

Consolidated Financial Results for the Fiscal Year Ended March 31, 2020(J-GAAP)

May 18, 2020

Company name: T.RAD Co., Ltd.

Code No.: 7236

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Scheduled date of the Ordinary General Meeting of Shareholders: June 25, 2020

Scheduled date of filing of securities report: June 25, 2020

Scheduled date of start of dividend payments: June 26, 2020

Supplemental materials prepared for consolidated financial results: None

Briefing on consolidated financial results: None

(Amounts less than one million yen have been truncated)

1. Consolidated Financial Performance for the Fiscal Year Ended March 31, 2020

(April 1, 2019 to March 31, 2020)

(1) Consolidated operating performance

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2020	130,524	-4.1	2,843	-44.2	2,883	-48.3	1,435	-17.3
Fiscal year ended March 31, 2019	136,125	9.4	5,092	-12.1	5,572	-13.6	1,735	-53.0

Note: Comprehensive income

Fiscal year ended March 31, 2020: ¥910 million

Fiscal year ended March 31, 2019: ¥-8 million

	Net income per share	Diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2020	194.28	—	3.3	3.2	2.2
Fiscal year ended March 31, 2019	218.01	—	3.9	6.0	3.7

Reference: Equity earnings (losses) of affiliates

Fiscal year ended March 31, 2020: ¥-52 million

Fiscal year ended March 31, 2019: ¥196 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2020	88,493	44,846	48.1	5,916.09
Fiscal year ended March 31, 2019	92,929	46,170	47.4	5,537.37

Reference: Shareholders' equity

As of March 31, 2020: ¥43,048 million

As of March 31, 2019: ¥44,072 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2020	3,093	(1,778)	(1,357)	13,724
Fiscal year ended March 31, 2019	8,558	(6,387)	71	13,826

2. Dividends

	Dividends per Share					Total Dividends Paid (Annual)	Payout Ratio (Consolidated)	Dividends per Net Assets (Consolidated)
	1Q	2Q	3Q	Year-End	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2019	—	40.00	—	50.00	90.00	716	41.3	1.6
Fiscal year ended March 31, 2020	—	40.00	—	50.00	90.00	648	45.2	1.6
Fiscal year ending March 31, 2021 (Forecast)	—	—	—	—	—		—	

Note: We set the term-end date as the dividend reference date on the Articles of Incorporation. However, at the present moment, the expected dividend on the reference date (Fiscal year ending March 31, 2021) has not been decided.

3. Forecast of Consolidated Financial Performance for the Fiscal Year Ending March 31, 2021

(April 1, 2020 to March 31, 2021)

(Percentage figures indicate changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2 nd Quarter ending September 30, 2020	48,600	-26.5	(1,200)	-172.0	(1,200)	-173.5	(1,800)	-205.8	(250.03)
Fiscal year ending March 31, 2021	108,300	-17.0	300	-89.4	100	-96.5	(1,400)	-197.6	(194.47)

4. Other

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries resulting in changes in the scope of consolidation): None

(2) Changes in accounting principles, procedures, presentation methods

1) Changes associated with revision of accounting standards: Yes

2) Changes other than 1): None

3) Changes accounting estimation procedures: None

4) Changes in presentation methods: None

For details, please refer to P.19 “4. Consolidated Financial Statements and main notes (5) Notes concerning consolidated financial statement (Changes of accounting policy)”

(3) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding at end of year (including treasury stock)

As of March 31, 2020: 8,344,405 shares

As of March 31, 2019: 8,344,405 shares

2) Number of shares of treasury stock at end of period

As of March 31, 2020: 1,145,320 shares

As of March 31, 2019: 384,960 shares

3) Average number of shares outstanding during the period

Fiscal year ended March 31, 2020: 7,390,393 shares

Fiscal year ended March 31, 2019: 7,959,670 shares

(Reference) Summary of Non-consolidated Financial Performance

1. Non-consolidated Financial Performance for Fiscal Year Ended March 31, 2020

(April 1, 2019 to March 31, 2020)

(1) Non-consolidated operating performance

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2020	63,484	-5.0	(602)	-191.5	2,847	-19.1	2,735	388.2
Fiscal year ended March 31, 2019	66,794	5.2	658	8.8	3,522	-12.5	560	-79.3

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2020	370.12	—
Fiscal year ended March 31, 2019	70.39	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2020	56,332	31,328	55.6	4,351.70
Fiscal year ended March 31, 2019	59,280	31,098	52.5	3,907.09

Reference: Shareholders' equity

As of March 31, 2020: ¥31,328 million

As of March 31, 2019: ¥31,098 million

2. Forecast of Non-Consolidated Financial Performance for the Fiscal Year Ending March 31, 2021

(April 1, 2020 to March 31, 2021)

(Percentage figures indicate changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2 nd Quarter ending September 30, 2020	23,000	-29.5	(1,200)	-313.8	0	-100.0	(1,600)	-172.7	(222.25)
Fiscal year ending March 31, 2021	52,800	-16.8	(1,000)	-66.1	1,400	-50.8	(700)	-125.6	(97.23)

* The consolidated financial results presented herein are not subject to the audit procedures by certified public accountant or audit firm.

* Explanations for proper use of forecasts and other specific affairs

The forward-looking statement such as forecast of financial performance etc. described in this report based on information currently available and certain assumptions judged to be reasonable. Actual performance may differ significantly from these projections due to various factors.

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1. Business Results and Qualitative Information for the Fiscal Year Ended March 31, 2020

(1) General overview of financial performance

General overview

In the economic environment of the consolidated fiscal year under review, exports were sluggish due to the gradual slowdown of the world economy. On the other hand, domestic demand remained firm and steady. However, there is concern that the spread of novel coronavirus infection will significantly worsen the global economy.

Under the circumstances, the net sales of the TRAD Group (on a foreign currency basis) decreased from the same period of the previous year except United States and China. Operating income decreased except Europe and China. The profit attributable to owner of parent decreased from the same period of the previous year due to the decrease of net sales etc.

As a result, net sales during the consolidated fiscal year under review decreased by 5,600 million yen from the previous fiscal year, amounting to 130,524 million yen (down 4.1% year on year), operating income decreased by 2,248 million yen, amounting to 2,843 million yen (down 44.2% year on year), ordinary income decreased by 2,688 million yen, amounting to 2,883 million yen (down 48.3% year on year) and profit attributable to owners of parent decreased by 299 million yen, amounting to 1,435 million yen (down 17.3% year on year).

The segment results are as follows.

The book-closing date for the consolidated subsidiaries for the consolidated fiscal year under review is December 31. In preparing the consolidated financial statements, the financial statements as of, and for one year period ended on this date were used. With respect to important transactions conducted during the period between this date and the book-closing date for consolidated accounting, we have made adjustments as necessary for consolidated accounting. The segments relevant to such adjustments are the United States, Europe, Asia and China.

Three of domestic subsidiaries have the same settlement date that coincides with the last day of the consolidated fiscal year. The corresponding segment is Other.

	Net Sales				Operating Income (Loss)			
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Increase/ Decrease	Percentage change (on a foreign currency basis)*	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Increase/ Decrease	Percentage change (on a foreign currency basis)*
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
Japan	60,901	56,639	-4,261	-7.0	660	(603)	-1,263	-191.4
United States	31,394	31,040	-353	0.1	(325)	(892)	-566	-177.3
Europe	3,707	2,928	-778	-20.9	(1,298)	(1,017)	280	20.4
Asia	18,547	17,739	-807	-8.8	2,682	2,176	-505	-22.7
China	20,633	21,211	577	5.7	2,807	2,769	-38	1.5
Other (including elimination)	941	964	23	2.4	566	411	-155	-27.4
Total	136,125	130,524	-5,600	-4.1	5,092	2,843	-2,248	-45.0

*The percentage changes (on a foreign currency basis) in the chart are the percentage changes after correcting for differences arising from fluctuations in the foreign exchange rates applicable to overseas net sales.

(i) Japan

Net sales of products for automobile industry decreased from the same period of the previous year due to the decrease of the sales of major customers etc. The net sales of products for construction and industrial machines largely decreased from the same period of the previous year due to the decrease of demand for China and Mining market. As a result, the net sales in the Japan segment decreased by 4,261 million yen, resulting in 56,639 million yen.

Operating loss of 603 million yen was posted, worsening by 1,263 million yen from the same period of the previous year, due to decreased of net sales etc.

(ii) United States

The net sales of products for the automobile industry increased from the same period of the previous year due to the increase of the sales of major customers etc. The net sales of products for construction and industrial machines decreased from the same period of the previous year due to the decrease of the sales of major customers. As a result, the net sales in the United States segment decreased by 353 million yen from the same period of the previous year, resulting in 31,040 million yen due partly to foreign exchange factors. However, on a foreign currency basis, it remained level year on year.

