

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

(URL: <https://www.ikont.co.jp/eg/>)

May 13, 2021

Consolidated Financial Report
for the Fiscal Year ended March 31, 2021
<Japanese GAAP>

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Scheduled Date of Ordinary General Meeting of Shareholders:	June 25, 2021
Scheduled Date to Submit Annual Securities Report:	June 25, 2021
Scheduled Date to Begin Dividend Payments:	June 28, 2021
Preparation of Supplementary Explanation Material for Financial Results:	Yes
Holding of Presentation Meeting for Financial Results:	Yes (Targeted at institutional investors and analysts)

Figures have been rounded down to eliminate amounts less than one million yen.

1. Consolidated Operating Performance for the Fiscal Year Ended March 31, 2021
(From April 1, 2020 to March 31, 2021)

(1) Results of Consolidated Operations

Years ended March 31, 2021 and 2020

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change	Profit attributable to owners of parent	Percentage change
2021	44,342	(6.6)	(559)	—	225	(82.2)	215	—
2020	47,457	(17.6)	1,341	(72.5)	1,268	(76.2)	(185)	—

Notes: Comprehensive income

Fiscal year ended March 31, 2021: 2,977 million yen —%

Fiscal year ended March 31, 2020: (1,836) million yen —%

: Percentage change for net sales, operating profit, ordinary profit, and profit attributable to owners of parent indicate percentage increase/decrease compared to the same period in the previous year.

	Earnings per share (Yen)	Diluted earnings per share (Yen)	Return on equity (%)	Ordinary profit to total assets (%)	Operating profit to net sales (%)
2021	3.02	3.01	0.4	0.2	(1.3)
2020	(2.59)	—	(0.3)	1.3	2.8

Reference: Equity in earnings of affiliates

Fiscal year ended March 31, 2021: — million yen

Fiscal year ended March 31, 2020: — million yen

(2) Consolidated Financial Position

Years ended March 31, 2021 and 2020

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
2021	100,946	59,425	58.7	836.43
2020	98,118	57,439	58.4	796.63

Reference: shareholders' equity

Fiscal year ended March 31, 2021: 59,276 million yen

Fiscal year ended March 31, 2020: 57,291 million yen

(3) Consolidated Cash Flows

Years ended March 31, 2021 and 2020

(Millions of yen)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents
2021	5,658	(3,007)	(412)	15,346
2020	(2,497)	(6,188)	4,618	12,847

2. Dividends

Base date	Dividends per share				
	June 30 (Yen)	September 30 (Yen)	December 31 (Yen)	March 31 (Yen)	Full fiscal year (Yen)
2022(Forecast)	—	5.50	—	5.50	11.00
2021	—	4.00	—	4.00	8.00
2020	—	7.50	—	5.00	12.50

Base date	Total dividends (Full fiscal year)	Dividends payout ratio (Consolidated)	Dividends on net assets (Consolidated)
	(Millions of yen)	(%)	(%)
2022(Forecast)	—	25.2	—
2021	580	264.9	1.0
2020	900	—	1.5

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2022

Six-month period ending September 30, 2021, and the fiscal year ending March 31, 2022 (Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change
Six-month period ending September 30, 2020	27,000	33.3	1,300	—	1,400	—
Year ending March 31, 2021	56,000	26.3	3,500	—	3,700	—

	Profit attributable to owners of parent	Percentage change	Earnings per share (Yen)
Six-month period ending September 30, 2020	1,500	—	21.14
Year ending March 31, 2021	3,100	—	43.66

Note: Percentage change for net sales, operating profit, ordinary profit, and profit attributable to owners of parent indicate percentage increase/decrease compared to the same period in the previous year.

4. Others

(1) Changes in the state of significant subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): None

(2) Changes in accounting principles and accounting estimates, and restatements

Changes in accounting principles arising from revision of accounting standards:	None
Changes other than those in above:	None
Changes in accounting estimates:	None
Restatements:	None

(3) Number of shares issued (Common stock)

Number of shares outstanding at period-end (Including treasury stock)

Fiscal year ended March 31, 2021: 73,501,425 shares

Fiscal year ended March 31, 2020: 73,501,425 shares

Number of treasury stock

Fiscal year ended March 31, 2021: 2,632,602 shares

Fiscal year ended March 31, 2020: 1,584,793 shares

Average number of shares outstanding at period-end

Fiscal year ended March 31, 2021: 71,299,324 shares

Fiscal year ended March 31, 2020: 71,803,155 shares

Note: The number of treasury stock as of the fiscal year-end includes Nippon Thompson shares held by the share-issuing trust account for executives and by the employee stock ownership plan (ESOP) trust account (1,636,800 shares as of March 31, 2021 and 121,700 shares as of March 31, 2020). In the calculation of the average number of shares during the fiscal year (cumulative for the quarter), Nippon Thompson shares held by the share-issuing trust account for executives and the ESOP trust account are included in excluded treasury stock (1,050,575 shares as of March 31, 2021 and 233,066 shares as of March 31, 2020).

