Annual Business Report

April 1, 2020 through March 31, 2021

NIPPON SHARYO

NIPPON SHARYO, LTD. and Consolidated Subsidiaries

Financial Highlights

Comparison of Sales by Segment

(Unit: millions of yen)

Business Segment	192th period (2020-2021)		191th period (2019-2020)		Increase/(Decrease)	
Railway rolling stock	50,486	50.8%	42,371	44.8%	8,115	19.2%
Transportation equipment and Steel structure	18,502	18.6	21,078	22.3	(2,576)	(12.2)
Construction equipment	21,646	21.7	24,939	26.3	(3,293)	(13.2)
Engineering	8,738	8.8	6,100	6.4	2,638	43.3
Other	76	0.1	147	0.2	(71)	(47.6)
Total	99,448	100.0	94,635	100.0	4,813	5.1

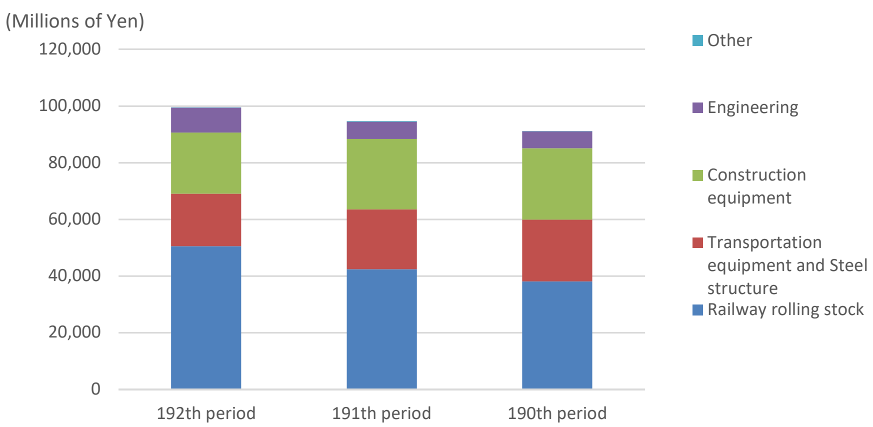
Change in Operating Performance and Asset Status

(Unit: millions of yen except Net income per share)

Titles of account	192th period (2020-2021)	191th period (2019-2020)	190th period (2018-2019)
Net sales	99,448	94,635	91,179
Income before income taxes	9,274	7,530	8,547
Net income (loss) attributable to owners of the parent	7,929	7,895	9,199
Net income per share (loss)	¥549.31	¥547.00	¥637.29
Total assets	136,596	127,813	134,194
Total equity	45,288	34,504	32,446

Note: Effective October 1, 2018, the Company has implemented a 1-for-10 reverse stock split of common stock. Per share of common stock is retroactively adjusted. Per share information is disclosed as if the reverse stock split had been effected at the beginning of the fiscal year ended March 31, 2018.

Comparison of Sales by Segment



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Series N700S Shinkansen

Message from the President

Review of Business Operations

During the first half of the fiscal year under review, economic activity in Japan was constrained by the spread of coronavirus infectious disease (COVID-19). Subsequently, the resumption of economic activity led to signs of a recovery, but careful attention must be paid to the risk that a resurgence of infection causes domestic and overseas economies to undershoot, and the outlook remains unclear.

As a result of this business environment, the Group's sales for the fiscal year under review came to ¥99,448 million, an increase of 5.1% from the previous year, helped by increases in the railway rolling stock business and the engineering business.

With regard to profit, despite decreases in the transportation equipment and steel structure business and the construction equipment business, the railway rolling stock business recorded an increase, resulting in overall operating income rising by 6.0% year on year to ¥9,048 million, the income before income taxes increasing 23.2% year on year to ¥9,274 million, and net income attributable to owners of the parent inching up 0.4% year on year to ¥7,929 million.

The Outlook

When formulating the "Nippon Sharyo Innovative Change 2030" medium-term business plan, the Group drew up a long-term vision that expressed the ideal form to become by 2030 as "a business partner that solves customers' problems by providing safety and reliability in the workplace."

This is based on the expectation of significant changes in the external environment, such as the declining birthrate, aging population, and rising awareness of carbon neutrality that will accelerate in the future. It is also grounded in the Group's recognition that the transition to an earnings structure that is not influenced by fluctuations in product demand is essential.

As well as further honing its strengths, such as quality, customization, and cooperation with JR Central, in order to acquire the resources necessary for achieving the long-term vision, the Group will promote the "Nippon Sharyo Innovative Change 2030" medium-term business plan, which clarifies the areas of focus for a three-year period, and organizes them into three pillars.

