ANNUAL REPORT 2022

Year ended March 31, 2022

SHIBAURA MECHATRONICS CORPORATION

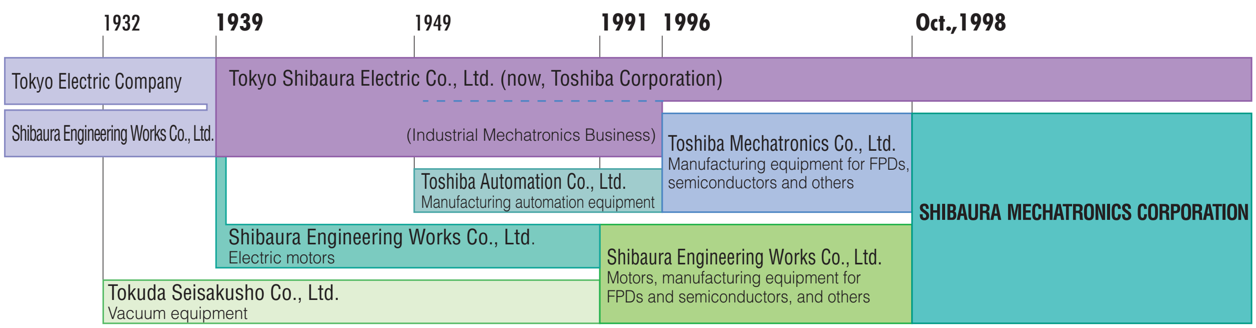
ANNUAL REPORT 2022

Profile

Shibaura Mechatronics was established in 1939 as Shibaura Engineering Works Co., Ltd. Initially, our primary focus was on the motor business, but in 1998 we struck out in a new direction, and reestablished ourselves as a producer of manufacturing equipment for flat panel displays (FPDs) and semiconductors. We also took on a new name, Shibaura Mechatronics Corporation.

By combining core technologies, cultivated over many years, in precision mechatronics, cleaning, bonding, etching, vacuum processing and sputtering, we can offer solutions for manufacturing equipment that includes semiconductors, flat panel displays and electronic components, extending from development and design through to installation and service.

History



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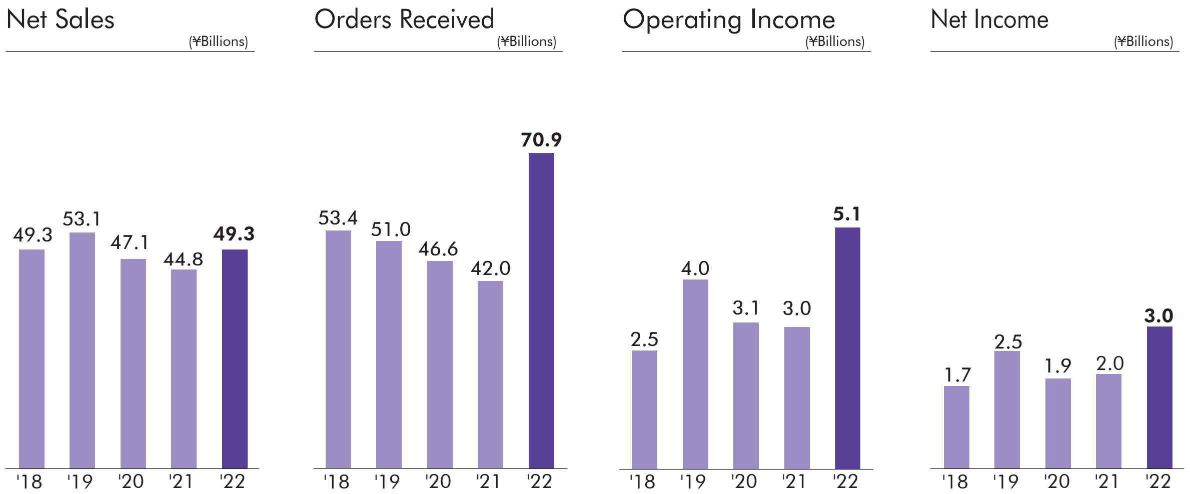
Forward-Looking Statements

This annual report contains forward-looking statements concerning Shibaura Mechatronics' future plans, strategies and performance. These forward-looking statements are not historical facts, rather they represent assumptions and beliefs based on data currently available. Furthermore, they are subject to a number of risks and uncertainties that, relate to economic conditions, worldwide megacompetition in the electronics business, customer demand, foreign currency exchange rates, tax rules, regulations and other factors. Shibaura therefore wishes to caution readers that actual results may differ materially from our expectations.

Financial Highlights

Consolidated	2022	2021	2020	2019	2018	Year ended March 31, 2022
	Year ended March 31,					
	(Millions of yen)					(Thousands of U.S. dollars) (Note 1)
Net sales	¥ 49,272	¥ 44,794	¥ 47,141	¥ 53,090	¥ 49,257	$ 402,589
Orders received	70,880	41,969	46,632	51,021	53,355	579,132
Operating income	5,050	2,957	3,123	4,000	2,498	41,269
Net income	2,983	1,970	1,944	2,481	1,747	24,375
Depreciation and amortization	1,892	1,667	1,389	1,556	1,406	15,460
Capital expenditures	2,229	1,242	2,231	1,717	1,126	18,215
R&D expenses	2,637	2,494	2,729	2,743	2,492	21,545
Total assets	68,854	58,294	57,421	61,967	59,939	562,582
Net assets	24,614	21,855	19,720	18,369	16,129	201,114
	(yen)					(U.S. dollars)
Net income per share	¥ 675.41	¥ 446.18	¥ 440.73	¥ 562.90	¥ 365.82	$ 5.52
Number of employees	1,204	1,224	1,260	1,221	1,207	1,204

Note 1 : The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥122.39 = U.S.$1.00, as of March 31, 2022.
Note 2 : With an effective date of October 1, 2018, the Company conducted a stock consolidation at a ratio of one share for every 10 shares of common stock. Net income per share is calculated on the assumption that the share consolidation took place in April 2017.



Smart Solutions & Services for Your Manufacturing

To Our Shareholders

Cutting-edge technologies and solutions from our understanding of manufacturing equipment contribute to our customers' value creation.

In the business environment in which Shibaura Mechatronics Group operated in fiscal year 2021, the semiconductor industry continued to see strong demand from IoT, 5G, AI and other areas, and from continuing capital investments in logic and foundries, memories, power devices, and wafers. In the FPD industry, some customers have made moves to resume investment plans. However, instability in parts and parts supply remains a concern.

In these circumstances, fiscal year 2021 business results were as follows.
Sales against the previous fiscal year saw an increase in the semiconductor business, along with a decrease in the FPD business, and rose to 49,272 million yen.
In terms of profit, operating income was 5,050 million yen, an increase from the previous fiscal year that reflects higher sales in the semiconductor business and an improved profit margin. Net income attributable to owners of the parent company recorded a year-on-year increase to 2,983 million yen, even though we posted an extraordinary loss of 613 million yen in the first quarter for the demolition of an aging building, part of the redevelopment of our Yokohama Operations.
Orders received were strong, as customers in the semiconductor industry committed to investments in both front-end and back-end processes, and were particularly buoyant in the third quarter. In the FPD industry, demand for the front-end process was subdued, but more favorable in the back-end process. As a result, orders received in fiscal year 2021 were up against the previous year, at 70,880 million yen.

While there are concerns that fiscal year 2022 will see further instability in the supply of parts and components, we anticipate continued strong demand from the semiconductor industry in respect of IoT, 5G, AI, etc., and capital investment is expected to remain favorable for logic and foundries, memories, power devices and wafers. We also expect to see solid investment in the FPD industry, primarily for monitors and in-vehicle use.

In this age of IoT, 5G, AI and ever-expanding data growth, we will continue to contribute to our customers' value creation with cutting-edge technologies and solutions for semiconductor and FPD manufacturing equipment, from design and development through to service.

Keigo Imamura
Representative Director
President and Chief Executive Officer

Keigo Imamura

Financial Review

Results Summary

In FY2021 Shibaura Mechatronics recorded net sales of 49,272 million yen (a year-on-year increase of 10.0%), operating income of 5,050 million yen (a year-on-year increase of 70.8%), ordinary income of 4,877 million yen (a year-on-year increase of 73.0%), net income of 2,983 million yen (a year-on-year increase of 51.5%), and orders received of 70,880 million yen (a year-on-year increase of 68.9%).
The results for each business segment were as follows:

1. Fine Mechatronics Segment

Net sales were 31,402 million yen, a year-on-year increase of 5.9%, segment income was 2,977 million yen, a year-on-year increase of 49.4%, and orders received was 47,907 million yen, a year-on-year increase of 64.3%.

Sales of equipment for the semiconductor front-end process increased year-on-year, on steady sales of equipment for logic and foundries, power devices, and Si wafer cleaning. At the same time, equipment for the FPD front-end process saw a decrease, the result of sluggish orders since the previous fiscal year. Overall segment sales recorded an increase over the previous fiscal year.

Segment income increased, a result that reflected increased sales in equipment for the semiconductor front-end process, and a decrease in sales of equipment for the FPD front-end process.

A strong performance in orders received in the semiconductor front-end process centered on Si wafer cleaning equipment and equipment for power devices, and particularly exceeded expectations in the third quarter, as customers committed to strong investments. Orders for the FPD front-end process remained at a low level, both in equipment for large panels and for small- and medium-sized panels. We did receive a good number of orders for inkjet tablet printing equipment in the healthcare field. As a result, the segment as a whole recorded a year-on-year increase.

2. Mechatronics Systems Segment

Net sales were 13,803 million yen, a year-on-year increase of 22.3%, segment income was 2,045 million yen, a year-on-year increase of 158.1%, and orders received was 18,454 million yen, a year-on-year increase of 103.1%.

Sales in the semiconductor back-end process were sustained by continued investment, and equipment for advanced packages, FO-PLP, display driver ICs, and other equipment, all performed well, generating a significant increase over the previous fiscal year. Although sales from equipment for large panels and for small- and medium-sized panels were healthy, they were lower than in the year-earlier period, the impact of some customers pushing back their investment plans. In vacuum equipment, sales for electronic components were firm. In the final result, sales for the segment as a whole were higher than in the previous fiscal year.

Segment income increased significantly due to an increase in sales of equipment for semiconductor back-end processes, and an improved profit margin.

Orders received were strong due to continued orders for equipment for advanced packages and equipment for FO-PLP in the semiconductor back-end process. The FPD back-end process also performed steadily, centered on equipment for large panels, and orders for medium-sized panels increased for in-vehicle applications. In vacuum equipment, orders for equipment for electronic components increased. As a result, overall segment orders received where higher than in the previous fiscal year.

3. Vending Machines and Systems Segment

Although there was a gradual recovery from the impacts of the COVID-19 pandemic, and orders were strong, parts shortages caused prolonged lead times. In the final result, net sales were 2,186 million yen (up 11.9% year-on-year) and segment income was 53 million yen (up 537.4% year-on-year).

4. Real Estate Leasing Segment

Rental income from real estate was largely in line with plans, with net sales of 1,881 million yen, a 1.5% decrease year-on-year, and segment income of 529 million yen, a 7.2% decrease year-on-year.

Research and Development Expenditure

The Shibaura Mechatronics Group as a whole recorded research and development costs of 2,637 million yen, including development costs of 549 million yen for basic technologies that could not be appropriated to any specific segment.

R&D is advanced by the development and design departments in business divisions, the Research and Development Division, and by the technology divisions in our consolidated subsidiary companies. In addition, we are pushing forward efficient research and development and the commercialization of advanced technologies by strengthening our relations and collaborations with Toshiba Group and business partners.

Research and development expenses and research results for each segment are as follows:

1. Fine Mechatronics Segment

   R&D expenses for the segment totaled 1,133 million yen.

   In semiconductor equipment we continued to work on the development of wet cleaning equipment for next generation devices, single-wafer nitride-film wet-etching equipment, single Si wafer cleaning equipment, wet-cleaning equipment for masks, and dry-etching equipment for masks.

