,703	(955,656)	1,075,038
Balance at end of period	8,514,018	7,373,812	33,252,502	(1,444,377)	47,695,956

	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	2,571,083	44,410	(294,312)	2,321,182	7,536,367	56,478,468
Changes during period						
Dividends of surplus						(1,029,754)
Profit attributable to owners of parent						3,064,349
Purchase of treasury shares						(1,513,092)
Disposal of treasury shares						563,967
Other						(10,431)
Net changes in items other than shareholders' equity	(400,225)	174,489	(81,075)	(306,811)	340,121	33,309
Total changes during period	(400,225)	174,489	(81,075)	(306,811)	340,121	1,108,348
Balance at end of period	2,170,858	218,900	(375,387)	2,014,371	7,876,489	57,586,816

d. Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	6,135,514	6,025,530
Depreciation	3,657,027	3,886,555
Amortization of goodwill	199,201	156,703
Gain on bargain purchase	(19,487)	–
Increase (decrease) in provision for bonuses	21,477	(80,324)
Increase (decrease) in provision for bonuses for directors (and other officers)	32,584	(30,930)
Increase (decrease) in allowance for doubtful accounts	(10,978)	(10,825)
Increase (decrease) in retirement benefit liability	(136,041)	130,514
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	64,525	40,490
Increase (decrease) in provision for retirement benefits for directors (and other officers)	775	(54,450)
Interest and dividend income	(190,424)	(224,123)
Interest expenses	216,402	218,927
Loss (gain) on sales of investment securities	(292,203)	(71,324)
Loss (gain) on sales of property, plant and equipment	(3,511)	(340,702)
Loss on retirement of non-current assets	23,616	15,111
Decrease (increase) in trade receivables	(407,027)	1,732,420
Decrease (increase) in inventories	(783,689)	1,039,698
Increase (decrease) in trade payables	290,318	(1,917,065)
Increase (decrease) in accrued consumption taxes	140,797	(70,451)
Other, net	(130,550)	203,468
Subtotal	8,808,326	10,649,225
Interest and dividends received	188,996	224,842
Interest paid	(211,962)	(221,867)
Income taxes paid	(1,467,653)	(1,846,772)
Net cash provided by (used in) operating activities	7,317,707	8,805,427
Cash flows from investing activities		
Payments into time deposits	(27,768)	(40,124)
Proceeds from withdrawal of time deposits	134,732	24,153
Purchase of property, plant and equipment	(3,610,130)	(2,738,127)
Proceeds from sales of property, plant and equipment	9,904	647,307
Purchase of intangible assets	(212,510)	(939,908)
Purchase of investment securities	(986)	(3,016)
Proceeds from sales of investment securities	302,650	128,568
Collection of loans receivable	3,043	3,333
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(83,041)	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	235,764	–
Other, net	15,390	392,516
Net cash provided by (used in) investing activities	(3,232,951)	(2,525,296)

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,036,900	(729,395)
Proceeds from long-term borrowings	100,000	35,000
Repayments of long-term borrowings	(565,248)	(743,885)
Redemption of bonds	(130,000)	(456,325)
Repayments of lease obligations	(13,875)	(15,769)
Proceeds from sales of treasury shares	–	160,473
Purchase of treasury shares	(215)	(1,513,092)
Dividends paid	(770,008)	(1,029,976)
Dividends paid to non-controlling interests	(1,219,954)	(1,187,189)
Net cash provided by (used in) financing activities	(1,562,401)	(5,480,159)
Effect of exchange rate change on cash and cash equivalents	(142,195)	(24,059)
Net increase (decrease) in cash and cash equivalents	2,380,158	775,912
Cash and cash equivalents at beginning of period	14,655,955	17,036,114
Cash and cash equivalents at end of period	*1 17,036,114	*1 17,812,026

Notes to Consolidated Financial Statements

Significant Matters in Preparing Consolidated Financial Statements

1. Basis of presentation of consolidated financial statements

The accompanying consolidated financial statements of RIKEN TECHNOS CORPORATION (the “Company”) and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (“IFRS”).

In addition, amounts are rounded down to the nearest thousand yen.

2. Scope of consolidation

(a) Number of consolidated subsidiaries: 23 as of March 31, 2019

21 as of March 31, 2020

All the subsidiaries have been included in the scope of consolidation.

From the fiscal year ended March 31, 2020, m.d.l Co., Ltd., which was a consolidated subsidiary in the fiscal year ended March 31, 2019, has been removed from the scope of consolidation due to a merger with I.M.I Co., Ltd., the surviving company of the merger. RIKEN TECHNOS INTERNATIONAL PTE. LTD. has been removed from the scope of consolidation due to the completion of the liquidation of the company.

Names of principal consolidated subsidiaries are as follows:

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

Company name
RIKEN CABLE TECHNOLOGY CO., LTD.
KYOEI PLASTIC MFG CO., LTD.
RIKEN TECHNOS INTERNATIONAL CORPORATION
RIKEN CHEMICAL PRODUCTS CORPORATION
RIKEN FABRO CORPORATION
I.M.I Co., Ltd.
m.d.l Co., Ltd.
RIKEN (THAILAND) CO., LTD.
RIKEN ELASTOMERS (THAILAND) CO., LTD.
PT. RIKEN INDONESIA
SHANGHAI RIKEN TECHNOS CORPORATION
RIKEN TECHNOS (JIANG SU) CORPORATION
RIKEN (SHANGHAI) CORPORATION
RIKEN TECHNOS INTERNATIONAL PTE. LTD.
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION
RIKEN VIETNAM CO., LTD.
RIKEN TECHNOS INTERNATIONAL VIETNAM CO., LTD.
RIKEN TECHNOS INDIA PVT. LTD.
RIKEN U.S.A. CORPORATION
RIKEN AMERICAS CORPORATION
RIMTEC CORPORATION
RIKEN ELASTOMERS CORPORATION
RIKEN TECHNOS EUROPE B.V.

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

<u>Company name</u>
RIKEN CABLE TECHNOLOGY CO., LTD.
KYOEI PLASTIC MFG CO., LTD.
RIKEN TECHNOS INTERNATIONAL CORPORATION
RIKEN CHEMICAL PRODUCTS CORPORATION
RIKEN FABRO CORPORATION
I.M.I Co., Ltd.
RIKEN (THAILAND) CO., LTD.
RIKEN ELASTOMERS (THAILAND) CO., LTD.
PT. RIKEN INDONESIA
SHANGHAI RIKEN TECHNOS CORPORATION
RIKEN TECHNOS (JIANG SU) CORPORATION
RIKEN (SHANGHAI) CORPORATION
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION
RIKEN VIETNAM CO., LTD.
RIKEN TECHNOS INTERNATIONAL VIETNAM CO., LTD.
RIKEN TECHNOS INDIA PVT. LTD.
RIKEN U.S.A. CORPORATION
RIKEN AMERICAS CORPORATION
RIMTEC CORPORATION
RIKEN ELASTOMERS CORPORATION
RIKEN TECHNOS EUROPE B.V.

(b) The Company has no unconsolidated subsidiaries.

3. Application of equity method

The Company has no associates.

4. Fiscal year-end of consolidated subsidiaries

The consolidated subsidiaries whose balance sheet date is different from the consolidated balance sheet date are as follows:

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

<u>Company name</u>	<u>Balance sheet date</u>
RIKEN CABLE TECHNOLOGY CO., LTD.	December 31 *1
KYOEI PLASTIC MFG CO., LTD.	December 31 *1
RIKEN TECHNOS INTERNATIONAL CORPORATION	December 31 *1
RIKEN CHEMICAL PRODUCTS CORPORATION	December 31 *1
RIKEN FABRO CORPORATION	December 31 *1
I.M.I Co., Ltd.	December 31 *1
m.d.l Co., Ltd.	December 31 *1
RIKEN (THAILAND) CO., LTD.	December 31 *1
RIKEN ELASTOMERS (THAILAND) CO., LTD.	December 31 *1
PT. RIKEN INDONESIA	December 31 *1
SHANGHAI RIKEN TECHNOS CORPORATION	December 31 *1
RIKEN TECHNOS (JIANG SU) CORPORATION	December 31 *1
RIKEN (SHANGHAI) CORPORATION	December 31 *1
RIKEN TECHNOS INTERNATIONAL PTE. LTD.	December 31 *1
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION	December 31 *1
RIKEN VIETNAM CO., LTD.	December 31 *1
RIKEN TECHNOS INTERNATIONAL VIETNAM CO., LTD.	December 31 *1
RIKEN TECHNOS INDIA PVT. LTD.	December 31 *1
RIKEN U.S.A. CORPORATION	December 31 *1
RIKEN AMERICAS CORPORATION	December 31 *1
RIMTEC CORPORATION	December 31 *1
RIKEN ELASTOMERS CORPORATION	December 31 *1
RIKEN TECHNOS EUROPE B.V.	December 31 *1

*1. The financial statements as of the balance sheet date of the consolidated subsidiaries are used. However, for major transactions that occurred between that date and the consolidated balance sheet date, the necessary adjustments are made in the consolidated financial statements.