(1) Thorough strengthening of profitability (the ability to generate profit)

- Establishing processes to regularize, standardize, and make production sites more efficient, (sales, design, materials, manufacturing, quality assurance)
- Unearthing and completely eliminating the “three Ms”: *muri*, *muda*, and *mura* (overburden, waste, unevenness)
- Achieving more sophisticated project management

(2) Reforming the foundations of the business for growth

- Selecting and concentrating on specific areas of business
- Committing human resources to areas that are in genuine need of strengthening
- Investing in facilities for growth and enhanced productivity

(3) Achieving a transformation of the business model

- Embodying services that contribute to energy savings and improved efficiency at customer production sites
- Strengthening after sales support
- Technical collaboration with other companies, etc.

We expect a difficult order environment for the railway rolling stock business going forward, due to contractions in upgrade demand caused by the prolongation of the impact of COVID-19, etc. In response to this environment, we will leverage our strength in handling a wide variety of rolling stock, such as Shinkansen trains, limited express trains, commuter trains, and operational vehicles. In addition, we will work to reduce costs by differentiating ourselves through technology development that utilizes our condition-monitoring technology and by reforming production processes, and continue to strengthen our competitiveness.

With respect to the transportation equipment and steel structure business, due to the economic uncertainty in Japan and overseas caused by the prolongation of COVID-19, which has resulted in the suppression of capital investment and other issues, the order environment is very challenging. In this environment, we are working on launching new products aimed at meeting market needs, and on R&D aimed at introducing new technology, primarily in the area of our mainstay high-pressure gas tank trucks and heavy duty carriers. In addition, we will take steps to reduce costs through such actions as standardizing design, while strengthening our competitiveness and acquiring new customers. For steel structures we forecast a certain level of orders for the construction of new steel bridges, but we expect the order environment to remain difficult. On the other hand, due to the deterioration of existing bridges, repair and maintenance work is becoming increasingly important. In response to this environment, we will continue to strengthen our ability to provide technical proposals for new bridges, as well as secure order volume. At the same time, in the repair and maintenance business we will leverage the know-how we have accumulated in the course of bridge repair work conducted during major repair work on the Tokaido Shinkansen to grow our orders for repair and maintenance of highway bridges.

In the construction equipment business, due to the risk of an undershoot caused by the prolongation of the impact of COVID-19 in both domestic and overseas markets, the outlook for demand is becoming increasingly uncertain. In this environment, we will leverage our development and manufacturing know-how in construction equipment, including pile-driving rigs. In Japan and overseas markets, primarily those in Asia, we will respond flexibly to the needs of different regions, while striving to strengthen our competitiveness through the adoption of automation and energy-saving technology.

In the engineering business, mechanical equipment for railway company, country elevator, and paper-making facility are essential components of social infrastructure, and we expect a certain level of demand to continue going forwards. In addition to enhanced safety and reduced power consumption, customers are requiring labor-saving features and improved maintainability for such equipment to address labor shortages caused by the aging of the population. In response we will provide detailed proposals to meet market needs, enabling us to secure profits.

Kazuhiro Igarashi

President and Chief Executive Officer

Review by Segment

Railway Rolling Stock Business

Series N700S Shinkansen

Our sales to the JR Companies, Series N700S Shinkansen trains to Central Japan Railway and West Japan Railway Company, rail transporting vehicle for East Japan Railway Company resulted in net sales of ¥39,226 million.

Sales to public and private railways included trains provided to the Tokyo Metro Co., Ltd. and Nagoya Railroad Co., Ltd., resulting in net sales of ¥10,584 million. As a result of these increases in rolling stock for JR Companies and others, the railway rolling stock business recorded net sales of ¥50,486 million, up 19.2% year on year.

Rail transporting vehicle

Transportation Equipment and Steel Structure Business

In transportation equipment business, year-on-year increases in sales of Automated Guided Vehicle and bulk tank trucks for consumer use resulted in a 5.6% rise in net sales, to ¥9,479 million.

LPG bulk tank truck

In steel structures business, sales were recorded in relation to such projects as the Fukuoka Urban Expressway Route 6 Kashiihama Viaduct, the Yokohama Loop Line Sakae interchange/junction H-ramp No.1 bridge, the Hokuriku Shinkansen Yoriyasu bridge, and major repair works for the Tokaido Shinkansen. However, due to declines in sales related to highway bridges for government and municipal offices, net sales fell 25.4% year on year to ¥9,021 million.

As a result of the above, net sales for the transportation equipment and steel structure business came to ¥18,502 million, a decline of 12.2% year on year.