Operating loss of 892 million yen was posted, worsening by 566 million yen from the same period of the previous year, due to increase of costs influenced by increase in custom duties and increase of scrap costs etc. On a foreign currency basis, it decreased by 177.3%.

(iii) Europe

The net sales of products for the automobile industry increased due to the commencement of mass production of models for which orders were newly received in Czech Republic. The net sales of products for air conditioners largely decreased from the same period of the previous year due to the ending of transaction with major customers. As a result, the net sales in the Europe segment decreased by 778 million yen from the same period of the previous year, resulting in 2,928 million yen. On a foreign currency basis, it decreased by 20.9%.

Operating loss of 1,017 million yen was posted, improved by 280 million yen from the same period of the previous year, due to the decrease of scrap cost etc. On a foreign currency basis, it increased by 20.4%.

(iv) Asia

The net sales of products for the automobile industry decreased from the same period of the previous year due to the decrease of orders received in Thailand despite favorable sales of orders received models in Indonesia. As a result, the net sales in the Asia segment decreased by 807 million yen from the same period of the previous year, resulting in 17,739 million yen. On a foreign currency basis, it decreased by 8.8%.

Operating income decreased by 505 million yen from the same period of the previous year, resulting in 2,176 million yen. On a foreign currency basis, it decreased by 22.7%.

(v) China

The net sales of products for the automobile industry increased from the same period of the previous year due to the increase of sales for Japanese customers despite the decrease of sales of local customers. Net sales of products for construction and industrial machines decreased from the same period of the previous year due to the decrease in orders from major customers. As a result, the net sale in the China segment increased by 577 million yen from the same period of the previous year, resulting in 21,211 million yen. On a foreign currency basis, it increased by 5.7%.

The operating income decreased by 38 million yen from the same period of the previous year due to foreign exchange factors, resulting in 2,769 million yen. On a foreign currency basis, it increased by 1.5%.

Outlook for the fiscal year ending March 31, 2021

Regarding the outlook for the fiscal year ending March 31, 2021 of the T.RAD group, as the net sales are decreasing due to the COVID-19 pandemic, it is difficult to predict the future recovery time. However, in forecasting business performance, we assume that it will gradually recover from July 2020 through March 2021.

Therefore, we forecasts the following consolidated financial performance for the fiscal year ending March 31, 2021: net sales of 108,300 million yen (down 17.0% year on year), operating income of 300 million yen (down 89.4% year on year), ordinary income of 100 million yen (down 96.5% year on year), and loss attributable to owners of parent of 1,400 million yen (down 197.6% year on year).

As for the profit distribution for the fiscal year ending March 31 2021, neither the interim dividend nor the year-end dividend has been decided due to the uncertain outlook.

(2) General overview of consolidated financial position

1) Assets, liabilities and net assets

Total assets at the end of the consolidated fiscal year under review resulted in 88,493 million yen (down 4,436 million yen from the end of the previous fiscal year) due to the sales of investment securities etc.

Liabilities resulted in 43,646 million yen (down 3,112 million yen) due to the decrease of accounts payable-trade influenced by bank holiday at the end of the previous fiscal year etc.

Net assets resulted in 44,846 million yen (down 1,323 million yen) due to the purchase of treasury stock etc. despite increases of retained earnings etc.

2) Cash flows

The increasing and decreasing factors of each cash flow in the consolidated fiscal year under review are as follows.

Net cash provided by operating activities was 3,093 million yen, a decrease of 5,465 million yen year on year due to the decrease of accounts payable-trade etc. Net cash used by investing activities was 1,778 million yen, a decrease of 4,608 million yen year on year due to the sales of investment securities etc. Net cash used in financing activities was 1,357 million yen, a decrease of 1,429 million yen year on year due to the purchase of treasury stock etc. despite increase of loans payable.

As a result, cash and cash equivalents at the end of the fiscal year under review totaled 13,724 million yen, a decrease of 101 million yen from the end of the previous fiscal year.

2. Overview of the T.RAD Group

(1) Contents of Businesses

The T.RAD Group, which consists of T.RAD Co., Ltd. (the “Company”), its 18 subsidiaries and two affiliates, mainly manufactures and sells various types of heat exchangers and provides related services.

Each reportable segment is composed as below, and these reportable segments are the same as the classification of the segment information listed in 4. Consolidated Financial Statements (5) Notes concerning Consolidated Financial Statements.

Reportable Segments	Main company
Japan	T.RAD Co., Ltd. (the Company)
United States	T.RAD North America, Inc. Tripac International Inc.
Europe	T.RAD Czech s.r.o. TRM Corporation B.V. TRM LLC T.RAD Sales Europe GmbH
Asia	T.RAD (THAILAND) Co., Ltd. PT. T.RAD INDONESIA T.RAD (VIETNAM) Co., Ltd. TORC Co., Ltd. * ¹ TATA TOYO RADIATOR, Ltd. * ¹
China	T.RAD (Zhongshan) Co., Ltd. T.RAD (Jining) Co., Ltd. T.RAD (Changshu) Co., Ltd. T.RAD (Changshu) R&D Center Co., Ltd. Qingdao Toyo Heat Exchanger Co, Ltd.
Other (Japan)	Asuni Co., Ltd. Towa Unyu Co., Ltd. Towa Kosan Co., Ltd. T.RAD CONNECT Co., Ltd.

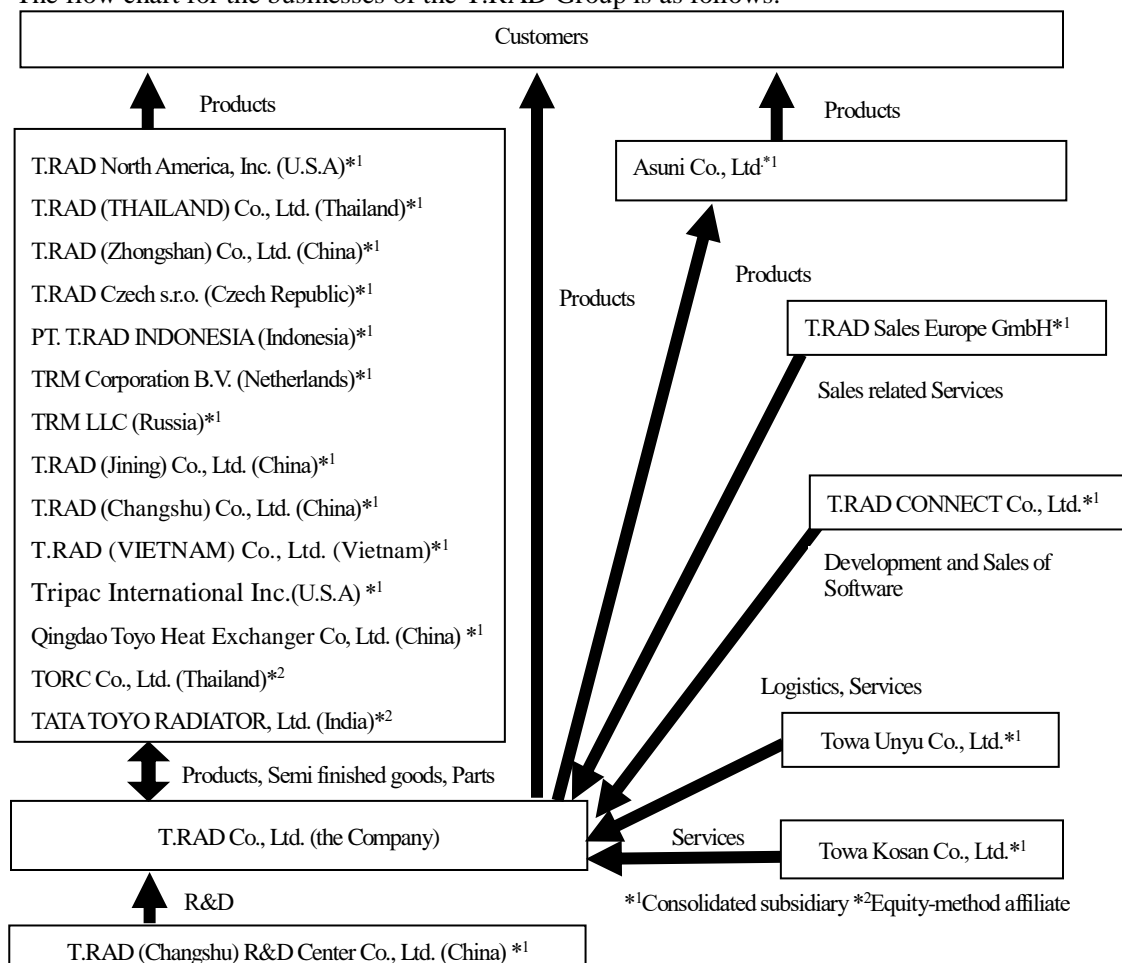
*1 Equity-method affiliates are included in the reportable segment where they are located.