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

Company name	Balance sheet date
RIKEN CABLE TECHNOLOGY CO., LTD.	December 31 *1
KYOEI PLASTIC MFG CO., LTD.	December 31 *1
RIKEN TECHNOS INTERNATIONAL CORPORATION	December 31 *1
RIKEN CHEMICAL PRODUCTS CORPORATION	December 31 *1
RIKEN FABRO CORPORATION	December 31 *1
I.M.I Co., Ltd.	December 31 *1
RIKEN (THAILAND) CO., LTD.	December 31 *1
RIKEN ELASTOMERS (THAILAND) CO., LTD.	December 31 *1
PT. RIKEN INDONESIA	December 31 *1
SHANGHAI RIKEN TECHNOS CORPORATION	December 31 *1
RIKEN TECHNOS (JIANG SU) CORPORATION	December 31 *1
RIKEN (SHANGHAI) CORPORATION	December 31 *1
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION	December 31 *1
RIKEN VIETNAM CO., LTD.	December 31 *1
RIKEN TECHNOS INTERNATIONAL VIETNAM CO., LTD.	December 31 *1
RIKEN TECHNOS INDIA PVT. LTD.	December 31 *1
RIKEN U.S.A. CORPORATION	December 31 *1
RIKEN AMERICAS CORPORATION	December 31 *1
RIMTEC CORPORATION	December 31 *1
RIKEN ELASTOMERS CORPORATION	December 31 *1
RIKEN TECHNOS EUROPE B.V.	December 31 *1

*1. The financial statements as of the balance sheet date of the consolidated subsidiaries are used. However, for major transactions that occurred between that date and the consolidated balance sheet date, the necessary adjustments are made in the consolidated financial statements.

5. Accounting policies

(a) Valuation methods for significant assets

i) Securities

(1) Held-to-maturity bonds

Stated at amortized cost (straight-line method).

(2) Available-for-sale securities

With market value

Stated at fair value based on market price and other fair values as of the balance sheet date (unrealized gains and losses, net of applicable taxes, are reported in a separate component of net assets, and costs of securities sold are determined by the moving-average method).

Without market value

Stated at cost determined by the moving-average method.

ii) Derivatives

Stated at fair value.

iii) Inventories

Inventories of the Company and domestic consolidated subsidiaries are mainly stated at cost determined by the moving-average method (the carrying amounts in the consolidated balance sheets are written down due to a decline in profitability). Inventories of overseas consolidated subsidiaries are mainly stated at the lower of cost or market, determined by the average method.

(b) Depreciation and amortization of significant assets

i) Property, plant and equipment (excluding leased assets)

The Company and domestic consolidated subsidiaries mainly apply the declining-balance method. However, buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings), and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated by the straight-line method. Overseas consolidated subsidiaries apply the straight-line method.

The estimated useful lives of major items are as follows:

Buildings and structures	3 to 47 years
Machinery, equipment and vehicles	4 to 10 years

ii) Intangible assets (excluding leased assets)

The Company and domestic consolidated subsidiaries apply the straight-line method.

Internal use software is amortized by the straight-line method over its estimated useful life as internally determined (five years).

iii) Leased assets

The Company and domestic consolidated subsidiaries apply the straight-line method assuming the lease periods as useful lives with no residual value.

(c) Significant allowances

i) Allowance for doubtful accounts

To cover losses from bad debts for notes and accounts receivable - trade, loans receivable and others, an allowance for doubtful accounts is provided based on historical experience of bad debts for general receivables. For specific receivables, such as highly doubtful receivables, the collectibility is individually considered and the estimated amount of uncollectible accounts is provided as the allowance.

ii) Provision for bonuses

To cover bonus payments to employees, a provision for bonuses is provided in the amount to be paid for services rendered by employees during the fiscal year based mainly on the estimated amount of future bonus payment.

iii) Provision for bonuses for directors (and other officers)

To cover bonus payments to Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers, the Company records a provision for bonuses for directors (and other officers) in the amount of the portion applicable to the fiscal year, based on the estimated amount of future bonus payment.

iv) Provision for retirement benefits for directors (and other officers)

To cover retirement benefits payments to Directors (and other officers), some consolidated subsidiaries record the necessary payment amount at the end of the fiscal year based on internal rules.

v) Provision for share-based remuneration for directors (and other officers)

To cover provision of shares in the Company to Directors and Executive Officers, the Company records a provision for executive officer incentive plan trust based on the estimated amount of share provision obligations as of the end of the current fiscal year.

(d) Method of recognizing retirement benefits

i) Method of attributing estimated retirement benefits to periods

For the purpose of attributing estimated retirement benefits to periods up to the end of the current fiscal year in the calculation of retirement benefit obligations, the benefit formula method is applied.

ii) Method of amortizing actuarial differences and past service cost

Past service cost is amortized by the straight-line method over a certain term within the average remaining service period of the eligible employees (13 years).

With regard to actuarial differences, the amount is amortized by the straight-line method over a certain term within the average remaining service period of the eligible employees (13 years) for each applicable fiscal year, and expensed from the year following the year in which the gain or loss is recognized.

iii) Method of accounting for unrecognized actuarial differences and unrecognized past service cost

Unrecognized actuarial differences and unrecognized past service cost are recognized in remeasurements of defined benefit plans under accumulated other comprehensive income in net assets after adjusting for tax effects.

- iv) Application of simplified accounting method at small companies
Some consolidated subsidiaries apply a simplified accounting method in which the retirement benefit liability and retirement benefit expenses are calculated by using a method in which the amount of retirement benefits to be paid in cases where all eligible employees retired at the fiscal year-end date is regarded as retirement benefit obligations.
- (e) Significant hedge accounting
- i) Hedge accounting
For foreign currency-denominated monetary receivables and others that have been hedged by forward exchange contracts, the allocation method is used. For interest rate swap contracts, the Company and its domestic consolidated subsidiaries apply the method in which the amount paid or received under the swap contract is added to or deducted from the interest on the hedged assets and liabilities (the exceptional accrual method), in cases where the requirements for the method are satisfied.
- ii) Hedging instruments and hedged items
- Hedging instruments
Forward exchange contracts and interest rate swap contracts
 - Hedged items
Foreign currency-denominated accounts receivable - trade related to exports of finished goods and interest on borrowings
- iii) Hedging policy
Forward exchange contracts are only used within the scope of actual need in order to hedge the risk of fluctuations in foreign exchange rates. Interest rate swap contracts are used to hedge the interest rate fluctuation risk. Entering into derivative transactions for trading or speculative purposes is prohibited.
- iv) Assessment of hedge effectiveness
An assessment of hedge effectiveness is omitted for forward exchange contracts to which the allocation method is applied and interest rate swap contracts that satisfy the requirements for the exceptional accrual method.
- (f) Method and period for amortization of goodwill
Goodwill is amortized evenly over the period, not exceeding 20 years, during which the goodwill has an effect. However, when the amount of goodwill is insignificant, it is charged to income at the date of occurrence.
- (g) Scope of cash and cash equivalents in consolidated statements of cash flows
Funds (cash and cash equivalents) in the consolidated statements of cash flows consist of cash on hand, readily available deposits, and highly liquid short-term investments with original maturities of three months or less that are subject to an insignificant risk of changes in value.
- (h) Other significant matters in preparing consolidated financial statements
- i) Accounting for deferred assets
Bond issuance cost is expensed as paid.
- ii) Accounting for consumption taxes
Transactions subject to consumption tax and local consumption tax are recorded at amounts exclusive of taxes.

Accounting Standards Issued but Not Yet Applied

“Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020)

“Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 31, 2020)

(1) Overview

It is a comprehensive accounting standard for revenue recognition. Revenue is recognized by applying the following five steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard and the implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of adoption of the accounting standards

The Company is currently assessing the effect of the adoption of the accounting standard and the implementation guidance on its consolidated financial statements.

“Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24, March 31, 2020)

(1) Overview

It is to provide an overview of accounting principles and procedures adopted, when the relevant accounting standards, etc. are not definitive.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard from the end of the fiscal year ending March 31, 2021.

