

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, 2020
(92nd term) to March 31, 2021

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, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	18,342,206	21,106,010
Notes and accounts receivable - trade	*3 23,835,492	*3 21,143,908
Electronically recorded monetary claims - operating	*3 562,670	*3 2,162,815
Merchandise and finished goods	6,474,606	6,227,760
Work in process	788,560	692,289
Raw materials and supplies	4,720,146	5,372,437
Other	1,168,234	948,638
Allowance for doubtful accounts	(84,898)	(83,920)
Total current assets	55,807,020	57,569,939
Non-current assets		
Property, plant and equipment		
Buildings and structures	24,615,064	24,919,675
Accumulated depreciation	(14,508,337)	(15,002,480)
Buildings and structures, net	10,106,727	9,917,194
Machinery, equipment and vehicles	53,279,972	52,015,723
Accumulated depreciation	(43,822,871)	(43,625,614)
Machinery, equipment and vehicles, net	9,457,101	8,390,108
Land	6,354,579	6,282,764
Leased assets	395,943	143,909
Accumulated depreciation	(369,029)	(84,611)
Leased assets, net	26,913	59,298
Construction in progress	287,737	231,171
Other	6,040,825	5,825,136
Accumulated depreciation	(5,370,882)	(5,234,710)
Other, net	669,943	590,426
Total property, plant and equipment	26,903,003	25,470,963
Intangible assets		
Goodwill	743,518	542,063
Leased assets	5,251	2,919
Other	1,266,508	1,808,885
Total intangible assets	2,015,278	2,353,868
Investments and other assets		
Investment securities	5,182,750	7,736,267
Long-term loans receivable	44,218	14,269
Retirement benefit asset	512,807	883,374
Deferred tax assets	508,798	418,840
Other	898,773	764,382
Allowance for doubtful accounts	(3,770)	(3,045)
Total investments and other assets	7,143,578	9,814,089
Total non-current assets	36,061,860	37,638,921
Total assets	91,868,881	95,208,860

(Thousands of yen)

	As of March 31, 2020		As of March 31, 2021	
Liabilities				
Current liabilities				
Notes and accounts payable - trade	*3	16,479,773	*3	16,139,497
Short-term borrowings	*2	7,324,167	*2	6,976,725
Current portion of long-term borrowings		614,308		448,983
Lease obligations		15,252		20,560
Income taxes payable		423,546		885,287
Provision for bonuses		596,165		721,429
Provision for bonuses for directors (and other officers)		72,077		84,709
Other		2,387,202		2,803,299
Total current liabilities		27,912,493		28,080,491
Non-current liabilities				
Long-term borrowings		3,458,857		2,819,082
Lease obligations		18,528		26,361
Deferred tax liabilities		1,042,985		1,545,671
Provision for retirement benefits for directors (and other officers)		86,841		–
Provision for share awards for directors (and other officers)		178,922		140,640
Retirement benefit liability		1,134,958		1,052,229
Asset retirement obligations		327,678		332,387
Other		120,798		135,141
Total non-current liabilities		6,369,571		6,051,514
Total liabilities		34,282,064		34,132,006
Net assets				
Shareholders' equity				
Share capital		8,514,018		8,514,018
Capital surplus		7,373,812		6,597,580
Retained earnings		33,252,502		35,561,518
Treasury shares		(1,444,377)		(517,035)
Total shareholders' equity		47,695,956		50,156,082
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		2,170,858		3,999,879
Foreign currency translation adjustment		218,900		(460,662)
Remeasurements of defined benefit plans		(375,387)		46,021
Total accumulated other comprehensive income		2,014,371		3,585,238
Non-controlling interests		7,876,489		7,335,533
Total net assets		57,586,816		61,076,854
Total liabilities and net assets		91,868,881		95,208,860

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

(Thousands of yen)

