

2. Dividends

	Dividends per share					Total Dividend Amount	Payout Ratio	per Net Assets
	1-Qtr.	2-Qtr.	3-Qtr.	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million¥	%	%
Year ended Sept. 2019	—	55.00	—	55.00	110.00	890	21.3	2.4
Year ended Sept. 2020	—	55.00	—	55.00	110.00	890	26.8	2.3
Year ended Sept. 2021 (forecast)	—	55.00	—	55.00	110.00		33.0	

3. Consolidated Forecasts for the Fiscal Year Ending September 30, 2021 (October 1, 2020 - September 30, 2021)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share (basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
1st Half	26,000	(2.4)	1,500	(19.8)	1,500	(25.7)	1,050	(14.0)	129.74
Full Year	53,000	(0.9)	4,000	(16.5)	4,000	(20.1)	2,700	(18.6)	333.63

4. Others

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

(2) Changes in accounting treatment for consolidated financial statement:

1) Changes in accounting policies due to the revision of accounting standards: Yes

Note: "Lease" has been applied to consolidated subsidiaries applying IFRS from the beginning of the current fiscal year.

2) Changes in accounting policies other than 1) above: Yes

Note: ASBJ Statement No.29 (Accounting Standard for Revenue Recognition) has been applied to consolidated companies in Japan from the beginning of the current fiscal year.

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period (incl. treasury stock)

Sept. 2020: 8,615,269 shares Sept. 2019: 8,615,269 shares

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

Sept. 2020: 522,836 shares Sept. 2019: 523,859 shares

3) Average number of shares in the fiscal year

Sept. 2020: 8,092,820 shares Sept. 2019: 8,103,913 shares

* Cautionary statement

-This Yearly Financial Results Report ("TANSHIN") is out of scope of annual audit under Financial Instruments and Exchange Act of Japan.

-The forecasts above are based on currently available information at the time of announcement. Actual results may differ from these forecasts for a number of factors.

(Contents of Attachment)

1. Analysis about results of operation and financial status	4
(1) Analysis about Results of Operation	4
(2) Analysis about Financial Status.....	5
(3) Status of Cash Flow.....	5
(4) Forecast for the Coming Fiscal Year	6
(5) Dividend Policy.....	6
2. Accounting Method	6
3. Status of Industrial Group.....	7
4. Management Policy, Business Environmental and Challenges to be Addressed.....	9
(1) Basic Management Policy.....	9
(2) Target Business Indicators	9
(3) Business Environment and Challenges to be Addressed.....	9
5. Basic way of thinking about the choice of accounting standards	10
6. Consolidated Financial Statements	11
(1) Consolidated Balance Sheets	11
(2) Consolidated Statements of Income	13
(3) Consolidated Statements of Comprehensive Income	14
(4) Consolidated Statements of Cash Flows	15
(5) Notes on Consolidated Financial Statements	16
7. Others	17
(1) Changes of Directors of the Board.....	17

1. Analysis about results of operation and financial status

(1) Analysis about Results of Operation

(Unit: 1 million Yen)

	Sales	Ordinary Profit	Current profit belongs to parent company stockholder	Current profit per 1 share
Previous term	55,381	6,099	4,182	516.12 Yen
Current term	53,497	5,007	3,317	409.92 Yen

(Note) US Dollar exchange rate → Current term @ 107.88 Yen, Previous term @110.08Yen
EURO exchange rate→ Current term @120.75 Yen, Precious term @124.18Yen

The global economy for the 2020 consolidated fiscal reporting period took a rapid turn for the worse due to the restrictions placed on economic activity caused by the spread of the COVID-19 virus. In the US, the unemployment rates which deteriorated in April is now on a recovery trend, but consumer spending remains at lower levels compared to pre-pandemic times.

In Europe, there are remaining concerns and economic impacts due to the spread of COVID-19, although the unemployment rate has not risen significantly due to the efforts to each country being able to mandate restrictions and maintain relatively steady workers in each country. In Japan, the negative impact of the spread of COVID-19 has created a significantly negative impact on the economy, resulting in a decrease in corporate profits and a lesser demand for inbound tourism. Tentatively, the spread of the infection has slowed down and the business environment seems to have come out of the worst period, but still the threat of COVID-19 exists and the economic recovery remains unpredictable.