Changes in Presentation

(Consolidated Statements of Income)

“Surrender value of insurance policies,” which was included in “Other” under “Non-operating income” in the previous fiscal year, has been presented separately from the current fiscal year as it accounts for more than 10% of total non-operating income. To reflect this change in presentation, the consolidated financial statement for the previous fiscal year has been reclassified.

As a result, 158,709 thousand yen, which was presented as “Other” under “Non-operating income” in the consolidated statement of income for the previous fiscal year, has been reclassified as “Surrender value of insurance policies” of 9,473 thousand yen and “Other” of 149,235 thousand yen.

Additional Information

(Transactions of delivering the Company's own stock to employees etc. through trusts)

(1) Board Benefit Trust (BBT)

In accordance with the resolution at the 87th Ordinary General Meeting of Shareholders held on June 24, 2016, the Company introduced a new stock-based compensation plan "Board Benefit Trust (BBT)" on September 14, 2016, for the purpose of raising awareness of Directors who execute business (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers toward their contributions to improving the mid- to long-term corporate performance and increasing the corporate value as well as making Directors who do not execute business (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members contribute to increasing the mid- to long-term corporate value through supervision or audit.

(a) Overview of transactions

Based on the officers' stock benefit plan which was established in advance, the Company and its group companies (the "Group") grant points to Directors etc. (Directors and Executive Officers). At the time of their retirement, the Group provides shares in the Company to the Directors etc. who satisfy requirements for beneficiaries in proportion to the points which the Group has granted to them. With regard to the shares which will be provided to Directors etc. in the future, a trust bank acquires the Company's treasury shares through third-party allotment by using the money contributed by the Company. Such shares are managed as trust assets separately.

(b) Shares in the Company remaining at the trust

The shares in the Company remaining at the trust are recorded as the treasury shares in net assets with the book value (excluding associated costs) at the trust. The book value and number of these treasury shares as of the end of the previous fiscal year were 206,299 thousand yen and 476 thousand shares, respectively, while those as of the end of the current fiscal year were 345,779 thousand yen and 752 thousand shares, respectively.

(c) Book value of borrowings recorded due to the application of the gross method

Not applicable.

(2) Stock Benefit Trust (Employee Stockholding Association Purchase-type)

For the purpose of promoting welfare benefits for employees and giving incentives pertaining to the improvement of corporate value of the Company, the Company introduced "Stock Benefit Trust (Employee Stockholding Association Purchase-type)" (hereinafter referred to as the "Plan"), pursuant to the resolution at the Board of Directors meeting held on May 24, 2017.

(a) Overview of transactions

The Plan is an incentive plan under which the benefits of a rise in the Company's stock price are passed along to all the employees who are members of the "RIKEN TECHNOS Employee Stockholding Association" (hereinafter referred to as the "Stockholding Association").

A trust bank as the trustee of the Plan acquires shares in the Company that are expected to be acquired by the Stockholding Association over the five years after the establishment of the trust, en bloc in advance, and sells those shares in the Company to the Stockholding Association as needed when it acquires the shares.

If the amount equivalent to gain on sales of shares by the trust bank was accumulated in trust assets by the termination of this trust through the sale of shares to the Stockholding Association, the accumulated amount is distributed as residual assets to the members of the Company's employee Stockholding Association who satisfy eligibility requirements for beneficiaries.

The Company has guaranteed loans that the trust bank received to acquire shares in the Company. Therefore, if there is remaining loan amount that is equivalent to loss on sales of shares in the Company due to a decline in the Company's stock price at the time of termination of the trust, the Company is required to pay the remaining loan amount under the guarantee agreement.

(b) Shares in the Company remaining at the trust

The shares in the Company remaining at the trust are recorded as the treasury shares in net assets with the book value (excluding associated costs) at the trust. The book value and number of these treasury shares as of the end of the previous fiscal year were 79,750 thousand yen and 145 thousand shares, respectively, while those as of the end of the current fiscal year were 39,600 thousand yen and 72 thousand shares, respectively.

(c) Book value of borrowings recorded due to the application of the gross method

46,532 thousand yen as of the end of the current fiscal year

Impact, etc. of the novel coronavirus disease (COVID-19)

The consolidated financial statement for the current fiscal year, as well as our manufacturing including procurement of raw materials, have not been affected by COVID-19 significantly. The impact on sales is also extremely limited. In making accounting estimates (judgments regarding the recoverability of deferred tax assets and review of property, plant and equipment for impairment, etc.), we use certain assumptions such as the time required for bringing COVID-19 under control and impact on financial results, based on the information available at the time of preparing the consolidated financial statements. We determined that the effect on accounting estimates caused by these assumptions is negligible.

If, however, the state of COVID-19 cannot be brought under control for a long time or further worsens, procurement of raw materials, etc. and manufacturing may be delayed or suspended, or sales may drop, which can have an impact on the consolidated financial statements.

Notes to Consolidated Balance Sheets

*1. Pledged assets and secured liabilities

Assets pledged as collateral and secured liabilities are as follows:

	(Thousands of yen)	
	As of March 31, 2019	As of March 31, 2020
Cash and deposits	100,000	-

	(Thousands of yen)	
	As of March 31, 2019	As of March 31, 2020
Long-term borrowings	100,000	-

2. Notes receivable endorsed

	(Thousands of yen)	
	As of March 31, 2019	As of March 31, 2020
Notes receivable endorsed	2,215	1,041

*3. Overdraft agreements and unused overdraft facility balance

To efficiently secure equipment funds, the Company and its domestic consolidated subsidiaries have entered into overdraft agreements with banks with which they do business. The unused balance of these prescribed limit agreements at the fiscal year-end is as follows:

	(Thousands of yen)	
	As of March 31, 2019	As of March 31, 2020
Total overdraft facility limit	12,180,000	12,180,000
Outstanding borrowings within the limit	4,715,000	4,635,000
Unused balance	7,465,000	7,545,000

*4. The notes maturing on the balance sheet date are accounted for as if they were settled on the maturity date.

As the balance sheet date fell on a holiday of financial institutions, the following notes matured on the balance sheet date were accounted for as if they were settled on the maturity date.

	(Thousands of yen)	
	As of March 31, 2019	As of March 31, 2020
Notes receivable - trade	905,865	77,701
Notes payable - trade	3,678	9,858

Notes to Consolidated Statements of Income

*1. The inventory balance at the fiscal year-end is presented after book values were written down due to a decline in profitability of assets and the following losses (gains) on valuation of inventories are included in cost of sales.

(Thousands of yen)	
Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
(10,119)	(164,536)

*2. Main components of selling, general and administrative expenses are as follows:

(Thousands of yen)		
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Freightage expenses	3,065,186	3,010,946
Commission fees	921,486	1,045,647
Salaries and bonuses	2,305,457	2,609,800
Provision for bonuses	196,938	152,739
Retirement benefit expenses	210,956	216,043
Provision for bonuses for directors (and other officers)	103,007	67,709
Provision of allowance for doubtful accounts	(12,381)	(12,510)
Research and development expenses	1,075,130	1,119,859

*3. Research and development expenses included in selling, general and administrative expenses and cost of sales are as follows:

(Thousands of yen)	
Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
1,470,428	1,448,121

*4. The breakdown of gain on sales of non-current assets is as follows:

(Thousands of yen)		
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Machinery, equipment and vehicles	5,253	4,620
Land	—	339,978
Other	—	368
Total	5,253	344,967

*5. The breakdown of loss on sales of non-current assets is as follows:

(Thousands of yen)		
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Machinery, equipment and vehicles	1,739	3,818
Other	2	446
Total	1,742	4,264

*6. The breakdown of loss on retirement of non-current assets is as follows:

(Thousands of yen)		
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Buildings and structures	6,937	11,146
Machinery, equipment and vehicles	15,753	2,224
Other	926	1,740
Total	23,616	15,111

Notes to Consolidated Statements of Comprehensive Income

*1. Reclassification adjustments and tax effects related to other comprehensive income

	(Thousands of yen)	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Valuation difference on available-for-sale securities:		
Amount arising during the period	(926,956)	(445,182)
Reclassification adjustments	—	(52,524)
Before tax effect adjustments	(926,956)	(497,706)
Tax effect amount	277,987	97,501
Valuation difference on available-for-sale securities	(648,969)	(400,205)
Foreign currency translation adjustment:		
Amount arising during the period	(639,106)	395,211
Reclassification adjustments	317	(12,497)
Before tax effect adjustments	(638,789)	382,713
Tax effect amount	167	3,826
Foreign currency translation adjustment	(638,621)	386,540
Remeasurements of defined benefit plans, net of tax:		
Amount arising during the period	54,624	(252,873)
Reclassification adjustments	111,158	136,016
Before tax effect adjustments	165,782	(116,856)
Tax effect amount	(50,762)	35,781
Remeasurements of defined benefit plans, net of tax	115,020	(81,075)
Total other comprehensive income	(1,172,570)	(94,740)