   In flat panel manufacturing equipment, we have developed a wet process equipment for high-definition small- and medium-sized panels, and a high-vacuum clean oven for flexible OLED.

2. Mechatronics Systems Segment

   R&D expenses for the segment totaled 769million yen.

   In semiconductor assembly equipment, we developed high-speed, high-accuracy bonding equipment for FO-WLP / PLP, 2.5D package, and μLED.

   In liquid crystal and OLED module assembly equipment, we worked on the development of OLB equipment for small- and medium-sized panels, and for large-sized high-definition panels.

   In vacuum equipment, we are working on the development of sputtering equipment for electronic components.

3. Vending Machines and Systems Segment

   R&D expenses for the segment totaled 184million yen.

   In ticket vending machines, we have promoted the development of expanded model configurations that support cash and cashless payments.

Financial Condition

Total assets at the end of the current fiscal year showed a year-on-year rise of 10,559 million yen, to 68,854 million yen. This was mainly due to an increase of 6,715 million yen in cash and deposits and 2,396 million yen in notes receivable, accounts receivable and contract assets.

Liabilities showed a year-on-year rise of 7,800 million yen, to 44,210 million yen. This was mainly due to an increase in notes payable, accounts payable and electronically recorded debt of 3,576 million yen, and advance payments of 3,179 million yen.

Net assets increased by 2,759 million yen to 24,614 million yen. This was mainly due to an increase of 2,983 million yen, the result of recording net income attributable to owners of parent company.

Cash Flows

The balance of cash and cash equivalents (hereinafter referred to as “cash”) at the end of the period was 26,301 million yen, a year-on-year increase of 6,715 million yen.

Net cash from operating activities increased by 8,297 million yen (following an increase of 7,669 million yen in the previous fiscal year). This was mainly due to an increase in funds from recording income before income taxes, and increases in trade payables and advance payments.

Cash from investment activities decreased by 507 million yen (following a decrease of 258 million yen in the previous fiscal year). This was mainly due to a decrease in cash following the acquisition of fixed assets.

Free cash flow, the aggregate of cash flow from operations and cash flow from investment activities, increased by 7,790 million yen (following an increase of 7,411 million yen in the previous fiscal year).

Cash from financing activities decreased by 1,205 million yen (following a decrease of 553 million yen in the previous fiscal year). This was mainly due to a decrease in funds as a result of repaying short-term loans, and the payment of dividends.

FINANCIAL SECTION

Annual Report 2022 Year ended March 31, 2022

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Shibaura Mechatronics Corporation and Subsidiaries

Consolidated Balance Sheet

	March 31,		March 31,
	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Assets			
Current assets:			
Cash and bank deposits *(Note 22)*	¥26,316	¥19,601	215,020
Notes and accounts receivable, trade *(Note 18)*	-	22,538	-
Notes receivable, trade *(Note 18)*	255	-	2,082
Accounts receivable, trade *(Note 18)*	5,972	-	48,795
Contract assets	18,708	-	152,857
Electronically recorded monetary claims *(Note 18)*	718	602	5,866
Allowance for doubtful accounts	(1,522)	(1,440)	(12,435)
Inventories *(Note 9)*	3,573	2,792	29,195
Accounts receivable, other	1,846	1,514	15,080
Other current assets	335	238	2,743
Total current assets	56,201	45,845	459,203
Property, plant and equipment:			
Land *(Note 19)*	120	120	980
Buildings and structures *(Note 19)*	28,180	29,537	230,252
Machinery and equipment	7,640	6,847	62,425
Leased assets	97	93	794
Construction in progress	957	541	7,819
Total	36,994	37,138	302,270
Accumulated depreciation	(26,159)	(26,377)	(213,738)
Property, plant and equipment, net	10,835	10,761	88,532
Investments and other assets:			
Investments in securities *(Note 8)*	53	91	431
Deferred tax assets *(Note 12)*	935	715	7,636
Other assets	834	887	6,817
Allowance for doubtful accounts	(4)	(5)	(37)
Total investments and other assets	1,818	1,688	14,847
Total assets	¥ 68,854	¥ 58,294	$ 562,582

	March 31, 2022	March 31, 2021	March 31, 2022
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Liabilities and net assets			
Current liabilities:			
Notes and accounts payable, trade *(Note 18)*	¥11,240	¥10,684	91,840
Electronically recorded obligations *(Note 18)*	3,021	-	24,679
Short-term bank loans *(Notes 10 and 18)*	4,350	5,050	35,542
Current portion of long-term debt *(Notes 10and 18)*	800	-	6,536
Current portion of lease obligations *(Note 10)*	17	17	140
Advances received	3,852	672	31,476
Accrued expenses	3,088	2,749	25,230
Accrued income taxes *(Note 12)*	1,250	533	10,211
Provision for loss on order received *(Note 9)*	8	-	67
Provision for product warranties	120	-	983
Provision for directors' bonuses	63	38	514
Other current liabilities	1,298	550	10,602
Total current liabilities	29,107	20,293	237,820
Long-term liabilities:			
Long-term debt *(Notes 10 and 18)*	5,000	5,800	40,853
Net defined benefit liability *(Note 15)*	6,620	6,792	54,089
Lease obligations *(Note 10)*	34	48	278
Long-term accounts payable-other	-	2	-
Provision for directors' retirement benefits	24	23	199
Reserve for repair and maintenance	310	311	2,528
Asset retirement obligations	67	92	551
Long-term guarantee deposits *(Note 18)*	3,078	3,078	25,150
Total long-term liabilities	15,133	16,146	123,648
Total liabilities	44,240	36,439	361,468
Contingent liabilities *(Note 16)*			
Net assets:			
Shareholders' equity:			
Capital stock:			
Authorized: 10,000,000 shares			
Issued: 5,192,619 shares at March 31, 2022 and 2021	6,762	6,762	55,245
Capital surplus	9,038	9,038	73,843
Retained earnings	12,695	10,199	103,732
Less treasury stock, at cost	(4,007)	(4,014)	(32,739)
Total shareholders' equity	24,488	21,985	200,081
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	-	16	-
Foreign currency translation adjustments	423	279	3,463
Remeasurements of defined benefit plans	(297)	(425)	(2,430)
Total valuation and translation adjustments	126	(130)	1,033
Total net assets	24,614	21,855	201,114
Total liabilities and net assets	¥ 68,854	¥ 58,294	$ 562,582

The accompanying notes are an integral part of the consolidated financial statements.

Shibaura Mechatronics Corporation and Subsidiaries

Consolidated Statement of Operations

	Years ended March 31, 2022	Years ended March 31, 2021	Year ended March 31, 2022
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
Net sales *(Note 20)*	¥ 49,272	¥ 44,794	$ 402,589
Cost of sales *(Notes 9,11 and 19)*	32,465	31,100	265,259
Gross profit	16,807	13,694	137,330
Selling, general and administrative expenses *(Notes 11,15 and 24)*	11,757	10,737	96,061
Operating income	5,050	2,957	41,269
Other income (expenses):			
Interest and dividend income	5	7	42
Gain on sales of investment securities	18	-	144
Gain on sales of property, plant and equipment	-	18	-
Foreign exchange gain,net	180	-	1,476
Interest expense	(90)	(94)	(736)
Commission fee	(28)	(28)	(232)
Foreign exchange loss, net	-	(19)	-
(Loss) Gain on valuation of derivatives	(190)	25	(1,557)
Other, net	(68)	(46)	(554)
Ordinary income	4,877	2,820	39,852
Extraordinary losses			
Business structure improvement expenses*(Note 25)*	(613)	-	(5,010)
Income before income taxes	4,264	2,820	34,842
Income taxes *(Note 12)*:			
Current	1,503	793	12,285
Deferred	(222)	57	(1,818)
	1,281	850	10,467
Net income	2,983	1,970	24,375
Net income attributable to owners of parent	¥ 2,983	¥ 1,970	$ 24,375

The accompanying notes are an integral part of the consolidated financial statements.

Shibaura Mechatronics Corporation and Subsidiaries

Consolidated Statement of Comprehensive Income

	Years ended March 31, 2022	Years ended March 31, 2021	Year ended March 31, 2022
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Net income	¥ 2,983	¥ 1,970	$ 24,375
Other comprehensive income: *(Note 13)*			
Valuation difference on available-for-sale securities	(16)	11	(127)
Remeasurements of defined benefit plans	128	613	1,039
Foreign currency translation adjustments	144	19	1,179
Total other comprehensive income	256	643	2,091
Comprehensive income	¥ 3,239	¥ 2,613	$ 26,466
(Breakdown)			
Comprehensive income attributable to owners of parent	3,239	2,613	26,466

The accompanying notes are an integral part of the consolidated financial statements.

Shibaura Mechatronics Corporation and Subsidiaries

Consolidated Statement of Changes in Net Assets

	Shareholders' equity					Valuation and translation adjustments			
	Number of shares of common stock	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total net assets
				(Millions of yen)					
Balance as of April 1, 2020	51,926,194	¥ 6,762	¥ 9,038	¥ 8,716	¥ (4,023)	¥ 5	¥ 260	¥ (1,038)	¥ 19,720
Net income	–	–	–	1,970	–	–	–	–	1,970
Dividends of surplus *(Note 14)*	–	–	–	(487)	–	–	–	–	(487)
Purchase of treasury shares	–	–	–	–	(0)	–	–	–	(0)
Disposal of treasury shares	–	–	–	–	9	–	–	–	9
Net change during the year	–	–	–	–	–	11	19	613	643
Balance as of April 1, 2021	51,926,194	¥ 6,762	¥ 9,038	¥ 10,199	¥ (4,014)	¥ 16	¥ 279	¥ (425)	¥ 21,855
Net income	–	–	–	2,983	–	–	–	–	2,983
Dividends of surplus *(Note 14)*	–	–	–	(487)	–	–	–	–	(487)
Purchase of treasury shares	–	–	–	–	(0)	–	–	–	(0)
Disposal of treasury shares	–	–	–	–	7	–	–	–	7
Net change during the year	–	–	–	–	–	(16)	144	128	256
Balance as of March 31, 2022	51,926,194	¥ 6,762	¥ 9,038	¥ 12,695	¥ (4,007)	–	¥ 423	¥ (297)	¥ 24,614
				(Thousands of U.S. dollars) (Note 1)					
Balance as of April 1, 2021		$55,245	$ 73,843	$ 83,334	$(32,795)	$ 127	$ 2,284	$ (3,469)	$ 178,569
Net income		–	–	24,375	–	–	–	–	24,375
Dividends of surplus *(Note 14)*		–	–	(3,977)	–	–	–	–	(3,977)
Purchase of treasury shares		–	–	–	(8)	–	–	–	(8)
Disposal of treasury shares		–	–	–	64	–	–	–	64
Net change during the year		–	–	–	–	(127)	1,179	1,039	2,091
Balance as of March 31, 2022		$ 55,245	$73,843	$ 103,732	$ (32,739)	–	$ 3,463	$ (2,430)	$ 201,114

The accompanying notes are an integral part of the consolidated financial statements.

