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Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2021 (Based on Japanese GAAP)

August 6, 2020

Company name:	Azbil Corporation
Stock exchange listing:	Tokyo Stock Exchange 1st Section (Code 6845)
URL:	https://www.azbil.com/
Representative:	Kiyohiro Yamamoto, President and Group Chief Executive Officer
Contact:	Masatoshi Yamada, Executive Officer, Head of Group Management Headquarters
Phone:	+81-3-6810-1009
Scheduled date to file Quarterly Securities Report:	August 7, 2020
Scheduled date to commence dividend payments:	－
Preparation of supplementary materials on quarterly financial results:	Yes
Holding of quarterly financial results meeting:	Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2020	51,980	(4.4)	2,460	7.3	2,468	1.4	2,118	44.0
Three months ended June 30, 2019	54,358	(0.8)	2,292	29.0	2,434	0.8	1,470	(3.6)

Note: Comprehensive income
Three months ended June 30, 2020 2,657 million yen 21.9%
Three months ended June 30, 2019 2,180 million yen 34.1%

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2020	15.19	－
Three months ended June 30, 2019	10.32	－

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	256,413	184,422	71.1
As of March 31, 2020	274,559	185,301	66.7

Reference: Shareholders' equity
As of June 30, 2020 182,255 million yen
As of March 31, 2020 183,189 million yen

2. Dividends

	Dividend per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	－	25.00	－	25.00	50.00
Year ending March 31, 2021	－				
Year ending March 31, 2021 (forecast)		25.00	－	25.00	50.00

Note: Revisions to the dividends forecast most recently announced: No

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	110,000	(7.3)	7,600	(14.2)	7,300	(19.0)	5,400	(9.2)	38.71
Full year	245,000	(5.6)	24,000	(11.9)	23,500	(15.2)	16,800	(15.1)	120.43

Note: Revisions to the consolidated financial results forecast most recently announced: Yes

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

1. Changes associated with revision in accounting standards: No
2. Other changes: No
3. Changes in accounting estimates: No
4. Retrospective restatements: No

(4) Number of issued shares (common stock)

1. Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2020	145,200,884 shares	As of March 31, 2020	145,200,884 shares

2. Number of treasury shares at the end of the period

As of June 30, 2020	5,697,686 shares	As of March 31, 2020	5,699,112 shares

3. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2020	139,502,652 shares	Three months ended June 30, 2019	142,556,553 shares

Note: Azbil Corporation ("the Company") has introduced an employee stock ownership plan, and the number of treasury shares at the end of the period includes the Company's stock held by a trust account (1,975,634 shares as of June 30, 2020; 1,977,024 shares as of March 31, 2020). Also, the Company's stock held by the trust account is included in treasury shares that are deducted in the calculation of the average number of shares during the period (1,976,176 shares for the three months ended June 30, 2020; 1,987,403 shares for the three months ended June 30, 2019).

For details, please see "Additional information" in "2. Consolidated quarterly financial statements and related notes (3) Notes to the consolidated quarterly financial statements" on page 15 of the Accompanying document.

* This consolidated quarterly financial results report is not subject to the quarterly review procedures by certified public accountants or auditing firms.

* Regarding the appropriate use of forecasts, etc.

Net sales for the azbil Group tend to be low in the first quarter of the consolidated accounting period and highest in the fourth quarter. However, fixed costs are generated constantly. This means that profits are typically lower in the first quarter and higher in the fourth quarter.

The forecast of the azbil Group is based on currently available information and some reasonable assumptions. Due to various factors, actual results may differ from those discussed in this document. For information on the forecast of financial results, please see "1. Qualitative information on consolidated quarterly financial results (3) Forecast of consolidated financial results" on page 8 of the Accompanying document.

* How to obtain supplementary material on quarterly financial results

Supplementary materials on quarterly financial results are available on the Company's website.

Accompanying document

Contents

1. Qualitative information on consolidated quarterly financial results

(1) Consolidated business performance

Regarding the business environment for the azbil Group, there has been a discernible impact on equipment/systems for large-scale buildings from the temporary delays to on-site work, both in Japan and overseas, resulting from the spread of the novel coronavirus disease (COVID-19). Nevertheless, robust demand is expected, underpinned by continued investment in domestic urban redevelopment and refurbishment projects. As regards capital investment in production equipment, there has been continued investment in the domestic and overseas markets for semiconductor manufacturing equipment, but the markets for automobiles, steel and other manufacturing equipment have remained sluggish. The COVID-19 pandemic has been to discourage capital investment, and demand has decreased overall.