*2 As of April 1, 2020, Asuni Co., Ltd. and Towa Kosan Co., Ltd. were merged into T.RAD Co., Ltd.

*3 As of April 1, 2020, Towa Unyu Co., Ltd. changed its company name to T.RAD Logistics Co., Ltd.

[Business Flow Chart]

The flow chart for the businesses of the T.RAD Group is as follows.



(2). Subsidiaries and Affiliates

Name	Location	Capital (Thousand)	Description of business	Voting rights ratio (%)	Relations with the Company
Consolidated subsidiaries					
T.RAD North America, Inc. *2,4	Hopkinsville, Kentucky, U.S.A	USD 80,000	Manufacture and sales of heat exchangers	100.0	Business relationship Concurrent position of director Obligation Guarantee
Tripac International Inc.	Fort Worth, Texas, U.S.A	USD 4,166	Manufacture and sales of heat exchangers	95.3 *1 (95.3)	Business relationship
T.RAD Czech s.r.o. *2	Unhost, Czech	CZK 1,120,000	Manufacture and sales of heat exchangers	97.7	Business relationship Concurrent position of director Obligation Guarantee Loan of funds
TRM Corporation B.V.*2	Amsterdam, Netherlands	EUR 31,654	Manufacture and sales of heat exchangers	79.0	Holding Company of TRM LLC
TRM LLC*2	Nizhniy Novgorod, Russia	RUB 1,422,188	Manufacture and sales of heat exchangers	79.0 *1 (79.0)	Business relationship Obligation Guarantee Loan of funds
T.RAD (THAILAND) Co., Ltd.*2	Chachoengsao, Thailand	THB 390,500	Manufacture and sales of heat exchangers	100.0	Business relationship Concurrent position of director
PT. T.RAD INDONESIA	Bekasi, Java, Indonesia	USD 7,300	Manufacture and sales of heat exchangers	90.0 *1 (26.3)	Business relationship Concurrent position of director
T.RAD (VIETNAM) Co., Ltd.	Hanoi, Vietnam	USD 6,300	Manufacture and sales of heat exchangers	100.0	Business relationship Concurrent position of director
T.RAD (Zhongshan) Co., Ltd.*2	Zhongshen, Guangdong, China	CNY 107,601	Manufacture and sales of heat exchangers	90.0	Business relationship Concurrent position of director
T.RAD (Jining) Co., Ltd.	Jining, Shandong, China	CNY 3,000	Manufacture and sales of heat exchangers	90.0 *1 (90.0)	Business relationship
T.RAD (Changshu) Co., Ltd.*2	Changshu, Jiangsu, China	USD 17,000	Manufacture and sales of heat exchangers	90.0	Business relationship Concurrent position of director
T.RAD (Changshu) R&D Center Co., Ltd.	Changshu, Jiangsu, China	USD 2,700	Development of heat exchangers	100.0	Business relationship R&D Center
T.RAD Sales Europe GmbH	Stuttgart, Germany	EUR 25,000	Sales services of T.RAD in Europe	100.0	Business relationship
Qingdao Toyo Heat Exchanger Co., Ltd.	Qingdao, Shandong, China	CNY 61,339	Manufacture and sales of heat exchangers	51.0	Business relationship Concurrent position of director
Asuni Co., Ltd.	Hadano, Kanagawa, Japan	JPY 15,325	Sales of heat exchangers	100.0 *1 (50.0)	Business relationship
Towa Unyu Co., Ltd.	Higashiura, Chita, Aichi, Japan	JPY 48,900	Cargo transportation	100.0 *1 (13.0)	Business relationship Transportation of Products etc.
Towa Kosan Co., Ltd.	Minami-ku, Nagoya, Aichi, Japan	JPY 334,720	Management of properties, etc.	100.0 *1 (7.3)	Business relationship
T.RAD CONNECT Co., Ltd.	Shibuya-ku, Tokyo, Japan	JPY 50,000	Planning, development, production and sale of software etc.	51.0	Business relationship Concurrent position of director
Equity-method affiliates					
TORC Co., Ltd.	Chachoengsao, Thailand	THB 60,000	Manufacture and sales of heat exchangers	45.0	Business relationship
TATA TOYO RADIATOR, Ltd.	Pune, India	INR 320,000	Manufacture and sales of heat exchangers	40.2	Business relationship

Notes:

*1. The figures in parentheses are the ratios that the Company indirectly holds.

*2. T.RAD North America, Inc., T.RAD Czech s.r.o., TRM Corporation B.V., TRM LLC., TRAD (THAILAND) Co., Ltd., T.RAD (Zhongshan) Co., Ltd., and T.RAD (Changshu) Co., Ltd are specific subsidiaries of the Company.

- *3. Eighteen consolidated subsidiaries and two affiliates mentioned above have not submitted any securities registration statements or securities reports.
- *4. Net sales(except internal sales among consolidated companies) accounted for over 10% of consolidated net sales. However, the principal income summary is omitted, as net sales of the subsidiary accounted for over 90% of net sales in United States area of the segment information.

3. Basic Concept Behind the Selection of Accounting Standards

In order to ensure comparability between companies and over time, the T.RAD Group prepares the Company's consolidated financial statements based on the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (except Chapters 7 and 8)" (Ordinance of the Ministry of Finance No. 28 of 1976).

Please note that, in view of domestic and overseas circumstances, the Company intends to respond appropriately to the application of international accounting standards.

4. Consolidated Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

	FY2018	FY2019
	As of March 31, 2019	As of March 31, 2020
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	¥ 13,894	¥ 13,419
Notes and accounts receivable-trade	¥ 24,742	¥ 22,274
Electronically recorded monetary claims-operating	¥ 2,589	¥ 3,873
Short-term investment securities	399	499
Merchandise and finished goods	2,714	3,864
Work in process	734	741
Raw materials and supplies	5,370	5,725
Others	2,792	2,603
Allowance for doubtful accounts	(85)	(73)
Total current assets	53,152	52,927
Noncurrent assets		
Tangible fixed assets		
Buildings and structures	20,500	21,254
Accumulated depreciation	(14,111)	(14,753)
Building and structures, net	6,389	6,501
Machinery, equipment and vehicles	50,264	52,014
Accumulated depreciation	(35,025)	(36,326)
Machinery, equipment and vehicles, net	15,239	15,687
Land	2,335	2,374
Lease assets	250	757
Accumulated depreciation	(147)	(230)
Lease assets, net	102	526
Construction in progress	3,457	4,104
Other tangible fixed assets	28,585	29,905
Accumulated depreciation	(26,467)	(27,774)
Other tangible fixed assets, net	2,117	2,131
Total tangible fixed assets	29,641	31,326
Intangible assets		
Goodwill	228	111
Other intangible assets	1,255	1,173
Total intangible assets	1,484	1,284
Investments and other assets		
Investment securities	¥ 7,668	¥ 2,206
Net defined benefit asset	233	—
Deferred tax assets	63	78
Others	704	681
Allowance for doubtful accounts	(19)	(13)
Total investments and other assets	8,650	2,953
Total noncurrent assets	39,776	35,565
Total assets	92,929	88,493

(Millions of yen)

	FY2018	FY2019
	As of March 31, 2019	As of March 31, 2020
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	14,280	12,149
Electronically recorded obligations - operating	[≈] 5,340	[≈] 3,414
Short-term loans payable	8,061	6,205
Lease obligations	414	611
Income taxes payable	658	791
Accrued expenses	2,797	2,779
Provision for bonuses	1,390	1,282
Provision for directors' bonuses	84	43
Provision for product warranties	235	181
Provision for shareholders benefit program	48	39
Provision for loss on order received	—	92
Electronically recorded obligations - non-operating	[≈] 729	[≈] 384
Asset retirement obligations	116	200
Others	1,895	1,495
Total current liabilities	36,053	29,671
Noncurrent liabilities		
Long-term loans payable	8,368	10,039
Lease obligations	777	2,350
Deferred tax liabilities	1,324	940
Provision for directors' retirement benefits	5	4
Net defined benefit liability	95	410
Asset retirement obligations	90	91
Others	43	138
Total noncurrent liabilities	10,705	13,974
Total liabilities	46,759	43,646
(Net assets)		
Shareholders' equity		
Capital stock	8,545	8,545
Capital surplus	7,551	7,496
Retained earnings	28,315	29,065
Treasury stock	(901)	(2,257)
Total shareholders' equity	43,512	42,850
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	456	(6)
Foreign currency translation adjustment	(381)	(405)
Remeasurements of defined benefit plans	485	152
Total valuation and translation adjustments	559	(259)
Non-controlling interests	2,098	2,256
Total net assets	46,170	44,846
Total liabilities and net assets	92,929	88,493

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

(Millions of yen)