During this period of global economic instability, our business results for the current year are as follows: consolidated bookings were 57.66 billion yen (an increase of 7.2% compared to the previous fiscal year), consolidated sales were 53.50 billion yen (a decrease of 3.4% compared to the previous year), and the order backlog was 27.19 billion yen (an increase of 18.5% compared to the previous year end). Our Operating income was 4.79 billion yen (a decrease of 19.0% compared to the previous year). Ordinary income was 5.07 billion yen (a decrease of 17.9% compared to the previous year). Net income after corporate tax, attributable to the Stockholders was 3.32 billion yen (a decrease of 20.7% compared to the previous year).

From the beginning of the current consolidated fiscal year, "Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29, March 30, 2018.) and "Guideline of Accounting Standards for Revenue Recognition" (Corporate Accounting Standards Application Guideline No. 30, March 30, 2018) were applied. This caused an increase of sales by 1,449 million yen, an increase of cost of sales by 933 million yen, an increase of operating income, ordinary income and income before income taxes and minority interests by 456 million yen, respectively.

The results of each business segment are as follows.

< Powder Processing >

Powder Processing is the core business segment of the Hosokawa Micron Group. The Group develops, designs, manufactures, and sells equipment and systems used for size reduction, classification, mixing and drying of powders used in a wide variety of industries. Air pollution control equipment, bag filters for product collection and precious air control equipment are also manufactured and sold in the Japanese market. The Group also participates in a Materials business which creates new materials, such as nanocomposite particles, and commercializes these materials. The Group's services include toll processing and contract manufacturing.

In FY2020, the toll processing business decreased due to inventory adjustments by customers due to the uncertain business climate surrounding the COVID-19 virus. Bookings for electric material, mainly secondary battery, and minerals significantly increased, plus bookings from the Solid Solutions Group which was newly acquired in January was also a contributor.

The Consolidated bookings in the Powder Processing Segment were 44.53 billion yen (an increase of 6.7% compared to the previous year). The fiscal year ending Backlog was 21.40 billion yen (an increase of 23.9% compared to the previous year end). Consolidated Sales were 40.39 billion yen (a decrease of 1.6% compared to the previous year). Operating income was 4.53 billion yen (a decrease of 14.0% compared to the previous year).

< Blown Film >

The Blown Film Business segment develops, manufactures and sells blown film equipment and systems for all types of plastic films which include monolayer films and multi-layer films for sophisticated packaging applications.

In FY2020, Bookings showed a slight decline beginning in the 2nd quarter due to the spread of the COVID-19 virus, but orders for the USA were close to record highs, and orders for Asia, especially China, Eastern and Southern Europe increased.

The Consolidated Bookings in the Blown Film Segment were 13.13 billion yen (an increase of 9.0% compared to the previous year), The Backlog was 5.80 billion yen (an increase of 2.1% compared to the last fiscal year end) while Consolidated Sales were 13.14 billion yen (a decrease of 8.5% compared to the previous year). Operating income was 1.60 billion yen (a decrease of 12.7% compared to the previous year).

(2) Analysis about Financial Status

The assets of our consolidated fiscal year were 65.2 billion yen, an increase of 5.1 billion yen compared to the previous consolidated fiscal year. This is mainly because the property, plant and equipment increased by 2.8 billion yen and the notes and accounts receivable increased by 1.9 billion yen.

The liabilities of our consolidated fiscal year were 24.7 billion yen, an increase of 1.3 billion yen compared to the previous consolidated fiscal year. This is mainly because the long-term debt increased by 732 million yen and the income taxes payable increased by 593 million yen.

The net assets of our consolidated fiscal year were 40.6 billion yen, an increase of 3.7 billion yen compared to the previous consolidated fiscal year. This is mainly because the retained earnings increased by 2.6 billion yen and the foreign currency translation adjustment increased by 966 million yen.

(3) Status of Cash Flow

The cash and cash equivalent of our consolidated fiscal year were 17.3 billion yen, an increase of 536 million yen. The summary of each cash flow are as follows.

(Cash flows from Operating Activities)

The cash flow resulting from operating activities increased to 4.0 billion yen (an increase of 799 million yen compared to the previous consolidated fiscal year), mainly caused by the foreign currency translation adjustment.

(Cash flows from Investment Activities)

The cash flow resulting from investment activities decreased to 3.9 billion yen (a decrease of 829 million yen compared to the previous consolidated fiscal year), mainly due to the acquisition of property and equipment for operations.

(Cash flows from Financing Activities)

The cash flow resulting from financing activities increased 94 million yen (an increase of 2.0 billion yen compared to the previous consolidated fiscal year), mainly due to the long-term borrowings.