	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021	
Net sales		98,808,671		88,224,442
Cost of sales	*1, *3	80,833,385	*1, *3	71,409,689
Gross profit		17,975,286		16,814,752
Selling, general and administrative expenses	*2, *3	12,393,465	*2, *3	11,501,088
Operating profit		5,581,820		5,313,663
Non-operating income				
Interest income		44,861		25,909
Dividend income		179,262		167,971
Foreign exchange gains		–		123,420
Subsidies for employment adjustment		–		96,680
Other		208,229		173,251
Total non-operating income		432,352		587,232
Non-operating expenses				
Interest expenses		218,927		139,351
Foreign exchange losses		63,725		–
Other		61,104		109,457
Total non-operating expenses		343,757		248,808
Ordinary profit		5,670,415		5,652,088
Extraordinary income				
Gain on sale of non-current assets	*4	344,967	*4	4,843
Gain on sale of investment securities		71,324		10,768
Total extraordinary income		416,291		15,611
Extraordinary losses				
Loss on sale of non-current assets	*5	4,264	*5	1,418
Loss on retirement of non-current assets	*6	15,111	*6	35,590
Environmental expenses		41,800		–
Total extraordinary losses		61,176		37,008
Profit before income taxes		6,025,530		5,630,691
Income taxes - current		1,549,036		1,667,856
Income taxes - deferred		98,920		(294,962)
Total income taxes		1,647,956		1,372,893
Profit		4,377,573		4,257,797
Profit attributable to non-controlling interests		1,313,224		1,023,590
Profit attributable to owners of parent		3,064,349		3,234,206

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	4,377,573	4,257,797
Other comprehensive income		
Valuation difference on available-for-sale securities	(400,205)	1,829,022
Foreign currency translation adjustment	386,540	(1,144,140)
Remeasurements of defined benefit plans, net of tax	(81,075)	421,409
Total other comprehensive income	*1 (94,740)	*1 1,106,290
Comprehensive income	4,282,833	5,364,088
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,757,538	4,805,074
Comprehensive income attributable to non-controlling interests	1,525,295	559,013

c. Consolidated Statements of Changes in Net Assets

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

(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

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,514,018	7,373,812	33,252,502	(1,444,377)	47,695,956
Changes during period					
Dividends of surplus			(757,012)		(757,012)
Profit attributable to owners of parent			3,234,206		3,234,206
Purchase of treasury shares				(236,807)	(236,807)
Disposal of treasury shares		2,210		229,748	231,959
Cancellation of treasury shares		(934,400)		934,400	—
Other		155,957	(168,178)		(12,220)
Net changes in items other than shareholders' equity					
Total changes during period	—	(776,232)	2,309,015	927,341	2,460,125
Balance at end of period	8,514,018	6,597,580	35,561,518	(517,035)	50,156,082

	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	2,170,858	218,900	(375,387)	2,014,371	7,876,489	57,586,816
Changes during period						
Dividends of surplus						(757,012)
Profit attributable to owners of parent						3,234,206
Purchase of treasury shares						(236,807)
Disposal of treasury shares						231,959
Cancellation of treasury shares						—
Other						(12,220)
Net changes in items other than shareholders' equity	1,829,020	(679,562)	421,409	1,570,867	(540,955)	1,029,912
Total changes during period	1,829,020	(679,562)	421,409	1,570,867	(540,955)	3,490,037
Balance at end of period	3,999,879	(460,662)	46,021	3,585,238	7,335,533	61,076,854

d. Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	6,025,530	5,630,691
Depreciation	3,886,555	3,713,004
Amortization of goodwill	156,703	201,455
Increase (decrease) in provision for bonuses	(80,324)	128,495
Increase (decrease) in provision for bonuses for directors (and other officers)	(30,930)	12,632
Increase (decrease) in allowance for doubtful accounts	(10,825)	(940)
Increase (decrease) in retirement benefit liability	130,514	143,320
Increase (decrease) in provision for share awards for directors (and other officers)	40,490	(38,282)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(54,450)	—
Interest and dividend income	(224,123)	(193,880)
Interest expenses	218,927	139,351
Loss (gain) on sale of investment securities	(71,324)	(10,768)
Loss (gain) on sale of property, plant and equipment	(340,702)	(3,425)
Loss on retirement of non-current assets	15,111	35,590
Decrease (increase) in trade receivables	1,732,420	728,813
Decrease (increase) in inventories	1,039,698	(633,781)
Increase (decrease) in trade payables	(1,917,065)	(58,792)
Increase (decrease) in accrued consumption taxes	(70,451)	42,219
Other, net	203,468	762,024
Subtotal	10,649,225	10,597,726
Interest and dividends received	224,842	196,087
Interest paid	(221,867)	(140,174)
Income taxes paid	(1,846,772)	(1,265,784)
Net cash provided by (used in) operating activities	8,805,427	9,387,855
Cash flows from investing activities		
Payments into time deposits	(40,124)	(35,347)
Proceeds from withdrawal of time deposits	24,153	540,239
Purchase of property, plant and equipment	(2,738,127)	(2,581,833)
Proceeds from sale of property, plant and equipment	647,307	7,135
Purchase of intangible assets	(939,908)	(1,015,999)
Purchase of investment securities	(3,016)	(704)
Proceeds from sale of investment securities	128,568	31,496
Loan advances	—	(1,716)
Proceeds from collection of loans receivable	3,333	30,909
Other, net	392,516	22,854
Net cash provided by (used in) investing activities	(2,525,296)	(3,002,966)