Notes to Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

1. Type and total number of issued shares and type and number of treasury shares

(Thousands of shares)				
	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year
Issued shares				
Common stock	66,113	–	–	66,113
Total	66,113	–	–	66,113
Treasury shares				
Common stock (Notes)	2,005	0	862	1,144
Total	2,005	0	862	1,144

- (Notes)
- The Company resolved at the Board of Directors meeting held on August 29, 2016 to introduce the “Board Benefit Trust (BBT)” and transferred 476 thousand shares of treasury shares to Trust Account E as of September 14, 2016. However, since the Company and Trust Account E are recognized as a unit, assets and liabilities including shares in the Company as well as expenses and income of Trust Account E are included in the consolidated balance sheets, the consolidated statements of income and the consolidated statements of changes in net assets. The number of treasury shares includes 467 thousand shares in the Company that were held by Trust Account E at the beginning and the end of the current fiscal year.
 - The Company resolved at the Board of Directors meeting held on May 24, 2017 to introduce the “Stock Benefit Trust (Employee Stockholding Association Purchase-type)” and transferred 250 thousand shares of treasury shares to Trust Account E as of June 12, 2017. However, since the Company and Trust Account E are recognized as a unit, assets and liabilities including shares in the Company as well as expenses and income of Trust Account E are included in the consolidated balance sheets, the consolidated statements of income and the consolidated statements of changes in net assets. The number of treasury shares includes 145 thousand shares in the Company that were held by Trust Account E at the end of the current fiscal year.
 - The increase of 0 thousand shares of treasury shares of common stock is due to the purchase of shares less than one unit.
 - The decrease of 862 thousand shares of treasury shares of common stock is due to a decrease of 788 thousand shares through conversion of convertible bond-type bonds with subscription rights to shares, the sale of 64 thousand shares from Trust Account E to the Company’s employee stockholding association, and the payment of 8 thousand shares from Trust Account E in conjunction with the retirement of Directors and other officers.

2. Subscription rights to shares and treasury subscription rights to shares

Not applicable.

3. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary General Meeting of Shareholders held on June 22, 2018	Common stock	384,647	6	March 31, 2018	June 25, 2018

(Note) Total dividends do not include 4,115 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Board of Directors meeting held on October 31, 2018	Common stock	387,039	6	September 30, 2018	December 3, 2018

(Note) Total dividends do not include 3,898 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

(2) Dividends whose cut-off date is in the current fiscal year and whose effective date is in the following fiscal year

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Source of dividends	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary General Meeting of Shareholders held on June 21, 2019	Common stock	519,756	Retained earnings	8	March 31, 2019	June 24, 2019

(Note) Total dividends do not include 4,902 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

1. Type and total number of issued shares and type and number of treasury shares

(Thousands of shares)				
	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year
Issued shares				
Common stock	66,113	–	–	66,113
Total	66,113	–	–	66,113
Treasury shares				
Common stock (Notes)	1,144	2,800	853	3,091
Total	1,144	2,800	853	3,091

- (Notes)
- The Company resolved at the Board of Directors meeting held on August 29, 2016 to introduce the “Board Benefit Trust (BBT)” and transferred 476 thousand shares of treasury shares to Trust Account E as of September 14, 2016, and 329 thousand shares of treasury shares as of March 12, 2020. However, since the Company and Trust Account E are recognized as a unit, assets and liabilities including shares in the Company as well as expenses and income of Trust Account E are included in the consolidated balance sheets, the consolidated statements of income and the consolidated statements of changes in net assets. The number of treasury shares includes 752 thousand shares in the Company that were held by Trust Account E at the beginning and the end of the current fiscal year.
 - The Company resolved at the Board of Directors meeting held on May 24, 2017 to introduce the “Stock Benefit Trust (Employee Stockholding Association Purchase-type)” and transferred 250 thousand shares of treasury shares to Trust Account E as of June 12, 2017. However, since the Company and Trust Account E are recognized as a unit, assets and liabilities including shares in the Company as well as expenses and income of Trust Account E are included in the consolidated balance sheets, the consolidated statements of income and the consolidated statements of changes in net assets. The number of treasury shares includes 72 thousand shares in the Company that were held by Trust Account E at the end of the current fiscal year.
 - The increase of 2,800 thousand shares of treasury shares of common stock is due to the purchase of treasury shares of 2,800 thousand shares pursuant to the resolution at the Board of Directors meeting held on July 31, 2019, and the purchase of shares less than one unit of 0 thousand shares.
 - The decrease of 853 thousand shares of treasury shares of common stock is due to a decrease of 735 thousand shares through conversion of convertible bond-type bonds with subscription rights to shares, the sale of 73 thousand shares from Trust Account E to the Company’s employee stockholding association, and the payment of 44 thousand shares from Trust Account E in conjunction with the retirement of Directors and other officers.

2. Subscription rights to shares and treasury subscription rights to shares

Not applicable.

3. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary General Meeting of Shareholders held on June 21, 2019	Common stock	519,756	8	March 31, 2019	June 24, 2019

(Note) Total dividends do not include 4,902 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Board of Directors meeting held on October 31, 2019	Common stock	509,998	8	September 30, 2019	November 28, 2019

(Note) Total dividends do not include 4,264 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

(2) Dividends whose cut-off date is in the current fiscal year and whose effective date is in the following fiscal year

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Source of dividends	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary General Meeting of Shareholders held on June 19, 2020	Common stock	504,179	Retained earnings	8	March 31, 2020	June 22, 2020

(Note) Total dividends do not include 6,597 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

Notes to Consolidated Statements of Cash Flows

*1. Reconciliation between “Cash and cash equivalents at end of period” in the consolidated statements of cash flows and “Cash and deposits” in the consolidated balance sheets

	(Thousands of yen)	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash and deposits	17,550,326	18,342,206
Time deposits with maturities over 3 months	(514,211)	(530,180)
Cash and cash equivalents	17,036,114	17,812,026

Lease Transactions

(As Lessee)

1. Finance lease transactions

Finance lease transactions that do not transfer ownership

(1) Details of leased assets

i) Property, plant and equipment

Mainly, production equipment and others in the compound business

ii) Intangible assets

Software

(2) Depreciation method for leased assets

The depreciation method for leased assets is as stated in “5. Accounting policies (b) Depreciation and amortization of significant assets” under “Significant Matters in Preparing Consolidated Financial Statements.”

2. Operating lease transactions

Future lease payments under non-cancelable operating leases

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Within 1 year	15,651	21,900
Over 1 year	28,908	31,743
Total	44,559	53,644

Financial Instruments

1. Overview

(1) Policy for financial instruments

The Company and its group companies (the “Group”) procure necessary funds primarily through bank loans in light of its capital expenditure plan. The Group invests its excess funds in financial instruments with low risks, giving the highest priority to safety by reference to external ratings and others while considering liquidity. In addition, certain short-term operating funds are procured through bank loans. The Group, by policy, limits derivative transactions to hedging risks associated with substantial transactions and does not enter into them for speculative purposes.

(2) Description of financial instruments and related risks

Notes and accounts receivable - trade, which are operating receivables, involve credit risk of each customer. Operating receivables denominated in foreign currencies are exposed to exchange rate fluctuation risk.

Investment securities are exposed to market price fluctuation risk.

Notes and accounts payable - trade, which are operating payables, are primarily due within three to five months. Borrowings and finance lease obligations are primarily intended for raising funds for capital investment, and certain borrowings are for operating funds. These borrowings are exposed to interest rate fluctuation risk.

As for derivative transactions, the Group uses forward exchange contracts to hedge exchange rate fluctuation risk associated with operating receivables denominated in foreign currencies. For hedging instruments and hedged items, hedging policy, assessment of hedge effectiveness and others related to hedge accounting, please refer to “5. Accounting policies, (e) Significant hedge accounting” under “Significant Matters in Preparing Consolidated Financial Statements” described above.

(3) Risk management system related to financial instruments

1) Management of credit risk (default risk of business partners)

The Group reduces customer credit risk associated with notes and accounts receivable - trade, which are operating receivables, by monitoring customer credit in conformity with standards such as credit control regulations and by periodic review.