	FY2018	FY2019
	(Apr. 1, 2018–Mar. 31, 2019)	(Apr. 1, 2019–Mar. 31, 2020)
	Amount	Amount
Net sales	136,125	130,524
Cost of sales	#1,#7 120,302	#1,#7 117,051
Gross profit	15,822	13,472
Selling, general and administrative expenses		
Packing and delivery expenses	1,749	1,550
Provision for product warranties	162	164
Directors' compensations	212	225
Salaries and allowances	2,153	2,377
Provision for bonuses	302	331
Provision for directors' bonuses	84	43
Provision for directors' retirement benefits	1	2
Provision for retirement benefits	65	96
Welfare expenses	1,080	1,259
Depreciation	356	441
Rent expenses	448	395
Transportation and communication expenses	612	617
Research and development expenses	#1 1,417	#1 1,247
Entertainment expenses	109	90
Provision for shareholders benefit program	22	29
Provision of allowance for doubtful accounts	2	0
Provision for loss on order received	—	92
Commission Fee	463	423
Miscellaneous expenses	1,326	1,240
Amortization of goodwill	158	—
Total selling, general and administrative expenses	10,730	10,629
Operating income (loss)	5,092	2,843
Non-operating income		
Interest income	153	172
Dividends income	185	103
Equity in earnings of affiliates	196	—
Others	331	295
Total non-operating income	865	571
Non-operating expenses		
Interest expenses	248	300
Foreign exchange losses	105	145
Equity in losses of affiliates	—	52
Others	31	33
Total non-operating expenses	386	532
Ordinary income	5,572	2,883

(Millions of yen)

	FY2018	FY2019
	(Apr. 1, 2018–Mar. 31, 2019)	(Apr. 1, 2019–Mar. 31, 2020)
	Amount	Amount
Extraordinary income		
Gain on sales of noncurrent assets	#2 171	#2 74
Gain on sales of investment securities	—	1,498
Gain on transfer of business	—	64
Total extraordinary income	171	1,637
Extraordinary loss		
Loss on retirement of noncurrent assets	#3 90	#3 251
Loss on sales of noncurrent assets	#4 99	#4 12
Loss on sales of investment securities	—	382
Impairment loss	#5 1,418	#5 102
Loss on sales of golf club memberships	11	0
Surcharges	#6 292	#6 24
Total extraordinary loss	1,912	773
Income (loss) before income taxes	3,830	3,747
Income taxes-current	1,690	2,025
Income taxes-deferred	195	(55)
Total income taxes	1,885	1,969
Profit (loss)	1,945	1,777
Profit (loss) attributable to non-controlling interests	209	341
Profit (loss) attributable to owners of parent	1,735	1,435

(Consolidated statement of comprehensive income)

(Millions of yen)

	FY2018	FY2019
	(Apr. 1, 2018–Mar. 31, 2019)	(Apr. 1, 2019–Mar. 31, 2020)
	Amount	Amount
Profit (loss)	1,945	1,777
Other comprehensive income		
Valuation difference on available-for-sale securities	(591)	(462)
Foreign currency translation adjustment	(1,138)	(55)
Remeasurements of defined benefit plans, net of tax	(190)	(333)
Share of other comprehensive income of associates accounted for using equity method	(32)	(14)
Total other comprehensive income	(1,953)	(866)
Comprehensive income	(8)	910
(Breakdown)		
Comprehensive income attributable to owners of parent	(108)	615
Comprehensive income attributable to non-controlling interests	100	294

(3) Consolidated statements of changes in net assets
 Fiscal year ended March 31, 2019(April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2018	8,545	7,434	27,376	(899)	42,457
Changes of items during the period					
Dividends from surplus			(795)		(795)
Profit attributable to owners of parent			1,735		1,735
Purchase of treasury stock				(1)	(1)
Change in ownership interest of parent due to transactions with non-controlling interests		116			116
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	116	939	(1)	1,054
As of March 31, 2019	8,545	7,551	28,315	(901)	43,512

(Millions of yen)

	Valuation and translation adjustments				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
As of April 1, 2018	1,047	679	677	2,404	1,777	46,639
Changes of items during the period						
Dividends from surplus						(795)
Profit attributable to owners of parent						1,735
Purchase of treasury stock						(1)
Change in ownership interest of parent due to transactions with non-controlling interests						116
Net changes of items other than shareholders' equity	(591)	(1,061)	(191)	(1,844)	320	(1,524)
Total changes of items during the period	(591)	(1,061)	(191)	(1,844)	320	(469)
As of March 31, 2019	456	(381)	485	559	2,098	46,170

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

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2019	8,545	7,551	28,315	(901)	43,512
Changes of items during the period					
Dividends from surplus			(685)		(685)
Profit attributable to owners of parent			1,435		1,435
Purchase of treasury stock				(1,356)	(1,356)
Change in ownership interest of parent due to transactions with non-controlling interests		(54)			(54)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(54)	749	(1,356)	(661)
As of March 31, 2020	8,545	7,496	29,065	(2,257)	42,850

(Millions of yen)

	Valuation and translation adjustments				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
As of April 1, 2019	456	(381)	485	559	2,098	46,170
Changes of items during the period						
Dividends from surplus						(685)
Profit attributable to owners of parent						1,435
Purchase of treasury stock						(1,356)
Change in ownership interest of parent due to transactions with non-controlling interests						(54)
Net changes of items other than shareholders' equity	(462)	(24)	(333)	(819)	158	(662)
Total changes of items during the period	(462)	(24)	(333)	(819)	158	(1,323)
As of March 31, 2020	(6)	(405)	152	(259)	2,256	44,846

(4) Consolidated statements of cash flows

(Millions of yen)

	FY2018	FY2019
	(Apr. 1, 2018–Mar. 31, 2019)	(Apr. 1, 2019–Mar. 31, 2020)
	Amount	Amount
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	3,830	3,747
Depreciation and amortization	6,339	6,240
Impairment loss	1,418	102
Retirement benefit expenses	(103)	(37)
Increase (decrease) in net defined benefit liability	67	101
Increase (decrease) in provision for directors' retirement benefits	1	(1)
Increase (decrease) in allowance for doubtful accounts	14	(16)
Increase (decrease) in provision for bonuses	(76)	(108)
Increase (decrease) in provision for directors' bonuses	(12)	(40)
Increase (decrease) in provision for product warranties	41	(50)
Increase (decrease) in provision for shareholders benefit program	(14)	(9)
Loss on retirement of noncurrent assets	90	251
Loss (gain) on sales of tangible fixed assets	(71)	(62)
Loss (gain) on sales of investment securities	—	(1,116)
Surcharges	292	24
Interests and dividends income	(338)	(276)
Interests expenses	248	300
Foreign exchange losses (gains)	46	31
Equity in (earnings) losses of affiliates	(196)	52
Decrease (increase) in notes and accounts receivable-trade	(408)	1,188
Decrease (increase) in inventories	(791)	(1,552)
Increase (decrease) in notes and accounts payable-trade	1,333	(3,973)
Loss (gain) on investments in partnership	—	(5)
Decrease (increase) in other current assets	(494)	(188)
Increase (decrease) in other current liabilities	(511)	330
Other, net	37	81
Subtotal	10,743	5,012
Interest and dividends income received	432	445
Interest expenses paid	(248)	(299)
Income taxes paid	(1,622)	(1,805)
Surcharges	(746)	(260)
Net cash provided by (used in) operating activities	8,558	3,093

(Millions of yen)

	FY2018	FY2019
	(Apr. 1, 2018–Mar. 31, 2019)	(Apr. 1, 2019–Mar. 31, 2020)
	Amount	Amount
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	169	294
Payments into time deposits	(95)	(30)
Purchase of tangible fixed assets	(6,774)	(7,696)
Proceeds from sales of tangible fixed assets	717	80
Purchase of intangible assets	(428)	(304)
Purchase of investment securities	—	(0)
Proceeds from sales of investment securities	—	5,835
Other, net	25	41
Net cash provided by (used in) investing activities	(6,387)	(1,778)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	759	(375)
Proceeds from long-term loans payable	2,233	2,661
Repayment of long-term loans payable	(2,533)	(2,395)
Proceeds from share issuance to non-controlling shareholders	51	—
Purchase of treasury stock	(1)	(1,356)
Cash dividends paid	(795)	(685)
Cash dividends paid to non-controlling shareholders	(102)	(385)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	411	—
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(33)	—
Others	82	1,180
Net cash provided by (used in) financing activities	71	(1,357)
Effect of exchange rate change on cash and cash equivalents	(382)	(58)
Net increase (decrease) in cash and cash equivalents	1,860	(101)
Cash and cash equivalents at beginning of period	11,965	13,826
Cash and cash equivalents at end of period	*1 13,826	*1 13,724

(5) Notes concerning Consolidated Financial Statements

(Going concern assumptions)

Not applicable

(Notes in the event of significant changes in shareholders' equity)

We acquired 373,500 treasury shares based on a resolution at the meeting of the board of directors held on June 18, 2019, we acquired 282,800 treasury shares based on a resolution at the meeting of the board of directors held on August 2, 2019, and we acquired 103,500 treasury shares based on a resolution at the meeting of the board of directors held on August 22, 2019. As a result, as of the end of consolidated fiscal year under review, treasury shares increased by 1,356 million yen and as of the end of the consolidated fiscal year under review, treasury shares resulted in 2,257 million yen.