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(729,395)	(241,579)
Proceeds from long-term borrowings	35,000	–
Repayments of long-term borrowings	(743,885)	(811,260)
Redemption of bonds	(456,325)	–
Repayments of lease obligations	(15,769)	(14,987)
Proceeds from sale of treasury shares	160,473	124,601
Purchase of treasury shares	(1,513,092)	(24)
Dividends paid	(1,029,976)	(755,286)
Dividends paid to non-controlling interests	(1,187,189)	(1,097,763)
Net cash provided by (used in) financing activities	(5,480,159)	(2,796,299)
Effect of exchange rate change on cash and cash equivalents	(24,059)	(319,845)
Net increase (decrease) in cash and cash equivalents	775,912	3,268,743
Cash and cash equivalents at beginning of period	17,036,114	17,812,026
Cash and cash equivalents at end of period	*1 17,812,026	*1 21,080,770

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: 21 as of March 31, 2020

19 as of March 31, 2021

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

From the fiscal year ended March 31, 2021, RIKEN TECHNOS INTERNATIONAL VIETNAM CO., LTD. and RIKEN TECHNOS EUROPE B.V., which were consolidated subsidiaries in the fiscal year ended March 31, 2020, have been removed from the scope of consolidation due to the completion of the liquidation of the companies.

Names of principal consolidated subsidiaries are as follows:

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.

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

<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 INDIA PVT. LTD.
RIKEN U.S.A. CORPORATION
RIKEN AMERICAS CORPORATION
RIMTEC CORPORATION
RIKEN ELASTOMERS CORPORATION

(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, 2020 (from April 1, 2019 to March 31, 2020)

<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
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.

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

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 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

*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 share awards 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 payables 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 and accounts payable - trade related to exports and imports of merchandise and 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

Transactions subject to consumption tax and local consumption tax are recorded at amounts exclusive of taxes.

Significant Accounting Estimates

Impairment loss on non-current assets (the asset group at Gunma Factory included in the Electronics segment of the Company)

(1) Amounts recorded on the consolidated financial statements for the fiscal year ended March 31, 2021

	(Thousands of yen)
Impairment loss	—
Land (55,903.8m ²)	1,273,100
Buildings and structures	641,859
Other property, plant and equipment	104,611
Intangible assets	534,622
<hr/> Total non-current assets	<hr/> 2,554,193

(2) Other information

(a) Calculation method

In the current fiscal year, the Company judged that indications of impairment existed due to a decline in profitability as a result of changes in the operating environment. However, the total of undiscounted future cash flows arising from the asset group exceeds the book value, and impairment loss has not been recognized.

Future cash flows are based on the business plan for the asset group and are subject to review by taking into account product life cycles and other variable factors in the industry to which the business belongs. Some of the assets contained estimated values based on real estate appraisal values.

(b) Major assumptions

Major assumptions used in the calculation of future cash flows are continuous orders expected from existing customers, which serve as a basis of the business plan for the asset group, and the forecast of potential orders from new customers.

(c) Impact on the consolidated financial statements for the next fiscal year

The forecast of potential orders from new customers, one of the major assumptions, is a highly uncertain estimate. In the case where profitability of the target asset group declines and indications of impairment exist and where the total of undiscounted future cash flows arising from the asset group falls below the book value, the consolidated financial statements for the next fiscal year will be affected.

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 26, 2021)

(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.

Changes in Presentation

(Consolidated Balance Sheets)

“Electronically recorded monetary claims - operating,” which was included in “Notes and accounts receivable - trade” in the previous fiscal year, has been presented separately from the current fiscal year due to its increased monetary importance. To reflect this change in presentation, the consolidated financial statement for the previous fiscal year has been reclassified.

As a result, 24,398,163 thousand yen, which was presented as “Notes and accounts receivable - trade” in the consolidated balance sheets for the previous fiscal year, has been reclassified as “Notes and accounts receivable - trade” of 23,835,492 thousand yen and “Electronically recorded monetary claims - operating” of 562,670 thousand yen.