Shibaura Mechatronics Corporation and Subsidiaries

Consolidated Statement of Cash Flows

	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Net cash provided by Operating activities			
Income before income taxes and non-controlling interest	¥ 4,264	¥ 2,820	$ 34,842
Depreciation and amortization	1,892	1,667	15,460
Increase in allowance for doubtful accounts	79	367	649
Decrease in net defined benefit liability	(45)	(46)	(369)
Interest and dividend income	(5)	(7)	(42)
Interest expense	90	94	736
Gain on sales of investment securities	(17)	-	(143)
Foreign exchange losses	29	1	241
Increase in advances received	3,171	191	25,914
(Increase) decrease in notes and accounts receivable-trade	(2,445)	4,679	(19,979)
Increase in inventories	(2,378)	(915)	(19,434)
Increase(decrease) in notes and accounts payable-trade	4,026	(1,116)	32,896
Business restructuring expenses	613	-	5,010
Increase (decrease) in accrued consumption taxes	(31)	27	(256)
Other, net	(108)	374	(886)
Subtotal	9,135	8,136	74,639
Interest and dividends received	5	7	42
Interest paid	(90)	(94)	(735)
Income taxes paid	(753)	(380)	(6,147)
Net cash provided by operating activities	8,297	7,669	67,799
Net cash used in Investment activities			
Payments into time deposits	(0)	(0)	(0)
Proceeds from sales of investment securities	40	-	327
Purchases of property, plant and equipment	(405)	(134)	(3,310)
Other, net	(142)	(124)	(1,166)
Net cash used in investment activities	(507)	(258)	(4,149)
Net cash used in Financing activities			
Net decrease in short-term loans payable	(700)	(50)	(5,719)
Repayments of finance lease obligations	(18)	(17)	(142)
Proceeds from long-term loans payable	-	1,200	-
Repayments of long-term loans payable	-	(1,200)	-
Purchases of treasury stock	(0)	(0)	(8)
Cash dividends paid	(487)	(486)	(3,977)
Net cash used in financing activities	(1,205)	(553)	(9,846)
Effect of exchange rate change on cash and cash equivalents	130	18	1,065
Net increase (decrease) in cash and cash equivalents	6,715	6,876	54,869
Cash and cash equivalents at beginning of year	19,586	12,709	160,029
Cash and cash equivalents at end of year *(Note 22)*	¥ 26,301	¥ 19,586	$ 214,898

The accompanying notes are an integral part of the consolidated financial statements.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements

March 31, 2022

1. Basis of Presentation

Shibaura Mechatronics Corporation (the "Company") and its consolidated subsidiaries (collectively, the "Companies" or the "Group") maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which differ in certain respects from the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The accompanying consolidated financial statements are stated in yen, the currency of the country in which the Company is incorporated and operates. The translation of yen amounts into U.S. dollar amounts has been included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥ 122.39 = U.S. $ 1.00, the approximate rate of exchange in effect on March 31, 2022. This translation should not be construed as a representation that yen could be converted into U.S. dollars at the above or any other rate.

2. Summary of Significant Items for the Presentation of Consolidated Financial Statements

(1) Basis of consolidation

The accompanying consolidated financial statements include the accounts of Shibaura Mechatronics Corporation and eight subsidiaries over which the Company exerts substantial control, either through majority ownership of voting stock and / or by other means. All assets and liabilities of the subsidiaries are revalued at fair value upon acquisition, if applicable. All significant intercompany balances and transactions have been eliminated in consolidation.

Investment in an unconsolidated subsidiary that is not deemed material to the consolidated financial statements is stated at cost.

Certain subsidiaries have a fiscal year end which differs from that of the Company. As a result, adjustments have been made for any significant transactions which took place during the intervening period between the year end of the subsidiaries and that of the Company.

(2) Foreign currency translation

The revenue and expense accounts of the overseas consolidated subsidiaries are translated into Japanese yen at the average rate of exchange in effect during each fiscal year. The balance sheet accounts, except for the components of shareholders' equity, are also translated into Japanese yen at the rate of exchange in effect at each balance sheet date. The components of shareholders' equity are translated at their historical exchange rates. Differences arising from translations are presented as "Foreign currency translation adjustments," a component of net assets in the accompanying consolidated financial statements.

Foreign currency monetary assets and liabilities are translated into Japanese yen at the rate of exchange in effect at each balance sheet date and the resulting translation gains or losses are credited or charged to income.

(3) Cash and cash equivalents

The Company and its subsidiaries consider all highly liquid investments with a maturity of three months or less from their purchase dates to be cash equivalents.

(4) Securities

Marketable securities categorized as other securities are carried at fair value with unrealized holding gains or losses, net of applicable income taxes, accounted for as a separate component of net assets. Non-marketable securities classified as other securities are stated at cost. Cost of securities sold is computed based on the moving average method.

2. Summary of Significant Items for the Presentation of Consolidated Financial Statements (continued)

(5) Derivatives

All derivatives are carried at fair value except for interest rate swaps which meet specific hedge criteria.

(6) Inventories

Finished goods and raw materials	— moving average method (in cases where profitability has declined, the book value is reduced accordingly)
Semi-finished goods and work in process	— individual cost method (in cases where profitability has declined, the book value is reduced accordingly)

(7) Depreciation and amortization (except for leased assets)

Depreciation of property, plant and equipment is generally computed by the declining-balance method, based on the estimated useful lives of the respective assets. The straight-line method is applied to certain research facilities acquired during the year ended March 31, 1995, and buildings acquired on or after April 1, 1998. Foreign consolidated subsidiaries compute depreciation primarily using the straight-line method. The following summarizes the estimated useful lives of property, plant and equipment by major category:

Buildings and structures	3 – 60 years
Machinery and equipment	2 – 17 years

Intangible assets, which are included in “other assets” of the accompanying consolidated balance sheet, are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over a period of 5 years, based on the estimated useful life of the software.

(8) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount sufficient to cover possible losses on the collection of receivables. The amount of the allowance is determined based on the Company’s historical experience with write-offs, plus an estimate of specific doubtful accounts based on a review of the collectibility of individual receivables.

(9) Provision for directors’ bonuses

To provide for the payment of bonuses to directors and statutory auditors, an allowance is made based on the projected amount incurred.

2. Summary of Significant Items for the Presentation of Consolidated Financial Statements (continued)

(10) Provision for loss on order received

A provision for losses on orders received is provided at an amount to cover the estimated possible losses involved on orders for which a loss occurrence is probable and can be reasonably estimated at the balance sheet date.

(11) Provision for product warranties

The provision for product warranties represents management’s best estimate at the time of sale of the total cost that will be incurred to repair or replace products during the warranty period. The amount of accrued estimated warranty costs is primarily based on historical experience.

(12) Provision for retirement benefits

An allowance for employees’ retirement benefits is provided, based on the projected retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date. The retirement benefit obligation for employees is attributed to each period by the straight-line attribution method. Actuarial gains or losses are charged to expenses from the fiscal year subsequent to the fiscal year when incurred using a straight-line method over a period of 10 years within the average remaining years of service of the employees. Prior service cost is amortized by the straight-line method over a period of 10 years, which is within the estimated average remaining years of service of the eligible employees.
Unrecognized prior service cost and unrecognized actual gains and losses are included in remeasurements of defined benefit plans under Remeasurements of defined benefit plans in net assets after the tax effect adjustment.

(13) Provision for directors’ retirement benefits

Certain directors, audit & supervisory board members and corporate officers of the Company and certain consolidated subsidiaries are entitled to lump-sum payments under their respective unfunded retirement benefit plans. Provision for retirement allowances for these officers has been made at the estimated amounts which would be paid if all directors, audit & supervisory board members and corporate officers resigned as of the balance sheet date.

(14) Reserve for repair and maintenance

Certain research facilities acquired during the year ended March 31, 1995 require periodic repairs and maintenance. An accrual for these repair and maintenance expenses is recorded based on the current portion of the total expenses estimated for such repairs.

2. Summary of Significant Items for the Presentation of Consolidated Financial Statements (continued)

(15) Revenues and costs

Regarding contracts with customers, the Company and its consolidated subsidiaries recognize revenue based on the following five-step approach.

Step 1 : Identification of contracts with customers

Step 2 : Identifying performance obligations (goods or services that should be accounted for separately)

Step 3 : Calculation of transaction price (total contract consideration)

Step 4 : Allocating the transaction price to each performance obligation

Step 5 : Recognition of revenue when or as each performance obligation is satisfied

Information about contracts and performance obligations

The Company and its consolidated subsidiaries mainly manufacture and sell products such as semiconductor manufacturing equipment, Flat Panel Display (FPD) manufacturing equipment, and automatic ticket vending machines. and business incidental to them. In relation to the sales of semiconductor manufacturing equipment and FPD manufacturing equipmentwhich are manufactured based on contracts with customers, it is essential for the Group to complete the installation of the product at the location specified by the customer after delivery and to meet the product specifications based on the contract. The Group considers that delivery and installation of products shall be a single performance obligation because the Group only has the capability to deliver and install the products due tothe high degree of interrelationship between product and installation. Revenue is recognized over time based on progress of the performance obligation since such productss cannot be used by other customers and the Group is entitled to payment for a satisified performance obligation accordingly. The measure of progress is by imput method. Consideration for transactions involving such products is in accordance with the contract, and we receive payments in stages, generally according to the progress of performance obligations. Any products or services which meet the criteria in paragraph 95 of the Guidance, we will apply the practical expedient and recognize revenue at a point in time when the performance obligation is fully satisfied.

Other sales are those where the customer obtains control of the product and the performance obligation is satisfied upon delivery of the product to the customer, therefore, revenue is recognized at that point in time. Consideration for transactions relating to the sale of such products is collected within one year after delivery. In addition, for any products which meet the requirements of Paragraph 98 of the Guidance, we will apply the practical expedient and recognize revenue i at a point in time when the product is shipped.

Information about the transaction price and allocation of performance obligations.

The Group requests customers advance payment of the considerations during the period from the time an order is received until the performance obligation is satisfied. Post-satisfaction payments are made within one year from the time the performance obligation is satisfied. Therefore, significant financial components are not included.

Multiple performance obligations per contract were not identified when calculating the allocation of the transaction price to performance obligations. Therefore, we do not allocate the transaction price to the performance obligations.

2. Summary of Significant Items for the Presentation of Consolidated Financial Statements (continued)

(16) Leased assets

The depreciation of leased assets under finance leases is calculated using the straight-line method over the lease term with residual value of zero.

(17) Hedge accounting

Interest rate swaps which meet specific hedge criteria and qualify for special hedge accounting treatment are not remeasured at fair value.

In addition, from the current consolidated fiscal year, "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ PITF No. 40, September 29, 2020) has been applied.

Hedging instruments and hedged items are summarized as follows:

Hedging instruments		Hedged items
Interest rate swap agreements	・・・	Interest on long-term debt

The Company uses derivative transactions to hedge its exposure to interest rate fluctuation risk on long-term debt.

For interest rate swaps which meet the criteria for special hedge accounting, the assessment of hedge effectiveness is omitted.

(18) Research and development expenses

Research and development expenses are expensed as incurred and included in cost of sales or selling, general and administrative expenses.

2. Summary of Significant Items for the Presentation of Consolidated Financial Statements (continued)

(19) Adoption of consolidated taxation system

The Company and some of its domestic consolidated subsidiaries have adopted the consolidated taxation system.

Application of tax effect accounting on transition from the consolidated taxation system to the group tax sharing system.
With regard to the transition to the group tax sharing system introduced by the "Act Partially Amending the Income Tax Act, etc." (Act No. 8 of 2020) and items under the non-consolidated taxation system reviewed in line with the transition to the group tax sharing system, the Company and certain consolidated subsidiaries have applied the provisions of the Tax Act before the revisions in determining the amount of deferred tax assets and liabilities pursuant to Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39, March 31, 2020), instead of applying Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018).
From the beginning of the next consolidated fiscal year, "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021) will be applied.

3. Significant Accounting Estimates

(1) Allowance for doubtful accounts

The Group has contract assets and receivables in Japan and overseas.
Considering the progress of projects, domestic and overseas economic trends, the credit status of creditors and the expected timing of collection, we classify receivables as a general for which the credit risk has not been materialized or doubtful for which the risk, such as customer financing and delays in project, has materialized.
For general receivables, an allowance for doubtful accounts is recorded for each Group company with an estimate of uncollectible receivables at the end of the fiscal year based on the actual bad debt ratio against the receivables for the past three years. For doubtful receivables, an allowance for doubtful accounts is recorded with an estimate of uncollectible receivables based on actual expected recoverability of the receivables based on the facts and circumstances associated with the specific customer or project.
As of the end of the current consolidated fiscal year, the Group recorded an allowance for doubtful accounts of ¥1,526 million (($12,472 thousand) (¥1,445 million at the end of the previous consolidated fiscal year)). In case the collectability of receivables is affected by any external factors that cannot be known by the Group as of the end of the current consolidated fiscal year, the amount may increase or decrease in the consolidated financial statements for the following fiscal year and thereafter.