Yokohama Loop Line H-ramp No.1 bridge

Construction Equipment Business

In Construction equipment business, performance was generally remained strong due to demand for urban redevelopment projects in Japan. However, due to large pile driving rigs recording a year-on-year decline and other factors, net sales for the construction equipment business fell by 13.2% year on year, to ¥21,646 million.

Pile driving rig

Engineering Business

The main components of sales in this business included mechanical equipment for Railway Company as well as manufacturing equipment for household paper manufacturers and agricultural plant facilities for Japan Agricultural Cooperatives all over Japan. As a result, net sales in the engineering business totaled ¥8,738 million, up 43.3% from the previous year.

Mechanical equipment for Railway Company

The order backlog at the end of the fiscal year under review was ¥145,079 million. The components of this were ¥112,236 million in the railway rolling stock business, ¥17,781 million in the transportation equipment and steel structure business (¥7,758 million in transportation equipment, and ¥10,023 million in steel structures), ¥11,423 million in the construction equipment business, and ¥3,637 million in the engineering business.

Investment in Plant and Equipment

Plant and equipment investment during the fiscal year under review totaled ¥3,031 million. Investment was mainly targeted at renewal of equipment necessary for production of transportation equipment and the steel structure business. Investment was also made for renewal of equipment to maintain/improve the production capacity at each plant.

On April 20, 2017, we transferred the plant property of Toyokawa Plant, Kinuura Plant, and Narumi Plant to our parent company (Central Japan Railway Company). Since the relevant transaction is a transaction with our parent company, and we concluded a lease contract with our parent company and continuously use the transferred plant property as plants as before even after transfer, we recorded the "land" and "buildings and structures" of this plant property as tangible fixed assets instead of executing sales and purchase accounting. The relevant transaction is not a finance lease transaction, so we recorded the transfer price of the plant property as a long-term debt (including current portion of long-term debt to be cleared within one year).

Therefore, plant and equipment investment concerning the transferred plant property was also recorded as "buildings and structures," "machinery and equipment," and "other," and some of the equipment investment amount as long-term debt (including current portion of long-term debt to be cleared within one year).

Financing Activities

As for the fiscal year under review, no significant borrowing occurred.

NIPPON SHARYO, LTD. AND
CONSOLIDATED SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021
AND
INDEPENDENT AUDITOR'S REPORT

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of NIPPON SHARYO, LTD.:

Opinion

We have audited the consolidated financial statements of NIPPON SHARYO LTD. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
[Revenue recognition - Percentage of completion method] As stated in Note 3 to the consolidated financial statements, the Group applied the percentage of completion method if the outcome of a construction project for the portion completed by the end of the fiscal year can be estimated reliably. The percentage of completion method is applied principally in the steel structure business that manufactures, builds, and sells mainly road bridges, railway bridges, floodgates and so forth. The revenue recognized under the percentage of completion method amounted to ¥7,333 million for the year ended March 31, 2021.	Our audit procedures to test the construction revenue recognized by the percentage of completion method included the following, among others: ● Evaluated the design and operating effectiveness of internal controls over the process of identifying construction projects subject to the percentage of completion method, the process of preparing and approving the working budget of estimated total construction costs and the process of calculating construction revenue in applying the percentage of completion method. ● Examined whether the amount of the estimated total cost of