(Adoption of “Accounting Standard for Disclosure of Accounting Estimates”)

“Accounting Standard for Disclosure of Accounting Estimates” (Accounting Standards Board of Japan (ASBJ) Statement No. 31, March 31, 2020) has been adopted effective the consolidated financial statements as of the end of the current fiscal year, thereby notes to significant accounting estimates have been provided in the consolidated financial statements.

Pursuant to the transitional measures set forth in a provisory clause in Paragraph 11 of the said Accounting Standard, however, contents regarding the previous fiscal year are not provided in those notes.

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 345,779 thousand yen and 752 thousand shares, respectively, while those as of the end of the current fiscal year were 282,476 thousand yen and 614 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 February 22, 2021.

(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 current fiscal year were 234,538 thousand yen and 459 thousand shares, respectively.

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

237,000 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 non-current assets 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. Notes receivable endorsed

	(Thousands of yen)	
	As of March 31, 2020	As of March 31, 2021
Notes receivable endorsed	1,041	—

*2. 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, 2020	As of March 31, 2021
Total overdraft facility limit	12,180,000	12,180,000
Outstanding borrowings within the limit	4,635,000	4,965,000
Unused balance	7,545,000	7,215,000

*3. 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, 2020	As of March 31, 2021
Notes receivable - trade	34,934	43,209
Electronically recorded monetary claims - operating	42,767	59,104
Notes payable – trade	9,858	8,148

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, 2020	Fiscal year ended March 31, 2021
(164,536)	109,636

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

(Thousands of yen)		
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Freightage expenses	3,010,946	2,991,139
Commission fees	1,045,647	1,016,077
Salaries and bonuses	2,609,800	2,609,801
Provision for bonuses	152,739	198,429
Retirement benefit expenses	216,043	199,723
Provision for bonuses for directors (and other officers)	67,709	78,619
Provision of allowance for doubtful accounts	(12,510)	(886)
Research and development expenses	1,119,859	1,110,256

*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, 2020	Fiscal year ended March 31, 2021
1,448,121	1,442,415

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

(Thousands of yen)		
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Machinery, equipment and vehicles	4,620	4,781
Land	339,978	—
Other	368	61
Total	344,967	4,843

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

(Thousands of yen)		
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Machinery, equipment and vehicles	3,818	1,074
Other	446	343
Total	4,264	1,418

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

(Thousands of yen)		
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Buildings and structures	11,146	6,947
Machinery, equipment and vehicles	2,224	27,679
Other	1,740	964
Total	15,111	35,590

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, 2020	Fiscal year ended March 31, 2021
Valuation difference on available-for-sale securities:		
Amount arising during the period	(445,182)	2,593,066
Reclassification adjustments	(52,524)	(10,768)
Before tax effect adjustments	(497,706)	2,582,298
Tax effect amount	97,501	(753,276)
Valuation difference on available-for-sale securities	(400,205)	1,829,022
Foreign currency translation adjustment:		
Amount arising during the period	395,211	(1,152,254)
Reclassification adjustments	(12,497)	8,114
Before tax effect adjustments	382,713	(1,144,140)
Tax effect amount	3,826	—
Foreign currency translation adjustment	386,540	(1,144,140)
Remeasurements of defined benefit plans, net of tax:		
Amount arising during the period	(252,873)	455,461
Reclassification adjustments	136,016	151,932
Before tax effect adjustments	(116,856)	607,393
Tax effect amount	35,781	(185,983)
Remeasurements of defined benefit plans, net of tax	(81,075)	421,409
Total other comprehensive income	(94,740)	1,106,290

Notes to Consolidated Statements of Changes in Net Assets

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	3,129	1,182	3,091
Total	1,144	3,129	1,182	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. The number of treasury shares at the beginning and the end of the current fiscal year includes 467 thousand shares and 752 thousand shares in the Company, respectively, held by Trust Account E.
 - 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. The number of treasury shares at the beginning and the end of the current fiscal year includes 145 thousand shares and 72 thousand shares in the Company, respectively, held by Trust Account E.
 - The increase of 3,129 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, the purchase of treasury shares of 329 thousand shares by Trust Account E, and the purchase of shares less than one unit of 0 thousand shares.
 - The decrease of 1,182 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 transfer of 329 thousand shares to Trust Account E, 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.

(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.

(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.