**Reference: Non-consolidated Operating Performance for the Fiscal Year Ended March 31, 2021
 (From April 1, 2020 to March 31, 2021)**

(1) Results of Non-consolidated Operations

Years ended March 31, 2021 and 2020

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change	Profit	Percentage change
2021	35,924	(9.0)	(2,442)	—	(1,535)	—	(1,292)	—
2020	39,496	(22.7)	216	(95.2)	375	(92.5)	41	(98.8)

Note: Percentage change for net sales, operating profit, ordinary profit, and profit indicate percentage increase/decrease compared to the same period in the previous year.

	Earnings per share (Yen)	Diluted earnings per share (Yen)
2021	(18.12)	—
2020	0.57	0.57

(2) Non-consolidated Financial Position

Years ended March 31, 2021 and 2020

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
2021	89,984	51,427	57.0	723.57
2020	90,247	51,685	57.1	716.62

Reference: shareholders' equity

Fiscal year ended March 31, 2021: 51,278 million yen

Fiscal year ended March 31, 2020: 51,536 million yen

These consolidated financial report are not subject to audit.

Explanations or Other Items Pertaining to Appropriate use of Operating Performance Forecasts

Performance forecasts presented herein are based on information available to the Nippon Thompson Group (the "Group") as of the date of this document, May 13, 2021. Accordingly, for a wide variety of reasons, there remains the possibility that actual performance results may differ from projections. For performance forecasts, please refer to "5. Operating Results and Financial Position (4) Outlook" on page 7.

5. Operating Results and Financial Position

(1) Analysis of Operating Results

In the first half of the consolidated fiscal year ended March 31, 2021, the economy in Japan and abroad rapidly deteriorated due in part to restrained private capital investment in the manufacturing sector caused by the COVID-19 pandemic. As economic activities resumed in various countries, production and exports showed signs of recovery, but the outlook remained unclear with still no projected end to the pandemic in sight as evidenced by the reinforcement of restrictions amid new outbreaks and the emergence of variants.

Under these circumstances, placing the utmost priority on ensuring the safety of its customers, suppliers and employees, the Group has implemented robust measures aimed at preventing the spread of the novel coronavirus in the course of its efforts to maintain its product supply structure. Also, in line with “IKO Mid-term business plan 2020 (three-year-plan) CHANGE & CHALLENGE ~Next Stage –ACCOMPLISH–,” the Group has been focused on realizing sustainable growth and establishing a highly profitable organization. To this end, we are pushing ahead with measures to solve priority issues through inter-departmental efforts and to improve efficiency in all operations.

From a sales perspective, even as sales activities were restricted due to effects of the pandemic, we worked to deepen trade with existing customers and cultivate new markets and customers by expanding our flexible sales activities using digital technologies. For example, we held web meetings, online exhibitions, and the IKO VIRTUAL SHOW ROOM, where we promoted our newest technologies and product information.

In terms of product development, we worked to expand our high-value-added products tailored to customer needs. For example, we launched the smallest version of 『Super Slim Type Crossed Roller Bearings (CRBT)』, which boasts the thinnest width and lightest weight, and 『Super Precision Positioning Table TX』, which has added an optimal absolute linear encoder for applications that need high resolution and high-speed mobility. We also expanded our 『liquid crystal lubricant series』, introducing the world’s first liquid crystal bearing lubricant, a technology that demonstrates superior performance even in extreme environments, such as vacuums, clean rooms, and high heat.

From a production standpoint, to enhance our price competitiveness throughout the supply chain, we worked to enhance productivity through continuous efforts to improve frontline workplaces and strove to build an efficient global production system, to this end promoting the production of IKO brand products at our production subsidiary UBC (Suzhou) Bearing Co., Ltd.

Turning to the Group’s operational results, net orders at present have recovered despite a year-on-year decline in sales due to slower private capital investment demand caused by negative economic conditions from the pandemic. In the domestic market, although sales for electronics-related devices remained firm, overall sales decreased, especially those of machine tools. In North America, net sales declined due to stagnant sales of transportation devices and off-the-shelf products despite strong sales of electronics-related devices. In Europe, overall sales declined due to weak sales of general industrial machinery and off-the-shelf products although demand for medical equipment increased. In China, after economic activities resumed, demand rapidly recovered, and net sales increased significantly. In other regions, although demand in Singapore remained firm, net sales in India, Hong Kong, and Thailand decreased due in part to effects of restrictive measures.