(Reference) Trend in cash flow indices

	Sept. 2016	Sept. 2017	Sept. 2018	Sept. 2019	Sept. 2020
Equity Ratio (%)	59.7	59.6	59.8	61.1	62.1
Equity ratio on market value (%)	49.6	93.4	81.6	50.4	67.8
Debt repayment period (year)	0.6	0.3	0.3	0.4	0.6
Interest coverage ratio (times)	147.3	349.5	276.2	74.7	141.3

- (Note) 1 Equity ratio: Total equity divided by total assets
 Equity ratio on market value: market capitalization divided by total assets
 Debt repayment period: Interest bearing debt divided by operating cash flow
 Interest coverage ratio: Operating cash flow divided by interest expense

- 2 Each indicator is calculated based on consolidated figures.
- 3 Market capitalization is calculated by the year-end share price at the end of the term multiplied by the number of shares issued excluding treasury stocks at year-end.
- 4 The operating cash flow represents the cash flow from operating activities in the consolidated statement of cash flows. Interest bearing debt represents liabilities with interest payments are the corresponding figure on the consolidated balance sheets. Interest expense is the corresponding figure on the consolidated income statement.

(4) Forecast for the Coming Fiscal Year

(Unit: 1 million Yen)

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent	Net Income per share
1 st Half	26,000	1,500	1,500	1,050	129.74 Yen
Full Year	53,000	4,000	4,000	2,700	333.63 Yen

The Hosokawa Micron Group will continue implement plans to maintain its position as the world's leading company in the field of "powder technologies". Our focuses are: to provide new technologies and state of the art engineering expertise to solve the processing challenges facing our customers: expand our materials business including the further development of our cosmetics and hair tonic products which are created with our original nanoparticle compound technology, and to further strengthen our brand recognition in the blown film segment of our business.

Our business strategies will continue to focus on providing high value-added products and technologies in strategic markets to increase the Group's profitability.

However, we recognize that the further spread of the COVID-19 virus is an unknown which may have a negative economic impact which may affect the future financial position, operating results and cash flow of the Group.

Exchange Rate assumptions for this forecast: US\$1=Yen105, Euro1=Yen115

* Cautionary statement

The forecasts above are based on currently available information at the time of announcement. Actual results might be significantly different from the forecasts depending on various factors.

(5) Dividend Policy

We will continue our stable profit distribution plan based upon our consolidated business results and intend to pay out dividends of 30% or more of the current consolidated net profit, taking into consideration performance and financial requirements. While emphasizing free cash flow and prioritizing development of new products and technologies to enhance corporate value in the future, we will allocate profits taking into consideration our long-term goals.

The yearend dividend for the current year will be 55 yen per share. Combined with the interim dividend of 55 yen per share, the total dividend for the current year will be 110 yen per share.

For the next fiscal year, we plan to pay a total dividend of 110 yen per share, including an interim dividend of 55 yen per share and a year-end dividend of 55 yen per share.

2. Accounting Method

We currently prepare consolidated financial statements based on Japanese standards due to the terms of the consolidated financial statements and comparability among companies. We will take appropriate measures for the applying International Financial Reporting Standards (IFRS), considering situations in Japan and overseas.