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	–	2,000	64,113
Total	66,113	–	2,000	64,113
Treasury shares				
Common stock (Notes)	3,091	464	2,480	1,074
Total	3,091	464	2,480	1,074

- (Notes)
- The decrease of 2,000 thousand shares of issued shares of common stock is due to the cancellation of treasury shares pursuant to the resolution at the Board of Directors meeting held on July 31, 2020.
 - 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. The number of treasury shares at the beginning and the end of the current fiscal year includes 752 thousand shares and 614 thousand shares in the Company, respectively, held by Trust Account E.
 - The Company introduced the “Stock Benefit Trust (Employee Stockholding Association Purchase-type)” pursuant to the resolution at the Board of Directors meeting held on May 24, 2017. However, the said trust was abolished in the current fiscal year, and the Company resolved at the Board of Directors meeting held on February 22, 2021 to introduce again a similar plan, and transferred 266 thousand shares of treasury shares to Trust Account E as of March 11, 2021. The number of treasury shares at the beginning and the end of the current fiscal year includes 72 thousand shares and 459 thousand shares in the Company, respectively, held by Trust Account E.
 - The increase of 464 thousand shares of treasury shares of common stock is due to the purchase of treasury shares of 464 thousand shares by Trust Account E, and the purchase of shares less than one unit of 0 thousand shares.
 - The decrease of 2,480 thousand shares of treasury shares of common stock is due to the cancellation of treasury shares of 2,000 thousand shares, the transfer of 266 thousand shares from the Company to Trust Account E, the sale of 76 thousand shares from Trust Account E to the Company’s employee stockholding association, the payment of 113 thousand shares from Trust Account E in conjunction with the retirement of Directors and other officers, and the sale of 24 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 19, 2020	Common stock	504,179	8	March 31, 2020	June 22, 2020

(Note) Total dividends do not include 6,597 thousand yen of dividends to Trust Account E.

(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 30, 2020	Common stock	252,833	4	September 30, 2020	December 2, 2020

(Note) Total dividends do not include 2,555 thousand yen of dividends to Trust Account E.

(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 18, 2021	Common stock	756,467	Retained earnings	12	March 31, 2021	June 21, 2021

(Note) Total dividends do not include 12,897 thousand yen of dividends to Trust Account E.

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, 2020	Fiscal year ended March 31, 2021
Cash and deposits	18,342,206	21,106,010
Time deposits with maturities over 3 months	(530,180)	(25,240)
Cash and cash equivalents	17,812,026	21,080,770

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, 2020	As of March 31, 2021
Within 1 year	21,900	29,970
Over 1 year	31,743	55,003
Total	53,644	84,973

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, etc., 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 interest rate swap contracts to hedge interest rate fluctuation risk associated with borrowings. 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)

The Group enters into derivative transactions to control interest rate fluctuation risk associated with borrowings.

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, 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	23,835,492		
(3) Electronically recorded monetary claims - operating	562,670		
Allowance for doubtful accounts	(84,898)		
	24,313,265	24,313,991	726
(4) Investment securities	5,062,208	5,062,208	–
(5) 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) Lease obligations (Current liabilities)	15,252	15,252	0
(5) Income taxes payable	423,546	423,546	–
(6) Long-term borrowings	3,458,857	3,374,579	(84,277)
(7) Lease obligations (Non-current liabilities)	18,528	18,528	0
Total liabilities	28,334,434	28,301,496	(32,937)
Derivative transactions	–	–	–

As of March 31, 2021

(Thousands of yen)

	Carrying amount in consolidated balance sheets	Fair value	Difference
(1) Cash and deposits	21,106,010	21,106,010	–
(2) Notes and accounts receivable - trade	21,143,908		
(3) Electronically recorded monetary claims - operating	2,162,815		
Allowance for doubtful accounts	(83,920)		
	23,222,803	23,223,056	252
(4) Investment securities	7,609,965	7,609,965	–
(5) Long-term loans receivable	14,269	14,269	0
Total assets	51,953,049	51,953,301	252
(1) Notes and accounts payable - trade	16,139,497	16,139,497	–
(2) Short-term borrowings	6,976,725	6,976,725	0
(3) Current portion of long-term borrowings	448,983	491,222	42,238
(4) Lease obligations (Current liabilities)	20,560	20,560	0
(5) Income taxes payable	885,287	885,287	–
(6) Long-term borrowings	2,819,082	2,824,576	5,494
(7) Lease obligations (Non-current liabilities)	26,361	26,361	0
Total liabilities	27,316,498	27,364,231	47,733
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, (3) Electronically recorded monetary claims - operating

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.