(Changes of accounting policy)

The consolidated overseas subsidiaries that applying International Financial Reporting Standards(IFRS) have been applying IFRS No.16 "Lease" (January 13, 2016. Hereinafter referred to as "IFRS No.16") from beginning of the consolidated fiscal year under review.

This has led to lessees post all leases as assets and liabilities on balance sheet in principle. The application of IFRS No.16 is subject to the transitional accounting treatment. The consolidated overseas subsidiaries applies the method for recognizing the cumulative effect of adoption of this standards at applying start date.

As a result, the end of the consolidated fiscal year under review, lease assets increased by 471 million yen, lease obligations of current liabilities increased by 109 million yen, and lease obligations of noncurrent liabilities increased by 371 million yen. The effect on profit and loss in the consolidated fiscal year under review is negligible.

(Basis for preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 18

Names of the main consolidated subsidiaries:

Names of the consolidated subsidiaries are omitted as they are listed in “2. Overview of the T.RAD Group (2) Subsidiaries and Affiliates”

2. Application of equity method

(1) Number of equity method affiliates: 2

Names of main companies:

TORC Co., Ltd.

Tata Toyo Radiator Ltd.

(2) Of the companies accounted for by the equity method, for those that have a closing date that differs from the consolidated closing date, the financial statements for each such company’s financial year are used.

3. Fiscal years of consolidated subsidiaries

The book-closing date of fourteen overseas companies out of the consolidated companies and T.RAD CONNECT Co., Ltd. is December 31.

In preparing the consolidated financial statements, the financial statements as of the dates stated above were used. With regard to important transactions that occurred between each company’s closing date and the consolidated closing date, necessary adjustments for consolidation were made.

Three of our consolidated subsidiaries, i.e., Asuni Co., Ltd., Towa Unyu Co., Ltd., and Towa Kosan Co., Ltd., have the same settlement date that coincides with March 31 of the consolidated fiscal year.

4. Accounting standard

(1) Valuation basis and method for important assets

i. Securities

Other securities

Securities with fair market values:

Stated at the market value as of the balance sheet date, based on quoted market prices, etc. (any valuation differences are included in net assets in full, and the cost of securities sold is determined by the gross average method.);

Securities without fair market values:

Stated at cost determined by the gross average method.

ii. Derivatives

Derivative is evaluated by quoted market prices.

iii. Inventories

Stated at cost by the gross average method, in principle (for figures shown on the balance sheet, values are written down to their book values based on their decreased profitability).

In addition, overseas consolidated subsidiaries mainly adopt the lower-of-cost-or-market method based on the first-in first-out method.

(2) Depreciation method for important depreciable assets

i. Tangible fixed assets (excluding lease assets)

Depreciation of Tangible fixed assets is calculated mainly by the declining-balance method. The approximate useful life of assets is as follows:

Buildings and structures: 3–60 years

Machinery, equipment and vehicles: 2–17 years

Assets with an acquisition cost from ¥100,000 to less than ¥200,000 are depreciated by the straight-line method over three years based on the provisions of the Corporation Tax Act.

At overseas consolidated subsidiaries, depreciation is calculated principally by the straight-line method.

ii. Intangible assets (excluding lease assets)

At the Company and consolidated subsidiaries, the amortization of intangible assets is computed by the straight-line method. Software for internal use is amortized by the straight-line method over the estimated internal useful life (five years).

- iii. Lease assets
 - Lease assets are amortized by the straight-line method, assuming the lease period as the useful life and no residual value.
- (3) Recognition of important allowances
- i. Allowance for doubtful accounts
 - The allowance for doubtful accounts is provided at an amount determined based on a reasonable standard such as the historical experience of bad debt for ordinary accounts. For specific accounts such as doubtful accounts receivable, the collectability is determined individually, and the estimated uncollectible amount is recorded.
 - ii. Provision for bonuses
 - To appropriate funds for the payment of bonuses to employees, Provision for bonuses is provided at an estimated amount to be paid.
 - iii. Provision for directors' bonuses
 - Provision for directors' bonuses is provided at an estimated amount to accrue for the fiscal year ended March 31, 2020.
 - iv. Provision for product warranty
 - To provide for potential expenses related to the after-the-sale service of products, the Company allots an estimated amount based upon past performance.
 - v. Provision for shareholders benefit program
 - In order to prepare for the expenditure accompanying shareholders benefit program, we are posting forecasted amount of occurrence based on the rate of past use results etc.
 - vi. Provision for directors' retirement benefits
 - Some of the consolidated subsidiaries provide the provision for directors' retirement benefits at an amount deemed necessary to cover the total amount to be paid mainly pursuant to the internal regulations thereof at the end of the fiscal year-end.
 - vii. Provision for loss on order received
 - To prepare for future loss related to contracts for orders received, we estimated the amount of loss related to orders for contracts at the end of the consolidated fiscal year under review.
- (4) Accounting method for defined benefit plans
- i. Method of attributing expected defined benefit plans
 - In calculating its defined benefit plans obligation, the Company applies the point basis as its method of attributing the expected defined benefit plans to the periods until the end of the consolidated fiscal year under review.
 - ii. Amortizing method for actuarial gains or losses and prior service costs
 - Prior service cost is amortized using the straight-line method over a certain length of period equal to or less than the average remaining service period for employees at the time such gains or losses are realized (maximum 15 years).
 - The actuarial gains or losses realized in each accounting period for the said allowance is amortized by the straight-line method over a certain length of period equal to or less than the average remaining service period for employees at the time such gains or losses are realized (maximum 15 years).
 - iii. Treatment for unrecognized actuarial gains or losses and unrecognized prior service costs
 - Actuarial gains or losses and prior service costs that are yet to be recognized in profit or loss are recognized within net assets as remeasurements of defined benefit plans under accumulated other comprehensive income, after adjusting for tax effects.
- (5) Significant hedge accounting methods
- i. Hedge accounting methods
 - Deferred hedge accounting treatment is used. With regard to the parent company, designated hedge accounting treatment is used for foreign currency-denominated monetary claims to which forward foreign exchange contracts have been applied. Exceptional accounting is used for interest-rate swap agreements which conform to the special regulated terms.
 - ii. Hedging method and scope
 - Hedging method : Forward foreign exchange
 - Scope of hedging : Foreign currency-denominated accounts receivable

 - Hedging method : Interest-rate swap agreement
 - Scope of hedging : loans payable

iii. Hedging policy

Primarily, the parent company enters into forward foreign exchange transactions for the purpose of reducing the risk from market price fluctuations on foreign currency-denominated transactions.

In addition, interest rate swap agreements are used to reduce the risk from interest rate fluctuations of loans.

iv. Method for evaluating the effectiveness of hedges

For forward foreign exchange transactions, confirmations are made that the currencies, value dates, and amounts are identical. Interest swap agreements conforming to the special regulated terms are omitted to evaluate their effectiveness.

(6) Amortization of goodwill

As for the amortization of goodwill, we reasonably estimated the period during which the effect is realized and made equal amortization over the period.

(7) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, cash in banks that can be withdrawn at any time and short-term investments with a maturity of three months or less from purchasing date that can be easily converted to cash and are subject to little risk of change in value.

(8) Other important matters for the preparation of consolidated financial statements

i. Accounting treatment of consumption taxes, etc.

The tax excluded method is adopted in accounting treatment of consumption taxes, etc.

ii. Application of consolidated tax payment system

Company and consolidated domestic subsidiaries applying consolidated tax payment system.