3. Status of the Industrial Group

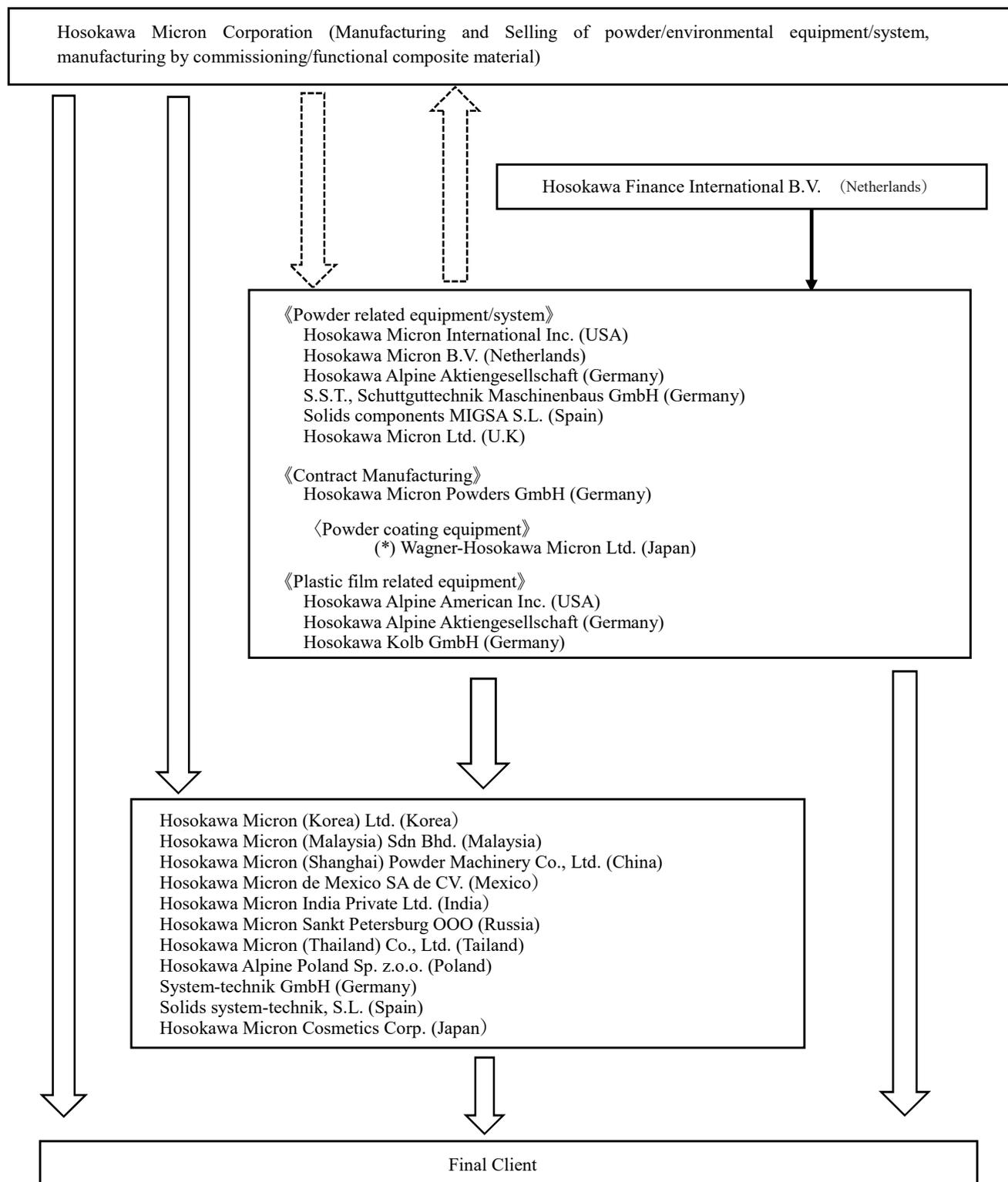
The business of our group is the design, manufacture and sale of equipment and systems to process powder used in a wide range of industries and applications.

The consolidated financial statements presentation company (hereinafter referred to as "our company") is the core, and in our country, it is comprised of 2 companies including our company, 23 consolidated subsidiaries abroad, 1 affiliated company in Japan, and 1 affiliated company abroad.

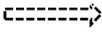
Our group is managed by a flat organization which allows the related companies abroad to communicate directly with the head office. In addition, co-ownership of research development projects, common product development initiatives, and the structure of the organization allow and create an environment of maximum synergies with our group companies. The main products and main company in each business are as follows. In addition, this business segment is the same as the division in segment information.

Business division	Classification	Major product	Major Company
Powder related	Grinding and classification equipment	Grinder (ACM Pulverizer, GLACIS), Ultra-Fine Grinder (Super Micron Mill, Fluidized Bed Opposed Jet Mill AFG, Micron Jet), Classifier (Micron Separator, ATP Classifier)	<u>Manufacturing and Sales company</u> Hosokawa Micron International Inc. (USA) Hosokawa Micron B.V. (Netherlands) Hosokawa Micron Powders GmbH (Germany)
	Mixing and drying equipment	Mixer (Nauta Mixer, Vitomix), Dryer (Drymeister, Active Freeze Dryer)	Hosokawa Alpine Aktiengesellschaft (Germany) S.S.T. Schuttguttechnik Maschinenbau GmbH (Germany)
	Particle design and granulation equipment	Particle Design (Nobilta, Faculty), Granulator (Compactor, Flexomix)	solids components MIGSA S.L.(Spain) Hosokawa Micron Ltd. (U.K)
	Analytical machines and devices for laboratories	Measuring machine (Powder Characteristics Tester, Air Jet Sieve, Peneto Analyzer, Viblette, Optisizer), Laboratory Technology (picoline)	<u>Selling company</u> Hosokawa Micron (Korea) Ltd. (Korea) Hosokawa Micron (Malaysia) Sdn Bhd. (Malaysia) Hosokawa Micron (Shanghai) Powder Machinery Co., Ltd. (China)
	Manufacture by commissioning	Toll Processing	Hosokawa Micron de Mexico SA de CV. (Mexico)
	Material (functional composite material)	Cosmetics (NanoCryosphere), hair restorer (NanoImpact Co17), DDS consignment study	Hosokawa Micron India Private Ltd. (India) Hosokawa Micron Sankt Petersburg OOO (Russia)
	Dust collection equipment	Dust collector (Pulsejet Collector)	Hosokawa Micron (Thailand) Co., Ltd. (Thailand) Hosokawa Alpine Poland Sp. z.o.o. (Poland)
	Containment equipment	Safety Booth, Isolator	system-technik GmbH (Germany) solids system-technik, S.L. (Spain) Hosokawa Micron Cosmetics Corp. (Japan)
Blown film related	Plastic film production equipment	Blown film lines equipment and systems for all types of plastic films which include monolayer films and eleven-layer films	<u>Manufacturing and selling company</u> Hosokawa Alpine Aktiengesellschaft (Germany) Hosokawa Kolb GmbH (Germany) <u>Selling Company</u> Hosokawa Alpine American Inc. (USA) Hosokawa Micron Sankt Petersburg OOO (Russia) Hosokawa Alpine Poland Sp. z.o.o. (Poland)

