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

February 4, 2021

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:	February 10, 2021
Scheduled date to commence dividend payments:	－
Preparation of supplementary materials on quarterly financial results:	Yes
Holding of quarterly financial results meeting:	No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2020 (from April 1, 2020 to December 31, 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	%
Nine months ended December 31, 2020	174,235	(4.8)	15,162	(3.2)	15,244	(5.4)	11,695	6.1
Nine months ended December 31, 2019	183,048	(1.2)	15,656	2.6	16,114	0.6	11,021	(2.0)

Note: Comprehensive income Nine months ended December 31, 2020 13,581 million yen 1.9%
Nine months ended December 31, 2019 13,330 million yen 41.9%

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2020	83.83	－
Nine months ended December 31, 2019	78.20	－

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2020	266,528	191,642	71.1
As of March 31, 2020	274,559	185,301	66.7

Reference: Shareholders' equity As of December 31, 2020 189,389 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	－	25.00	－		
Year ending March 31, 2021 (forecast)				25.00	50.00

Note: Revisions to the dividend 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
Full year	248,000	(4.4)	25,500	(6.4)	25,000	(9.8)	17,900	(9.6)	128.30

Note: Revisions to the consolidated financial results forecast most recently announced: No

* 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 December 31, 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 December 31, 2020	5,686,158 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)

Nine months ended December 31, 2020	139,509,725 shares	Nine months ended December 31, 2019	140,936,450 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 (1,963,199 shares as of December 31, 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 (1,968,914 shares for the nine months ended December 31, 2020; 1,983,466 shares for the nine months ended December 31, 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 9 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 heating, ventilation, and air conditioning (HVAC) control 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, continued demand is expected, underpinned by investment in domestic urban redevelopment and refurbishment projects. As regards production equipment, while there has been a trend of a recovery in investment in the domestic and overseas markets for semiconductor manufacturing equipment, stagnating industrial activity and the economic downturn resulting from the COVID-19 pandemic have continued to discourage capital investment, and demand has remained sluggish overall.

Financial results for the nine months ended December 2020 were as follows.

Orders received fell for the Advanced Automation (AA) business, owing to sluggish market conditions, and also for the Building Automation (BA) business reflecting the fact that this represents a period of subdued demand—there having been fewer multi-year service contracts up for renewal in this fiscal year. A decrease was also seen in the Life Automation (LA) business, which suffered a fall in demand for LP gas meters. Consequently, overall orders received were 187,234 million yen, down 6.8% on the same period last year, when a figure of 200,878 million yen was recorded. BA business sales decreased compared with the same period last year, when sound performance was achieved in the field related to sales and installation of HVAC control equipment/systems for new large-scale buildings. As with the impact on orders received, the AA business saw its sales reduced by the sluggish market conditions. Consequently, net sales were 174,235 million yen, 4.8% lower than the same period last year, when a figure of 183,048 million yen was recorded.

As regards profits, despite factors such as having successfully controlled expenses and strengthened business profitability, due to the fall in sales, operating income was 15,162 million yen, down 3.2% on the 15,656 million yen recorded for the same period last year. Ordinary income was 15,244 million yen, down 5.4% on the 16,114 million yen recorded for the same period last year, mainly due to the fall in operating income. However, net income attributable to owners of parent rose by 6.1% to 11,695 million yen (compared with the 11,021 million yen for the same period last year); this was due to the recording of gain on sales of investment securities and gain on sales of non-current assets following the integration of domestic production facilities.

(Millions of yen)

	Nine months ended Dec. 31, 2019 (Apr. 1, 2019 to Dec. 31, 2019)	Nine months ended Dec. 31, 2020 (Apr. 1, 2020 to Dec. 31, 2020)	Difference	
			Amount	Rate
Orders received	200,878	187,234	(13,643)	(6.8)%
Net sales	183,048	174,235	(8,813)	(4.8)%
Operating income [Margin]	15,656 [8.6%]	15,162 [8.7%]	(493) [0.1pp]	(3.2)%
Ordinary income	16,114	15,244	(869)	(5.4)%
Net income attributable to owners of parent [Margin]	11,021 [6.0%]	11,695 [6.7%]	674 [0.7pp]	6.1%

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 these. 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, we have been promoting a new work-style reform that harnesses digital transformation (DX). With a view to enhancing productivity, we have been working to expand remote operations and working from home, while also continuing on-site operations—engineering, service, etc.—in ways that prioritize the safety of our customers and employees. We have thus been meeting society’s demands for infection prevention while contributing to the maintenance of our customers’ vital production facilities as well as the social infrastructure. At the same time, in addition to making improvements related to business continuity planning (BCP) for enhanced crisis management, we have been working to secure a solid financial structure. We have also enhanced our responsiveness through such initiatives as reinforcement and diversification of financing.