(Consolidated balance sheets)

*1 Those for non-consolidated subsidiaries and affiliates are as follows:

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
Investment securities:	¥2,240 million	¥2,154 million

*2 Pledged Assets and collateralized liabilities:

The following assets were pledged as collateral:

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
Cash and deposits:	¥283 million	¥179 million

The following liabilities were collateralized by the above assets:

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
Notes payable-trade:	¥283 million	¥179 million

*3 Notes maturing at date of consolidated fiscal year-end, electronically recorded monetary claims and electronically recorded obligations

Accounting method regarding notes maturing at date of consolidated fiscal year-end, electronically recorded monetary claims and electronically recorded obligations, these are settled on the date of clearance. As the closing date of previous fiscal year was a bank holiday, notes maturing at date of consolidated fiscal year-end, electronically recorded monetary claims and electronically recorded obligations are included in the balance of previous consolidated fiscal year-end, as follows:

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
Notes receivable-trade:	¥27 million	—
Electronically recorded monetary claims-operating	¥240 million	—
Electronically recorded obligations – operating	¥1,295 million	—
Electronically recorded obligations - non-operating	¥180 million	—

(Consolidated statements of income)

#1 Research and development expenses included in general expenses and cost of sales:

	FY2018 (April 1, 2018–March 31, 2019)	FY2019 (April 1, 2019–March 31, 2020)
	¥3,049 million	¥2,864 million

#2 Gain on sales of noncurrent assets are as follows:

	FY2018 (April 1, 2018–March 31, 2019)	FY2019 (April 1, 2019–March 31, 2020)
Buildings and structures:	¥0 million	—
Machinery, equipment and vehicles:	¥27 million	¥25 million
Land:	¥122 million	¥13 million
Construction in progress:	¥0 million	—
Other :	¥19 million	¥35 million
Total	¥171 million	¥74 million

#3 Loss on retirement of noncurrent assets are as follows:

	FY2018 (April 1, 2018–March 31, 2019)	FY2019 (April 1, 2019–March 31, 2020)
Buildings and structures:	¥27 million	¥28 million
Machinery, equipment and vehicles:	¥43 million	¥85 million
Software	¥5 million	¥127 million
Construction in progress:	¥7 million	— million
Intangible assets and other	— million	¥0 million
Other:	¥7 million	¥8 million
Total	¥90 million	¥251 million

#4 Loss on sales of noncurrent assets are as follows:

	FY2018 (April 1, 2018–March 31, 2019)	FY2019 (April 1, 2019–March 31, 2020)
Machinery, equipment and vehicles:	¥91 million	¥12 million
Other:	¥8 million	¥0 million
Total	¥99 million	¥12 million

#5 Impairment Loss:

Impairment losses were recorded in the following asset groups of the Group:

FY2018 (April 1, 2018–March 31, 2019)

Place	Purpose of use	Type	Impairment loss
T.RAD Czech s.r.o Unhost, Czech	Manufacture and sales of heat exchangers	Machinery, equipment and vehicles	¥1,226 million
Qingdao Toyo Heat Exchanger Co., Ltd. Qingdao, Shandong, China	Manufacture and sales of heat exchangers	Goodwill	¥192 million
		Total	¥1,418 million

The asset groups are classified on the base of managerial accounting in consideration of company category and business category.

As a result of accounting for the impairment of assets based on the aforementioned grouping, regarding aforementioned tangible fixed assets were no longer expected to recover the investment amount due to the decrease in profitability. Accordingly, their book values were written down to recoverable values, and the Company posted those losses as an impairment loss under extraordinary loss.

The amount listed as recoverable value by each asset group was calculated in accordance with the asset's value in usage. In T.RAD Czech s.r.o, the calculation reflects a 10% discount in future cash flow.

As to goodwill, in our consolidated subsidiary Qingdao Toyo Heat Exchanger Co., Ltd., unamortized balance of goodwill 192 million yen is posted as an impairment loss since the part of our holding share was sold and estimated profits at the time of acquiring its shares are no longer expected.

FY2019 (April 1, 2019–March 31, 2020)

Place	Purpose of use	Type	Impairment loss
The Company, Technical Division Nagoya, Aichi, Japan,	Idle assets	Building and other	¥1 million
T.RAD Czech s.r.o Unhost, Czech	Manufacture and sales of heat exchangers	Machinery, equipment and vehicles	¥41 million
		Tools, furniture and fixtures	¥59 million
		Subtotal	¥101 million
		Total	¥102 million

The asset groups are classified on the base of managerial accounting in consideration of company category and business category.

As a result of accounting for the impairment of assets based on the aforementioned grouping, regarding idle assets with no expected future use, its book value was written down to recoverable values, and the Company posted this loss as an impairment loss under extraordinary loss. The amount listed as recoverable value by each asset group have been appraised based on residual value.

As to manufacture and sales of heat exchangers, regarding aforementioned tangible fixed assets were no longer expected to recover the investment amount due to the decrease in profitability. Accordingly, their book values were written down to recoverable values, and the Company posted those losses as an impairment loss under extraordinary loss.

The amount listed as recoverable value by each asset group was calculated in accordance with the asset's value in usage. In T.RAD Czech s.r.o, the calculation reflects a 10% discount in future cash flow.

#6 Surcharges are as follows:

	FY2018 (April 1, 2018–March 31, 2019)	FY2019 (April 1, 2019–March 31, 2020)
Research-related expenses :	¥292 million	¥24 million

In connection with sales of automotive parts (radiators and other components), investigations related to antitrust laws by judicial authorities and lawsuit etc. related to the same laws are underway, in the consolidated fiscal year under review and previous consolidated fiscal year, we posted the costs related to the investigations and settlement to some clients as an extraordinary loss.

#7 Inventories at the close of the fiscal year-end, are the amounts after it write-down of the book value as a result of a decrease in profitability. The following loss (gain) on valuation of inventories is included in cost of sales:

FY2018 (April 1, 2018–March 31, 2019)	FY2019 (April 1, 2019–March 31, 2020)
¥115 million	¥(29) million

(Consolidated statement of changes in net assets)

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

1. Type and number of shares issued and treasury shares

(Thousands of shares)

	Number of shares at beginning of the current fiscal year	Number of shares increased in the current fiscal year	Number of shares decreased in the current fiscal year	Number of shares at end of the current fiscal year
Shares issued				
Common stock	8,344	—	—	8,344
Total	8,344	—	—	8,344
Treasury shares				
Common stock *1	384	0	—	384
Total	384	0	—	384

Note: 1. The number of common stocks of treasury shares increased 0 thousand shares due to a repurchase of fractional shares.

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

Not applicable

3. Cash dividends

(1) Cash dividends paid

Resolution	Type of shares	Cash dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
June 27, 2018 Ordinary General Meeting of Shareholders	Common stock	477	60	March 31, 2018	June 28, 2018
November 5, 2018 Board of Directors	Common stock	318	40	September 30, 2018	December 1, 2018

(2) Cash dividends with record dates falling in the fiscal year ended March 31, 2019 and effective dates coming after the end of the fiscal year

Resolution	Type of shares	Cash dividends (Millions of yen)	Resource of dividends	Cash dividends per share (Yen)	Record date	Effective date
June 26, 2019 Ordinary General Meeting of Shareholders	Common stock	397	Retained earnings	50	March 31, 2019	June 27, 2019

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

1. Type and number of shares issued and treasury shares (Thousands of shares)

	Number of shares at beginning of the current fiscal year	Number of shares increased in the current fiscal year	Number of shares decreased in the current fiscal year	Number of shares at end of the current fiscal year
Shares issued				
Common stock	8,344	—	—	8,344
Total	8,344	—	—	8,344
Treasury shares				
Common stock *1	384	760	—	1,145
Total	384	760	—	1,145

Note: 1. The number of common stocks of treasury shares increased 760 thousand shares. 759 thousand shares increased due to purchase of treasury stock by resolution of board of directors and 0 thousand shares increased due to a repurchase of fractional shares.

We acquired 373,500 treasury shares based on a resolution at the meeting of the board of directors held on June 18, 2019, we acquired 282,800 treasury shares based on a resolution at the meeting of the board of directors held on August 2, 2019, and we acquired 103,500 treasury shares based on a resolution at the meeting of the board of directors held on August 22, 2019. As a result, as of the end of consolidated fiscal year under review, treasury shares increased by 1,356 million yen and as of the end of the consolidated fiscal year under review, treasury shares resulted in 2,257 million yen.

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

Not applicable

3. Cash dividends

(1) Cash dividends paid

Resolution	Type of shares	Cash dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
June 26, 2019 Ordinary General Meeting of Shareholders	Common stock	397	50	March 31, 2019	June 27, 2019
November 5, 2019 Board of Directors	Common stock	287	40	September 30, 2019	November 29, 2019

(2) Cash dividends with record dates falling in the fiscal year ended March 31, 2020 and effective dates coming after the end of the fiscal year

Resolution	Type of shares	Cash dividends (Millions of yen)	Resource of dividends	Cash dividends per share (Yen)	Record date	Effective date
June 25, 2020 Ordinary General Meeting of Shareholders	Common stock	359	Retained earnings	50	March 31, 2020	June 26, 2020

(Notes to consolidated statement of cash flows)

*1 The relationship between cash and cash equivalents at the fiscal year-end and the amount of account title stated on the consolidated balance sheets:

	FY2018 (April 1, 2018–March 31, 2019)	FY2019 (April 1, 2019–March 31, 2020)
Cash and deposits:	¥13,894 million	¥13,419 million
Securities:	¥399 million	¥499 million
Time deposits with a maturity of 3 months or more at date of purchase:	¥(467) million	¥(194) million
Cash and cash equivalents:	¥13,826 million	¥13,724 million

(Additional information)

The spread of novel coronavirus infection has a wide-ranging impact on the economy and corporate activities, and automobile manufacturers, which are our main customers, are adjusting their operations. However, it is difficult at this point to reasonably predict the impact they will have on the Group and the time when this infectious disease will converge. Therefore, we have made an accounting estimate for the current consolidated fiscal year that ended in March 31, 2020 on the assumption based on external sources that the impact of this infectious disease will continue for a certain period of the consolidated fiscal year ending in March 31, 2021.