- (4) 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."

- (5) 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, (5) 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, (4) Lease obligations (Current liabilities), (7) 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, (6) 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.

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, 2020	As of March 31, 2021
Unlisted stocks	120,542	126,302

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, 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	23,835,492	–	–	–
(3) Electronically recorded monetary claims - operating	562,670	–	–	–
(4) Long-term loans receivable	–	43,166	573	478
Total	42,740,370	43,166	573	478

As of March 31, 2021

(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	21,106,010	–	–	–
(2) Notes and accounts receivable - trade	21,143,908	–	–	–
(3) Electronically recorded monetary claims - operating	2,162,815	–	–	–
(4) Long-term loans receivable	–	13,325	590	352
Total	44,412,734	13,325	590	352

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

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) Long-term borrowings	614,308	611,152	537,316	498,714	452,781	1,358,892
(3) 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

As of March 31, 2021

(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	6,976,725	–	–	–	–	–
(2) Long-term borrowings	448,983	500,733	493,233	481,771	256,384	1,086,960
(3) Lease obligations	20,560	12,180	6,533	4,804	2,594	248
Total	7,446,268	512,913	499,766	486,575	258,979	1,087,208

Securities

1. 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."

As of March 31, 2021

(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	7,270,717	1,711,912	5,558,805
Subtotal	7,270,717	1,711,912	5,558,805
Securities whose carrying amount on the consolidated balance sheets does not exceed their acquisition cost			
Stocks	339,248	362,689	(23,440)
Subtotal	339,248	362,689	(23,440)
Total	7,609,965	2,074,601	5,535,364

(Note) As unlisted stocks (126,302 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, 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	–

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Thousands of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Stocks	31,496	10,768	—

3. Impairment loss on securities

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

Not applicable.

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

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, 2020

Not applicable.

As of March 31, 2021

Not applicable.

(2) Interest rate-related transactions

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.

As of March 31, 2021

(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	1,173,370	911,770	(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, 2020	Fiscal year ended March 31, 2021
Retirement benefit obligations at the beginning of period	5,885,749	5,973,089
Service cost	392,770	346,416
Interest cost	33,102	24,254
Actuarial differences	(73,493)	(89,762)
Retirement benefits paid	(322,288)	(285,857)
Past service cost	31,851	—
Other	25,398	(76,498)
Retirement benefit obligations at the end of period	5,973,089	5,891,642

(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, 2020	Fiscal year ended March 31, 2021
Plan assets at the beginning of period	5,491,677	5,350,938
Expected return on plan assets	122,431	58,686
Actuarial differences	(287,161)	346,139
Contribution by employer	173,152	109,869
Retirement benefits paid	(155,489)	(109,750)
Other	6,327	(33,096)
Plan assets at the end of period	5,350,938	5,722,787

(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, 2020	As of March 31, 2021
Retirement benefit obligations from funded plans	2,924,850	2,866,595
Plan assets	(3,349,786)	(3,640,485)
	(424,935)	(773,890)
Retirement benefit obligations on unfunded plans	1,047,086	942,745
Net amount of liability and asset recorded in consolidated balance sheets	622,150	168,854
Retirement benefit asset	(512,807)	(883,374)
Retirement benefit liability	1,134,958	1,052,229
Net amount of liability and asset recorded in consolidated balance sheets	622,150	168,854

(4) Retirement benefit expenses

	(Thousands of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Service cost	392,770	346,416
Interest cost	33,102	24,254
Expected return on plan assets	(122,431)	(58,686)
Amortization of actuarial differences	96,810	171,490
Amortization of past service cost	31,851	—
Other	(11,653)	(4,426)
Retirement benefit expenses on defined-benefit plans	420,450	479,048

(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, 2020	Fiscal year ended March 31, 2021
Actuarial differences	116,856	(607,393)

(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, 2020	As of March 31, 2021
Unrecognized actuarial differences	541,060	(66,333)

(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, 2020	As of March 31, 2021
Bonds	10.7%	10.1%
Stocks	14.1%	18.1%
Cash and deposits	5.4%	5.2%
Insurance assets (general accounts)	7.8%	7.3%
Investment trust	37.4%	36.4%
Shared operating assets	24.6%	22.9%
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 37.5% and 36.4% of the total amount as of March 31, 2020 and March 31, 2021, 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, 2020	Fiscal year ended March 31, 2021
Discount rate	0.00%	0.07%
Long-term expected rate of return	2.80%	1.70%
Expected rate of salary increase	7.20%	7.20%