As a result, consolidated net sales for the fiscal year under review totaled ¥44,342 million, down 6.6% year on year. On the earnings front, even though we implemented cost reduction measures with restrictions of sales activities, due mainly to decreased revenue and production, operating loss came to ¥559 million, compared with operating profit of ¥1,341 million for the corresponding period of the previous fiscal year, ordinary profit came to ¥225 million, down 82.2% year on year, and profit attributable to owners of the parent amounted to ¥215 million, compared with loss attributable to owners of the parent of ¥185 million for the previous fiscal year.

In the consolidated fiscal year under review, net production of Needle Roller Bearings and Linear Motion Rolling Guides was ¥37,722 million based on average sales price, down 15.6% year on year. However, net orders of Needle Roller Bearings, Linear Motion Rolling Guides and Machine Components were up 25.9% to ¥51,348 million.

Because the Group manufactures and sells Needle Roller Bearings, Linear Motion Rolling Guides and Machine Components on an integrated basis, disclosure of segment information has been omitted. Sales of Needle Roller Bearings and Linear Motion Rolling Guides totaled ¥39,565 million, a 6.3% decrease compared with the corresponding period in the previous fiscal year. Sales of Machine Components fell 8.6% to ¥4,776 million.

Business Segment Information

	March 31, 2021		March 31, 2020		Change	
	Millions of Yen	Component percentages	Millions of Yen	Component percentages	Millions of yen	Percentage change
Needle Roller Bearings, Linear Motion Rolling Guides	39,565	89.2	42,230	89.0	(2,665)	(6.3)
Machine Components	4,776	10.8	5,226	11.0	(450)	(8.6)
Total net sales	44,342	100.0	47,457	100.0	(3,115)	(6.6)

(2) Summary of Financial Position

Total assets as of March 31, 2021, totaled ¥100,946 million, an increase of ¥2,827 million compared with the end of the previous fiscal year. This mainly comprised increases in cash and deposits of ¥2,564 million and investment securities of ¥2,911 million as well as decrease in inventories of ¥2,248 million.

Total liabilities amounted to ¥41,521 million, an increase of ¥842 million compared with the end of the previous fiscal year. This mainly comprised increases in Long-term loans payable of ¥843 million and Lease obligations of ¥331 million as well as decrease in accounts payable-other of ¥318 million.

Total net assets amounted to ¥59,425 million, an increase of ¥1,985 million compared with the end of the previous fiscal year. This mainly comprised an increases in net unrealized holding gains on available-for-sale securities of ¥2,058 million and foreign currency translation adjustments of ¥443 million, as well as decrease in retained earnings of ¥517 million.

(3) Summary of Cash Flows

Cash and cash equivalents at the end of the fiscal year under review totaled ¥15,346 million, an increase of ¥2,498 million compared with the end of the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥5,658 million. The major inflows were depreciation and amortization of ¥3,833million and decrease in inventories of ¥2,637 million while the major outflows was, an increase in notes and accounts receivable-trade of ¥1,605 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥3,007 million. This was mainly due to payments for purchase of property, plant and equipment of ¥2,950 million.

Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥412 million. The major inflows was proceeds from long-term loans payable of ¥5,501million, while the major outflows were repayments of long-term loans payable of ¥4,657 million, cash dividends paid of ¥650 million and payments for purchase of treasury stock of ¥649 million.

The trend of cash flow indices is as follows:

	For the periods ended			
	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021
Equity ratio (%)	60.1	59.1	58.4	58.7
Equity ratio on market value basis (%)	60.9	35.9	27.0	46.5
Debt repayment period (Years)	3.5	4.2	—	5.0
Interest coverage ratio (Times)	43.3	60.0	—	49.3

Notes:

Equity ratio:	Total shareholders' equity / total assets
Equity ratio on market value basis:	Aggregate market value of common stock / total assets
Debt repayment period:	Interest-bearing liabilities / cash flows from operating activities
Interest coverage ratio:	Cash flows from operating activities / interest payments

- All indices based on consolidated financial figures.
- Aggregate market value of common stock:
Market price at the period-end x number of shares outstanding at the period-end (excluding treasury stock)
- Cash flows from operating activities corresponds to the cash flow from operating activities in the consolidated statement of cash flows. Interest-bearing liabilities include all liabilities reported on the consolidated balance sheet for which the Group is paying interest. Interest payments correspond to the interest paid in the consolidated statement of cash flows.

(4) Outlook

Regarding the forecast for the current fiscal year, despite the outlook remaining unclear as the pandemic drags on, private capital investment demand has currently recovered for electronics-related devices and other products, and the recovery is expected to continue.