(Segment information)

1. General information of reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed at management meetings comprising directors and officers, whereby decisions are made regarding the allocation of resources to the segments and assessments are made concerning the segments' performance.

The Group's business involves the manufacture and sales of heat exchangers for the automobile and other industries. The Company covers the business in Japan. Overseas companies cover the business of each region such as the United States, Europe (the Czech Republic, Russia and Germany), Asia (Thailand, Indonesia and Vietnam) and China. Each of these overseas corporations is an independent business unit whose operations involve the manufacture of products that are marketed in each respective area.

Therefore, our Group consists of the Company and these overseas corporations which are based on a manufacturing and sales structure. As such, "Japan," "the United States," "Europe," "Asia" and "China" are our five reportable segments.

In each reportable segment, heat exchangers for automobiles, construction, industrial machinery and air conditioners are manufactured and sold.

2. Calculation method for net sales, profit (loss), assets and other items by reportable segment

The accounting method for the Group's reportable segments is generally the same as described in "Basis for preparation of consolidated financial statements."

Net sales for reportable segments are for each production region.

Segment income is based on operating income.

Intersegment income and transfer amount are calculated based on arm's length price.

3. Net sales, profit (loss), assets and other items by reportable segments
 Fiscal year ended March 31, 2019(from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segment						Other	Total
	Japan	United States	Europe	Asia	China	Total		
Net Sales:								
Sales to outside customers	60,901	31,394	3,707	18,547	20,633	135,183	941	136,125
Intersegment sales or transfers	5,893	177	479	74	1,851	8,476	3,347	11,824
Total	66,794	31,571	4,186	18,621	22,484	143,660	4,289	147,949
Segment income (loss)	660	(325)	(1,298)	2,682	2,807	4,525	178	4,703
Segment assets	61,407	17,234	2,856	9,579	17,574	108,652	2,443	111,096
Other items								
Depreciation	3,319	1,167	275	961	607	6,330	111	6,441
Investment amount in equity-method affiliate	531	—	—	—	—	531	—	531
Increase of tangible fixed assets and intangible assets	4,175	933	285	894	292	6,581	143	6,724

Note: "Other" comprises business operations that are not categorized as reportable segments and includes the business activities of domestic subsidiaries, such as the transportation business.

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

(Millions of yen)

	Reportable segment						Other	Total
	Japan	Unites States	Europe	Asia	China	Total		
Net Sales:								
Sales to outside customers	56,639	31,040	2,928	17,739	21,211	129,559	964	130,524
Intersegment sales or transfers	6,844	145	405	66	1,677	9,139	3,184	12,324
Total	63,484	31,186	3,333	17,806	22,888	138,699	4,149	142,848
Segment income (loss)	(603)	(892)	(1,017)	2,176	2,769	2,432	117	2,550
Segment assets	57,779	17,016	2,969	9,785	18,352	105,903	2,371	108,275
Other items								
Depreciation	3,220	1210	144	971	677	6,225	112	6,338
Investment amount in equity-method affiliate	531	—	—	—	—	531	—	531
Increase of tangible fixed assets and intangible assets	3,693	1,377	588	893	830	7,382	81	7,463

Note: "Other" comprises business operations that are not categorized as reportable segments and includes the business activities of domestic subsidiaries, such as the transportation business.

4. Difference amount between the total amount of reportable segments and the posted amounts in the consolidated financial statements and the main contents of the difference amount (the adjustment of difference)

(Millions of yen)

Net sales	FY2018	FY2019
Total of reportable segments	143,660	138,699
Net sales of the classification "Others"	4,289	4,149
Elimination of trades among segments	(11,824)	(12,324)
Net sales in the consolidated financial statements	136,125	130,524

(Millions of yen)

Profit	FY2018	FY2019
Total of reportable segments	4,525	2,432
Profit of the classification "Others"	178	117
Elimination of trades among segments	388	293
Operating income in the consolidated financial statements	5,092	2,843

(Millions of yen)

Assets	FY2018	FY2019
Total of reportable segments	108,652	105,903
Assets of the classification "Others"	2,443	2,371
Elimination of trades among segments	(18,167)	(19,781)
Total assets in the consolidated financial statements	92,929	88,493

(Millions of yen)

Other items	Total of reportable segments		Other		Adjustments		Posted amounts in the consolidated financial statements	
	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019
Depreciation	6,330	6,225	111	112	(102)	(97)	6,339	6,240
Investment amount to equity-method affiliate	531	531	—	—	1,709	1,623	2,240	2,154
Increase of tangible fixed assets and intangible assets	6,581	7,382	143	81	585	17	7,310	7,481

Note: Adjustments are as follows.

1. The adjustment of depreciation cost derives from the elimination of unrealized losses and gains related to non-current assets.
2. The adjustment of investment amount to the entities accounted for using equity method derives from investment profit on equity method.
3. The adjustment of increased amounts of tangible fixed assets and intangible assets are as follows.
Elimination of unrealized losses and gains related to non-current assets: 21 million yen
Other consolidated adjustment among segments: (3) million yen

(Supplementary information)

Sales states (consolidated)

(Millions of yen)

	FY2018 (April 1, 2018 to March 31, 2019)		FY2019 (April 1, 2019 to March 31, 2020)		Increase/Decrease	
	Amount	%	Amount	%	Amount	%
For Automobile	97,771	71.8	98,377	75.4	605	0.6
For construction & industrial machine	30,342	22.3	26,147	20.0	-4,195	-13.8
For Air conditioner	4,602	3.4	3,158	2.4	-1,444	-31.4
Other	3,408	2.5	2,841	2.2	-567	-16.6
Total	136,125	100.0	130,524	100.0	-5,600	-4.1

Notes: Amounts less than one million yen have been truncated.

(Per share information)

	FY2018 (April 1, 2018–March 31, 2019)	FY2019 (April 1, 2019–March 31, 2020)
Net assets per share:	¥5,537.37	¥5,916.09
Net income per share:	¥218.01	¥194.28

(Note) 1. Diluted net income per share is not listed for the consolidated fiscal year under review, as there are no potential shares that have dilutive effects on per-share net income.

2. Basis for calculation of net income per share as follows.

	FY2018 (April 1, 2018–March 31, 2019)	FY2019 (April 1, 2019–March 31, 2020)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	1,735	1,435
Net income that is not attributable to shares of common stock (Millions of yen)	—	—
Net income attributable to shares of common stock (Millions of yen)	1,735	1,435
Average number of shares of common stock during the period (Thousands)	7,959	7,390

(Omitted disclosure)

Disclosure of the statement of comprehensive income, lease transactions, information on related parties, financial products, securities, derivative transactions, retirement benefits, stock options, tax-effect accounting, asset retirement obligations, and notes related to the rental property are omitted because disclosure of such information is deemed to be insignificant.

5. Non-Consolidated Financial Statements

(1) Non-consolidated balance sheets

(Millions of yen)

	FY2018	FY2019
	As of March 31, 2019	As of March 31, 2020
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	4,045	4,248
Notes receivable-trade	197	113
Electronically recorded monetary claims-operating	2,589	3,873
Accounts receivable-trade	13,903	11,873
Short-term investment securities	399	499
Merchandise and finished goods	1,369	1,729
Work in process	1,117	1,249
Raw materials and supplies	655	601
Prepaid expenses	105	125
Short-term loans receivable from subsidiaries and affiliates	200	—
Accounts receivable-other	2,138	2,131
Other current assets	2	2
Allowance for doubtful accounts	(0)	(0)
Total current assets	26,724	26,450
Noncurrent assets		
Tangible Fixed Assets		
Buildings	11,876	12,314
Accumulated depreciation	(9,305)	(9,501)
Buildings, net	2,570	2,813
Structures	1,462	1,489
Accumulated depreciation	(1,225)	(1,257)
Structures, net	237	232
Machinery and equipment	24,468	25,813
Accumulated depreciation	(18,233)	(18,972)
Machinery and equipment, net	6,234	6,841
Vehicles	121	128
Accumulated depreciation	(104)	(104)
Vehicles, net	16	24
Tools, furniture and fixtures	23,619	24,518
Accumulated depreciation	(22,552)	(23,392)
Tools, furniture and fixtures, net	1,066	1,126
Land	1,228	1,251
Lease assets	63	48
Accumulated depreciation	(52)	(44)
Lease assets, net	10	3
Construction in progress	1,370	895
Other, net	2	0
Total Tangible Fixed Assets	12,737	13,189
Intangible assets		
Software	651	677
Other intangible assets	121	68
Total intangible assets	772	746