Financial results for the three months ended June 2020 were as follows.

Despite a robust business environment, overall orders received were 78,545 million yen, down 3.6% on the same period last year, when a figure of 81,447 million yen was recorded. This was due to decreases in the Building Automation (BA) business, which in the same period last year saw a high level of demand, and in the Life Automation (LA) business, which benefitted from large-scale projects in the same period last year while suffering a fall in demand for LP gas meters. Net sales were 51,980 million yen, 4.4% lower than the same period last year, when a figure of 54,358 million yen was recorded. This was partially owing to weak market conditions impacting the performance of the Advanced Automation (AA) business.

As regards profits, due to the success of measures to control expenses and strengthen business profitability, operating income was 2,460 million yen, up 7.3% on the 2,292 million yen recorded for the same period last year. Ordinary income was 2,468 million yen, on a par with the same period last year, when a figure of 2,434 million yen was recorded. Also, owing to the recording of gain on sales of non-current assets following the integration of domestic production facilities, net income attributable to owners of parent rose by 44.0% to 2,118 million yen (compared with the 1,470 million yen for the same period last year).

(Millions of yen)

	Three months ended June 30, 2019 (April 1, 2019 to June 30, 2019)	Three months ended June 30, 2020 (April 1, 2020 to June 30, 2020)	Difference (Amount)	Difference (Rate)
Orders received	81,447	78,545	(2,901)	(3.6)%
Net sales	54,358	51,980	(2,378)	(4.4)%
Operating income [Margin]	2,292 [4.2%]	2,460 [4.7%]	168 [0.5pp]	7.3%
Ordinary income	2,434	2,468	33	1.4%
Net income attributable to owners of parent [Margin]	1,470 [2.7%]	2,118 [4.1%]	647 [1.4pp]	44.0%

Guided by the philosophy of "human-centered automation", the azbil Group has made progress with strengthening business profitability and developing our global business foundation, centered on our three fundamental policies, [Note 1] and we have been continuing to implement measures to realize business growth based on this. Further strengthening our products and services founded on the concept of “human-centered automation”, we are overseeing the evolution of each of our three businesses—BA, AA and LA—into a life-cycle solutions business that serves our customers and society as a whole. In this way, we have enhanced both the value provided to our customers and business profitability.

Faced with the challenge of COVID-19 pandemic, we are implementing thorough safety management to protect our customers and employees from infection. At the same time, we are seizing new opportunities presented by changing work styles—such as the increased popularity of working from home—with a view to enhancing productivity. Also, in addition to making improvements related to business continuity plan (BCP) for enhanced crisis management, we are working to secure a solid financial structure and create a foundation for management that is geared toward sustained business growth. We are also enhancing our responsiveness through such initiative as reinforcement and diversification of financing.

The spread of COVID-19 is sapping the vitality from the world economy and production activities. As regards the near future, this is expected to impact the azbil Group’s three businesses. However, it is also predicted that they will benefit from continued generation of demand for the supply of products essential to the maintenance of buildings, production facilities and energy-supply infrastructure, as well as the requisite engineering and service. At the same time, ongoing changes to the structure and values of society—as well as the emergence of new behaviors as people learn to live with virus—mean that we are seeing the appearance of various new issues that demand solutions. We can thus expect to see an expansion of those areas in which automation can play a role, and of the ranges that require control through automation. This will enhance the value of automation and lead to a corresponding increase in demand. As regards the Group’s response, we will keep a close eye on these changes to the business environment and emerging issues, and we will continue to make investments necessary for future growth. For example, harnessing such new technologies as IoT, AI, the cloud and big data for our products and services, we will respond swiftly to changing circumstances and demand. At the same time, we will make progress in the three business fields with potential for sustained growth—namely, providing solutions throughout the life cycle, developing new automation opportunities, and focusing on environmental and energy issues. In these ways, we aim to make contributions that will link “in series” to the United Nation’s sustainable development goals (SDGs) while also realizing our own sustained growth under our new structure of the management team put in place from the current fiscal year.

Note 1: Three fundamental policies

- Being a long-term partner for the customer and the community by offering solutions based on our technologies and products
- Taking global operations to the next level, by expansion into new regions and a qualitative change of focus
- Being a corporate organization that never stops learning, so that it can continuously grow stronger

What follows are management's assessment of the results for each segment, together with our analysis and conclusions.