In light of these economic conditions, the Group is forecasting consolidated net sales of ¥56,000 million, operating profit of ¥3,500 million, ordinary profit of ¥3,700 million and profit attributable to owners of parent of ¥3,100 million for the year ending March 31, 2022.

(5) Fundamental Earnings Distribution Policy and Dividends for the Current and Next Fiscal Periods

With regard to the distribution of profits, Nippon Thompson Co., Ltd. (the “Company”) positions the return of profits to shareholders as one of its major management issues, having as its basic policy continuing stable dividends while taking performance levels into overall consideration.

In addition, while giving heed to such factors as the future business environment, the Group intends to retain sufficient internal reserves. Specifically in this regard, the Group works to strengthen its management base and improve earnings power to maximize corporate value. Simultaneously, it reviews production systems that respond to rapid technological innovation and fluctuating demand and makes such investments as new product development.

In keeping with the basic policy and as a result of a general review of, for example, the level of performance over the fiscal year and internal reserves, the Company plans a year-end dividend of ¥4.0 per share. Including the interim dividend of ¥4.0 per share, the planned full-year dividend payment ¥8.0 per share.

The Company is forecasting a dividend of ¥11.0 per share (including an interim dividend of ¥5.5 per share) for the fiscal year ending March 31, 2022.

6. Basic Stance on Selection of Accounting Methods

The Group applies “Japanese GAAP” to facilitate the comparison of consolidated financial statements with different reporting periods.

As for the adoption of “International Financial Reporting Standards (IFRS)”, the Group maintains a policy of continuing to appropriately respond to the situation going forward.

7. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of March 31, 2021 and 2020

ASSETS	Millions of yen	
	March 31, 2021	March 31, 2020
Current Assets:		
Cash and deposits	15,489	12,924
Notes and accounts receivable-trade	13,533	11,671
Finished products	14,517	16,196
Material in process	10,576	11,122
Raw material	6,391	6,414
Others	1,413	2,624
Less: Allowance for doubtful accounts	(7)	(14)
Total current assets	<u>61,914</u>	<u>60,940</u>
Non-Current Assets:		
Tangible fixed assets:		
Buildings and structures	7,477	7,855
Machinery and vehicles	11,608	11,500
Tools and fixtures	914	1,119
Land	2,951	2,951
Lease assets	511	549
Construction in progress	256	355
Others	806	410
Total tangible fixed assets	<u>24,526</u>	<u>24,742</u>
Intangible fixed assets:		
Goodwill	211	243
Others	1,490	1,863
Total intangible fixed assets	<u>1,702</u>	<u>2,107</u>
Investments and other assets:		
Investment securities	9,619	6,708
Deferred tax assets	823	1,381
Others	2,411	2,294
Less: Allowance for doubtful accounts	(51)	(56)
Total investments and other assets	<u>12,803</u>	<u>10,328</u>
Total non-Current Assets	<u>39,032</u>	<u>37,178</u>
 TOTAL ASSETS	 <u><u>100,946</u></u>	 <u><u>98,118</u></u>

Millions of yen

LIABILITIES	March 31, 2021	March 31, 2020
Current Liabilities:		
Notes and accounts payable-trade	7,773	7,832
Short-term borrowings	1,200	1,200
Current portion of bonds	10,000	—
Current portion of long-term loans payable	5,047	4,130
Lease obligations	277	162
Accrued expenses	2,139	2,123
Income taxes payable	398	225
Allowance for directors' and corporate auditors' bonuses	55	63
Provision for loss on guarantees	—	170
Others	1,514	1,847
Total current liabilities	28,405	17,754
Non-Current Liabilities:		
Corporate bonds	5,000	15,000
Long-term loans payable	6,803	6,876
Lease obligations	894	678
Deferred tax liabilities	266	246
Net defined benefit liabilities	19	33
Provision for share-based remuneration for directors	37	—
Others	93	89
Total non-current liabilities	13,115	22,924
TOTAL LIABILITIES	41,521	40,679
NET ASSETS		
Shareholders' Equity:		
Common stock	9,533	9,533
Capital surplus	12,886	12,886
Retained earnings	34,471	34,988
Treasury stock	(1,087)	(828)
Total shareholders' equity	55,803	56,579
Accumulated Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	3,424	1,365
Deferred gains or losses on hedges	—	0
Foreign currency translation adjustments	(50)	(494)
Remeasurements of defined benefit plans	99	(160)
Total accumulated other comprehensive income	3,473	711
Subscription rights to shares	148	148
TOTAL NET ASSETS	59,425	57,439
TOTAL LIABILITIES AND NET ASSETS	100,946	98,118