(Millions of yen)

	FY2018	FY2019
	As of March 31, 2019	As of March 31, 2020
	Amount	Amount
Investments and other assets		
Investment securities	5,408	31
Stocks of subsidiaries and affiliates	6,517	7,603
Investments in capital of subsidiaries and affiliates	6,121	7,636
Long-term prepaid expenses	18	15
Insurance funds	49	49
Deferred tax assets	247	406
Others	929	217
Allowance for doubtful accounts	(19)	(13)
Allowance for investment loss	(227)	—
Total investments and other assets	19,045	15,946
Total noncurrent assets	32,555	29,882
Total assets	59,280	56,332
	(Liabilities)	
Current liabilities		
Electronically recorded obligations – operating	5,340	3,414
Accounts payable-trade	6,796	5,722
Short-term loans payable	1,642	217
Lease obligations	396	360
Accounts payable-other	801	409
Income taxes payable	145	354
Accrued consumption taxes	75	95
Accrued expenses	1,473	1,313
Advances received	93	384
Deposits received	160	67
Provision for bonuses	1,358	1,250
Provision for directors' bonuses	84	43
Provision for product warranties	29	28
Provision for shareholders benefit program	48	39
Electronically recorded obligations - non-operating	729	384
Asset retirement obligations	116	200
Others	233	4
Total current liabilities	19,527	14,292
Noncurrent liabilities		
Long-term loans payable	7,362	9,745
Lease obligations	743	422
Provision for retirement benefits	464	460
Asset retirement obligations	63	63
Others	20	20
Total noncurrent liabilities	8,654	10,712
Total liabilities	28,181	25,004

(Millions of yen)

	FY2018	FY2019
	As of March 31, 2019	As of March 31, 2020
	Amount	Amount
(Net assets)		
Shareholders' equity		
Capital stock	8,545	8,545
Capital surplus		
Legal capital surplus	7,306	7,306
Other capital surplus	167	167
Total capital surplus	7,473	7,473
Retained earnings		
Legal retained earnings	1,097	1,097
Other retained earnings		
Reserve for dividends	500	500
Reserve for special account for advanced depreciation of noncurrent assets	101	98
General reserve	8,130	8,130
Retained earnings brought forward	5,694	7,746
Total retained earnings	15,523	17,573
Treasury stock	(901)	(2,257)
Total shareholders' equity	30,642	31,334
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	456	(6)
Total valuation and translation adjustments	456	(6)
Total net assets	31,098	31,328
Total liabilities and net assets	59,280	56,332

(2) Non-consolidated statements of income

(Millions of yen)

	FY2018	FY2019
	(Apr. 1, 2018–Mar. 31, 2019)	(Apr. 1, 2019–Mar. 31, 2020)
	Amount	Amount
Net sales	66,794	63,484
Cost of sales		
Beginning finished goods	1,047	1,248
Cost of products manufactured	54,087	52,558
Purchase of finished goods	838	702
Transfer from other account	3,940	3,719
Total	59,914	58,228
Finished goods transfer to other account	234	166
Ending finished goods	1,248	1,616
Cost of finished goods sold	58,431	56,445
Gross profit	8,363	7,038
Selling, general and administrative expenses		
Packing and delivery expenses	2,506	2,438
Advertising expenses	43	42
Provision for product warranties	23	12
Directors' compensations	186	199
Salaries and allowances	1,005	1,128
Provision for bonuses	301	299
Provision for directors' bonuses	84	42
Provision for retirement benefits	53	73
Welfare expenses	421	489
Depreciation	185	232
Repair expenses	102	101
Taxes and dues	80	161
Rent expenses	210	253
Transportation and communication expenses	414	415
Research and development expenses	1,576	1,266
Insurance expenses	24	21
Provision of allowance for doubtful accounts	(0)	(0)
Stationery expenses	30	28
Entertainment expenses	55	49
Provision for shareholders benefit program	22	29
Commission Fee	311	291
Miscellaneous expenses	65	64
Total selling, general and administrative expense	7,704	7,641
Operating income (loss)	658	(602)
Non-operating income		
Interest income	6	3
Interest on securities	0	0
Dividends income	2,787	3,528
Foreign exchange gains	9	—
Others	103	72
Total non-operating income	2,907	3,605

(Millions of yen)

	FY2018	FY2019
	(Apr. 1, 2018–Mar. 31, 2019)	(Apr. 1, 2019–Mar. 31, 2020)
	Amount	Amount
Non-operating expenses		
Interest expenses	39	43
Foreign exchange losses	—	109
Others	5	2
Total non-operating expenses	44	155
Ordinary income	3,522	2,847
Extraordinary income		
Gain on sales of noncurrent assets	5	50
Gain on sales of investment securities	234	1,498
Reversal of allowance for investment loss	112	227
Total extraordinary income	352	1,775
Extraordinary Loss		
Loss on retirement of noncurrent assets	65	241
Impairment loss	—	1
Loss on sales of investment securities	—	382
Loss on valuation of investments in capital of subsidiaries and affiliates	2,448	481
Provision of allowance for doubtful accounts of golf club membership	11	0
Surcharges	292	24
Total extraordinary loss	2,817	1,132
Income before income taxes	1,056	3,491
Income taxes-current	290	713
Income taxes-deferred	205	41
Total income taxes	495	755
Net income(loss)	560	2,735

(3) Non-consolidated statements of changes in net assets
Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' Equity									
	Capital stock	Capital Surplus			Legal retained earnings	Retained Earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings				Total retained earnings
						Reserve for dividends	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
As of April 1, 2018	8,545	7,306	167	7,473	1,097	500	104	8,130	5,927	15,759
Changes of items during the period										
Reversal of reserve for advanced depreciation of non-current assets							(3)		3	—
Dividends from surplus									(795)	(795)
Net income									560	560
Purchase of treasury stock										
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	—	(3)	—	(232)	(235)
As of March 31, 2019	8,545	7,306	167	7,473	1,097	500	101	8,130	5,694	15,523

(Millions of yen)

	Shareholders' Equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
As of April 1, 2018	(899)	30,879	1,047	1,047	31,926
Changes of items during the period					
Reversal of reserve for advanced depreciation of non-current assets		—			—
Dividends from surplus		(795)			(795)
Net income		560			560
Purchase of treasury stock	(1)	(1)			(1)
Net changes of items other than shareholders' equity			(591)	(591)	(591)
Total changes of items during the period	(1)	(236)	(591)	(591)	(828)
As of March 31, 2019	(901)	30,642	456	456	31,098

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

(Millions of yen)

	Shareholders' Equity									
	Capital stock	Capital Surplus			Legal retained earnings	Retained Earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings				Total retained earnings
					Reserve for dividends	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward		
As of April 1, 2019	8,545	7,306	167	7,473	1,097	500	101	8,130	5,694	15,523
Changes of items during the period										
Reversal of reserve for advanced depreciation of non-current assets							(2)		2	
Dividends from surplus									(685)	(685)
Net income									2,735	2,735
Purchase of treasury stock										
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	—	(2)	—	2,052	2,049
As of March 31, 2020	8,545	7,306	167	7,473	1,097	500	98	8,130	7,746	17,573

(Millions of yen)

	Shareholders' Equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
As of April 1, 2019	(901)	30,642	456	456	31,098
Changes of items during the period					
Reversal of reserve for advanced depreciation of non-current assets					
Dividends from surplus		(685)			(685)
Net income		2,735			2,735
Purchase of treasury stock	(1,356)	(1,356)			(1,356)
Net changes of items other than shareholders' equity			(462)	(462)	(462)
Total changes of items during the period	(1,356)	692	(462)	(462)	230
As of March 31, 2020	(2,257)	31,334	(6)	(6)	31,328

(4) Notes concerning non-consolidated financial statement

(Going concern assumptions)

Not applicable

(Notes in the event of significant changes in shareholders' equity)

We acquired 373,500 treasury shares based on a resolution at the meeting of the board of directors held on June 18, 2019, we acquired 282,800 treasury shares based on a resolution at the meeting of the board of directors held on August 2, 2019, and we acquired 103,500 treasury shares based on a resolution at the meeting of the board of directors held on August 22, 2019. As a result, as of the end of consolidated fiscal year under review, treasury shares increased by 1,356 million yen and as of the end of the consolidated fiscal year under review, treasury shares resulted in 2,257 million yen.

(Additional information)

The spread of novel coronavirus infection has a wide-ranging impact on the economy and corporate activities, and automobile manufacturers, which are our main customers, are adjusting their operations. However, it is difficult at this point to reasonably predict the impact they will have on the Group and the time when this infectious disease will converge. Therefore, we have made an accounting estimate for the current consolidated fiscal year that ended in March 31, 2020 on the assumption based on external sources that the impact of this infectious disease will continue for a certain period of the consolidated fiscal year ending in March 31, 2021.