3. Significant Accounting Estimates (continued)

(2) Estimation of total costs used in the input method

The Group recognizes revenue over time from contracts for the manufacture and installation of machinery and equipment that cannot be diverted to other uses based on the customer contacts. Revenues of ¥26,309 million (($214,964 thousand) (¥19,031 million in the previous consolidated fiscal year) were recorded in the current fiscal year on contracts that were still in process as of March 31, 2022. The progress is measured by the comparing input method the costs incurred up to the end of the current consolidated fiscal year to the estimated total costs.

Estimated total costs are based on a variety of information, including specifications, work details and actual costs incurred in similar contracts in the past.

Contracts are highly customized and based on customer requirements and specifications. In addition, most of contracts are completed over long periods. As a result, the estimated total costs may change due to the incurrence of manufacturing costs and other costs for adjustments to satisfy customer requirements that are not initially expected. In case the actual results differ from the estimates due to unexpected future events, the Group's future income may be changed.

(3) Recoverability of deferred tax assets

The Group evaluates the recoverability of deferred tax assets based on the future taxable income before adjusting for temporary differences and deductions and also considers the reversing schedule of temporary differences and tax loss carried forward based on the future business plan including tax planning.

For the Company and its consolidated tax group in Japan, the future reasonable estimated period of taxable income before temporary differences and deductions is assessed as one year in consideration of the business environment in which the Group is located.

As of the end of the current consolidated fiscal year, the Group records ¥776 million (($6,340 thousand) (¥582 million in the previous consolidated fiscal year)) as deferred tax assets related to corporate tax of the Company and its consolidated tax group in Japan. In case the future reasonable estimated period of taxable income before temporary differences and deductions is changed, the deferred tax assets may increase or decrease in the consolidated financial statements for the following fiscal year and thereafter.

4. Changes in accounting policies

(1) Application of Accounting Standards, etc. for Revenue Recognition

"Accounting Standard for Revenue Recognition "(Corporate Accounting Standard No.29 March 31, 2020. hereinafter referred to as "Accounting Standard for Revenue Recognition" cormorant.), etc., was be applied from the beginning of the current consolidated fiscal year. The Group recognizes revenue at the amount expected to be received in exchange for goods or services and when control of the promised goods or services is transferred to the customer.
Regarding the application of revenue recognition accounting standards, the Group applied the transitional treatment specified in the paragraph 84 of Accounting Standard for Revenue Recognition. There is no impact on the opening balance of retained earnings.
In addition, there is no impact on profit and loss for the current consolidated fiscal year.
In addition, in accordance with the transitional treatment stipulated in paragraph 89-2 of the Accounting Standard for Revenue Recognition, the Group does not apply the Accounting Standard for Revenue Recognition to the presentation for the comparative information.
In addition, in accordance with the transitional treatment stipulated in paragraph 89-3 of the Revenue Recognition Accounting Standard, the Group does not disclose comparative information in Notes 20 "Revenue Recognition".

(2) Application of Accounting Standards for Market Value Calculation

"Accounting Standard for Market Value Calculation" (Corporate Accounting Standard No.30 July 4, 2019. Hereinafter referred to as "Accounting Standard for Market Value Calculation" cormorant.), was applied from the beginning of the current consolidated fiscal year. In accordance with the paragraph 19 of the Accounting Standard for Market Value Calculation and the paragraph 44-2 "Accounting Standard for Financial Instruments" (Corporate Accounting Standards No.10 July 4, 2019), we have decided to apply the new accounting standards prospectively. This change has no impact on the consolidated financial statements.
In the notes on "financial instruments", the breakdown of financial instruments by market price level for comparative period is not disclosed in accordance with the transitional treatment stipulated in paragraph 7-4 of the "Application Guidance on Disclosure of Market Values, etc,. of Financial Instruments" (Corporate Accounting Standards Application Guidance No.19 July 4, 2019).

5. Accounting Standard Issued but Not Yet Effective

Accounting Standards issued by March 31, 2022 but not yet effective are as follows;

"Application Guidelines for Accounting Standards Concerning Market Value Calculations" (Accounting Standards Board of Japan ("ASBJ") Application Guidance No.31 June 17, 2021)

(1) Summary

"Application Guidelines for Accounting Standards Concerning Market Value "(Accounting Standards Board of Japan ("ASBJ") Accounting Standards Application Guidelines No.31) amended on June 17, 2021 was announced at the time of publication that a certain period of time will be required for the discussion on "calculation of market value of investment trusts". Approximately one year after the publication of the "Accounting Standard for Calculation of Market Value," it was revised and released.

(2) Date of application

The Group will apply the new standard for the fiscal year ending March 31, 2023.

(3) Effect of application

There is no material impact on the consolidated financial statements due to the application of the "Application Guidelines for Accounting Standards Concerning Market Value Calculations".

6. Changes in Accounting estimates

Recording of provision for product warranties

Previously, the Company recorded after-sales service costs during the product warranty period when incurred. Since the proportion of total sales of the Fine Mechatronics business has been increased which need after-sales costs, the Company determined there is now sufficient information and past results available to reasonably estimate the after-sales cost. As a result, we developed a method to reasonably estimate the amount expected to be necessary in the future from products sold in the current fiscal year in order to make the current period profit and loss calculation more precise.

As a result, operating income, ordinary income and income before income taxes are decreased by 120 million yen, respectively.

7. Additional Information

(Performance-based stock compensation plan for the Company's directors)

The Company has introduced a performance-based stock compensation plan (the "Plan") for directors of the Company (excluding outside directors) and executive officers who have entered into an engagement agreement with the Company (hereinafter "Directors, etc.").

(1) Transaction summary

The Company will set up a monetary trust. This trust will be used to acquire common shares of the Company. A director shall be granted shares in each fiscal year. The stock-based compensation will be delivered to the Directors via the trust. Note that in principle the Directors will receive delivery of said shares at the scheduled time every year.

(2) Shares remaining in the trust

The shares of the Company that remain in the trust are recorded as treasury stock under net assets at book value (excluding associated costs). The book value and number of shares of the treasury stock were ¥39 million ($358 thousand) and 11 thousand shares, in the previous consolidated fiscal year and ¥31 million and 9 thousand shares in the current consolidated fiscal year.

8. Investments in Securities

At March 31, 2022 and 2021, marketable securities classified as other (available-for-sale) securities are summarized as follows:

	March 31						March 31,		
	2022			2021			2022		
	Acquisition costs	Amount recorded in the balance sheet	Difference	Acquisition costs	Amount recorded in the balance Sheet	Difference	Acquisition costs	Amount recorded in the balance sheet	Difference
		(Millions of yen)			*(Millions of yen)*			*(Thousands of U.S. dollars)*	
Other securities whose market value recorded in the balance sheet exceeds their acquisition costs:									
Equity securities	–	–	–	¥ 22	¥ 39	¥ 16	–	–	–
Debt securities	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total	–	–	–	¥ 22	¥ 39	¥ 16	–	–	–

At March 31, 2022 and 2021, non-marketable securities carried at cost are summarized as follows:

	March 31,		March 31,
	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Investments in affiliates:			
Affiliates	¥ 52	¥ 52	$ 426
Other	1	1	5

For the year ended March 31, 2021, no other securities were sold.

For the year ended March 31, 2022, other securities sold are summarized as follows:

	Year ended March 31 2022			Year ended March 31 2022		
	Sales proceeds	Total gain on sales	Total loss on sales	Sales proceeds	Total gain on sales	Total loss on sales
		(Millions of yen)			*(Thousands of U.S. dollars)*	
Equity securities	¥ 40	¥ 18	—	$ 327	$ 144	—
Debt securities	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total	¥ 40	¥ 18	—	$ 327	$ 144	—

9. Inventories

Inventories at March 31, 2022 and 2021 are summarized as follows:

	March 31, 2022	March 31, 2021	March 31, 2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Finished products	¥ 1,428	¥ 910	$ 11,666
Raw materials	164	198	1,338
Work in process	1,981	1,684	16,191
Total	¥ 3,573	¥ 2,792	$ 29,195

Inventories as of March 31, 2022 and 2021 were written down due to lower profitability and unrealized loss on inventories was charged to cost of sales in the amounts of ¥358 million ($2,927 thousand) and ¥117 million respectively.

The amount of inventories corresponding to the reserve for loss on orders is as follows:

Inventories related to construction contracts for which losses are expected and provision for loss on orders are presented on both sides without offsetting.

	March 31, 2022	March 31, 2021	March 31, 2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Work in process	¥ 8	—	$ 67

10. Short-Term Bank Loans and Long-Term Debt

The weighted average interest rate per annum on the short-term bank loans outstanding at March 31, 2022 and 2021 was 0.9%.

Long-term debt and lease obligations at March 31, 2022 and 2021 are summarized as follows:

	March 31, 2022	March 31, 2021	March 31, 2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Unsecured:			
0.6% to 1.2% loans from banks due 2022 to 2026	5,800	5,800	47,389
Lease obligations	51	65	418
Total	5,851	5,865	47,807
Less current portion	817	17	6,676
Long-term debt and lease obligations, net	¥ 5,034	¥ 5,848	$ 41,131

10. Short-Term Bank Loans and Long-Term Debt (continued)

Aggregate annual maturities of long-term debt and lease obligations at March 31, 2022 are summarized as follows:

	March 31, 2022	
	(Millions of yen)	*(Thousands of U.S. dollars)*
2022	¥ 817	$ 6,676
2023	16	133
2024	3,414	27,898
2025 and thereafter	1,604	13,099
Total	¥ 5,851	$ 47,807

The Company entered into one-year contracts for commitment lines of credit with six banks in the aggregated amount of approximately ¥6,000 million ($49,024thousand) to optimize the free cash flow on August 2, 2021 The outstanding balance of bank borrowings under these commitment lines at March 31, 2022 was zero.

11. Research and Development Expenses

Research and development expenses charged to income for the years ended March 31, 2022 and 2021 are as follows:

Year ended March 31,		Year ended March 31,
2022	2021	2022
(Millions of yen)		*(Thousands of U.S. dollars)*
¥ 2,637	¥ 2,494	$ 21,545

12. Income Taxes and Deferred Tax Assets

The major components of deferred tax assets and liabilities as of March 31, 2022 and 2021 are summarized as follows:

	March 31,		March 31,
	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Deferred tax assets:			
Net defined benefit liability	¥ 1,926	¥ 1,945	$ 15,734
Accrued employees' bonuses	481	378	3,931
Reserve for repair and maintenance	98	97	797
Enterprise tax payable	88	39	721
Costs of construction for the percentage of completion	—	115	—
Costs of construction for the input method	104	—	853
Tax loss carried forward	—	—	—
Other	2,193	1,944	17,917
Gross deferred tax assets	4,890	4,518	39,953
Valuation allowances for tax loss carryforwards	—	—	—
Valuation allowance for temporary differences	(3,800)	(3,664)	(31,047)
Total deferred tax assets	1,090	854	8,906
Deferred tax liabilities:			
Unrecognized holding gain on other securities	—	(1)	—
Other	(155)	(138)	(1,270)
Total deferred tax liabilities	(155)	(139)	(1,270)
Net deferred tax assets	¥ 935	¥ 715	$ 7,636

12. Income Taxes and Deferred Tax Assets (continued)

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries consist of corporation tax, inhabitants' taxes and enterprise tax, which, in the aggregate, resulted in a statutory rate of approximately 30.6% and 30.6% for the years ended March 31, 2022 and 2021. Income taxes of the foreign consolidated subsidiaries are generally based on the tax rates applicable in their countries of incorporation.