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

Consolidated Statements of Income

Years ended March 31, 2021 and 2020

	Millions of yen	
	March 31, 2021	March 31, 2020
Net Sales	44,342	47,457
Cost of Sales	32,696	32,690
Gross Profit	11,645	14,766
Selling, General and Administrative Expenses	12,204	13,425
Operating Profit(Loss)	(559)	1,341
Non-Operating Income:		
Interest income	17	16
Dividend income	158	231
Foreign exchange gains	399	—
Insurance income	97	122
Subsidies for employment adjustment	271	—
Others	252	324
	<u>1,196</u>	<u>694</u>
Non-Operating Expenses:		
Interest expenses	117	97
Sales discounts	45	53
Loss on retirement of fixed assets	22	32
Foreign exchange losses	—	480
Furlough expenses	194	—
Others	32	102
	<u>411</u>	<u>767</u>
Ordinary Profit	225	1,268
Extraordinary income:		
Gain on sales of investment securities	24	52
	<u>24</u>	<u>52</u>
Extraordinary Losses:		
Impairment loss	125	—
Loss on valuation of investment securities	—	132
Provision for loss on guarantees	—	170
	<u>125</u>	<u>302</u>
Profit Before Income Taxes	125	1,019
Income Taxes:		
Current	284	225
Deferred	(374)	963
	<u>(90)</u>	<u>1,188</u>
Profit (loss)	<u>215</u>	<u>(169)</u>
Profit attributable to non-controlling interests	—	16
Profit (loss) attributable to owners of parent	<u>215</u>	<u>(185)</u>

Consolidated Statements of Comprehensive Income

Years ended March 31, 2021 and 2020

	Millions of yen	
	<u>March 31, 2021</u>	<u>March 31, 2020</u>
Profit (loss)	215	(169)
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	2,058	(1,202)
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustments	443	(336)
Remeasurements of defined benefit plans	259	(127)
Total Other Comprehensive Income	<u>2,761</u>	<u>(1,666)</u>
Comprehensive Income	<u>2,977</u>	<u>(1,836)</u>
Breakdown:		
Comprehensive income attributable to owners of the parent	2,977	(1,847)
Comprehensive income attributable to non-controlling interests	—	11

(3) Statement of Changes in Consolidated Shareholders' Equity

For the fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2020	9,533	12,886	34,988	(828)	56,579
Changes during the period					
Cash dividends	—	—	(650)	—	(650)
Profit attributable to owners of parent	—	—	215	—	215
Acquisition of treasury stock	—	—	—	(649)	(649)
Disposal of treasury stock	—	—	(82)	390	307
Net changes in items other than shareholders' capital	—	—	—	—	—
Total changes during the period	—	—	(517)	(259)	(776)
As of March 31, 2021	9,533	12,886	34,471	(1,087)	55,803

	Accumulated other comprehensive income					Subscription rights to shares	Total net assets
	Net unrealized holding gains on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income		
As of April 1, 2020	1,365	0	(494)	(160)	711	148	57,439
Changes during the period							
Cash dividends	—	—	—	—	—	—	(650)
Profit attributable to owners of parent	—	—	—	—	—	—	215
Acquisition of treasury stock	—	—	—	—	—	—	(649)
Disposal of treasury stock	—	—	—	—	—	—	307
Net changes in items other than shareholders' capital	2,058	(0)	443	259	2,761	—	2,761
Total changes during the period	2,058	(0)	443	259	2,761	—	1,985
As of March 31, 2021	3,424	—	(50)	99	3,473	148	59,425

For the fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2019	9,533	12,875	36,253	(1,048)	57,614
Changes during the period					
Cash dividends	—	—	(1,080)	—	(1,080)
Profit attributable to owners of parent	—	—	(185)	—	(185)
Acquisition of treasury stock	—	—	—	(0)	(0)
Disposal of treasury stock	—	—	0	220	221
Change in ownership interest of parent due to transactions with non-controlling interests	—	10	—	—	10
Net changes in items other than shareholders' capital	—	—	—	—	—
Total changes during the period	—	10	(1,265)	220	(1,034)
As of March 31, 2020	9,533	12,886	34,988	(828)	56,579

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized holding gains on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income			
As of April 1, 2019	2,568	(0)	(162)	(32)	2,373	114	93	60,195
Changes during the period								
Cash dividends	—	—	—	—	—	—	—	(1,080)
Profit attributable to owners of parent	—	—	—	—	—	—	—	(185)
Acquisition of treasury stock	—	—	—	—	—	—	—	(0)
Disposal of treasury stock	—	—	—	—	—	—	—	221
Change in ownership interest of parent due to transactions with non-controlling interests	—	—	—	—	—	—	—	10
Net changes in items other than shareholders' capital	(1,202)	0	(331)	(127)	(1,661)	34	(93)	(1,720)
Total changes during the period	(1,202)	0	(331)	(127)	(1,661)	34	(93)	(2,755)
As of March 31, 2020	1,365	0	(494)	(160)	711	148	—	57,439