Income Taxes

1. Significant components of deferred tax assets and liabilities

	As of March 31, 2020	(Thousands of yen) As of March 31, 2021
Deferred tax assets		
Allowance for doubtful accounts	27,113	26,642
Retirement benefit liability	992,355	974,616
Impairment loss	305,975	275,453
Provision for bonuses	166,891	203,510
Loss on valuation of investment securities	121,197	175,663
Asset retirement obligations	51,907	52,773
Net operating losses carryforward (Note)	333,014	185,189
Other	591,304	611,585
Subtotal of deferred tax assets	2,589,759	2,505,434
Valuation allowance related to net operating losses carryforward (Note)	(313,458)	(171,910)
Valuation allowance related to total deductible temporary difference, etc.	(505,686)	(466,417)
Subtotal of valuation allowance	(819,145)	(638,327)
Total deferred tax assets	1,770,614	1,867,107
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(815,140)	(1,550,636)
Retirement benefit asset	(277,068)	(405,472)
Reserve for advanced depreciation of non-current assets	(46,385)	(22,790)
Property, plant and equipment (asset retirement obligations)	(26,957)	(24,960)
Reserved profit of overseas consolidated subsidiaries	(503,583)	(467,231)
Other	(635,667)	(522,847)
Total deferred tax liabilities	(2,304,801)	(2,993,938)
Net deferred tax assets (liabilities)	(534,187)	(1,126,831)

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

As of March 31, 2021

(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)	16,072	37,892	29,871	11,208	7,952	82,191	185,189
Valuation allowance	(16,072)	(37,892)	(29,871)	(11,208)	(7,952)	(68,912)	(171,910)
Deferred tax assets	—	—	—	—	—	13,279	(b) 13,279

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

(b) For the tax loss carryforward of 185,189 thousand yen (amount multiplied by effective statutory tax rate), deferred tax assets of 13,279 thousand yen have been recorded. The deferred tax assets of 13,279 thousand yen have been recognized primarily for the balance of tax loss carryforward in the amount of 40,846 thousand yen (amount multiplied by effective statutory tax rate) of RIKEN AMERICAS CORPORATION and RIKEN ELASTOMERS CORPORATION, consolidated subsidiaries. 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, 2020	As of March 31, 2021
Effective statutory tax rate	30.6%	30.6%
Adjustments		
Expenses not deductible permanently such as entertainment expenses	0.8	0.5
Income not taxable permanently such as dividends income	(0.9)	(0.9)
Foreign withholding taxes	0.5	0.4
Change in valuation allowance	1.4	(3.2)
Tax rate differences from overseas consolidated subsidiaries	(4.8)	(3.6)
Other	(0.1)	0.5
Effective tax rate	27.3	24.4

Business Combinations

Not applicable.

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.

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, 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.

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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	24,310,922	25,037,406	17,430,259	21,033,635	87,812,224	412,217	88,224,442	—	88,224,442
(2) Intersegment sales or transfers	—	130	—	—	130	208,703	208,834	(208,834)	—
Total	24,310,922	25,037,537	17,430,259	21,033,635	87,812,355	620,921	88,433,276	(208,834)	88,224,442
Segment profit (loss)	2,146,604	2,740,934	379,442	(33,580)	5,233,402	2,251	5,235,653	78,010	5,313,663
Segment assets	6,831,749	9,859,907	10,152,914	6,290,898	33,135,469	247,607	33,383,077	61,825,783	95,208,860
Others									
Depreciation	1,401,519	544,514	877,948	888,682	3,712,665	339	3,713,004	—	3,713,004
Amortization of goodwill	—	—	200,000	1,455	201,455	—	201,455	—	201,455
Increase in property, plant and equipment and intangible assets	—	264,095	42,761	—	306,856	—	306,856	3,372,929	3,679,785

(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 (loss) represents 78,010 thousand yen in inter-segment eliminations.

The adjustment to segment assets represents — thousand yen in inter-segment eliminations and 61,825,783 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 (loss) is adjusted to operating profit in the consolidated statements of income.

Related Information

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.