The reconciliations between the effective tax rates reflected in the consolidated statements of income and the effective statutory tax rates for the years ended March 31, 2022 and 2021 are summarized as follows:

	March 31,	
	2022	**2021**
Effective statutory tax rates	30.6%	30.6%
Effect of:		
Non-deductible expenses	0.1	0.7
Change in valuation allowance	3.0	1.2
Inhabitants tax per capital	0.3	0.5
Different tax rates applied to foreign consolidated subsidiaries	0.5	(1.5)
Foreign tax	0.8	1.4
Experimental and research expense tax credit	(5.5)	(5.1)
Difference between assessment year and previous year	(0.3)	0.9
Other	0.6	1.5
Effective tax rates	30.0%	30.1%

13. Other Comprehensive Income

The following table presents reclassification adjustments and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2022 and 2021:

	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Valuation difference on other (available-for-sale) securities:			
Current year gains (losses)	¥ 1	¥ 12	$ 11
Reclassification adjustments for gains and losses included in net income	(17)	–	(143)
Amount before tax effect	(16)	12	(132)
Tax effect	1	(1)	5
Valuation difference on available-for-sale securities	(15)	11	(127)
Foreign currency translation adjustment:			
Current year gains (losses)	144	19	1,179
Reclassification adjustments for gains and losses included in net income	–	–	–
Amount before tax effect	144	19	1,179
Tax effect	–	–	–
Foreign currency translation adjustment	144	19	1,179
Remeasurements of defined benefit plans:			
Current year gains (losses)	(13)	422	(107)
Reclassification adjustments for gains and losses included in net income	140	191	1,146
Amount before tax effect	127	613	1,039
Tax effect	–	–	–
Remeasurements of defined benefit plans	127	613	1,039
Total other comprehensive income	¥ 256	¥ 643	$ 2,091

14. Information on Dividends

The Company paid cash dividends as follows:

Date of board resolution	Class of stock	Total dividend amount	Dividends per share	Record date	Effective date
May 21, 2021	Common stock	¥ 487 million	¥110.00	March 31, 2021	June 8, 2021

Approval of dividends payments for which the record date is in the fiscal year and effective date is in the following fiscal year is planned as follows:

Date of board resolution	Class of stock	Total dividend amount	Source of dividends	Dividends per share	Record date	Effective date
May 20, 2022	Common stock	¥ 1,018 million	Retained earnings	¥230.00	March 31, 2022	June 7, 2022

15. Retirement Benefits

The Company and its domestic consolidated subsidiaries have defined benefit pension plans and lump-sum retirement payment plans which cover substantially all employees who retire from the Companies. Eligible employees may also receive additional payments under the plans.
Certain consolidated subsidiaries use a simplified method for calculating retirement benefit expenses and liabilities.

1 Defined benefit plans

(1) The changes in the retirement benefit obligation for the years ended March 31, 2022 and 2021 are as follows:

	Year ended March 31,		Year ended March 31,
	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Balance at the beginning of the year	¥ 9,006	¥ 9,488	$ 73,586
Service costs	349	359	2,854
Interest costs	31	32	252
Actuarial (gain) loss	39	(145)	321
Retirement benefit paid	(560)	(728)	(4,574)
Balance at the end of the year	¥ 8,865	¥ 9,006	$ 72,439

15. Retirement Benefits (continued)

(2) The changes in plan assets for the years ended March 31, 2022 and 2021 are as follows:

	Year ended March 31,		Year ended March 31,
	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Balance at the beginning of the year	¥ 3,563	¥ 3,295	$ 29,114
Expected return on plan assets	71	66	582
Actuarial (gain) loss	26	277	214
Contributions by the Company	493	345	4,030
Retirement benefit paid	(385)	(420)	(3,153)
Balance at the end of the year	¥ 3,768	¥ 3,563	$ 30,787

(3) The changes in net defined benefit liability that are calculated by the simplified method for the years ended March 31, 2022 and 2021 are as follows:

	Year ended March 31,		Year ended March 31,
	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Balance at the beginning of the year	¥ 1,349	¥ 1,258	$ 11,024
Retirement benefit expense	211	227	1,724
Retirement benefit paid	(49)	(135)	(403)
Other	11	(1)	93
Balance at the end of the year	¥ 1,522	¥ 1,349	$ 12,438

15. Retirement Benefits (continued)

(4) The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2022 and 2021 for the Group's defined benefit plans:

	March 31,		March 31,
	2022	2021	2022
	(Millions of yen)		(Thousands of U.S. dollars)
Funded retirement benefit obligation	¥ 5,746	¥ 5,890	$ 46,952
Plan assets at fair value	(3,768)	(3,563)	(30,787)
	1,978	2,327	16,165
Unfunded retirement benefit obligation	4,641	4,464	37,925
Net liability for retirement benefits in the balance sheet	6,620	6,792	54,089
Liability for retirement benefits	6,620	6,792	54,089
Net liability for retirement benefits in the balance sheet	¥ 6,620	¥ 6,792	$ 54,089

Notes:

Net defined benefit liability calculated by the simplified method is included.

(5) The components of retirement benefit expense for the years ended March 31, 2022 and 2021 are as follows:

	March 31,		March 31,
	2022	2021	2022
	(Millions of yen)		(Thousands of U.S. dollars)
Service costs	¥ 349	¥ 359	$ 2,854
Interest costs	31	32	252
Expected return on plan assets	(71)	(66)	(582)
Amortization of actuarial loss	154	208	1,261
Amortization of prior service cost	(14)	(17)	(115)
Retirement benefit expense calculated by the simplified method	211	228	1,724
Retirement benefit expense for defined benefit plans	¥ 660	¥ 744	$ 5,394

15. Retirement Benefits (continued)

(6) The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended March 31, 2022 and 2021 are as follows:

	March 31,		March 31,
	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Prior service cost	¥ 14	¥ 17	$ 115
Actuarial gains	(142)	(630)	(1,154)
Total	¥ (128)	¥ (613)	$ (1,039)

(7) The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2022 and 2021 are as follows:

	March 31,		March 31,
	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Unrecognized prior service cost	–	¥ (14)	–
Unrecognized actuarial losses	297	439	$ 2,430
Total	¥ 297	¥ 425	$ 2,430

(8) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2022 and 2021 are as follows:

	March 31,	
	2022	2021
Bonds	16.3%	15.8%
Shares	24.0%	24.8%
Cash and deposits	0.0%	0.0%
General accounts	39.3%	40.0%
Other	20.4%	19.4%
Total	100.0%	100.0%

15. Retirement Benefits (continued)

(9) The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans are as follows:

	March 31,	
	2022	2021
Discount rate	0.31－0.36%	0.31－0.36%
Long-term expected return on plan assets	2.0%	2.0%
Salary increase rate	3.9%	3.9%
Lump-sum election rate	67.0%	82.0%

2 Defined contribution plans

The amount required to be contributed to the defined contribution plans is ¥18 million ($149 thousand) for the year ended March 31, 2022

16. Contingent Liabilities

The Company had the following contingent liability as of March 31, 2022 and 2021 :

	March 31,		March 31,
	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Guarantee for housing loans of employees	¥ 2	¥ 2	$ 15

17. Derivatives and Hedging Activities

The Company has entered into interest-rate swap contracts to manage its exposure to interest-rate risk on long-term debt. As a matter of policy, the Company does not enter into derivative transactions for trading purposes. The Company does not anticipate nonperformance by any of the counterparties to the above transactions, all of whom are domestic financial institutions with high credit ratings.

In accordance with the Company's policy, derivative transactions are entered into under the decision-making rules approved by the Management Strategy Committee of the Company. The Treasury Division with the responsibility to enter into such contracts monitors and controls the inherent risk and performance on a daily basis and reports these to management of the Company, if and when necessary.

In accordance with the special hedge accounting under the Accounting Standard for Financial Instruments, the Company does not record certain interest-rate swap arrangements at fair value but charges or credits the net cash flows from the swap arrangements to the interest arising from the respective hedged borrowings.

At March 31, 2022 and 2021, the fair value information for derivatives, for which hedge accounting was applied, was not presented since all derivatives were accounted for using the special hedge accounting and accordingly their fair value was recorded as part of the fair value of the hedged borrowings.

17. Derivatives and Hedging Activities (continued)

Ⅰ. Derivative transactions which do not qualify for hedge accounting

Currency-related transactions

	As of March 31, 2022			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain(loss)
	(Millions of yen)			
Foreign Exchange Forward Contracts				
To sell foreign currencies				
U.S. Dollars	¥ 1,417	¥ —	¥ (139)	¥ (139)
Total	¥ 1,417	¥ —	¥ (139)	¥ (139)
To buy foreign currencies				
U.S. Dollars	¥ —	¥ —	¥ —	¥ —
Total	¥ —	¥ —	¥ —	¥ —

	As of March 31, 2021			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain(loss)
	(Millions of yen)			
Foreign Exchange Forward Contracts				
To sell foreign currencies				
U.S. Dollars	¥ 1,259	¥ 218	¥ (54)	¥ (54)
Total	¥ 1,259	¥ 218	¥ (54)	¥ (54)
To buy foreign currencies				
U.S. Dollars	¥ —	¥ —	¥ —	¥ —
Total	¥ —	¥ —	¥ —	¥ —

	As of March 31, 2022			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain(loss)
	(Thousands of U.S. dollars)			
Foreign Exchange Forward Contracts				
To sell foreign currencies				
U.S. Dollars	$ 11,580	$ —	$ (1,137)	$ (1,137)
Total	$ 11,580	$ —	$ (1,137)	$ (1,137)
To buy foreign currencies				
U.S. Dollars	$ —	$ —	$ —	$ —
Total	$ —	$ —	$ —	$ —

17. Derivatives and Hedging Activities (continued)

Notes:

Fair value is principally based on obtaining quotes from counterparty financial institutions.

Ⅱ. Derivative transactions which qualify for hedge accounting

Interest-related transaction

Type of derivative transaction	Principal item hedged	As of March 31, 2022 Contract amount	Contract amount over 1 year	Fair value
			(Millions of yen)	
Interest rate swap transaction Pay fixed/Receive variable	Long-term debt	¥ 2,500	¥ 1,700	¥ —

Type of derivative transaction	Principal item hedged	As of March 31, 2021 Contract amount	Contract amount over 1 year	Fair value
			(Millions of yen)	
Interest rate swap transaction Pay fixed/Receive variable	Long-term debt	¥ 2,500	¥ 2,500	¥ —

Type of derivative transaction	Principal item hedged	As of March 31, 2022 Contract amount	Contract amount over 1 year	Fair value
			(Thousands of U.S. dollars)	
Interest rate swap transaction Pay fixed/Receive variable	Long-term debt	$ 20,427	$ 13,890	$ —

Notes:

The fair value of interest rate swaps accounted for using the special treatment is included in the fair value of the underlying long-term debt.

18. Financial Instruments

① Matters relating to financial instruments

(1) Policy of financial instruments

The Group makes capital investments primarily through bank loans to secure the necessary principal and maintain liquidity. Derivatives are used, not for speculative nor trading purposes, but to manage risk of foreign currency exchange rates and interest rate fluctuations arising from business operations.

(2) Contents and risk management for financial instruments

Receivables such as trade notes and accounts receivable are exposed to a customer's credit risk. Receivables from each customer are constantly checked to reduce risk of the customer's default.
Investment securities are equity securities of customers of the Group and exposed to the market price fluctuation risk.
While foreign currency-denominated operating receivables are exposed to exchange rate fluctuation risk, the Group hedges this risk by, as a general rule, primarily utilizing forward exchange contracts for foreign currency-denominated operating payables. Trade payables, which are operating payables, are settled within a year. Short-term bank loans are used to primarily to procure working capital, while long-term debt is used to procure funds required for long-term stability. Although some items with variable interest rates are exposed to interest rate fluctuation risk, derivative transactions (interest rate swaps) are utilized in part to fix interest payments. To control credit risk related to derivatives, based on internal guidelines, the Group enters into derivative transactions with counterparties with high credit ratings. In addition, the Treasury Division of the Group regularly monitors risk and gain or loss, and reports them to management of the Company.
Operating payables and bank loans are exposed to liquidity risk.
Each entity of the Group performs cash management using monthly cash flow information.

(3) Supplementary information on fair value of financial instruments

Because various assumptions and factors are reflected in estimating fair value, different assumptions could result in different fair value. The contract or notional amounts of derivatives which are shown in the below table do not represent the amounts exchanged by the parties and do not measure the Companies' exposure to credit or market risk.