Building Automation (BA) Business

The market environment for the BA business has continued to be robust thanks to urban redevelopment projects for the Tokyo metropolitan area and high demand for solutions offering energy savings and reduced operational costs. While the spread of COVID-19 has led to some temporary delays in construction work, the effect of these has been limited. In overseas markets, however, there has been a noticeable impact from the fall in demand and construction delays resulting from US-China trade friction and the COVID-19 pandemic.

In this business environment, we have not only engaged in securing orders with a view to enhanced profitability, but have also striven to ensure enhanced capabilities and efficiencies of job execution—particularly on the construction/service site—that meet the requirements of the Japanese government's work-style reform while also paying sufficient attention to the safety of both customers and employees. Moreover, we have made progress with the development and strengthening of our products and services to better meet the needs of clients, in Japan and abroad, who are interested in harnessing such technologies as IoT. Consequently, the financial results of the BA business for the three months ended June 2020 were as follows.

Even though steady growth was achieved in fields related to sales and installation of equipment/systems for new large-scale buildings, including some large projects, reflecting a robust market environment, overall orders received were 45,959 million yen, down 3.4% on the same period last year, when a figure of 47,588 million yen was recorded. This reflects the fact that subdued demand was expected in this quarter, when few multi-year service contracts were up for renewal. Although sales fell by 3.2% to 21,742 million yen, compared to 22,451 million yen recorded for the same period last year, a high level was maintained thanks to a robust market environment. Seasonal factors affecting the BA business typically lead to lower segment profit in the first quarter, and this first quarter of the current consolidated cumulative period was no exception, although an improvement was achieved thanks to successful measures to control expenses and enhance profitability. There was a segment loss of 29 million yen (compared to a loss of 262 million yen recorded for the same period last year).

As for the medium- to long-term outlook for the BA business environment, large-scale redevelopment projects and many retrofit projects for large-scale buildings are planned for 2020 onwards. Building on its track record, the BA business aims to secure and translate this demand into increased revenue with steady job execution, while employing initiatives such as business process reforms to further ensure that a high profit structure is established.

(Millions of yen)

	Three months ended June 30, 2019 (April 1, 2019 to June 30, 2019)	Three months ended June 30, 2020 (April 1, 2020 to June 30, 2020)	Difference (Amount)	Difference (Rate)
Orders received	47,588	45,959	(1,628)	(3.4)%
Sales	22,451	21,742	(709)	(3.2)%
Segment profit (loss)	(262)	(29)	232	—

Advanced Automation (AA) Business

As regards market trends, in Japan and abroad, affecting the AA business environment, thanks to expanding investment in 5G, the next-generation telecommunications standard, there has been continued demand in markets for semiconductor manufacturing equipment. However, as the spread of COVID-19 has led to uncertainty regarding the future outlook for the world economy, increased caution was evident in overall capital investment in manufacturing industries, including the markets for manufacturing equipment, steel and automobiles. This led to an overall decline in demand. As a result, the financial results of the AA business for the three months ended June 2020 were as follows.

As regards orders received, conditions differed by region and market. Overall a general downward trend was observed, although the market for semiconductor manufacturing equipment was buoyant. Also, some customers were urged to place orders for parts under the pandemic of COVID-19. Orders received were at 22,571 million yen, virtually unchanged from the same period last year, when a figure of 22,586 million yen was recorded. Sales were 20,408 million yen, down 7.0% on the 21,933 million yen recorded for the same period last year. Profits were affected by lower revenue resulting from weak market conditions, but reductions in expenses were achieved, and further progress was made with those measures to strengthen profitability that had already proved effective. As a result, segment profit was 2,290 million yen, on a par with the 2,317 million yen recorded for the same period last year.

A deterioration in the AA business environment is expected in the near future owing to the spreading COVID-19 pandemic and the resulting stagnation of economic activities as well as uncertainty regarding the future outlook. However, in the medium to long term, demand is expected to continue for automation aimed at solving issues related to the “new normal” – including labor shortages, environmental preservation, and working from home. Based on the three AA business sub-segments (CP, IAP, and SS), [Note 2] we will continue to intensify and rigorously implement the measures to enhance profitability that have proved effective in the past, and in this way strive to maintain business profits. At the same time, we will promote business expansion into growth areas, including overseas. In addition, we will focus on strengthening our product development capabilities, creating new automation fields that exploit recent trends in technology and supplying our customers in Japan and abroad with products and services which offer the sort of high added value unique to the azbil Group, thereby cultivating and expanding business fields that aim to ensure high profitability and growth potential for the AA business.