The COVID-19 pandemic still shows no sign of abating. Recurring waves of infection are sapping the vitality from the world economy and production activities. Consequently, uncertainty surrounds the question of when a recovery can be expected. For the time being, this is expected to impact the azbil Group’s three businesses. However, it is anticipated 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 the virus—mean that we are witnessing the appearance of various new issues that demand solutions. This will enhance the value of automation and lead to a corresponding increase in demand. As for the azbil Group’s response, we will continue to make investments necessary for future growth. For example, harnessing such innovations as IoT, AI, the cloud and big data for our products and services, and promoting DX, we will respond swiftly to changes in the business environment and emerging issues. In these ways, 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. We are aiming to contribute "in series" to the achievement of 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 domestic market environment has been robust to the BA business thanks to continued demand generated by urban redevelopment projects in the Tokyo metropolitan area and heightened interest in solutions related to ventilation improvement, energy savings, CO_2 reduction and lower operational costs. While the spread of COVID-19 has led to postponement of construction projects in some markets, the effect of these has been limited. In overseas markets, however, there has been an 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 nine months ended December 2020 were as follows.

Thanks in part to some large projects, there was steady growth in orders received in the field related to sales and installation of HVAC control equipment/systems for new large-scale buildings, for which there has been continued demand. Similarly, our proposal activities were robust for the refurbishment of existing buildings and service projects designed to improve ventilation and achieve energy savings. However, there was a decline in the service business due to there being fewer multi-year service contracts up for renewal in this fiscal year. In addition, during this first half, in the field for existing buildings there was a transitory drop in orders received owing to added emphasis being placed on profitability for some projects. Consequently, overall orders received were 94,211 million yen, down 4.4% on the same period last year, when a figure of 98,532 million yen was recorded. Overall sales fell by 6.4% to 78,629 million yen, compared with the 83,995 million yen recorded for the same period last year, when high sales figures were achieved in the field for new large-scale buildings. This result also reflects lower sales in the field for existing buildings, for the above-mentioned reason, and the impact on our overseas business of construction delays resulting from the COVID-19 pandemic. Despite the success of measures to control expenses and enhance profitability, lower sales meant that segment profit was down 11.4% at 6,244 million yen (compared with the 7,046 million yen 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 2021 onwards. Building on its track record, the BA business aims to secure and translate this demand into increased sales 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)

	Nine months ended Dec. 31, 2019 (Apr. 1, 2019 to Dec. 31, 2019)	Nine months ended Dec. 31, 2020 (Apr. 1, 2020 to Dec. 31, 2020)	Difference	
			Amount	Rate
Orders received	98,532	94,211	(4,320)	(4.4)%
Sales	83,995	78,629	(5,366)	(6.4)%
Segment profit [Margin]	7,046 [8.4%]	6,244 [7.9%]	(802) [(0.4)pp]	(11.4)%

Advanced Automation (AA) Business

As regards market trends affecting the AA business environment in Japan and abroad, thanks to expanding investment in 5G and other areas, there has been strong demand in markets for semiconductor manufacturing equipment. Currently there is a sense that the manufacturing equipment market has bottomed out. However, with the spreading COVID-19 pandemic, the world economy has remained sluggish and continued caution has been evident in capital investment by manufacturing industries overall.

Despite the current business environment, we are making steady progress with overseas initiatives aimed at securing future growth—developing bases, upgrading systems, and cultivating new customers. We are also making further progress with various measures to enhance profitability. As a result, the financial results of the AA business for the nine months ended December 2020 were as follows.