18. Financial Instruments (continued)

② Matters concerning the fair value of financial instruments, etc.

Amounts as of March 31, 2022 and 2021 on the accompanying consolidated balance sheet fair value and the difference between them are as follows.

	March 31, 2022		
	Carrying value	Fair value	Difference
		(Millions of yen)	
(1) Notes receivable, trade	255	255	—
(2) Accounts receivable, trade	5,972	5,972	—
(3) Electronically recorded monetary claims- operating	718	718	—
(4) Notes and accounts payable, trade	(11,240)	(11,240)	—
(5) Electronically recorded obligations - operating	(3,021)	(3,021)	—
(6) Short-term bank loans	(4,350)	(4,350)	—
(7) Current portion of long-term debt	(800)	(800)	—
(8) Long-term debt	(5,000)	(4,964)	36
(9) Other long-term liabilities	(3,078)	(2,697)	381
(10) Derivative transactions	(140)	(140)	—

	March 31, 2021		
	Carrying value	Fair value	Difference
		(Millions of yen)	
(1) Notes and accounts receivable, trade	22,538	22,538	—
(2) Electronically recorded monetary claims- operating	602	602	—
(3) Notes and accounts payable, trade	(10,684)	(10,684)	—
(4) Short-term bank loans	(5,050)	(5,050)	—
(5) Long-term debt	(5,800)	(5,757)	43
(6) Other long-term liabilities	(3,078)	(2,809)	269
(7) Derivative transactions	(60)	(60)	—

	March 31, 2022		
	Carrying value	Fair value	Difference
		(Thousands of U.S. dollars)	
(1) Notes receivable, trade	2,082	2,082	—
(2) Accounts receivable, trade	48,795	48,795	—
(3) Electronically recorded monetary claims- operating	5,866	5,866	—
(4) Notes and accounts payable, trade	(91,840)	(91,840)	—
(5) Electronically recorded obligations - operating	(24,679)	(24,679)	—
(6) Short-term bank loans	(35,542)	(35,542)	—
(7) Current portion of long-term debt	(6,536)	(6,536)	—
(8) Long-term debt	(40,853)	(40,561)	292
(9) Other long-term liabilities	(25,150)	(22,040)	3,110
(10) Derivative transactions	(1,147)	(1,147)	—

18. Financial Instruments (continued)

(*) "Cash and deposits" are omitted because they are cash and the market value is close to the book value because the deposits are settled in a short period of time.
(*) Liabilities are presented in parentheses in the above table.

Notes:

a) As non-marketable equity securities of ¥52 million ($426 thousand) do not have a quoted market price and their future cash flows cannot be estimated, the Group considers it not reasonably possible to determine their fair value. Hence, the items are not included in the previous table.

b) Financial assets due subsequent to the balance sheet date

Cash and bank deposits of ¥26,316 million ($215,020 thousand), Notes receivable, trade of ¥255 million ($2,082 thousand), Accounts receivable, trade of ¥5,972 million ($48,795 thousand), Electronically recorded monetary claims-operating of ¥718 million ($5,866 thousand) are due within one year subsequent to March 31, 2022 and Cash and bank deposits of ¥19,601 million, Notes and accounts receivable, trade of ¥22,538 million, Electronically recorded monetary claims of ¥602 million are due within one year subsequent to March 31, 2021.

③ Matters concerning the breakdown of financial products by fair value level.
The fair value of financial instruments is classified into the following three levels according to the observability and importance of the input related to the calculation of the fair value.

Level1 : Of the inputs related to the calculation of the observable fair value, the fair value calculated from the market price of the asset or liability formed in the active market and subject to the calculation of the fair value.

Level2 : Of the inputs related to the calculation of the observable fair value, the fair value calculated using the inputs related to the calculation of the fair value other than the level 1 input.

Level3 : The fair value calculated using inputs related to the calculation of unobservable fair value.

When multiple inputs that have a significant influence on the fair value calculation are used, the fair value is classified into the lowest priority level in the fair value calculation among the levels to which those inputs belong.

18. Financial Instruments (continued)

(1) Financial instruments recorded on the consolidated balance sheet at fair value.

	March 31, 2022			
	Fair value			
	(Millions of yen)			
	Level1	Level2	Level3	Total
Derivative transactions				
Currency related	¥ —	¥ 140	¥ —	¥ 140
Liabilities Total	¥ —	¥ 140	¥ —	¥ 140

	March 31, 2022			
	Fair value			
	(Thousands of U.S. dollars)			
	Level1	Level2	Level3	Total
Derivative transactions				
Currency related	$ —	$ 1,147	$ —	$ 1,147
Liabilities Total	$ —	$ 1,147	$ —	$ 1,147

(2) Financial instruments other than those listed on the consolidated balance sheet at fair value.

	March 31, 2022			
	Fair value			
	(Millions of yen)			
	Level1	Level2	Level3	Total
Notes receivable, trade	¥—	¥ 255	¥—	¥ 255
Accounts receivable, trade	—	5,972	—	5,972
Electronically recorded monetary claims - operating	—	718	—	718
Assets Total	¥—	¥ 6,945	¥—	¥ 6,945
Notes and accounts payable, trade	—	11,240	—	11,240
Electronically recorded obligations - operating	—	3,021	—	3,021
Short-term bank loans	—	4,350	—	4,350
Current portion of long-term debt	—	800	—	800
Long-term debt	—	4,964	—	4,964
Other long-term liabilities	—	2,697	—	2,697
Liabilities Total	¥—	¥ 27,073	¥—	¥ 27,073

18. Financial Instruments (continued)

	March 31, 2022			
	Fair value			
	(Thousands of U.S. dollars)			
	Level1	Level2	Level3	Total
Notes receivable, trade	$ —	$ 2,082	$ —	$ 2,082
Accounts receivable, trade	—	48,795	—	48,795
Electronically recorded monetary claims - operating	—	5,866	—	5,866
Assets Total	$ —	$ 56,743	$ —	$ 56,743
Notes and accounts payable, trade	—	91,840	—	91,840
Electronically recorded obligations - operating	—	24,679	—	24,679
Short-term bank loans	—	35,542	—	35,542
Current portion of long-term debt	—	6,536	—	6,536
Long-term debt	—	40,561	—	40,561
Other long-term liabilities	—	22,040	—	22,040
Liabilities Total	$ —	$ 221,200	$ —	$ 221,200

(*) Calculation of fair value Explanation of the valuation technique used and the input related to the calculation of fair value.

Derivative transactions

The fair value of exchange contracts is calculated by the discounted present value method using observable inputs such as exchange rates, and is classified as Level 2 fair value.

Notes and accounts receivable, trade, and electronically recorded monetary claims – operating

These market values are calculated by the discounted present value method based on the interest rate that takes into account the amount of receivables, the period up to the full amount, and credit risk for each receivable classified by a certain period. In addition, it is classified into the fair value of level 2.

Notes, accounts payable, trade, electronically recorded obligations – operating and short-term bank loans

These fair values are calculated by the discounted present value method based on the interest rate that takes into account future cash flows, the period until the repayment date, and credit risk for each debt classified by a certain period. In addition, it is classified into the fair value of level 2.

Long-term debt （Including current portion of long-term debt） and other long-term liabilities

These fair values are calculated by the discounted present value method based on the total amount of principal and interest, the remaining period of the debt, and the interest rate that takes into account credit risk. In addition, it is classified into the fair value of level 2.

19. Investment in Rental Property

The Company owns an office building (including land) for rent by third parties in Yokohama city, part of which is used by the Company.

Information on Consolidated Balance Sheet

	Carrying amount			Fair value
	April 1, 2021	Decrease	March 31, 2022	March 31, 2022
	(Millions of yen)			
Rental property	¥ 5,269	¥ 205	¥ 5,064	¥ 8,161

	Carrying amount			Fair value
	April 1, 2020	Decrease	March 31, 2021	March 31, 2021
	(Millions of yen)			
Rental property	¥ 5,458	¥ 189	¥ 5,269	¥ 7,937

	Carrying amount			Fair value
	April 1, 2021	Decrease	March 31, 2022	March 31, 2022
	(Thousands of U.S. dollars)			
Rental property	$ 43,050	$ 1,677	$ 41,373	$ 66,679

Notes:

a) The carrying amount on the consolidated balance sheet is determined at the amount of acquisition costs less accumulated depreciation and impairment loss.

b) Decrease represents depreciation during the year.

c) Fair value at March 31, 2022 and 2021 is internally determined by the Company based on the real-estate appraisal standard.

Information on Consolidated Statement of Operations

	Year ended March 31, 2022		
	Rental income	Rental costs	Difference
	(Millions of yen)		
Rental property	¥ 1,458	¥ 1,040	¥ 418

	Year ended March 31, 2021		
	Rental income	Rental costs	Difference
	(Millions of yen)		
Rental property	¥ 1,528	¥ 1,073	¥ 455

	Year ended March 31, 2022		
	Rental income	Rental costs	Difference
	(Thousands of U.S. dollars)		
Rental property	$ 11,910	$ 8,497	$ 3,413

19. Investment in Rental Property (continued)

Notes:

Because the rental property includes an office space internally used by the Company, rental income related to such office space is not included in the above table. Costs incidental to this real estate, such as depreciation, repair cost, insurance cost, taxes and public charges, are included in rental costs.

20. Revenue Recognition

(1) Information that disaggregates revenue from contracts with customers

Information for the fiscal year ended March 31, 2022
Revenue from contracts with customers disaggregated by type of goods or services is as follows :

	Year ended March 31, 2022				
	Fine mechatronics	Mechatronics systems	Vending machines & systems	Real estate leasing	Total
			(Millions of yen)		
Sales					
SPE (Semiconductor)	¥ 21,055	¥ 6,893	¥ —	¥ —	¥ 27,948
FPD (Flat Panel Display)	8,198	5,794	—	—	13,992
Others	2,149	1,116	2,186	—	5,451
Revenue generated from contracts with customers	31,402	13,803	2,186	—	47,391
Other income	—	—	—	1,881	1,881
Sales to external customers	31,402	13,803	2,186	1,881	49,272

	Year ended March 31, 2022				
	Fine mechatronics	Mechatronics systems	Vending machines & systems	Real estate leasing	Total
			(Thousands of U.S. dollars))		
Sales					
SPE (Semiconductor)	$ 172,032	$ 56,321	$ —	$ —	$ 228,353
FPD (Flat Panel Display)	66,984	47,344	—	—	114,328
Others	17,558	9,116	17,858	—	44,532
Revenue generated from contracts with customers	256,574	112,781	17,858	—	387,213
Other income	—	—	—	15,376	15,376
Sales to external customers	256,574	112,781	17,858	15,376	402,589

Notes:

The “others” category includes vending machines and automatic ticket vending machines.

“Other income” includes operating lease income in accordance with ASBJ Statement No.13, “Accounting Standard for Lease Transactions” income from rental property.

20. Revenue Recognition (continued)

(2) Information that is the basis for understanding the revenue generated from contracts with customers

The basic information for understanding for revenue recognition is disclosed within footnote “2. Summary of Significant Items for the Presentation of Consolidated Financial Statements (15) Revenues and costs.

(3) Information that explains the relationship between satisfaction of performance obligations under contracts with customers and cash flows generated from such contracts and current consolidated fiscal year regarding the amount and timing of revenue expected to be recognized from contracts with customers existing at the end of the fiscal year from the next consolidated fiscal year onwards.

① Receivables arising from contracts with customers, balance of contract assets and contract liabilities,etc.
The breakdown of receivables, contract assets and contract liabilities arising from contracts with customers is as follows :

	Year ended March 31,2022	
	(Millions of yen)	*(Thousands of U.S. dollars)*
Receivables arising from contracts with customers		
Notes receivable, trade	¥255	$ 2,082
Accounts receivable, trade	5,972	48,795
Electronically recorded monetary claims	718	5,866
Contract assets	18,708	152,857
Contract liabilities	3,685	30,105

Notes:
- Contract liabilities are included in “ advance receipts” under current liabilities in the consolidated balance sheet.
- The amount of contract liabilities at the beginning of the fiscal year and recognized as revenue in the fiscal year was ¥472 million ($3,861 thousand).
  Changes in contract liabilities are mainly due to receipt of advances received (increase in contract liabilities) and recognition of revenue (decrease in contarct liabilities).