(Millions of yen)

	Three months ended June 30, 2019 (April 1, 2019 to June 30, 2019)	Three months ended June 30, 2020 (April 1, 2020 to June 30, 2020)	Difference (Amount)	Difference (Rate)
Orders received	22,586	22,571	(14)	(0.1)%
Sales	21,933	20,408	(1,525)	(7.0)%
Segment profit [Margin]	2,317 [10.6%]	2,290 [11.2%]	(27) [0.7pp]	(1.2)%

Note 2 : Three AA business sub-segments (management accounting sub-segments)

CP business:	Control Product business (supplying factory automation products such as controllers and sensors)
IAP business:	Industrial Automation Product business (supplying process automation products such as differential pressure and pressure transmitters, and control valves)
SS business:	Solution and Service business (offering control systems, engineering service, maintenance service, energy-saving solution service, etc.)

Life Automation (LA) Business

The LA business covers three fields: Lifeline (gas/water meters, etc.), Life Science Engineering (LSE: pharmaceutical/laboratory fields), and Lifestyle-related (residential central air-conditioning systems). The business environment differs in each field.

The Lifeline field, which accounts for the bulk of LA sales, depends on cyclical demand for meter replacement as required by law. Though demand can be expected to remain basically stable, LP gas meters, composing a part of LA sales, these have been in low demand. Also, the water meter market is undergoing change: the duration of a meter's legal validity has been extended, resulting in postponement of expected demand. As for the LSE and Lifestyle-related fields, even amidst fluctuation in demands, we are continuing efforts to achieve and improve stable revenue through reforms to the business structure, and these initiatives are proving successful. Reflecting these business conditions and initiatives, the financial results of the LA business for the three months ended June 2020 were as follows.

Owing to decreases in the Lifeline field, which saw reduced/postponed demand, and the LSE field, which recorded large-scale projects in the same period last year, orders received were down 10.7% at 10,358 million yen, compared to the 11,599 million yen recorded for the same period last year. As regards sales, the LSE field saw an increase, reflecting the growth in orders received in the previous consolidated fiscal year; however, this was offset by a decrease in the Lifeline field, resulting in overall sales falling by 1.7% to 10,084 million yen (compared with 10,257 million yen for the same period last year). Owing to the drop in revenue, segment profit was 199 million yen, down 13.7% on the 231 million yen recorded for the same period last year.

Going forward, we will continue our efforts to stabilize and improve profits in each of the three fields that comprise the LA business. In parallel with this, we will advance initiatives aimed at future business expansion. For example, we will create new business opportunities that capitalize on evolving demand in the energy markets following the liberalization of gas sales, while also developing and launching new products that mesh with such transformational technologies as IoT.

(Millions of yen)

	Three months ended June 30, 2019 (April 1, 2019 to June 30, 2019)	Three months ended June 30, 2020 (April 1, 2020 to June 30, 2020)	Difference (Amount)	Difference (Rate)
Orders received	11,599	10,358	(1,240)	(10.7)%
Sales	10,257	10,084	(172)	(1.7)%
Segment profit [Margin]	231 [2.3%]	199 [2.0%]	(31) [(0.3)pp]	(13.7)%

Other

In Other business, principally our insurance agent business, orders received in the three months ended June 2020 were 19 million yen (compared with the 24 million yen for the same period last year), sales were 19 million yen (compared with the 24 million yen for the same period last year), and segment profit was 8 million yen (compared with the 10 million yen for the same period last year).

(2) Consolidated financial position

Assets

Total assets at the end of the first quarter of fiscal year 2020 stood at 256,413 million yen, a decrease of 18,146 million yen from the previous fiscal year-end. This was mainly due to a decrease of 17,026 million yen in notes and accounts receivable-trade.

Liabilities

Total liabilities at the end of the first quarter of fiscal year 2020 stood at 71,990 million yen, a decrease of 17,267 million yen from the previous fiscal year-end. This was mainly due to a decrease of 7.383 million yen in notes and accounts payable-trade and a decrease of 7,178 million yen in provision for bonuses as well as a decrease of 6,125 million yen in income taxes payable.