While there has been evidence of a recovery in the manufacturing equipment market driven by demand for semiconductors manufacturing equipment, because of the COVID-19 pandemic and the resulting sluggish world economy, overall demand related to capital investment in factories and plants has not picked up. Thus, orders received fell by 9.7% to 62,989 million yen (compared with the 69,746 million yen for the same period last year). Although the manufacturing equipment market has recently bottomed out and maintenance service sales have been robust, owing to sluggish market conditions and the resulting decline in capital investment, overall sales were 64,596 million yen, down 4.8% on the 67,830 million yen recorded for the same period last year. While segment profit was affected by the lower sales, reductions in expenses were achieved, and profitability continued to improve thanks to further progress being made with those measures to strengthen profitability that had already proved successful. As a result, segment profit rose by 7.0% to 7,936 million yen from the 7,419 million yen recorded for the same period last year.

Despite the continuing slowdown in economic activity and uncertain outlook resulting from the COVID-19 pandemic, in the medium- to long-term increased 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 further improve 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 aiming to achieve business growth marked by a high level of competitiveness.

(Millions of yen)

	Nine months ended Dec. 31, 2019 (Apr. 1, 2019 to Dec. 31, 2019)	Nine months ended Dec. 31, 2020 (Apr. 1, 2020 to Dec. 31, 2020)	Difference	
			Amount	Rate
Orders received	69,746	62,989	(6,756)	(9.7)%
Sales	67,830	64,596	(3,233)	(4.8)%
Segment profit [Margin]	7,419 [10.9%]	7,936 [12.3%]	517 [1.3pp]	7.0%

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, some changes have been observed, such as LP gas meters—which account for a part of sales of the Lifeline field—being in a period of 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 profits 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 nine months ended December 2020 were as follows.

There has been a fall in the cyclical demand for LP gas meters, and the resulting decline in orders received in the Lifeline field has been the main reason for the overall decrease in orders received for the LA business. Another contributing factor was a decrease in the LSE field, which recorded large-scale projects in the same period last year, although capital investment in the pharmaceutical market has been now expanding. Consequently, overall orders received were down 7.7% at 31,132 million yen, compared with the 33,733 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 0.8% to 32,036 million yen (compared with the 32,298 million yen for the same period last year). Although there being decreased expenses, segment profit was 995 million yen, down 16.2% on the 1,188 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 supply, while also developing and launching new products that mesh with such transformational technologies as IoT.

(Millions of yen)

	Nine months ended Dec. 31, 2019 (Apr. 1, 2019 to Dec. 31, 2019)	Nine months ended Dec. 31, 2020 (Apr. 1, 2020 to Dec. 31, 2020)	Difference	
			Amount	Rate
Orders received	33,733	31,132	(2,601)	(7.7)%
Sales	32,298	32,036	(261)	(0.8)%
Segment profit [Margin]	1,188 [3.7%]	995 [3.1%]	(192) [(0.6)pp]	(16.2)%

Other

In Other business, principally our insurance agent business, orders received in the nine months ended December 2020 were 43 million yen (compared with the 47 million yen for the same period last year), sales were 43 million yen (compared with the 48 million yen for the same period last year), and segment profit was 8 million yen (compared with the 7 million yen for the same period last year).

(2) Consolidated financial position

Assets

Total assets at the end of the third quarter of fiscal year 2020 stood at 266,528 million yen, a decrease of 8,031 million yen from the previous fiscal year-end. This was mainly due to a decrease of 9,145 million yen in notes and accounts receivable-trade.

Liabilities

Total liabilities at the end of the third quarter of fiscal year 2020 stood at 74,886 million yen, a decrease of 14,371 million yen from the previous fiscal year-end. This was mainly due to a decrease of 8,539 million yen in notes and accounts payable-trade and a decrease of 5,339 million yen in provision for bonuses as well as a decrease of 4,949 million yen in income taxes payable.

Net assets

Net assets at the end of the third quarter of fiscal year 2020 stood at 191,642 million yen, an increase of 6,340 million yen from the previous fiscal year-end. This was mainly due to the increase in shareholders' equity, which was attributed to an increase of 11,695 million yen by the recording of net income attributable to owners of parent despite a decrease of 7,073 million yen as the payment of dividends.

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

In addition, we maintain a total of 10,000 million yen in unused commitment line contracts with multiple financial organizations, as well as holding 54,532 million yen in cash and deposits. Furthermore, in October 2020, our credit rating as a long-term debt issuer was raised to "A+ (stable)" by Rating and Investment Information, Inc. with a registered upper limit of 20,000 million yen for issuing corporate bonds. At the same time, we obtained a new short-term rating of "a-1" for commercial paper, and we have set an upper limit of 20,000 million yen for issuing commercial paper. In this way, we are maintaining strong financing capabilities for future contingencies, which is prudent given the uncertain business environment caused by the COVID-19 pandemic.