As for credit risk associated with issues involving transactions with repurchase/resale agreements, the Company invests in low-risk issues in conformity with its asset management regulations by reference to external ratings and others. The consolidated subsidiaries establish management systems pursuant to the system of the Company.

2) Management of market risk (exchange rate and interest rate fluctuation risks)

Certain operating receivables denominated in foreign currencies are hedged by forward exchange contracts. The Group enters into derivative transactions only with highly rated financial institutions for the purpose of hedging risks associated with substantial transactions in conformity with its asset management regulations and does not enter into derivative transactions for speculative purposes. Furthermore, officers in charge approve derivative transactions, and accounting departments execute and manage the transactions.

As for investment securities, the Group holds listed stocks mainly for the purpose of holding them for the long term, and evaluates them on a fair value basis each quarterly period and obtains the financial information of the issuers (business partners). For those other than held-to-maturity bonds, the Group consistently reviews the holding status taking into account the market conditions and relationships with business partners.

3) Management of liquidity risk associated with funds procurement (risk of failure to pay on due dates)

The departments in charge appropriately distribute funds by periodically collecting information about their account activity in an integrated manner and understanding the situation while holding some as funds on hand taking into account the necessary liquidity.

(4) Supplemental remarks on fair values of financial instruments

The fair values of financial instruments include values based on market prices as well as values that are reasonably calculated when market prices do not exist. As the calculation of those values includes variable factors, the values may vary if different assumptions and others are applied. The contract amount related to derivative transactions in “Derivative Transactions” under “Notes to Consolidated Financial Statements” does not represent market risk associated with the derivative transactions.

2. Fair values of financial instruments

The carrying amounts in the consolidated balance sheets and the fair values, and difference between them are shown below. However, items for which it is considered extremely difficult to determine the fair values are not included (See note 2).

As of March 31, 2019

(Thousands of yen)

	Carrying amount in consolidated balance sheets	Fair value	Difference
(1) Cash and deposits	17,550,326	17,550,326	–
(2) Notes and accounts receivable - trade	26,020,053		
Allowance for doubtful accounts	(96,701)		
	25,923,351	25,934,999	11,647
(3) Investment securities	5,608,371	5,608,371	–
(4) Long-term loans receivable	48,255	48,255	0
Total assets	49,130,305	49,141,953	11,647
(1) Notes and accounts payable - trade	18,306,323	18,306,323	–
(2) Short-term borrowings	8,144,431	8,144,431	0
(3) Current portion of long-term borrowings	712,703	772,896	60,192
(4) Current portion of bonds payable	800,000	801,426	1,426
(5) Lease obligations (Current liabilities)	15,572	15,572	0
(6) Income taxes payable	712,389	712,389	–
(7) Long-term borrowings	4,120,063	3,934,732	(185,330)
(8) Lease obligations (Non-current liabilities)	30,691	30,691	0
Total liabilities	32,842,174	32,718,463	(123,711)
Derivative transactions	–	–	–

As of March 31, 2020

(Thousands of yen)

	Carrying amount in consolidated balance sheets	Fair value	Difference
(1) Cash and deposits	18,342,206	18,342,206	–
(2) Notes and accounts receivable - trade	24,398,163		
Allowance for doubtful accounts	(84,898)		
	24,313,265	24,313,991	726
(3) Investment securities	5,062,208	5,062,208	–
(4) Long-term loans receivable	44,218	44,218	0
Total assets	47,761,898	47,762,625	726
(1) Notes and accounts payable - trade	16,479,773	16,479,773	–
(2) Short-term borrowings	7,324,167	7,324,167	0
(3) Current portion of long-term borrowings	614,308	665,648	51,340
(4) Current portion of bonds payable	–	–	–
(5) Lease obligations (Current liabilities)	15,252	15,252	0
(6) Income taxes payable	423,546	423,546	–
(7) Long-term borrowings	3,458,857	3,374,579	(84,277)
(8) Lease obligations (Non-current liabilities)	18,528	18,528	0
Total liabilities	28,334,434	28,301,496	(32,937)
Derivative transactions	–	–	–

(Notes) 1. Method of measurement of fair values of financial instruments and matters concerning securities and derivative transactions

Assets

(1) Cash and deposits, (2) Notes and accounts receivable - trade

The fair values are based on the book values since these assets are settled in a short period of time and their fair values approximate their book values.

(3) Investment securities

The fair values of stocks and others are based on the prices on exchanges, while those of bonds are based on the prices on exchanges or prices provided by counterparty financial institutions and others. For information on securities by holding purpose, please refer to “Securities” under “Notes to Consolidated Financial Statements.”

(4) Long-term loans receivable

The fair value is calculated based on the present value by discounting the total amount of principal and interest using an interest rate that is assumed to be applied to a new loan.

Liabilities

(1) Notes and accounts payable - trade, (6) Income taxes payable

The fair values are based on the book values since these liabilities are settled in a short period of time and their fair values approximate their book values.

(2) Short-term borrowings, (5) Lease obligations (Current liabilities), (8) Lease obligations (Non-current liabilities)

The fair values are calculated based on the present value by discounting the total amount of principal and interest using an interest rate that is assumed to be applied to a similar new borrowing or lease transaction.

(3) Current portion of long-term borrowings, (7) Long-term borrowings

The fair values are calculated based on the present value by discounting the total amount of principal and interest using an interest rate that is assumed to be applied to a similar new borrowing. Long-term borrowings with variable interest rates meet certain criteria to adopt the exceptional accrual method for interest rate swaps, and the fair values of the borrowings are calculated by discounting the total amounts of principal and interest that are accounted for with the interest rate swaps using interest rates that are reasonably estimated for similar borrowings.

(4) Current portion of bonds payable

The fair value of bonds payable issued by the Company is calculated based on the present value by discounting the total amount of principal and interest using an interest rate that takes into consideration remaining maturities of the Company’s bonds payable and associated credit risk.

Derivative transactions

Please refer to “Derivative Transactions” under “Notes to Consolidated Financial Statements.”

2. Financial instruments for which it is considered extremely difficult to determine fair values

(Thousands of yen)

Category	As of March 31, 2019	As of March 31, 2020
Unlisted stocks	126,062	120,542

As unlisted stocks have no market prices and it is considered to be extremely difficult to determine their fair values, they are not included in “(3) Investment securities.”

3. Expected redemption amounts of monetary receivables and securities with maturity dates subsequent to the consolidated balance sheet date

As of March 31, 2019

(Thousands of yen)

	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
(1) Cash and deposits	17,544,780	–	–	–
(2) Notes and accounts receivable - trade	26,020,053	–	–	–
(3) Long-term loans receivable	–	46,997	658	599
Total	43,564,833	46,997	658	599

As of March 31, 2020

(Thousands of yen)

	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
(1) Cash and deposits	18,342,206	–	–	–
(2) Notes and accounts receivable - trade	24,398,163	–	–	–
(3) Long-term loans receivable	–	43,166	573	478
Total	42,740,370	43,166	573	478

4. Projected repayment amounts of borrowings, bonds payable and lease obligations subsequent to the consolidated balance sheet date

As of March 31, 2019

(Thousands of yen)

	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years
(1) Short-term borrowings	8,144,431	–	–	–	–	–
(2) Bonds payable	800,000	–	–	–	–	–
(3) Long-term borrowings	712,703	644,717	624,327	525,578	497,240	1,828,199
(4) Lease obligations	15,572	13,795	10,416	4,944	1,351	183
Total	9,672,707	658,512	634,743	530,523	498,591	1,828,382

As of March 31, 2020

(Thousands of yen)

	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years
(1) Short-term borrowings	7,324,167	–	–	–	–	–
(2) Bonds payable	–	–	–	–	–	–
(3) Long-term borrowings	614,308	611,152	537,316	498,714	452,781	1,358,892
(4) Lease obligations	15,252	10,077	5,259	1,820	653	717
Total	7,953,728	621,230	542,575	500,535	453,434	1,359,610

Securities

1. Available-for-sale securities

As of March 31, 2019

(Thousands of yen)

	Carrying amount on the consolidated balance sheets	Acquisition cost	Unrealized gain (loss)
Securities whose carrying amount on the consolidated balance sheets exceeds their acquisition cost			
Stocks	5,580,399	2,127,134	3,453,264
Subtotal	5,580,399	2,127,134	3,453,264
Securities whose carrying amount on the consolidated balance sheets does not exceed their acquisition cost			
Stocks	27,972	28,416	(444)
Subtotal	27,972	28,416	(444)
Total	5,608,371	2,155,551	3,452,820

(Note) As unlisted stocks (126,062 thousand yen reported on the consolidated balance sheets) have no market prices and it is considered to be extremely difficult to determine their fair values, they are not included in the table above of "Available-for-sale securities."