Net assets

Net assets at the end of the first quarter of fiscal year 2020 stood at 184,422 million yen, a decrease of 878 million yen from the previous fiscal year-end. This was mainly due to the reduction in shareholders' equity, which was attributed to a decrease of 3,536 million yen as the payment of dividends despite an increase of 2,118 million yen by the recording of net income attributable to owners of parent.

As a result, the shareholders' equity ratio was 71.1% compared with 66.7% at the previous fiscal year-end.

In terms of liquidity, the Group held 54.3 billion yen in cash and cash deposits. In addition, we maintain a total of 10.0 billion yen in unused commitment line contract with multiple financial organizations. Furthermore, we obtained a "Single A (stable)" credit rating from Rating & Investment Information, Inc. as a long-term debt issuer and set a 20.0 billion yen corporate bond registered framework, maintaining the strong financial capabilities necessary for the future under uncertain business environment due to the spread of COVID-19.

(3) Forecast of consolidated financial results

In the "Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (Based on Japanese GAAP)," which was released on May 20, 2020, it was stated that, owing to the difficulties involved in realistically calculating the impact of the spread of COVID-19 on the azbil Group's future performance, the forecast of consolidated financial results for fiscal year 2020 had yet to be determined. Amidst the global COVID-19 pandemic, uncertainty continues in both Japan and abroad regarding our customers' future capital investment. However, making use of currently available information and certain assumptions deemed to be rational, we have aggregated and extrapolated the effect of the pandemic on companies within the azbil Group. Based on this data, we are announcing our forecast of consolidated financial results for fiscal year 2020.

In the first quarter of fiscal year 2020, operating income was higher than the same period last year. This was due to the success of ongoing measures to strengthen business profitability, and also initiatives to reduce expenses. Nevertheless, following the spread of COVID-19 around the world, we have witnessed declining capital investment, temporary construction/service delays, and a negative impact on sales activities. Consequently, orders received fell by 3.6% and net sales by 4.4% on the same period last year.

Many countries have now resumed economic activities, but there are concerns in Japan and overseas about a resurgence of the pandemic. In this regard, the azbil Group has made the following assumptions:

- The global COVID-19 pandemic will be protracted.
- Market uncertainty will continue, as will the difficult business environment for the rest of fiscal year 2020
- Even amidst this pandemic, the azbil Group's business operations will continue, and there will be no overall suspension of production or on-site-work such as engineering, installation and service.

Based on the above, for fiscal year 2020, we forecast net sales of 245 billion yen, down 5.6% on the previous consolidated fiscal year. While we will continue initiatives to strengthen business profitability and reduce expenses, the decline in net sales will impact profits. We forecast operating income of 24 billion yen, down 11.9% on the previous consolidated fiscal year; ordinary income of 23.5 billion yen, down 15.2%; and net income attributable to owners of parent of 16.8 billion yen, down 15.1%.

The performance of each segment is forecast as follows. For the BA business, in those markets where business performance has been hardest hit by the COVID-19 pandemic, there are concerns regarding curbs on investment, postponed plans, and requests to lower service costs. Nonetheless, urban redevelopment projects in Japan are progressing as planned, and the business environment will remain robust overall. In the LA business, some impact is expected on meters—a field that accounts for the bulk of sales—with LP gas meters in a period of depressed demand. However, robust sales are expected not only in the Lifeline field, which has seen growth of its new Meter Data Cloud Service business, but also in the LSE field with increased orders received in the previous fiscal year. Overall, therefore, stable sales and segment profit, on a par with the previous fiscal year, are expected. In the AA business, however, while demand for maintaining/upgrading facilities will remain solid, the slowdown in economic activities triggered by the pandemic is impacting capital investment by our customers, and both sales and profits are expected to decline as a result of continued sluggish demand.

Based on the above assumptions and forecasts for each market environment, the azbil Group will continue business operations while ensuring thorough safety management that puts customer and employee safety first, and we will ensure business continuity, maintaining a strong financial foundation and implementing thorough crisis management. Moreover, while making investments necessary for business continuity and growth, at the same time as continuing initiatives to strengthen business profitability and reduce expenses, we will supply products and services suited to the new work styles premised on coexistence with the virus. We will also strive to minimize the impact on our business of the sluggish demand that results from the COVID-19 pandemic, aiming to achieve the financial results in the above forecast.