(3) Forecast of consolidated financial results

As regards the forecast of consolidated financial results for the fiscal year ending March 31, 2021, there are no changes to the full-year forecast that was announced on November 5, 2020.

With the resurgence in the global COVID-19 pandemic, which shows signs of growing even larger, countries around the world are adopting stricter policies, including lockdowns, and so there continues to be uncertainty regarding the outlook for the world economy and for capital investment by our customers in Japan and overseas. Nevertheless, at the present time, conditions have not changed sufficiently to (a) alter the assumptions [Note] behind our initial forecast (announced on August 6, 2020) of consolidated financial results for the fiscal year ending March 31, 2021; nor (b) change the outlook for the business environment from what it was on November 5, 2020, when we revised the forecast of consolidated financial results, and our measures to strengthen business profitability have been proven successful.

Note: The assumptions behind our initial forecast of consolidated financial results for the fiscal year ending March 31, 2021:

- 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.

The market environment for each segment is forecasted as follows. For the BA business, in those markets where business performance has been hardest hit by the COVID-19 pandemic, there have been concerns regarding curbs on investment, postponed plans, and requests to lower service costs in this first half. Overseas too, there has been some impact from delays resulting from lockdowns. Nonetheless, urban redevelopment projects in Japan are progressing as planned, and the performance of our refurbishment and service businesses offering office building solutions remains robust overall. In the AA business too, capital investment by our customers is being impacted by the slowdown in economic activity caused by the COVID-19 pandemic. Nevertheless, in addition to firm demand for maintenance and renewal of equipment, we expect improved demand in some regions such as China, and continued demand in markets for semiconductor manufacturing equipment. Also, we anticipate that we will continue to reap the benefits of initiatives, in which we have engaged for several years, aimed at enhancing profitability and cultivating new customers. In the LA business, some impact is expected on the Lifeline field—a field that accounts for the bulk of sales—with LP gas meters currently in a period of low demand. However, increased sales are expected for the new Meter Data Cloud Service business, and steady sales growth is anticipated in the LSE field thanks to an increase in orders received in the previous fiscal year. Overall, therefore, we expect stable sales and segment profit, on a par with the previous fiscal year.

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, we will continue initiatives for strengthening business profitability and reducing expenses. At the same time, we will supply products and services suited to new work styles adopted by people as they learn to live with the virus. Also, by promoting our own DX, we will strive to realize greater efficiencies in business operation. In this way, we are aiming to confidently achieve the forecast of financial results forecast while minimizing the impact of sluggish demand caused by the COVID-19 pandemic.

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.

2. Consolidated quarterly financial statements and related notes

(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	57,750	54,532
Notes and accounts receivable - trade	85,245	76,099
Securities	32,200	36,600
Merchandise and finished goods	5,512	5,480
Work in process	7,640	9,537
Raw materials	12,186	12,644
Other	9,031	8,282
Allowance for doubtful accounts	(375)	(346)
Total current assets	209,190	202,831
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,026	14,101
Other, net	13,191	12,897
Total property, plant and equipment	28,217	26,999
Intangible assets	5,234	5,438
Investments and other assets		
Investment securities	19,978	22,556
Other	12,045	8,804
Allowance for doubtful accounts	(108)	(102)
Total investments and other assets	31,915	31,258
Total non-current assets	65,368	63,696
Total assets	274,559	266,528

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	38,482	29,942
Short-term borrowings	8,225	8,930
Income taxes payable	6,699	1,749
Provision for bonuses	10,699	5,360
Provision for bonuses for directors (and other officers)	130	67
Provision for product warranties	467	482
Provision for loss on order received	328	287
Other	17,644	20,021
Total current liabilities	82,676	66,842
Non-current liabilities		
Long-term borrowings	350	351
Retirement benefit liability	2,174	1,616
Provision for retirement benefits for directors (and other officers)	148	162
Provision for share-based remuneration	1,318	1,551
Other	2,589	4,361
Total non-current liabilities	6,581	8,043
Total liabilities	89,257	74,886
Net assets		
Shareholders' equity		
Share capital	10,522	10,522
Capital surplus	11,670	11,670
Retained earnings	165,055	169,677
Treasury shares	(13,740)	(13,716)
Total shareholders' equity	173,508	178,153
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,843	10,753
Deferred gains or losses on hedges	(28)	(0)
Foreign currency translation adjustment	893	501
Remeasurements of defined benefit plans	(27)	(18)
Total accumulated other comprehensive income	9,680	11,235
Non-controlling interests	2,112	2,253
Total net assets	185,301	191,642
Total liabilities and net assets	274,559	266,528