As of March 31, 2020

(Thousands of yen)

	Carrying amount on the consolidated balance sheets	Acquisition cost	Unrealized gain (loss)
Securities whose carrying amount on the consolidated balance sheets exceeds their acquisition cost			
Stocks	4,346,889	1,287,678	3,059,211
Subtotal	4,346,889	1,287,678	3,059,211
Securities whose carrying amount on the consolidated balance sheets does not exceed their acquisition cost			
Stocks	715,318	815,096	(99,777)
Subtotal	715,318	815,096	(99,777)
Total	5,062,208	2,102,775	2,959,433

(Note) As unlisted stocks (120,542 thousand yen reported on the consolidated balance sheets) have no market prices and it is considered to be extremely difficult to determine their fair values, they are not included in the table above of "Available-for-sale securities."

2. Available-for-sale securities that were sold during the fiscal year

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Thousands of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Stocks	302,650	292,203	—

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Thousands of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Stocks	128,568	71,324	–

3. Impairment loss on securities

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

Not applicable.

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

Not applicable.

Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

Not applicable.

2. Derivative transactions to which hedge accounting is applied

(1) Currency-related transactions

As of March 31, 2019

Not applicable.

As of March 31, 2020

Not applicable.

(2) Interest rate-related transactions

As of March 31, 2019

(Thousands of yen)

Hedge accounting method	Type of derivative transaction	Principal hedged item	Contract amount	Contract amount due after 1 year	Fair value
Exceptional accrual method for interest rate swaps	Interest rate swap contracts Receive floating / Pay fixed	Long-term borrowings	1,808,805	1,530,578	(Note)

(Note) Since items subject to the exceptional accrual method for interest rate swaps are accounted for together with the long-term borrowings that are the hedged items, the fair values thereof are included in the fair values of the corresponding long-term borrowings.

As of March 31, 2020

(Thousands of yen)

Hedge accounting method	Type of derivative transaction	Principal hedged item	Contract amount	Contract amount due after 1 year	Fair value
Exceptional accrual method for interest rate swaps	Interest rate swap contracts Receive floating / Pay fixed	Long-term borrowings	1,512,983	1,237,815	(Note)

(Note) Since items subject to the exceptional accrual method for interest rate swaps are accounted for together with the long-term borrowings that are the hedged items, the fair values thereof are included in the fair values of the corresponding long-term borrowings.

Retirement Benefits

1. Summary of retirement benefit plans adopted

To cover retirement benefits to employees, the Company and its consolidated subsidiaries have adopted funded and unfunded defined-benefit plans.

Under the defined-benefit corporate pension plans, all of which are funded plans, lump-sum benefits or pensions are paid based on salary and service period.

Under the retirement lump-sum payment plans, all of which are unfunded plans, lump-sum benefits are paid as retirement benefits based on salary and service period. A retirement benefit trust has been established for the retirement lump-sum payment plans, all of which are unfunded plans, since May 2015.

For defined-benefit corporate pension plans and retirement lump-sum payment plans held by some consolidated subsidiaries, retirement benefit liability and retirement benefit expenses are calculated by a simplified method.

2. Defined-benefit plans

- (1) Reconciliation between balance of retirement benefit obligations at the beginning of period and that at the end of period

	(Thousands of yen)	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Retirement benefit obligations at the beginning of period	6,023,207	5,885,749
Service cost	360,886	392,770
Interest cost	32,981	33,102
Actuarial differences	(214,454)	(73,493)
Retirement benefits paid	(342,497)	(322,288)
Past service cost	–	31,851
Increase from newly consolidated subsidiaries	57,035	–
Other	(31,409)	25,398
Retirement benefit obligations at the end of period	5,885,749	5,973,089

- (2) Reconciliation between balance of plan assets at the beginning of period and that at the end of period

	(Thousands of yen)	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Plan assets at the beginning of period	5,469,922	5,491,677
Expected return on plan assets	141,476	122,431
Actuarial differences	(133,850)	(287,161)
Contribution by employer	171,610	173,152
Retirement benefits paid	(151,232)	(155,489)
Other	(6,248)	6,327
Plan assets at the end of period	5,491,677	5,350,938

- (3) Reconciliation between balance of retirement benefit obligations and plan assets at the end of period and that of retirement benefit liability and retirement benefit asset recorded in the consolidated balance sheets

	(Thousands of yen)	
	As of March 31, 2019	As of March 31, 2020
Retirement benefit obligations from funded plans	2,940,821	2,924,850
Plan assets	(3,438,543)	(3,349,786)
	(497,721)	(424,935)
Retirement benefit obligations on unfunded plans	891,793	1,047,086
Net amount of liability and asset recorded in consolidated balance sheets	394,071	622,150
Retirement benefit asset	(565,739)	(512,807)
Retirement benefit liability	959,810	1,134,958
Net amount of liability and asset recorded in consolidated balance sheets	394,071	622,150

(4) Retirement benefit expenses

	(Thousands of yen)	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Service cost	360,886	392,770
Interest cost	32,981	33,102
Expected return on plan assets	(141,476)	(122,431)
Amortization of actuarial differences	85,178	96,810
Amortization of past service cost	–	31,851
Other	378	(11,653)
Retirement benefit expenses on defined-benefit plans	337,948	420,450

(5) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans (before deducting tax effect) are as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Past service cost	–	–
Actuarial differences	(165,782)	116,856
Total	(165,782)	116,856

(6) Remeasurements of defined benefit plans (Accumulated other comprehensive income)

The components of remeasurements of defined benefit plans (before deducting tax effect) are as follows:

	(Thousands of yen)	
	As of March 31, 2019	As of March 31, 2020
Unrecognized past service cost	–	–
Unrecognized actuarial differences	424,203	541,060
Total	424,203	541,060

(7) Plan assets

i) Main components of plan assets

The ratios of components to total plan assets by major category are as follows:

	As of March 31, 2019	As of March 31, 2020
Bonds	10.1%	10.7%
Stocks	16.5%	14.1%
Cash and deposits	5.1%	5.4%
Insurance assets (general accounts)	7.5%	7.8%
Investment trust	37.4%	37.4%
Shared operating assets	23.5%	24.6%
Total	100.0%	100.0%

(Note) Total plan assets includes the retirement benefit trust established for the retirement lump-sum payment plans, which accounts for 37.4% and 37.5% of the total amount as of March 31, 2019 and March 31, 2020, respectively.

ii) Method for establishing long-term expected rate of return on plan assets

To establish the long-term expected rate of return on plan assets, the current and forecasted allocation of plan assets and the current and expected future long-term rate of return from the various assets constituting the plan assets are taken into consideration.

(8) Calculation basis for actuarial assumptions

The main calculation basis for actuarial assumptions are as follows:

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Discount rate	0.00%	0.00%
Long-term expected rate of return	3.80%	2.80%
Expected rate of salary increase	7.70%	7.20%

Income Taxes

1. Significant components of deferred tax assets and liabilities

	As of March 31, 2019	(Thousands of yen) As of March 31, 2020
Deferred tax assets		
Allowance for doubtful accounts	30,814	27,113
Retirement benefit liability	878,795	992,355
Impairment loss	359,383	305,975
Provision for bonuses	192,239	166,891
Loss on valuation of investment securities	192,262	121,197
Asset retirement obligations	51,056	51,907
Net operating losses carryforward (Note)	231,675	333,014
Other	565,000	591,304
Subtotal of deferred tax assets	2,501,228	2,589,759
Valuation allowance related to net operating losses carryforward (Note)	(225,159)	(313,458)
Valuation allowance related to total deductible temporary difference, etc.	(515,429)	(505,686)
Subtotal of valuation allowance	(740,589)	(819,145)
Total deferred tax assets	1,760,638	1,770,614
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(888,695)	(815,140)
Retirement benefit asset	(284,251)	(277,068)
Reserve for advanced depreciation of non-current assets	(69,980)	(46,385)
Reserve for special depreciation	(7,653)	—
Property, plant and equipment (asset retirement obligations)	(28,954)	(26,957)
Reserved profit of overseas consolidated subsidiaries	(468,222)	(503,583)
Other	(535,623)	(635,667)
Total deferred tax liabilities	(2,283,381)	(2,304,801)
Net deferred tax assets (liabilities)	(522,743)	(534,187)

(Note) Amounts of tax loss carryforward and related deferred tax assets by carryforward period

As of March 31, 2019

	(Thousands of yen)						
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Tax loss carryforward (a)	5,387	5,387	21,238	47,536	33,860	118,264	231,675
Valuation allowance	(5,387)	(5,387)	(21,238)	(47,536)	(33,860)	(111,749)	(225,159)
Deferred tax assets	—	—	—	—	—	6,515	(b) 6,515

(a) Figures for tax loss carryforward are the amounts multiplied by effective statutory tax rate.