② Transaction price allocated to remaining performance obligations
The transaction price allocated to the remaining performance obligations as of the end of the current consolidated fiscal year is ¥17,613 million ($143,909 thousand). The Company and its consolidated subsidiaries plan to recognize the remaining performance obligations as revenue within approximately two years.
As a practical expedient, transactions with an initial expected contract period of one year or less are not included. In addition, there are no material amounts in consideration from contracts with customers that are not included in the transaction price.

21. Segment Information

① Segment information

(1) Overview of reporting segments

The Company's reporting segments are determined as the Group's units for which discrete financial information is available, which the Board of Directors regularly monitors in order to decide on the allocation of business resources and evaluate business performance.
The Company adopts the division system in its Group organization based on the product or service lines.
Each division draws up a domestic and overseas comprehensive strategy for its products or services to manage and develop operations.
The Company has four reporting segments: Fine mechatronics, Mechatronics systems, Vending machines & systems, and Real estate leasing.
The product or service lines belonging to each reporting segment are as follows.

Fine mechatronics:
Semiconductor manufacturing equipment (Cleaning equipment, etching equipment, ashing equipment, semiconductor inspection equipment), FPD manufacturing equipment (Cleaning equipment, peeling equipment, etching equipment, developing equipment, alignment film inkjet coating equipment, cell assembly equipment), Inkjet tablet printing equipment, Laser application equipment, Microwave application equipment, Vacuum pump.

Mechatronics systems:
Semiconductor manufacturing equipment (Flip chip bonding equipment, die bonding equipment), FPD manufacturing equipment (Outer lead bonding equipment), Vacuum application equipment (blasting equipment, vacuum bonding equipment, industrial vacuum vapor deposition equipment), Secondary battery manufacturing equipment, Solar cell manufacturing equipment, Precision parts manufacturing equipment, Automated equipment,and others.

Vending machines & systems:
Vending machines, ticket vending machines, and others.

Real estate leasing:
Real estate leasing and management, and other businesses.

(2) Methods of calculating amounts for net sales, income or loss, assets and other items by reporting segment

The accounting policies applied by each reporting business segment are those outlined in "Significant items for the preparation of consolidated financial statements".
Reporting segment is an ordinary income basis.
Internal sales between segments are mainly based on price to be applied for third-party transactions.

21. Segment Information (continued)

(3) Information on sales, income or loss, assets and other items by reporting segment

Information for the fiscal years ended March 31, 2022 and 2021 is summarized as follows:

	Year ended March 31, 2022				
	Fine mechatronics	Mechatronics systems	Vending machines & systems	Real estate leasing	Total
			(Millions of yen)		
Sales					
Sales to external customers	¥ 31,402	¥ 13,803	¥ 2,186	¥ 1,881	¥ 49,272
Intersegment sales or transfers	33	204	―	91	328
Total sales	31,435	14,007	2,186	1,972	49,600
Segment income	2,977	2,045	53	529	5,604
Segment assets	28,584	10,058	1,841	5,990	46,473
Other					
Depreciation and amortization	1,173	367	57	295	1,892
Interest income	4	0	0	–	4
Interest expense	3	―	8	–	11
Increase in tangible and intangible fixed assets	1,599	529	22	79	2,229

	Year ended March 31, 2021				
	Fine mechatronics	Mechatronics systems	Vending machines & systems	Real estate leasing	Total
			(Millions of yen)		
Sales					
Sales to external customers	¥ 29,644	¥ 11,286	¥ 1,954	¥ 1,910	¥ 44,794
Intersegment sales or transfers	41	217	0	–	258
Total sales	29,685	11,503	1,954	1,910	45,052
Segment income	1,993	792	8	570	3,363
Segment assets	26,470	8,044	1,685	6,041	42,240
Other					
Depreciation and amortization	908	392	59	308	1,667
Interest income	5	0	0	–	5
Interest expense	5	0	7	–	12
Increase in tangible and intangible fixed assets	923	252	19	48	1,242

21. Segment Information (continued)

	Year ended March 31, 2022				
	Fine mechatronics	Mechatronics systems	Vending machines & systems	Real estate leasing	Total
	(Thousands of U.S. dollars)				
Sales					
Sales to external customers	$ 256,574	$ 112,781	$ 17,858	$ 15,376	$ 402,589
Intersegment sales or transfers	266	1,668	—	747	2,681
Total sales	256,840	114,449	17,858	16,123	405,270
Segment income	24,332	16,708	429	4,319	45,788
Segment assets	233,548	82,177	15,045	48,943	379,713
Other					
Depreciation and amortization	9,587	2,998	465	2,410	15,460
Interest income	33	0	0	–	33
Interest expense	26	—	62	–	88
Increase in tangible and intangible fixed assets	13,069	4,322	177	647	18,215

(4) Reconciliations between the reporting segment total and the amounts presented in the consolidated financial statements.

a) Segment income

	Year ended March 31,		Year ended March 31,
	2022	2021	2022
	(Millions of yen)	*(Millions of yen)*	*(Thousands of U.S. dollars)*
Reporting segments	¥ 5,604	¥ 3,363	$ 45,788
Unallocated amounts	(550)	(447)	(4,492)
Other	(177)	(96)	(1,444)
Consolidated	¥ 4,877	¥ 2,820	$ 39,852

Notes:

Included in the "Unallocated amounts" above are unallocable operating expenses which primarily relate to research and development expenses incurred over the entire Group as part of the Company's research and development activities.

21. Segment Information (continued)

b) Segment assets

	As of March 31, 2022	As of March 31, 2021	As of March 31, 2022
	(Millions of yen)	*(Millions of yen)*	*(Thousands of U.S. dollars)*
Reporting segments	¥ 46,473	¥ 42,240	$ 379,713
Unallocated amounts	22,381	16,054	182,869
Consolidated	¥ 68,854	¥ 58,294	$ 562,582

Notes:

Included in the "Unallocated amounts" above are unallocable assets which primarily consist of surplus funds (cash and bank deposits) and investment funds (investment securities) owned by the Company and deferred tax assets.

c) Other

	Year ended March 31, 2022					
	Reporting segments	Adjustment amount	Consolidated	Reporting segments	Adjustment amount	Consolidated
		(Millions of yen)			*(Thousands of U.S. dollars)*	
Depreciation and amortization	¥ 1,892	¥ –	¥ 1,892	$ 15,460	$ –	$ 15,460
Interest income	4	0	4	33	1	34
Interest expense	11	79	90	88	648	736
Increase in tangible and intangible fixed assets	2,229	–	2,229	18,215	–	18,215

	Year ended March 31, 2021		
	Reporting segments	Adjustment amount	Consolidated
		(Millions of yen)	
Depreciation and amortization	¥ 1,667	¥ –	¥ 1,667
Interest income	5	0	5
Interest expense	12	82	94
Increase in tangible and intangible fixed assets	1,242	–	1,242

21. Segment Information (continued)

② Related information

(1) Information by each product and service

Information by each product and service is omitted because equivalent information has been disclosed in segment information.

(2) Information by geographical area

a) Sales

Year ended March 31, 2022			
Japan	Northeastern Asia	Other	Total
	(Millions of yen)		
¥ 16,205	¥ 31,971	¥ 1,096	¥ 49,272

Year ended March 31, 2021			
Japan	Northeastern Asia	Other	Total
	(Millions of yen)		
¥ 14,255	¥ 30,041	¥ 498	¥ 44,794

Year ended March 31, 2022			
Japan	Northeastern Asia	Other	Total
	(Thousands of U.S. dollars)		
$ 132,404	$ 261,230	$ 8,955	$ 402,589

Notes:

Sales are based on the location of customers, classified by country or region.

b) Tangible fixed assets

As of March 31, 2022		
Japan	Northeastern Asia	Total
	(Millions of yen)	
¥ 10,817	¥ 18	¥ 10,835

As of March 31, 2021		
Japan	Northeastern Asia	Total
	(Millions of yen)	
¥ 10,753	¥ 8	¥ 10,761

As of March 31, 2022		
Japan	Northeastern Asia	Total
	(Thousands of U.S. dollars)	
$ 88,389	$ 143	$ 88,532

21. Segment Information (continued)

c) Information by main customer

Year ended March 31, 2022: Not applicable

Year ended March 31, 2021:Not applicable

③ Impairment losses on fixed assets by reporting segment

Year ended March 31, 2021: Not applicable

	Year ended March 31, 2022
	(Millions of yen)
Fine mechatronics	¥ 214

	Year ended March 31, 2022
	(Thousands of U.S. dollars)
Fine mechatronics	$ 1,752

④ Depreciation and remaining balance of goodwill by reporting segment

Year ended and as of March 31, 2022: Not applicable

Year ended and as of March 31, 2021: Not applicable

⑤ Gain on negative goodwill by reporting segment

Year ended March 31, 2022: Not applicable

Year ended March 31, 2021: Not applicable

22. Cash and Cash Equivalents

Reconciliations of cash and cash equivalents as of March 31, 2022 and 2021 between the amounts shown in the consolidated balance sheets and the consolidated statements of cash flows are as follows:

	As of March 31,		As of March 31,
	2022	2021	2022
	(Millions of yen)	*(Millions of yen)*	*(Thousands of U.S. dollars)*
Cash and time deposits	¥26,316	¥ 19,601	$ 215,020
Time deposits with maturities in excess of three months	(15)	(15)	(121)
Cash and cash equivalents	¥ 26,301	¥ 19,586	$ 214,898

23. Non-cash Transactions

Lease assets and lease obligations recorded relating to lease transactions were ¥4 million and ¥4 million, respectively for the year ended March 31, 2022. In addition, in the fiscal year ended March 31, 2021, it was 6 million yen and 6 million yen, respective.

24. Selling, General and Administrative Expenses

For the years ended March 31, 2022 and 2021, major selling, general and administrative expenses are summarized as follows:

	Year ended March 31,		Year ended March 31,
	2022	2021	2022
	(Millions of yen)		*(Thousands of U.S. dollars)*
Packing and delivery expenses	¥ 95	¥ 79	$ 779
Sales commissions	363	391	2,964
Advertising expenses	12	9	99
Employees' salaries and allowances	5,433	4,918	44,395
Provision for director's bonuses	63	38	514
Provision of allowance for doubtful accounts	189	369	1,540
Retirement benefit expenses	297	359	2,426
Provision for directors' retirement benefits	2	1	20
Depreciation	1,396	1,145	11,406
Rent expenses	103	88	842
Research and development expenses	2,634	2,493	21,525

25. Business structure improvement expenses

The Business structure improvement expenses for the year ended March 31,2022 are as follows :

Expenses associated with the demolition of an aged building as part of the redevelopment of the Yokohama Office, which consisted of 399 million yen ($3,258 thousand) in building demolition costs and 214 million yen ($1,752 thousand) in impairment losses.
Details of impairment losses are as follows.

Use	Location	Classification	Amount of money	
			(Millions of yen)	*(Thousands of U.S.dollars)*
Business assets	Yokohama Office Building No.1 2-5-1, Kasama, Sakae-ku, Yokohama, Kanagawa Pref. 247-8610, JAPAN	Buildings and structures	214	1,751
		Others	0	1

(Background of the impairment loss)
At the Board of Directors meeting on May 31, 2021, the Company resolved to demolish an aged building in the Yokohama Office, so the book value of the asset was reduced to the recoverable amount, and the reduced amount was presented as Business structure improvement expenses in the extraordinary loss in the prior year.

(Grouping method)
The Company groups long-lived assets into asset groups mainly business segments for which investment decisions are made. The subsidiaries are grouped on a company-by-company basis in consideration of their size and other factors. Idle assets or assets for which a decision has been made to dispose and no alternative investments are planned are classified into another asset group.