Regarding this forecast, we must accept the possibility of unexpected circumstances that may result from the spread or subsidence of the pandemic and other factors such as regional or national economic activities being brought to a standstill by further waves of the COVID-19 pandemic. Consequently, if we expect there to be a major development of this nature, we will promptly revise our forecast.

(Billions of yen)

		Fiscal year 2019 results	Fiscal year 2020 forecast	Difference (Amount)	Difference (Rate)
Building Automation	Sales	123.7	120.0	(3.7)	(3.1)%
	Segment profit [Margin]	14.8 [12.0%]	14.0 [11.7%]	(0.8) [(0.4)pp]	(6.0)% -
Advanced Automation	Sales	93.1	83.0	(10.1)	(10.9)%
	Segment profit [Margin]	10.4 [11.3%]	8.0 [9.6%]	(2.4) [(1.6)pp]	(23.7)% -
Life Automation	Sales	44.0	44.0	(0.0)	(0.1)%
	Segment profit [Margin]	1.8 [4.2%]	2.0 [4.5%]	0.1 [(0.3)pp]	7.1% -
Other	Sales	0.0	0.1	0.0	65.3%
	Segment profit [Margin]	0.0 [10.7%]	0.0 [0.0%]	(0.0) [(10.7)pp]	- -
Consolidated	Net sales	259.4	245.0	(14.4)	(5.6)%
	Operating income [Margin]	27.2 [10.5%]	24.0 [9.8%]	(3.2) [(0.7)pp]	(11.9)% -
	Ordinary income	27.7	23.5	(4.2)	(15.2)%
	Net income attributable to owners of parent [Margin]	19.7 [7.6%]	16.8 [6.9%]	(2.9) [(0.8)pp]	(15.1)% -

2. Consolidated quarterly financial statements and related notes

(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	57,750	54,323
Notes and accounts receivable - trade	85,245	68,218
Securities	32,200	34,200
Merchandise and finished goods	5,512	6,213
Work in process	7,640	8,483
Raw materials	12,186	12,542
Other	9,031	8,131
Allowance for doubtful accounts	(375)	(367)
Total current assets	209,190	191,745
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,026	14,221
Other, net	13,191	12,779
Total property, plant and equipment	28,217	27,001
Intangible assets	5,234	5,124
Investments and other assets		
Investment securities	19,978	21,812
Other	12,045	10,831
Allowance for doubtful accounts	(108)	(103)
Total investments and other assets	31,915	32,540
Total non-current assets	65,368	64,667
Total assets	274,559	256,413

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	38,482	31,098
Short-term borrowings	8,225	8,685
Income taxes payable	6,699	573
Provision for bonuses	10,699	3,521
Provision for bonuses for directors (and other officers)	130	31
Provision for product warranties	467	448
Provision for loss on order received	328	435
Other	17,644	20,773
Total current liabilities	82,676	65,568
Non-current liabilities		
Long-term borrowings	350	349
Retirement benefit liability	2,174	2,164
Provision for retirement benefits for directors (and other officers)	148	155
Provision for share-based remuneration	1,318	1,405
Other	2,589	2,346
Total non-current liabilities	6,581	6,422
Total liabilities	89,257	71,990
Net assets		
Shareholders' equity		
Share capital	10,522	10,522
Capital surplus	11,670	11,670
Retained earnings	165,055	163,637
Treasury shares	(13,740)	(13,737)
Total shareholders' equity	173,508	172,093
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,843	9,966
Deferred gains or losses on hedges	(28)	(31)
Foreign currency translation adjustment	893	247
Remeasurements of defined benefit plans	(27)	(21)
Total accumulated other comprehensive income	9,680	10,161
Non-controlling interests	2,112	2,167
Total net assets	185,301	184,422
Total liabilities and net assets	274,559	256,413

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

(Consolidated quarterly statements of income)

(Consolidated cumulative first quarter)

(Millions of yen)