(b) For the tax loss carryforward of 231,675 thousand yen (amount multiplied by effective statutory tax rate), deferred tax assets of 6,515 thousand yen have been recorded. The deferred tax assets of 6,515 thousand yen have been recognized primarily for

the balance of tax loss carryforward in the amount of 6,337 thousand yen (amount multiplied by effective statutory tax rate) of RIKEN ELASTOMERS CORPORATION, a consolidated subsidiary. The tax loss carryforward of the consolidated subsidiary RIKEN ELASTOMERS CORPORATION accrued as a result of using immediate expensing system for the fiscal year ended December 31, 2017. The said tax loss carryforward was determined to be recoverable as future taxable income is anticipated, and therefore valuation allowance has not been recognized.

As of March 31, 2020

(Thousands of yen)

	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Tax loss carryforward (a)	6,412	22,067	43,842	27,477	10,816	222,396	333,014
Valuation allowance	(6,412)	(22,067)	(43,842)	(27,477)	(10,816)	(202,841)	(313,458)
Deferred tax assets	–	–	–	–	–	19,555	(b) 19,555

(a) Figures for tax loss carryforward are the amounts multiplied by effective statutory tax rate.

(b) For the tax loss carryforward of 333,014 thousand yen (amount multiplied by effective statutory tax rate), deferred tax assets of 19,555 thousand yen have been recorded. The deferred tax assets of 19,555 thousand yen have been recognized primarily for the balance of tax loss carryforward in the amount of 17,782 thousand yen (amount multiplied by effective statutory tax rate) of RIKEN ELASTOMERS CORPORATION, a consolidated subsidiary. The said tax loss carryforward was determined to be recoverable as future taxable income is anticipated, and therefore valuation allowance has not been recognized.

2. Reconciliation between the effective statutory tax rate and the effective tax rate

	As of March 31, 2019	As of March 31, 2020
Effective statutory tax rate	30.6%	30.6%
Adjustments		
Expenses not deductible permanently such as entertainment expenses	0.5	0.8
Income not taxable permanently such as dividends income	(0.7)	(0.9)
Foreign withholding taxes	0.5	0.5
Change in valuation allowance	3.7	1.4
Tax rate differences from overseas consolidated subsidiaries	(4.7)	(4.8)
Other	(1.1)	(0.1)
Effective tax rate	28.8	27.3

Business Combinations

This information has been omitted due to its insignificance.

Asset retirement obligations

This information has been omitted due to its insignificance.

Rental properties and other real estate

This information has been omitted due to its insignificance.

Segment Information and Others

Segment Information

1. Summary of reportable segments

(1) Method of determining reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and that are evaluated regularly by the Board of Directors to determine allocation of management resources and assess performance.

The Company has business units by market at the head office. Each business unit supervises and plans its own domestic and overseas strategies by market and conducts global business activities.

Accordingly, the Group has classified the reportable segments based on markets and has four reportable segments, "transportation," "daily life & healthcare," "electronics," and "building & construction."

(2) The name, abbreviation, and main markets of each respective reportable segment

The name, abbreviation, and main markets of each respective reportable segment are as follows:

Transportation (TR): automobile, railroad, and shipping markets, etc.

Daily Life & Healthcare (DH): healthcare, materials for daily life, and food wrapping film markets, etc.

Electronics (EL): energy, communications, and IT equipment markets, etc.

Building & Construction (BC): housing, buildings, construction materials, and civil engineering markets

(Note) The terms in parentheses are abbreviations for the reportable segments.

(3) Matters related to changes in reportable segments

The Group has reformed its organization to make it suitable for the global market, in order to execute the strategy of the new mid-term management plan that began in the current fiscal year and to accurately capture the market needs which are changing at a faster pace than ever.

In conjunction with this organizational change, we revised the business segment classification system effective from the current fiscal year. The previous product-based reportable segments of "compound," "film" and "food wrapping film" were replaced with market-based segments of "transportation," "daily life & healthcare," "electronics" and "building & construction."

The segment information for the previous fiscal year contained in this report was prepared using the new classification system, and is presented as figures for the fiscal year ended March 31, 2019 in "3. Information about net sales, profit or loss, assets, liabilities and other items by reportable segment."

2. Method for calculating net sales, profit or loss, assets, liabilities and other items by reportable segment

Accounting policies of reported business segments are mostly consistent with those disclosed in "Significant Matters in Preparing Consolidated Financial Statements."

Segment profit is calculated on an operating profit basis.

Intersegment sales and transfers are based on actual market prices.

3. Information about net sales, profit or loss, assets, liabilities and other items by reportable segment
Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Thousands of yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded on the consolidated statements of income (Note 3)
	TR	DH	EL	BC	Total				
Net sales									
(1) Sales to external customers	30,891,538	24,249,646	21,149,966	20,853,047	97,144,198	669,762	97,813,960	—	97,813,960
(2) Intersegment sales or transfers	—	—	1,598	—	1,598	626,637	628,235	(628,235)	—
Total	30,891,538	24,249,646	21,151,564	20,853,047	97,145,796	1,296,399	98,442,196	(628,235)	97,813,960
Segment profit	3,000,388	1,668,629	408,051	470,725	5,547,794	55,196	5,602,991	158,804	5,761,796
Segment assets	8,736,337	10,046,820	10,033,178	7,696,857	36,513,193	188,126	36,701,320	58,506,582	95,207,902
Others									
Depreciation	1,273,538	782,262	844,879	754,904	3,655,584	1,442	3,657,027	—	3,657,027
Amortization of goodwill	905	182,690	363	15,242	199,201	—	199,201	—	199,201
Increase in property, plant and equipment and intangible assets	—	275,968	69,185	—	345,153	—	345,153	3,228,757	3,573,911

- (Notes) 1. The “Other” category is the business segment that is not included in the reportable segments, and represents the purchase and sales of raw materials, etc.
2. The adjustment to segment profit represents 158,804 thousand yen in inter-segment eliminations.
The adjustment to segment assets represents negative 303,511 thousand yen in inter-segment eliminations and 58,810,094 thousand yen in corporate assets. The corporate assets mainly include funds to manage surplus assets (cash and deposits), long-term investment funds (investment securities) and assets related to the administration division.
3. Segment profit is adjusted to operating profit in the consolidated statements of income.

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded on the consolidated statements of income (Note 3)
	TR	DH	EL	BC	Total				
Net sales									
(1) Sales to external customers	29,758,873	24,308,394	20,883,426	23,290,521	98,241,216	567,455	98,808,671	—	98,808,671
(2) Intersegment sales or transfers	—	40	479	—	519	455,937	456,457	(456,457)	—
Total	29,758,873	24,308,434	20,883,906	23,290,521	98,241,736	1,023,393	99,265,129	(456,457)	98,808,671
Segment profit	2,740,784	1,860,082	282,607	561,227	5,444,701	40,147	5,484,849	96,970	5,581,820
Segment assets	7,896,691	9,626,352	10,931,915	6,482,189	34,937,148	204,151	35,141,300	56,727,580	91,868,881
Others									
Depreciation	1,414,309	736,948	911,484	822,965	3,885,708	847	3,886,555	—	3,886,555
Amortization of goodwill	—	88,581	66,666	1,455	156,703	—	156,703	—	156,703
Increase in property, plant and equipment and intangible assets	—	197,014	876,540	—	1,073,555	—	1,073,555	2,711,924	3,785,479

(Notes) 1. The “Other” category is the business segment that is not included in the reportable segments, and represents the purchase and sales of raw materials, etc.

2. The adjustment to segment profit represents 96,970 thousand yen in inter-segment eliminations.

The adjustment to segment assets represents negative 225,197 thousand yen in inter-segment eliminations and 56,952,778 thousand yen in corporate assets. The corporate assets mainly include funds to manage surplus assets (cash and deposits), long-term investment funds (investment securities) and assets related to the administration division.

3. Segment profit is adjusted to operating profit in the consolidated statements of income.

Related Information

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

1. Information by product and service

(Thousands of yen)

	TR	DH	EL	BC	Other	Total
Sales to external customers	30,891,538	24,249,646	21,149,966	20,853,047	669,762	97,813,960

2. Information by geographical area

(1) Net sales

(Thousands of yen)

Japan	Thailand	U.S.	China	Europe	Other regions	Total
53,829,576	9,767,345	9,410,740	8,067,799	327,211	16,411,286	97,813,960

(Note) Net sales are segmented by country or region based on customer location.