(Method for calculating recoverble amount)
The recoverable amount is calculated based on the net realizable value which is evaluated as zero.

26. Related Party Transactions

Year ended and as of March 31, 2021: Not applicable

Year ended and as of March 31, 2020:Not applicable

27. Per Share Information

Basic net income per share is computed based on the net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during each year. Diluted net income per share is computed based on the net income available for distribution to the shareholders and the weighted-average number of shares of common stock outstanding during each year, assuming full dilution of common stock equivalents. Net assets per share are computed based on the weighted-average number of shares of common stock outstanding at each balance sheet date.

	As of March 31,		As of March 31,
	2022	2021	2022
	(Yen)		(U.S. dollars)
Net income:			
– Basic	¥ 675.41	¥ 446.18	$ 5.52
Net assets	5,571.64	4,949.41	45.52

Notes:

The information regarding diluted net income per share for the years ended March 31, 2022 and 2021 is omitted because there was no stock with dilutive effect.

The weighted average number of shares of common stock outstanding excludes treasury stock shares held by the Company. Treasury stock shares held in trust as a performance-based stock compensation plan for the Company's directors and executive officers, are included in those treasury stock shares for the years ended March 31, 2022 and 2021.

The basis of calculating net income per share were as follows:

	As of March 31,		As of March 31,
	2022	2021	2022
	(Millions of yen)		(Thousands of U.S. dollars)
Net income	¥ 2,983	¥ 1,970	$ 24,375
Net income attributable to non-controlling interests	-	-	-
Net income attributable to owners of parent	2,983	1,970	24,375
	(Thousand shares)		
Weighted average number of shares of common stock outstanding	4,417	4,414	

28. Significant subsequent event

Not applicable

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Independent Auditor's Report

To the Board of Directors of Shibaura Mechatronics Corporation

Opinion

We have audited the consolidated financial statements of Shibaura Mechatronics Corporation and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2022, and the consolidated statement of operations, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Collectability of contract assets under the input method	
Key audit matter description	How our audit addressed the key audit matter
The Group manufactures and sells semiconductor and flat panel display ("FPD") manufacturing equipment. As of March 31, 2022, the Group recorded contract assets related to its contracts with customers which are recognized in accordance with the input method of 18,708 million yen and an allowance for doubtful accounts of 1,526 million yen against these receivables in the consolidated financial statements. As described in Notes to Consolidated Financial Statements, 3. Significant Accounting Estimates, (1) Allowance for doubtful accounts, generally, the Group manages its credit risk for contract assets by receiving cash in advance and using letters of credit. However, due to changes in the economic environment in China and Taiwan, where the Group's customers are concentrated, as well as changes in the supply and demand of electronic products which use semiconductors and FPDs, the Group's customers may delay investment plans for manufacturing lines and their payment schedules. As a result, the timing of collection of contract assets under the input method may be delayed from the initial expected collection date. In addition, because the Group's products are equipped with cutting-edge technologies for semiconductor and FPD manufacturing, unexpected defects may occur and the timing of customer acceptance may result in delays to the project and therefore payment. Consequently, the Group distinguishes general receivables from doubtful ones by considering the progress of the project, the delay in customer financing and plant construction, the credit status of the customer, and the expected timing of collection. Although the Group examines the reasons for the change in the expected timing of collection of contract assets and reflects it in its assessment of collectability, the assessment of the collectability of contract assets related to contracts under the input method depends on management judgment. We determined that the collectability of contract assets related to contracts under the input method was a key audit matter.	We performed the following principal audit procedures to address the collectability of contract assets under input method: · We evaluated the design and implementation and tested the operating effectiveness of the Group's internal controls over the collectability of contract assets under the input method, · We performed following procedures to assess the effectiveness of the management's process to evaluate the collectability of contract assets: - We inquired with management regarding the economic environments of the semiconductor and FPD business and the net realizable value of the assets under construction, - For contract assets related to contracts under input method that are overdue for the expected acceptance date, we inquired with the executive general manager of each business regarding the status of the project and read the minutes of meetings related to project management to examine the customer's investment plan and the Group's response, · We inspected the results of the Group's evaluation of the customer's credit standing and the net realizable value of assets under construction, · We verified the customer acceptance and cash receipts from the customer after the balance sheet date.

<table>
<tr><th colspan="2">Estimation of total costs used in the input method for performance obligations satisfied over time</th></tr>
<tr><th>Key audit matter description</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>As described in Notes to Consolidated Financial Statements, 3. Significant Accounting Estimates, (2) Estimated total costs used in the input method, the Group recognizes revenue over time from contracts for the manufacture and installation of machinery and equipment that cannot be diverted to other uses based on the customer contracts. The Group recorded revenue of 26,309 million yen for the current fiscal year for these contracts based on the input method to measure satisfaction of a performance obligation completed over time, as of the end of the consolidated fiscal year. The progress is measured by the input method comparing the costs incurred up to the end of the current consolidated fiscal year to the estimated total costs.

Estimated total costs for each contract are determined based on a variety of factors (inputs) including specifications, bill of materials required, and actual costs incurred for similar contracts in the past. Contracts for the manufacture and installation of machinery and equipment that cannot be diverted to other uses based on the customer contacts are defined based on customer requirements with specifications, and contractual obligations are highly customized. In addition, most of the contracts are satisfied over long periods. As a result, the estimated total costs may change due to the incurrence of additional manufacturing time and effort and other costs to finalize the product to meet specifications to satisfy customer requirements that are not initially expected.

The estimation of manufacturing costs to satisfy customer requirements on the input method involves a high degree of uncertainty and depends on management judgement. Therefore, we determined the estimation of total costs on input method contracts for performance obligations satisfied over time was a key audit matter.</td><td>We performed the following principal audit procedures to address the estimation of total costs on input method contracts:

· We evaluated the design and implementation and tested the operating effectiveness of the Group's internal controls over the estimation of total costs at the timing of project commencement and monitoring those estimates for revisions during construction,
· We performed following procedures to assess the effectiveness of the management’s process to evaluate the estimation of total costs:
- We compared and analyzed the estimated total cost at the end of the previous consolidated fiscal year to the actual incurred cost at the completion of projects in the current consolidated fiscal year,
- We examined whether estimated total costs for ongoing projects changed after the balance sheet date but prior to the issuance of our report,
· We observed activities at the Group’s manufacturing plants to examine that the physical progress was consistent with the progress rate for the input method,
· For projects under construction as of the end of the current consolidated fiscal year, we selected projects based on materiality and compared the estimated total costs with the actual costs incurred for similar projects in the past. In addition, we evaluated the expected manufacturing costs as a proportion of the total estimated total costs as compared to the assembly schedule and similar projects completed previously to ensure reasonableness.</td></tr>
</table>

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Recoverable period of the deferred tax assets assumed for the consolidated tax group in Japan	
Key audit matter description	How our audit addressed the key audit matter
As described in Notes to Consolidated Financial Statements, 3. Significant Accounting Estimates, (3) Recoverability of deferred tax assets, the Group applies the tax consolidation rules applicable in Japan. The Group records deferred tax assets related to corporate tax under the tax consolidation rules in Japan of 776 million yen as of March 31, 2022 in the consolidated financial statements. The Group evaluates if deferred tax assets are recoverable based on future taxable profit before temporary differences and deductions. The Group determined that the reasonable future estimated taxable income period is one year for the following reasons: · The Group has customer contracts with an unfulfilled order backlog scheduled for delivery over periods ranging between six months and one year, · The Group manufactures and sells semiconductors and FPD manufacturing equipment, for which future estimates of taxable income for periods exceeding more than one year are subject to volatility in demand, · Long-term demand of manufacturing equipment is subject to uncertainty due to market expansion and rapid advances in new technologies for the electronics products. In its assessment of the recoverability of deferred tax assets, there is management judgment to determine the reasonable future estimated taxable income period. We determined that the recoverable period of the deferred tax assets for the consolidated tax group in Japan was a key audit matter.	We performed the following principal audit procedures to ensure the reasonableness of the recoverable period of the deferred tax assets for the consolidated tax group in Japan: · We evaluated the design and implementation and tested the operating effectiveness of the Group's internal controls over the recoverability of deferred tax assets, · We performed following procedures to assess the effectiveness of the management's process to determine the recoverable period of the deferred tax assets: - We understood management's decision process for the budget and mid-term management plan, and inquired with management on the uncertainty in the plans, - We compared current year budget against the actual result, and the mid-term management plan against the actual result, · We also performed following procedures to assess the reasonableness of the future estimated taxable income period determined by the Group: - We verified the recoverability of the deferred tax assets are developed based on the following year's budget approved by the board, - We compared and analyzed the fluctuation of taxable income in prior years and verified the changes due to the volatility in demand, - We inspected contracts and purchase orders from the Group's customers to validate the existence of the unfulfilled order backlog scheduled for delivery over periods ranging between six months and one year at the end of the current fiscal year.

Other Information

The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. In addition, those charged with governance are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

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Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

DocuSigned by:
Nobuhiro Nasu
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Nobuhiro Nasu

Designated Engagement Partner
Certified Public Accountant

DocuSigned by:
Takahiro Ohara
05E56BAE4633414...

Takahiro Ohara

Designated Engagement Partner
Certified Public Accountant

September 20, 2022

Directors, Vice Presidents and Auditors

As of June 23, 2022

Directors and Vice Presidents

Keigo Imamura
Representative Director
President and Chief Executive Officer

Kenichi Ikeda
Director
Executive Vice President and Chief Financial Officer
Executive General Manager of Corporate Management Division

Yoshiaki Kurokawa
Director
Senior Vice President
Executive General Manager of Fine Mechatronics Division

Kazutoshi Horiuchi
Director
Senior Vice President
Executive General Manager of Mechatronics System Division

Tomoko Inaba
Outside Director

Yuichiro Takada
Outside Director

Hisashi Shindo
Executive Vice President
Executive General Manager of Marketing & Sales Division

Tomomi Harano
Vice President
Deputy Executive General Manager of Fine Mechatronics Division

Shigeru Sakata
Vice President
Deputy Executive General Manager of Mechatronics System Division

Shinichi Ogimoto
Vice President
Executive General Manager of Production & Procurement Division

Hiroshi Nishimura
Vice President
Executive General Manager of Technology & Development Division

Auditors

Yasuhiko Yamato
Auditor

Kazuya Kaneko
Outside Auditor

Kazumasa Uchida
Outside Auditor

Hiroyuki Matsumoto
Outside Auditor

Investor Information

As of March 31, 2022

Date Established	October 12, 1939
Capital	6,762Million-Yen
Number of Employees	Consolidated : 1,204
Common Stock	Authorized : 10,000,000 shares Issued and outstanding : 5,192,619 shares
Number of Shareholders	5,115
Stock Listings	The Tokyo Stock Exchange (Code : 6590)
Transfer Agent for Common Stock	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
Independent Auditor	PricewaterhouseCoopers Aarata LLC
Headquarters	2-5-1, Kasama, Sakae-ku, Yokohama, Kanagawa Pref. 247-8610, Japan TEL : +81-45-897-2421 FAX : +81-45-897-2470 https://www.shibaura.co.jp/

Common Stock Price Range (The Tokyo Stock Exchange)

	Year ended March 31,				
	2022	2021	2020	2019	2018
High (yen)	10,020	6,050	4,655	4,350(484)	528
Low (yen)	5,500	2,050	2,052	3,040(334)	240

Note : With an effective date of October 1, 2018, the Company conducted a stock consolidation at a ratio of one share for every 10 shares of common stock. Stock prices for March 2019 list the highest and lowest stock prices recorded after the stock consolidation, and figures in parentheses indicate the highest and lowest stock prices prior to the share consolidation.

Principal Shareholders

	Number of shares hold (thousand shares)	Percentage of total shares outstanding (%)
Toshiba Corporation	519	11.73
The Master Trust Bank of Japan, Limited (trust accounts)	453	10.24
Shin-Etsu Engineering Co., Ltd.	259	5.86
NuFlare Technology, Inc.	259	5.86

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