(4) Consolidated Statements of Cash Flows

Years ended March 31, 2021 and 2020

	Millions of yen	
	March 31, 2021	March 31, 2020
Cash Flows from Operating Activities:		
Profit before income taxes	125	1,019
Depreciation and amortization	3,833	3,800
Increase (Decrease) in allowance for doubtful accounts	(11)	4
Impairment loss	125	—
Decrease in net defined benefit liabilities	(43)	(46)
Interest and dividend income	(175)	(247)
Interest expenses	117	97
Loss on retirement of fixed assets	22	32
Loss (gain) on valuation of investment securities	—	132
Decrease (Increase) in notes and accounts receivable-trade	(1,605)	3,642
Decrease (Increase) in inventories	2,637	(4,266)
Decrease (Increase) in other accounts receivable	513	(360)
Increase (Decrease) in notes and accounts payable-trade	(329)	(3,446)
Increase (Decrease) in accrued expenses	2	(561)
Others-net	(177)	88
Subtotal	<u>5,035</u>	<u>(112)</u>
Interest and dividend income received	175	247
Interest expenses paid	(114)	(93)
Income taxes paid (refund)	562	(2,540)
Net cash provided by (used in) operating activities	<u>5,658</u>	<u>(2,497)</u>

Millions of yen

	March 31, 2021	March 31, 2020
Cash Flows from Investing Activities:		
Payments for purchase of property, plant and equipment	(2,950)	(6,048)
Payments for purchase of intangible assets	(157)	(181)
Payments for purchase of investment securities	(30)	(203)
Payments for purchase of insurance funds	(326)	(279)
Proceeds from cancellation of insurance funds	490	400
Others-net	(33)	124
Net cash used in investing activities	(3,007)	(6,188)
Cash Flows from Financing Activities:		
Net increase (decrease) in short-term borrowings	—	1,200
Proceeds from long-term loans payable	5,501	3,000
Repayments of long-term loans payable	(4,657)	(3,489)
Proceeds from issuance of bonds	—	5,000
Cash dividends paid	(650)	(1,079)
Payments for purchase of treasury stock	(649)	(0)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(93)
Others-net	42	82
Net cash provided by (used in) financing activities	(412)	4,618
Effect of exchange rate change on cash and cash equivalents	261	(108)
Net increase (decrease) in cash and cash equivalents	2,498	(4,175)
Cash and cash equivalents at beginning of year	12,847	17,023
Cash and cash equivalents at end of year	15,346	12,847

(5) Notes

(Notes on the Premise of a Going Concern)

There are no applicable articles.

(Additional Information)

(Accounting procedures for the ESOP trust)

At the Board of Directors meeting held on August 7, 2020, and it was decided that the employee incentive plan, an ESOP trust, would be re-introduced. The aim of this re-introduction is to further enhance the employee benefits system, which supports the growth of the Company. We also aim to improve medium- to long-term corporate value and raise awareness among employees of the Company's business performance and share price by providing incentives to raise the share price.

Furthermore, the ESOP trust that was introduced in February 2018 was closed on July, 2020, the end date of the trust designated upon its introduction.

(1) Outline of Trades

The ESOP trust (hereafter referred to as the Trust Account) was established by the Company to cover employees enrolled in the Company's Stock Ownership Association who fulfill certain criteria for becoming beneficiaries. Within a predetermined acquisition period, the Trust Account acquires shares of treasury stock in a number equivalent to that which the Company's Stock Ownership Association expects to acquire over the five years, and then sells on said stock to the Company's Stock Ownership Association on a set day every subsequent month. At the end of the term of the trust, if the Trust Account records a profit due to higher share prices, this profit shall be distributed to the beneficiaries in proportion to their individual contributions. If the Trust Account records a loss on transfer due to lower share prices and debt is incurred on trust assets, no additional burden will be imposed on employees as the Company will repay the bank in one lump sum in accordance with the warranty of the loan agreement.

(2) Treasury Shares Remaining in the Trust

Shares of the Company remaining in the trust are recorded as treasury shares under net assets at carrying value (net of associated costs). The carrying value and number of such treasury shares were ¥105 million and 121,000 shares respectively at March 31, 2020 and ¥446 million and 1,168,000 shares respectively at March 31, 2021.

