Financial/Capital Strategies

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The three-pillared basic policy of the financial strategy comprises: (1) improvement of corporate value, (2) the building of a sound financial base, and (3) shareholder return. The fiscal year under review saw the completion of large-scale investments and we improved operating cash flow by reducing inventories. Also, we achieved a shareholders' equity ratio of 60.5% and a net D/E ratio of +0.05 times through improving the balance sheet by shrinking interest-bearing debt, and we are maintaining a sound financial position.

	FY Ended Mar. 2019	FY Ended Mar. 2020	YoY Comparison	Comment
Total assets	¥136.9 billion	¥136.0 billion	-¥0.9 billion	Decreased by the completion of large-scale investment and shrinking borrowings
Total shareholders' equity	¥80.3 billion	¥82.2 billion	+¥1.9 billion	Increased by retaining part of net income
Cash and cash equivalents	¥12.0 billion	¥18.4 billion	+¥6.3 billion	Increased by improving operating cash flow
Interest-bearing debt	¥28.6 billion	¥23.0 billion	-¥5.5 billion	Decreased by shrinking borrowings
Shareholders' equity ratio	58.6%	60.5%	+1.9 points	Increased due to a decrease in interest-bearing debt
Net D/E ratio	+0.20 times	+0.05 times	-0.15 points	Declined due to a decrease in interest-bearing debt
ROE	6.0%	4.5%	-1.5 points	Declined in accordance with a decrease in profit

ROE

We will strategically advance investment based on the Medium-Term Management Plan, which is aimed at achieving the growth strategy in our 10-Year Vision, and take on the challenge of entering new businesses and markets. We will also strive to improve corporate value with the goals of raising profitability and stably maintaining ROE of 9% or more.

Building a Sound Financial Base

We are building a stable financial base that can flexibly respond to growth investments for business expansion. Since we are an equipment-related company and are influenced by economic conditions, we have set a shareholders' equity ratio of 60% or more as the standard for optimal financial leverage. In preparation for unforeseeable circumstances, we have secured enough cash on hand to enable us to flexibly respond to even the most sudden need for funds. Also, in preparation for the effects of the COVID-19 pandemic, in June 2020 we established a commitment line comprising syndicated loans totaling ¥10 billion as an emergency borrowing facility. Furthermore, in March 2020 we reinforced capital and procured funds by issuing share acquisition rights aimed at realizing sustainable growth. Additionally, external borrowing is managed so that the net D/E ratio remains at around 0.3 times to enable financial soundness to be maintained while we work to diversify financing.

Shareholder Return Policy

The basic policy involves working to improve corporate value by investing in facilities and R&D to enhance the management base and further expand the business while providing stable dividends to shareholders. Since we are pursuing a growth strategy based on our 10-Year Vision and the Medium-Term Management Plan, the plan is to mainly utilize investment for capital investment and R&D. As a reference, the dividend payout ratio is set at 30% to ensure stable returns to shareholders after securing sufficient capital for growth investment.