(2) Property, plant and equipment

(Thousands of yen)

Japan	Thailand	U.S.	China	Europe	Other regions	Total
12,670,385	3,908,286	5,362,570	1,637,761	–	3,933,763	27,512,767

3. Information by major customer

This information has been omitted as there is no major external customer that accounts for 10% or more of the net sales recorded on the consolidated statements of income.

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

1. Information by product and service

(Thousands of yen)

	TR	DH	EL	BC	Other	Total
Sales to external customers	29,758,873	24,308,394	20,883,426	23,290,521	567,455	98,808,671

2. Information by geographical area

(1) Net sales

(Thousands of yen)

Japan	Thailand	U.S.	China	Europe	Other regions	Total
56,387,791	9,836,259	8,874,550	7,138,120	251,102	16,320,849	98,808,671

(Note) Net sales are segmented by country or region based on customer location.

(2) Property, plant and equipment

(Thousands of yen)

Japan	Thailand	U.S.	China	Europe	Other regions	Total
13,048,867	3,644,564	5,094,717	1,501,817	–	3,613,037	26,903,003

3. Information by major customer

This information has been omitted as there is no major external customer that accounts for 10% or more of the net sales recorded on the consolidated statements of income.

Information about Impairment Loss on Non-current Assets by Reportable Segment

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

Not applicable.

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

Not applicable.

Information about Amortization of Goodwill and Balance of Unamortized Goodwill by Reportable Segment

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Thousands of yen)

	Reportable segment					Other	Total	Adjustment	Amount recorded on the consolidated financial statements
	TR	DH	EL	BC	Total				
Balance as of March 31, 2019	–	88,581	–	11,640	100,221	–	100,221	–	100,221

(Note) Amortization of goodwill has been omitted, as identical information is disclosed in segment information.

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Reportable segment					Other	Total	Adjustment	Amount recorded on the consolidated financial statements
	TR	DH	EL	BC	Total				
Balance as of March 31, 2020	–	–	733,333	10,185	743,518	–	743,518	–	743,518

(Note) Amortization of goodwill has been omitted, as identical information is disclosed in segment information.

Information about Gain on Bargain Purchase by Reportable Segment

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

This information has been omitted due to its immateriality.

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

Not applicable.

Information on Related Parties

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

Not applicable.

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

Not applicable.

Per Share Information

(Yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net assets per share	753.31	788.77
Basic profit attributable to owners of parent per share	47.43	48.11
Diluted profit attributable to owners of parent per share	45.93	—

- (Notes) 1. Diluted profit attributable to owners of parent per share for the fiscal year ended March 31, 2020 is not presented because there are no potential shares.
2. The basis used for calculating net assets per share is as follows.

	As of March 31, 2019	As of March 31, 2020
Total net assets (Thousands of yen)	56,478,468	57,586,816
Deduction from total net assets (Thousands of yen)	7,536,367	7,876,489
[Of the above, non-controlling interests (Thousands of yen)]	[7,536,367]	[7,876,489]
Net assets related to common stock (Thousands of yen)	48,942,100	49,710,327
Number of treasury shares of common stock (Shares)	1,144,315	3,091,387
Number of shares of common stock outstanding used for calculation of net assets per share (Shares)	64,969,504	63,022,432

- (Note) Because shares in the Company held by Trust Account E are recognized as treasury shares in the consolidated financial statements, the number of those shares has been deducted from the number of shares of common stock outstanding at the fiscal year-end used for the calculation of net assets per share.

3. The basis used for calculating basic profit attributable to owners of parent per share and diluted profit attributable to owners of parent per share is as follows.

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit attributable to owners of parent (Thousands of yen)	3,060,922	3,064,349
Amount not attributable to common shareholders (Thousands of yen)	–	–
Profit attributable to owners of parent regarding common stock (Thousands of yen)	3,060,922	3,064,349
Average number of shares of common stock outstanding during the period (Shares)	64,534,937	63,700,223
Diluted profit attributable to owners of parent per share		
Adjustment on profit attributable to owners of parent	–	–
[Of the above, interest expenses (net of corresponding tax amount) (Thousands of yen)]	–	–
Increase in common stock (Shares)	2,102,673	–
[Of the above, convertible bond-type bonds with subscription rights to shares (Shares)]	2,102,673	–
[Of the above, subscription rights to shares (Shares)]	–	–
Outline of potential shares that were not used in calculating diluted profit attributable to owners of parent per share because they have no dilutive effects		–

(Note) Because shares in the Company held by Trust Account E are recognized as treasury shares in the consolidated financial statements, the number of those shares has been deducted from the average number of shares of common stock outstanding during the period used for the calculation of basic profit attributable to owners of parent per share and diluted profit attributable to owners of parent per share.

Significant Subsequent Events

Not applicable.

e. Consolidated Supporting Schedules

Detailed Statement of Bonds

Company name	Type of bond	Date of issuance	Balance as of April 1, 2019 (Thousands of yen)	Balance as of March 31, 2020 (Thousands of yen)	Interest rate (%)	Collateral	Date of maturity
RIKEN TECHNOS CORPORATION	Yen-denominated convertible bonds with stock acquisition rights due 2020 (Note 1)	March 19, 2015	800,000	–	–	None	March 19, 2020
Total	–	–	800,000	–	–	–	–

(Note) 1. The information about the bonds with stock acquisition rights is as provided below.

Type of bond	Yen-denominated convertible bonds with stock acquisition rights due 2020
Shares to be issued	Common stock
Issue price per stock acquisition right (Yen)	Without contribution
Issue price per share (Yen)	469
Total issue value (Thousands of yen)	4,000,000
Total issue value of shares issued upon exercise of stock acquisition rights (Thousands of yen)	3,545,000
Granting ratio of stock acquisition rights (%)	100
Exercise period of stock acquisition rights	From March 31, 2015 to February 27, 2020 (at the close of bank operations in the local time of the location where the exercise request is received)

(Note) When there is a request from a bond holder intending to exercise the stock acquisition rights, in place of the redemption of the full amount of the bonds to which the stock acquisition rights are attached, it is deemed that the full amount to be paid in upon exercise of the stock acquisition rights has been paid in. In addition, when stock acquisition rights are exercised, it is deemed that the said request has been received.

Detailed Statement of Borrowings

Category	Balance as of April 1, 2019 (Thousands of yen)	Balance as of March 31, 2020 (Thousands of yen)	Average interest rate (%)	Repayment period
Short-term borrowings	8,144,431	7,324,167	1.4	–
Current portion of long-term borrowings	712,703	614,308	2.6	–
Current portion of lease obligations	15,572	15,252	–	–
Long-term borrowings (excluding current portion)	4,120,063	3,458,857	2.5	2021 – 2025
Lease obligations (excluding current portion)	30,691	18,528	–	2021 – 2026
Other interest-bearing debt	–	–	–	–
Total	13,023,462	11,431,114	–	–

(Notes) 1. Method of calculating average interest rates

Average interest rates are calculated using the average outstanding balance during the period.

2. The amount of lease obligations in the consolidated balance sheets includes the interest equivalent.

3. Repayment of long-term borrowings and lease obligations scheduled within five years after the balance sheet date are as follows:

Category	(Thousands of yen)			
	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
Long-term borrowings	611,152	537,316	498,714	452,781
Lease obligations	10,077	5,259	1,820	653

Detailed Statement of Asset Retirement Obligations

As the amount of asset retirement obligations as of April 1, 2019 and March 31, 2020 is not more than 1% of the total amount of liabilities and net assets as of the same dates, this information is omitted pursuant to the provisions of Article 92-2 of the Ordinance on Consolidated Financial Statements.

(2) Others

Quarterly information for the fiscal year ended March 31, 2020

(Year-to-date period)	1st quarter	2nd quarter	3rd quarter	Fiscal year ended March 31, 2020
Net sales (Thousands of yen)	24,555,035	49,541,346	74,132,526	98,808,671
Profit before income taxes (Thousands of yen)	1,413,049	2,818,355	4,255,050	6,025,530
Profit attributable to owners of parent (Thousands of yen)	725,247	1,432,888	2,228,164	3,064,349
Basic profit attributable to owners of parent per share (Yen)	11.16	22.15	34.84	48.11

(Three-month period)	1st quarter	2nd quarter	3rd quarter	4th quarter
Basic profit attributable to owners of parent per share (Yen)	11.16	10.98	12.70	13.34