(3) Carrying Value of Loans Recorded through Application of the Gross Price Method

As of March 31, 2020: ¥252 million; As of March 31, 2021: ¥451 million

(Accounting procedures for the share-issuing trust accounts for executives)

The Company provides shares of the Company to directors (excluding outside directors) through trust accounts.

(1) Outline of Trades

At the Board of Directors meeting on May 14, 2020, the Board resolved to introduce a stock compensation system for the Company's directors (excluding outside directors) and executive officers. The introduction of the system was approved at the 71st ordinary meeting of shareholders on June 24, 2020, and a trust was established to introduce the system.

The Company contributed funds to set up the trust to acquire the Company's shares. Under the stock compensation system, Company shares equivalent to the number of points attributed to each director and executive are issued through the trust to each director and executive.

Furthermore, as a general rule, directors and executives are issued Company shares upon retirement.

(2) Treasury Shares Remaining in the Trust

Shares of the Company remaining in the trust are recorded as treasury shares under net assets at carrying value (net of associated costs). The carrying value and number of such treasury shares were ¥148 million and 468,000 shares respectively at March 31, 2021.

(Accounting Estimates on the Impact of COVID-19)

Regarding COVID-19 pandemic effects, although it is difficult to accurately forecast when the pandemic might end, we made various accounting estimates under the tentative assumption that we are headed toward a recovery in 2021 as vaccinations proceed according to plan.

(Statement of Changes in Consolidated Shareholders' Equity)

For the fiscal Year ended March 31, 2021

1. Class and Number of Shares Issued

	As of April 1, 2020 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2021 (Shares)
Common stock	73,501,425	—	—	73,501,425

2. Class and Number of Treasury stock

	As of April 1, 2020 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2021 (Shares)
Common stock	1,584,793	1,777,049	729,240	2,632,602

Notes: 1. The 1,636,800 shares held by the share-issuing trust for executives and the ESOP trust are included in treasury stock at March 31, 2021

2. The increase of 749 shares of treasury stock is due to purchase of odd lot shares of less than one trading unit.
3. The increase of 468,000 shares of treasury stock is due to purchase of treasury stock by the share-issuing trust for executives.
4. The increase of 1,308,300 shares of treasury stock is due to purchase of treasury stock by the ESOP trust.
5. The decrease of 40 shares of treasury stock is due to sales claims of odd lot shares of less than one trading unit.
6. The decrease of 468,000 shares of treasury stock is due to disposal of the share-issuing trust for executives.
7. The decrease of 261,200 shares of treasury stock is due to sales of shares by the ESOP trust to the Employee Stock Ownership Association.

3. Subscription rights

	Breakdown of subscription rights	Type of shares subject to subscription rights	Number of shares subject to subscription rights (Shares)				Balance as of March 31, 2021 (Millions of yen)
			As of April 1, 2020	Increased shares during the fiscal year	Decreased shares during the fiscal year	As of March 31, 2021	
The Company	Stock Options as Subscription Rights	—	—	—	—	—	148
Total			—	—	—	—	148

4. Dividend

(1) Dividend Paid

Resolution	Class of Stock	Total Dividend (Millions of yen)	Dividend per share (Yen)	Record Date	Effective Date
Ordinary general meeting of shareholders on June 24, 2020	Common stock	360	5.00	March 31, 2020	June 25, 2020
Board of directors on November 12, 2020	Common stock	290	4.00	September 30, 2020	December 9, 2020

Notes: 1. Total dividends, based on a resolution at the ordinary general meeting of shareholders held on June 24, 2020, include ¥0 million to be paid as dividends on the 121,700 shares of treasury stock held to date by the ESOP trust.

2. Total dividends, based on a resolution at a meeting of Board of Directors held on November 12, 2020, include ¥7 million to be paid as dividends on the 1,762,900 shares of treasury stock held to date by the share-issuing trust for executives and the ESOP trust.

(2) Dividend with a record date that falls within the current fiscal period under review and an effective date in the following fiscal period

Resolution	Class of stock	Resource of dividend	Total Dividend (Millions of yen)	Dividend per share (Yen)	Record Date	Effective Date
Ordinary general meeting of shareholders on June 25, 2021	Common stock	Retained earnings	290	4.00	March 31, 2021	June 28, 2021

Note: Total dividends include ¥6 million to be paid as dividends on the 1,636,800 shares of treasury stock held to date by the share-issuing trust for executives and the ESOP trust.