Schematic diagram of the above matters is as follows.



(Note) (*) The affiliated company of the seal is the affiliated company accounted for by the equity-method and others are consolidated subsidiaries

-  Indicates selling of product.
-  Indicates providing of product and parts.
-  Indicates offering services.

4. Management Policy, Business Environment and Challenges to be Addressed

The forward-looking statements concerning the future performance of the Group contained or referred to herein are based on judgments and beliefs of the management at this fiscal year end.

(1) Basic Management Policy

Our group strives to continue to be the world's leading company in the field of "powder technology", covering the mountain range of Powder Technologies. In addition to our core powder processing business, we will further develop cutting-edge "powder technology" through our materials business including the creation of high value new materials. In our blown film business, our focus continues to be to provide sophisticated technologies and products while capitalizing on our strong brand recognition and outstanding capacity for technological development.

(2) Target Business Indicators

Our group consistently works to achieve higher profitability and enhancing our asset size by optimizing our resources to increase our corporate value. Our major target business indicator is our consolidated ROE (return on equity).

(3) Business Environment and Challenges to be Addressed

Please refer 1. Analysis about results of operation and financial status, (1) Analysis about Results of Operation. On October 1st 2017, our Group implemented the 16th mid-term business plan (from fiscal FY2018 to FY2020) that is the foundation of our strategies and plans to "capitalize on our strong brand recognition and increase profitability through the implementation of more unified global marketing of the entire Group's products". October 1st 2020 is the beginning year for the next mid-term business plan, however a single-year business plan for the fiscal year 2021 is implemented before the 17th mid-term business plan which is scheduled to start on October 1st, 2021, due to uncertainty of the economy and our business environment in the future caused by the spread of COVID-19 virus. The plan target for FY2021 is to enhance our business foundation and strengthen our management structure for the next 17th mid-term business plan.

All our efforts are directed to maintaining our position as a global leader in our industry, by developing and providing cutting-edge technology in the field of power processing and nanoparticles to meet industry's changing demands. We will continue to position our Group to enter new markets and further expand our materials business with the development, manufacture and sales of advanced materials for innovative use.

The fundamental policy for the 17th mid-term business plan will be "the Hosokawa Micron Group strives to provide superior products and services with our cutting-edge technology and achieve a dominant position by market acceptance", and we will implement the following 5 measures and strive to improve our business performance.

① Reinforce group cooperation for the expansion of group sales network

Although the COVID-19 virus caused a decrease into negative growth even in emerging markets in 2020, their economic growth rates are still higher than developed countries. Emerging economies still have a large presence in the global economy. In particular, China, which has been trying to quickly get its economy back on a recovery track, and other Asian countries, which are expected to have a relatively limited impact on the economy, are expected to continue to have significant growth expectations. We encourage and facilitate group cooperation and expand sales by reviewing products, sales strategies, and sales networks to meet with demands of Asian country and region.

② Centralized and shared information by digital transformation

The trend toward digitization is accelerating with the current disastrous situation. Based on the philosophy of contributing to society through powder technology, we will promote DX to centralize and share all information, maximize the operational efficiency of all employees and all divisions, and restructure the ICT Grand Design to realize sustainable corporate activities under the rapidly changing work and life styles. In addition, by integrating IIoT (Industrial Internet of Things) with our systems, we will provide high-value-added services to customers with ease of accessibility, thereby improving customer satisfaction and differentiating ourselves from our competitors and strengthening our profitability.