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

1. Information by product and service

(Thousands of yen)

	TR	DH	EL	BC	Other	Total
Sales to external customers	24,310,922	25,037,406	17,430,259	21,033,635	412,217	88,224,442

2. Information by geographical area

(1) Net sales

(Thousands of yen)

Japan	Thailand	U.S.	China	Europe	Other regions	Total
50,560,955	9,753,790	9,138,584	6,558,981	111,531	12,100,598	88,224,442

(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
13,466,164	3,124,483	4,624,529	1,336,072	–	2,919,715	25,470,963

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, 2020 (from April 1, 2019 to March 31, 2020)

Not applicable.

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

Not applicable.

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

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.

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	–	–	533,333	8,730	542,063	–	542,063	–	542,063

(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, 2020 (from April 1, 2019 to March 31, 2020)

Not applicable.

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

Not applicable.

Information on Related Parties

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

Not applicable.

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

Not applicable.

Per Share Information

(Yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net assets per share	788.77	852.51
Basic earnings per share	48.11	51.22

(Notes) 1. Diluted earnings per share is not presented because there are no potential shares.

2. The basis used for calculating basic earnings per share is as follows.

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit attributable to owners of parent (Thousands of yen)	3,064,349	3,234,206
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent regarding common stock (Thousands of yen)	3,064,349	3,234,206
Average number of shares of common stock outstanding during the period (Shares)	63,700,223	63,146,542

(Note) Shares in the Company remaining at the trust that were recorded as treasury shares under shareholders' equity have been included in the treasury shares that should be deducted in calculating the average number of shares outstanding during the period for the purpose of calculating basic earnings per share.

The average number of treasury shares during the period that were deducted for the purpose of calculating basic earnings per share was 571 thousand shares for the fiscal year ended March 31, 2020 and 721 thousand shares for the fiscal year ended March 31, 2021.

3. The basis used for calculating net assets per share is as follows.

	As of March 31, 2020	As of March 31, 2021
Total net assets (Thousands of yen)	57,586,816	61,076,854
Deduction from total net assets (Thousands of yen)	7,876,489	7,335,533
[Of the above, non-controlling interests (Thousands of yen)]	[7,876,489]	[7,335,533]
Net assets related to common stock (Thousands of yen)	49,710,327	53,741,320
Number of treasury shares of common stock (Shares)	3,091,387	1,074,844
Number of shares of common stock outstanding used for calculation of net assets per share (Shares)	63,022,432	63,038,975

(Note) Shares in the Company remaining at the trust that were recorded as treasury shares under shareholders' equity have been included in the treasury shares that should be deducted from the total number of shares outstanding at the fiscal year-end for the purpose of calculating net assets per share.

The number of treasury shares at the fiscal year-end that were deducted for the purpose of calculating net assets per share was 824 thousand shares for the fiscal year ended March 31, 2020, and 1,074 thousand shares for the fiscal year ended March 31, 2021.

Significant Subsequent Events

Not applicable.

e. Consolidated Supporting Schedules

Detailed Statement of Bonds

Not applicable.

Detailed Statement of Borrowings

Category	Balance as of March 31, 2020 (Thousands of yen)	Balance as of March 31, 2021 (Thousands of yen)	Average interest rate (%)	Repayment period
Short-term borrowings	7,324,167	6,976,725	0.9	–
Current portion of long-term borrowings	614,308	448,983	2.6	–
Current portion of lease obligations	15,252	20,560	–	–
Long-term borrowings (excluding current portion)	3,458,857	2,819,082	1.9	2022 – 2033
Lease obligations (excluding current portion)	18,528	26,361	–	2022 – 2026
Other interest-bearing debt	–	–	–	–
Total	11,431,114	10,291,712	–	–

(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	500,733	493,233	481,771	256,384
Lease obligations	12,180	6,533	4,804	2,594

Detailed Statement of Asset Retirement Obligations

As the amount of asset retirement obligations as of April 1, 2020 and March 31, 2021 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, 2021

(Year-to-date period)	1st quarter	2nd quarter	3rd quarter	Fiscal year ended March 31, 2021
Net sales (Thousands of yen)	21,696,594	40,589,512	63,370,842	88,224,442
Profit before income taxes (Thousands of yen)	947,433	1,741,524	3,571,251	5,630,691
Profit attributable to owners of parent (Thousands of yen)	348,622	811,906	2,021,981	3,234,206
Basic earnings per share (Yen)	5.53	12.87	32.02	51.22

(Three-month period)	1st quarter	2nd quarter	3rd quarter	4th quarter
Basic earnings per share (Yen)	5.53	7.33	19.14	19.19