	Three months ended June 30, 2019 (April 1, 2019 to June 30, 2019)	Three months ended June 30, 2020 (April 1, 2020 to June 30, 2020)
Net sales	54,358	51,980
Cost of sales	34,033	32,255
Gross profit	20,324	19,724
Selling, general and administrative expenses	18,031	17,263
Operating income	2,292	2,460
Non-operating income		
Interest income	30	22
Dividend income	328	310
Rental income from real estate	9	9
Other	51	58
Total non-operating income	420	399
Non-operating expenses		
Interest expenses	36	32
Foreign exchange losses	188	192
Commitment fee	5	5
Expenses of real estate	13	44
Office relocation expenses	6	97
Provision of allowance for doubtful accounts	4	－
Other	22	20
Total non-operating expenses	278	391
Ordinary income	2,434	2,468
Extraordinary income		
Gain on sales of non-current assets	11	628
Gain on sales of investment securities	0	169
Total extraordinary income	11	798
Extraordinary losses		
Loss on sales and retirement of non-current assets	40	1
Loss on valuation of investment securities	2	20
Total extraordinary losses	43	22
Income before income taxes	2,403	3,245
Income taxes - current	412	319
Income taxes - deferred	389	721
Total income taxes	801	1,041
Net income	1,601	2,204
Net income attributable to non-controlling interests	130	85
Net income attributable to owners of parent	1,470	2,118

(Consolidated quarterly statements of comprehensive income)

(Consolidated cumulative first quarter)

(Millions of yen)

	Three months ended June 30, 2019 (April 1, 2019 to June 30, 2019)	Three months ended June 30, 2020 (April 1, 2020 to June 30, 2020)
Net income	1,601	2,204
Other comprehensive income		
Valuation difference on available-for-sale securities	277	1,123
Deferred gains or losses on hedges	(22)	(2)
Foreign currency translation adjustment	317	(673)
Remeasurements of defined benefit plans, net of tax	6	6
Total other comprehensive income	579	453
Comprehensive income	2,180	2,657
Comprehensive income attributable to:		
Owners of parent	2,035	2,599
Non-controlling interests	145	58

(3) Notes to the consolidated quarterly financial statements

Notes regarding going concern assumptions

Not applicable

Notes regarding significant change in shareholders' equity

Not applicable

Additional information

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

The Company has introduced an employee stock ownership plan (hereinafter referred to as "the plan"), an incentive plan for offering the Company's stock to its employees, to boost the linkage between stock price and business performance of the Company on the one hand, and the benefit received by employees on the other hand, and to enhance the motivation and morale of employees for increasing stock price and business performance of the Company by sharing economic effects with shareholders.

1. Outline of the transaction

   Under the plan, the Company offers the Company's stock to its employees who satisfy certain requirements specified in the Company's predetermined stock granting regulations. The Company awards points to employees according to their contribution level and grants the Company's stock proportionate to the awarded points when employees obtain the right to receive stock by meeting certain conditions. The stock to be granted to employees is acquired with money previously placed in the trust, including stock to be granted in the future, and is separately managed as assets in the trust.

2. The Company's stock remaining in the trust

   Regarding the accounting procedures for the trust contract, the Company has applied "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (PITF No. 30, March 26, 2015), and the Company's stock in the trust is recorded as treasury shares under net assets at book value in the trust. The book value of the Company's stock in the trust and the number of shares are as follows.

   As of March 31, 2020
   Book value: 3,924 million yen
   Number of shares: 1,977,024 shares

   As of June 30, 2020
   Book value: 3,921 million yen
   Number of shares: 1,975,634 shares

Segment information

1. Three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

(1) Sales and profit (loss) information about each segment

(Millions of yen)

	Reportable Segment				Other*	Total
	Building Automation	Advanced Automation	Life Automation	Total		
Sales						
Customers	22,367	21,781	10,186	54,335	22	54,358
Inter-segment	83	151	71	306	1	308
Total	22,451	21,933	10,257	54,641	24	54,666
Segment profit (loss)	(262)	2,317	231	2,287	10	2,298

* "Other" includes insurance agent business, etc.

(2) The main contents of the difference between reportable segment profit (loss) and operating income

(Millions of yen)

Income	Amount
Total of reportable segments	2,287
Profit in Other	10
Elimination	(5)
Operating income	2,292

2. Three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(1) Sales and profit (loss) information about each segment

(Millions of yen)

	Reportable Segment				Other*	Total
	Building Automation	Advanced Automation	Life Automation	Total		
Sales						
Customers	21,684	20,243	10,032	51,960	19	51,980
Inter-segment	57	164	51	273	0	274
Total	21,742	20,408	10,084	52,234	19	52,254
Segment profit (loss)	(29)	2,290	199	2,459	8	2,468

* "Other" includes insurance agent business, etc.

(2) The main contents of the difference between reportable segment profit (loss) and operating income

(Millions of yen)

Income	Amount
Total of reportable segments	2,459
Profit in Other	8
Elimination	(7)
Operating income	2,460