③ Application- and market-oriented R&D to reinforce Group collaboration for R&D and marketing

Customer needs are becoming increasingly diverse and sophisticated for each industry, market and application. Through the promotion and marketing to meet and anticipate the rapidly changing needs of customers and market trends, we will promote the development of new products and technologies that demonstrate the best performance in each raw material processing application along with the continuous updating of the design of existing products. We will review and accelerate the group R&D collaboration structure to communicate these trends and needs so that we remain at the head of the curve in the marketplace.

④ Promote work-style innovation and develop human resources

Recognizing that people are our most valuable asset, we create an inviting work environment, which encourages a harmonious creative atmosphere. We encourage employees to accept new challenges, open communications with global colleagues to collaborate on strategies and plans for improved profitability within the Group.

⑤ Innovate products and services to meet sustainable development goals

Our corporate philosophy has long been to "contribute to society through the development of powder technology." In addition, one of our Group's missions is to "strive to protect the natural environment and work to protect the environment for the next generation". We will further pursue this company philosophy and mission and strive to increase corporate value. As part of these efforts, we will also strive to disclose information in a highly transparent manner.

5. Standardization of Accounting Methods

Our group is going to make consolidated financial statements in a Japanese standard in consideration of the comparability between the period of consolidated financial statements and companies for the time being.

In addition, we are going to review the application of international accounting standards (IFRS) considering domestic and foreign situation appropriately.

6. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of September 30, 2019	As of September 30, 2020
Assets		
Current Assets		
Cash and deposits	15,867	15,445
Notes and accounts receivable-trade	12,236	14,128
Securities	1,999	1,999
Finished goods	2,516	2,188
Work in process	3,198	3,965
Raw materials and supplies	1,764	1,885
Other	1,197	1,126
Allowance for doubtful accounts	(156)	(182)
Total Current Assets	38,623	40,557
Non-Current Assets		
Property, plant and equipment		
Buildings and structures	16,305	20,321
Machinery, equipment and vehicles	10,490	11,863
Land	4,845	4,989
Construction in progress	2,058	529
Other	2,028	2,335
Accumulated depreciation & Impairment Loss	(16,858)	(18,357)
Total property, plant and equipment	18,868	21,681
Intangible assets		
Goodwill	24	184
Other	278	410
Total intangible assets	303	595
Investments and other assets		
Investment securities	1,355	1,418
Deferred tax assets	795	769
Other	173	179
Allowance for doubtful accounts	(7)	(20)
Total investments and other assets	2,317	2,347
Total Non-Current Assets	21,490	24,623
TOTAL ASSETS	60,113	65,180

(Millions of Yen)

	As of September 30, 2019	As of September 30, 2020
Liabilities		
Current Liabilities		
Notes and accounts payable-trade	6,460	6,538
Current portion of long-term loans payable	142	426
Accrued expenses	2,508	2,543
Income taxes payable	312	906
Advances received	4,326	4,345
Provision for bonuses	474	525
Provision for directors' bonuses	75	72
Provision for product warranties	685	678
Provision for point card certificates	37	—
Provision for loss on factory reconstruction	86	—
Other	2,530	1,988
Total Current Liabilities	17,641	18,024
Non-Current Liabilities		
Long-term loans payable	1,040	1,772
Net defined benefit liability	4,422	4,323
Deferred tax liabilities	92	383
Other	85	100
Total Non-Current Liabilities	5,639	6,580
Total Liabilities	23,281	24,605
Net Assets		
Shareholders' Equity		
Capital stock	14,496	14,496
Capital surplus	5,124	5,122
Retained earnings	26,147	28,719
Treasury stock	(2,404)	(2,399)
Total Shareholders' Equity	43,363	45,939
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	101	64
Deferred gains or losses on hedges	(24)	44
Foreign currency translation adjustment	(5,916)	(4,949)
Remeasurements of defined benefit plans	(794)	(642)
Total accumulated other comprehensive income	(6,633)	(5,483)
Subscription rights to shares	102	113
Non-controlling interests	—	5
Total Net Assets	36,832	40,575
Total Liabilities and Net Assets	60,113	65,180

(2) Consolidated Statements of Income

(Millions of Yen)