For the fiscal Year ended March 31, 2020

1. Class and Number of Shares Issued

	As of April 1, 2019 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2020 (Shares)
Common stock	73,501,425	—	—	73,501,425

2. Class and Number of Treasury stock

	As of April 1, 2019 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2020 (Shares)
Common stock	1,851,802	611	267,620	1,584,793

Notes: 1. The 121,700 shares held by the ESOP trust are included in treasury stock at March 31, 2020

2. The increase of 611 shares of treasury stock is due to purchase of odd lot shares of less than one trading unit.
3. The decrease of 20 shares of treasury stock is due to sales claims of odd lot shares of less than one trading unit.
4. The decrease of 30,800 shares of treasury stock is due to exercise of the share option rights.
5. The decrease of 236,800 shares of treasury stock is due to sales of shares by the ESOP trust to the Employee Stock Ownership Association.

3. Subscription rights

	Breakdown of subscription rights	Type of shares subject to subscription rights	Number of shares subject to subscription rights (Shares)				Balance as of March 31,2020 (Millions of yen)
			As of April 1, 2019	Increased shares during the fiscal year	Decreased shares during the fiscal year	As of March 31, 2020	
The Company	Stock Options as Subscription Rights	—	—	—	—	—	148
Total			—	—	—	—	148

4. Dividend

(1) Dividend Paid

Resolution	Class of Stock	Total Dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective Date
Ordinary general meeting of shareholders on June 27, 2019	Common stock	540	7.50	March 31, 2019	June 28, 2019
Board of directors on November 11, 2019	Common stock	540	7.50	September 30, 2019	December 11, 2019

Notes: 1. Total dividends, based on a resolution at the ordinary general meeting of shareholders held on June 27, 2019, include ¥2 million to be paid as dividends on the 358,500 shares of treasury stock held to date by the ESOP trust.

2. Total dividends, based on a resolution at a meeting of Board of Directors held on November 11, 2019, include ¥1 million to be paid as dividends on the 242,800 shares of treasury stock held to date by the ESOP trust.

(2) Dividend with a record date that falls within the current fiscal period under review and an effective date in the following fiscal period

Resolution	Class of stock	Resource of dividend	Total Dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective Date
Ordinary general meeting of shareholders on June 24, 2020	Common stock	Retained earnings	360	5.00	March 31, 2020	June 25, 2020

Note: Total dividends include ¥0 million to be paid as dividends on the 121,700 shares of treasury stock held to date by the ESOP trust.

(Consolidated Statements of Cash Flows)

1. Relationship between cash and cash equivalents year ended and the amount of the account stated in the consolidated balance sheets

	Millions of yen	
	March 31, 2021	March 31, 2020
Cash and deposits	15,489	12,924
Time deposits with maturity exceeding three months	(142)	(76)
Cash and cash equivalents at end of year	15,346	12,847

2. Major non-cash transactions

Assets and liabilities related to finance leases are as follows.

	Millions of yen	
	March 31, 2021	March 31, 2020
Assets related to finance leases	822	821
Liabilities related to finance leases	369	430

(Segment Information)

Because the Group manufactures and sells Needle Roller Bearings, Linear Motion Rolling Guides and Machine Components on an integrated basis, the disclosure of segment information has been omitted.

(Per Share Information)

	Yen	
	March 31, 2021	March 31, 2020
Net assets per share	836.43	796.63
Earnings per share	3.02	(2.59)
Diluted earnings per share	3.01	—

Notes: 1. Diluted earnings per share for the fiscal year ending March 31, 2020 has not been recorded, because, although there are residual securities, the Group posted a net loss per share.

2. Basis for calculations of earnings per share and diluted earnings per share is as follows.

	Millions of yen	
	March 31, 2021	March 31, 2020
Earnings per share		
Profit (loss) attributable to owners of parent	215	(185)
Value not attributed to common stock	—	—
Profit (loss) attributable to owners of parent pertaining to common stock	215	(185)
Average number of shares outstanding at period-end	71,299,324shares	71,803,155shares
Diluted earnings per share		
Adjustment value of profit attributable to owners of parent	—	—
Increase in number of shares outstanding (of which subscription rights to shares)	281,758 shares (281,758 shares)	—
Residual shares not included in the calculation of diluted net income per share because they have no dilutive effect	—	—

3. With regard to the computation of the number of shares outstanding at period-end, which is used to determine net assets per share, and the average number of shares outstanding at period-end, which is used to determine earnings per share for the period, the shares held by the share-issuing trust for executives and the ESOP trust are included in treasury stock.

(Important Subsequent Events)

The Company issues unsecured corporate bonds for the 10th time on April 26, 2021 based on a resolution of the Board of Directors on April 12, 2021.

Overview:

1. Total amount issued: ¥5.0 billion
2. Interest rate: 0.47%
3. Amortization period: 5 years
4. Amortization method: Lump-sum amortization at maturity
5. Amount paid: ¥100 per ¥100
6. Payment deadline: April 26, 2021
7. Use of funds: Allocated to funds to amortize corporate bonds