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

(Consolidated quarterly statements of income)

(Consolidated cumulative third quarter)

(Millions of yen)

	Nine months ended December 31, 2019 (April 1, 2019 to December 31, 2019)	Nine months ended December 31, 2020 (April 1, 2020 to December 31, 2020)
Net sales	183,048	174,235
Cost of sales	111,163	105,213
Gross profit	71,885	69,022
Selling, general and administrative expenses	56,229	53,859
Operating income	15,656	15,162
Non-operating income		
Interest income	105	83
Dividend income	580	529
Rental income from real estate	29	26
Reversal of allowance for doubtful accounts	43	15
Other	155	164
Total non-operating income	914	819
Non-operating expenses		
Interest expenses	107	97
Foreign exchange losses	93	396
Commitment fee	15	15
Expenses of real estate	120	71
Office relocation expenses	36	99
Other	82	57
Total non-operating expenses	456	737
Ordinary income	16,114	15,244
Extraordinary income		
Gain on sales of non-current assets	17	630
Gain on sales of investment securities	66	1,038
Total extraordinary income	83	1,668
Extraordinary losses		
Loss on sales and retirement of non-current assets	57	30
Loss on sales of investment securities	4	86
Loss on valuation of investment securities	—	13
Loss on valuation of shares of subsidiaries and associates	39	—
Total extraordinary losses	102	131
Income before income taxes	16,096	16,781
Income taxes - current	2,945	2,379
Income taxes - deferred	1,838	2,362
Total income taxes	4,783	4,742
Net income	11,312	12,039
Net income attributable to non-controlling interests	291	343
Net income attributable to owners of parent	11,021	11,695

(Consolidated quarterly statements of comprehensive income)

(Consolidated cumulative third quarter)

(Millions of yen)

	Nine months ended December 31, 2019 (April 1, 2019 to December 31, 2019)	Nine months ended December 31, 2020 (April 1, 2020 to December 31, 2020)
Net income	11,312	12,039
Other comprehensive income		
Valuation difference on available-for-sale securities	2,684	1,909
Deferred gains or losses on hedges	(41)	28
Foreign currency translation adjustment	(644)	(405)
Remeasurements of defined benefit plans, net of tax	19	9
Total other comprehensive income	2,017	1,542
Comprehensive income	13,330	13,581
Comprehensive income attributable to:		
Owners of parent	13,080	13,249
Non-controlling interests	250	331

(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 December 31, 2020
   Book value: 3,896 million yen
   Number of shares: 1,963,199 shares

Segment information

1. Nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

(1) Sales and profit information about each segment

(Millions of yen)

	Reportable Segment				Other*	Total
	Building Automation	Advanced Automation	Life Automation	Total		
Sales						
Customers	83,773	67,179	32,052	183,005	43	183,048
Inter-segment	221	650	245	1,118	4	1,123
Total	83,995	67,830	32,298	184,124	48	184,172
Segment profit	7,046	7,419	1,188	15,653	7	15,661

* "Other" includes insurance agent business, etc.

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

(Millions of yen)

Income	Amount
Total of reportable segments	15,653
Profit in Other	7
Elimination	(5)
Operating income	15,656

2. Nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

(1) Sales and profit information about each segment

(Millions of yen)

	Reportable Segment				Other*	Total
	Building Automation	Advanced Automation	Life Automation	Total		
Sales						
Customers	78,401	63,946	31,845	174,193	42	174,235
Inter-segment	228	649	191	1,069	1	1,070
Total	78,629	64,596	32,036	175,262	43	175,306
Segment profit	6,244	7,936	995	15,176	8	15,184

* "Other" includes insurance agent business, etc.

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

(Millions of yen)

Income	Amount
Total of reportable segments	15,176
Profit in Other	8
Elimination	(21)
Operating income	15,162