	Oct. 1, 2018 - Sept. 30, 2019	Oct. 1, 2019- Sept. 30, 2020
Net sales	55,381	53,497
Cost of sales	35,305	34,139
Gross profit	20,075	19,357
Selling, general and administrative expenses	14,157	14,566
Operating profit	5,918	4,791
Non-operating income		
Gain on valuation of derivatives	65	46
Interest income	60	62
Dividend income	29	26
Equity in earnings of affiliates	72	51
Foreign exchange gains	—	1
Other	73	74
Total non-operating Income	300	263
Non-operating expenses		
Interest expenses	42	28
Foreign exchange losses	24	—
Other	51	19
Total non-operating Expenses	119	47
Ordinary profit	6,099	5,007
Extraordinary income		
Gain on sales of non-current assets	35	7
Gain on sales of investment securities	5	5
Total extraordinary income	41	13
Extraordinary loss		
Loss on sales and retirement of non-current assets	50	64
Loss on valuation of investment securities	16	30
Extra retirement payment	—	39
Provision for loss on factory reconstruction	26	—
Other	6	—
Total extraordinary loss	99	135
Income before income taxes	6,041	4,885
Income taxes - current	1,655	1,348
Income taxes – deferred	204	217
Total income taxes	1,859	1,565
Net income	4,182	3,319
Profit attributable to non-controlling interests	—	2
Profit attributable to owners of parent	4,182	3,317

(3) Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Oct. 1, 2018- Sept. 30, 2019	Oct. 1, 2019 - Sept. 30, 2020
Net Income	4,182	3,319
Other comprehensive income		
Valuation difference on available-for-sale securities	(325)	(37)
Deferred gains or losses on hedges	46	68
Foreign currency translation adjustment	(2,658)	966
Remeasurements of defined benefit plans	(260)	152
Total other comprehensive income	(3,196)	1,150
Comprehensive income	985	4,469
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	985	4,467
Comprehensive income attributable to non-controlling interests	—	2

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Oct. 1, 2018 - Sept. 30, 2019	Oct. 1, 2019 - Sept. 30, 2020
Cash flows from operating activities;		
Income before income taxes	6,041	4,885
Depreciation and amortization	1,105	1,393
Amortization of goodwill	43	15
Increase (decrease) in allowance for doubtful accounts	16	34
Increase (decrease) in provision for bonuses	(5)	50
Increase (decrease) in provision for product warranties	(29)	(68)
Increase (decrease) in provision for point card certificates	(24)	(37)
Increase (decrease) in provision for loss on factory reconstruction	(117)	(86)
Increase (decrease) in net defined benefit liability	166	(71)
Interest and dividends income	(89)	(89)
Interest expenses	42	28
Equity in (earnings) losses of affiliates	(72)	(51)
Loss (gain) on valuation of derivatives	(65)	(46)
Loss (gain) on sales and retirement of non-current assets	14	56
Decrease (increase) in notes and accounts receivable-trade	(656)	(266)
Decrease (increase) in inventories	(292)	(446)
Increase (decrease) in notes and accounts payable-trade	166	(709)
Increase (decrease) in advances received	(106)	(333)
Decrease (increase) in advance payments - trade	(483)	456
Increase (decrease) in accrued expenses	(235)	(38)
Other	(26)	46
Sub total	5,389	4,720
Interests and dividends income received	241	89
Interest expenses paid	(42)	(28)
Income taxes paid	(2,396)	(790)
Net cash provided by (used in) operating activities	3,191	3,990
Cash flows from investing activities;		
Payments into time deposits	(141)	(112)
Proceeds from withdrawal of time deposits	354	70
Purchase of securities	(999)	—
Proceeds from redemption of securities	—	1,000
Purchase of property, plant and equipment	(2,217)	(4,053)
Proceeds from sales of property, plant and equipment	103	45
Purchase of intangible assets	(125)	(196)
Purchase of investment securities	(47)	(104)
Proceeds from sales of investment securities	37	18
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(542)
Other	(12)	(2)
Net cash provided by (used in) investing activities	(3,048)	(3,877)
Cash flows from financing activities;		
Proceeds from long-term loans payable	—	1,199
Repayment of long-term loans payable	(458)	(196)
Purchase of treasury shares	(533)	(4)
Cash dividends paid	(936)	(890)
Repayments of lease obligations	—	(14)
Net cash provided by (used in) financing activities	(1,928)	94
Effect of exchange rate change on cash and cash equivalents	(1,207)	328
Net increase (decrease) in cash and cash equivalents	(2,992)	536
Cash and cash equivalents at beginning of period	19,766	16,774
Cash and cash equivalents at end of period	16,774	17,310

(5) Notes on Consolidated Financial Statements

(Notes relating to the assumptions of the going concern) Not applicable.

(Change to disclosure method)

(Application of IFRS 16 “Lease”)

IFRS-applied consolidated subsidiaries of the Group have applied IFRS 16 “Lease” from the current consolidated fiscal year.

As a result, the lessee of the lease will, in principle, record all leases as assets and liabilities on the balance sheet.

In applying the accounting standard, we have adopted a method of recognizing the cumulative impact of the application of the accounting standard, which is recognized as a transitional measure, on the beginning date of application.

The impact of the application of the accounting standards on the consolidated financial statements will be minor.

(Application of Accounting Standard for Revenue Recognition)

"Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29 issued on March 30, 2018; hereinafter referred to as "Revenue Recognition Accounting Standard") and "Guideline of Accounting Standard for Revenue Recognition" (Corporate Accounting Standard Application Guideline No. 30 issued on March 30, 2018) became applicable from the beginning of the consolidated fiscal year beginning on or after April 1, 2018. The company applied this from the beginning of the current consolidated fiscal year, and recognized revenue at the amount expected to be received in exchange for the goods or services when control of the goods or services transferred to the customer. The company applied the method of the percentage of completion, and recognizes revenues and expenses in proportion to the completeness and fulfillment of performance obligations of the contracted project based on the progress over a certain period, though the company had recognized the revenue at the time of shipment or acceptance in the past.

The company follows the rule of transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard, retroactively applies the new policy before the beginning of the current consolidated fiscal year, calculated the cumulatively effected amount balanced with retained earnings, and adapted for order backlogs at the beginning of the fiscal year.

This caused an increase of sales by 1,449 million yen and cost of sales by 993 million yen in the current consolidated fiscal year. Operating income, ordinary income and income before income taxes and minority interests increased by 456 million yen respectively. The balance of retained earnings at the beginning of the period increased by 145 million yen.

In addition, the “point allowance”, generated at a domestic consolidated subsidiary and recorded on the consolidated balance sheet of the previous consolidated fiscal year, is included in the “others” of current liabilities this year.

Net assets per share increased by 72.82 yen, net income per share increased by 54.89 yen, and adjusted net income per share increased by 54.69 yen in the current consolidated fiscal year

(Additional Information)

(Accounting estimation for the impact of the spread of COVID-19 infection)

The spread of COVID-19 infection has caused restriction of transportation and travel around the world. In our group, some sales activities and siteworks are affected by the restrictions, but at present, our business activities maintain at all our production and sales bases. However, the number of infected people still increases worldwide and the impact of COVID-19 will continue for a certain period. It is difficult to predict future progress and estimate the impact to our business, but we have determined that there will be no significant impact on the accounting estimates at the end of the current consolidated fiscal year under a careful analysis of availability of fixation of deferred tax assets, estimation of asset impairment account, etc., based on the information available at the time of preparing the financial statements.

However, there is high uncertainty in the impact of the continuous and further spread of COVID-19 infection on economic activities, which may affect the future financial position, operating results and cash flow of the Group.

(Segment Information)

1. The Group’s reportable segments are components of the Company for which separate financial information is available that is evaluated regularly by the Board of Directors to determine allocation of management resources and assess performance. The Group’s head office draws up comprehensive domestic strategies for each business, and the Group conducts business activities accordingly.

Consequently, the Group is made up of segments based on business, as determined by the head office, and has two reportable segments: “Powder Processing business” and “Blown Film business”.

In the “Powder Processing business” the Group develops, designs, manufactures, and sells equipment and systems for powder processing which includes milling, classification, mixing and drying. Air pollution control equipment, bag filters for product collection and containment booths are also manufactured and sold in the Japanese market. The Group also

participates in a Materials business which creates new materials, such as nanocomposite particles, and commercializes it. The Group's services include toll processing and contract manufacturing. In the "Blown Film business", the company develops, manufactures and sells blown film equipment and systems for all type of plastic films which include monolayer films and multi-layer films.

2. Method for calculating net sales, profit or loss, assets, liabilities and other items by reportable segment
Accounting policies of reported business segments are consistent with those disclosed in Accounting Policies for the Consolidated Financial Statements.

The reported segment profit is calculated on an operating income basis. Intersegment sales are based on actual market prices.

From the beginning of the current consolidated fiscal year, "Revenue Recognition Accounting Standard" and "Guideline of Accounting Standard for Revenue Recognition" were applied. This causes increase of sales in powder processing business by 1,449 million yen, and increase of operating income and other incomes by 456 million yen.

7. Other

(1) Changes of Directors of the Board

Following will be proposed at the annual general shareholders' meeting held on December 17, 2019. (Present post)

① Change of Representative Directors

None

② Other Directors

Retire from position of director
Hitoshi Kihara (Senior Advisor)