In applying the percentage of completion method, the amount of construction revenue for each construction project is its total construction revenue multiplied by the percentage of incurred cost of construction to its total cost of construction based on the working budget. The working budget of the total construction costs includes estimates of material costs, labor costs and subcontractor costs for construction projects. The significant assumptions of estimates of labor and subcontractor costs include locations and timing of construction projects, degrees of difficulty of construction based on the construction method and cost improvement effects of skill levels based on past construction performance. In addition, since the working budget of the total cost of construction requires updating each time when the designs of construction projects are changed, it is necessary to reflect such changes to the revenue recognition under the percentage of completion method, based on timely determination of the degrees and ranges of the effects of the design changes on the working budget. We have identified the percentage of completion method as a key audit matter since the estimate of total cost of construction used in the percentage of completion method is affected by the significant assumptions made by the Group's management.	construction projects subject to the percentage of completion method were consistent with the working budget approved by the general manager of the steel structure business division. ● Compared the labor cost ratio and subcontractor cost ratio for construction works based on characteristics of construction projects by contractor, bridge types, timing, location, term and method of constructions with those for past years and examined if the monthly costs by cost category were consistent with the cost structure and the work progress. ● Tested whether the estimated total cost of construction had changed for the construction projects with design change agreements selected from those accounted for by the percentage of completion method. ● Made site inspection for selected construction projects subject to the percentage of completion method and tested the consistency of cost of construction incurred with the stage of the completion of the contract by comparing the progress toward completion to the whole contract period or total construction process.
[Valuation of work in process and provision for loss on orders received in railway rolling stock business] As stated in Note 6 to the consolidated financial statements, the Group recognized work in process of ¥28,133 million as of March 31, 2021. Most of the work in process was the railway rolling stock business related assets. In addition, as stated in Note 3 to the consolidated financial statements, the cost of sales included the write-down of work in process and other inventories of ¥1,177 million for the year ended March 31, 2021 according to the lower of cost or net selling value method. The Group compares the order amount and the estimated total cost for each order when calculating write-down and provision for loss on orders received related to work in process in railway rolling stock business. The estimated total cost is based on the working budget prepared for each order and includes estimated material costs, labor costs, subcontracting costs and other expenses at each related department in the business unit. The significant assumptions of the estimates of these costs include the applicability of know-how based on the past design and manufacturing of similar railway rolling stock, load forecast based on actual results and cost improvement due to progress in mass production of the similar railway rolling stock and improvement of cost proficiency. We have identified valuation of work in process and provision for loss on orders received in railway rolling stock business as a key audit matter since the estimated total cost per order is affected by the significant assumptions made by the Group's management.	Our audit procedures to evaluate reasonableness of valuation of work in process and provision for loss on orders received included the following, among others: ● Evaluated the design and operating effectiveness of internal controls over the process of identifying orders for which order losses had occurred in the railway rolling stock business, the process of preparing and approving working budgets of the total estimated costs and the process of evaluating work in process and provision for loss on orders received. ● Examined the consistency of the schedule for calculating the estimated loss on orders received and the list of construction contracts outstanding as of March 31, 2021 for testing the completeness of identifying the estimated loss on orders received. Compared the Group' judgement of the estimated loss on orders received with the profit/loss experience of the similar railway rolling stock in the prior periods and the most recent estimated cost of construction projects and evaluated the reasonableness of the estimated loss on orders received.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

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

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

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

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

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

北方宏樹

Hiroki Kitagata
Designated Engagement Partner
Certified Public Accountant

加納俊平

Shumpei Kano
Designated Engagement Partner
Certified Public Accountant

Deloitte Touche Tohmatsu LLC
June 29, 2021

NIPPON SHARYO, LTD. and Consolidated Subsidiaries
Consolidated Balance Sheet
March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	2021	2020	2021
CURRENT ASSETS:			
Cash and cash equivalents (Notes 16 and 19)	¥ 20,767	¥ 13,256	$ 188,789
Notes and accounts receivable (Notes 5, 16 and 19)	27,610	29,314	251,001
Inventories (Notes 2.i and 6)	32,112	33,369	291,926
Other current assets (Note 11)	1,272	692	11,567
Total current assets	81,761	76,631	743,283
PROPERTY, PLANT AND EQUIPMENT:			
Land (Note 11)	14,380	14,383	130,724
Buildings and structures (Note 11)	26,159	25,898	237,813
Machinery and equipment	35,550	34,925	323,179
Construction in progress	148	109	1,351
Total	76,237	75,315	693,067
Accumulated depreciation	(47,635)	(47,092)	(433,052)
Net property, plant, and equipment	28,602	28,223	260,015
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 7, 11 and 16)	19,091	17,405	173,549
Investments in an unconsolidated subsidiary and associated companies (Note 16)	885	842	8,048
Asset for employees’ retirement benefits (Note 10)	4,917	3,365	44,700
Deferred tax assets (Note 15)	138	124	1,255
Other assets (Note 11)	1,202	1,223	10,930
Total investments and other assets	26,233	22,959	238,482
TOTAL	¥ 136,596	¥ 127,813	$ 1,241,780

(Continued)

NIPPON SHARYO, LTD. and Consolidated Subsidiaries
Consolidated Balance Sheet
March 31, 2021

LIABILITIES AND EQUITY	Millions of Yen 2021	Millions of Yen 2020	Thousands of U.S. Dollars (Note 1) 2021
CURRENT LIABILITIES:			
Current portion of long-term debt (Notes 9, 16 and 19)	¥ 3,360	¥ 450	$ 30,549
Current portion of lease obligations (Notes 13 and 16)	906	744	8,238
Notes and accounts payable (Notes 8 and 16)	21,442	22,883	194,926
Accrued expenses (Note 19)	4,694	5,469	42,673
Advances received	1,109	613	10,080
Income taxes payable (Note 15)	1,347	26	12,243
Allowance for work in process on construction contracts	32	120	288
Provision for losses on orders received (Note 2.n)	-	313	-
Other current liabilities	399	1,100	3,628
Total current liabilities	33,289	31,718	302,625
LONG-TERM LIABILITIES:			
Long-term debt (Notes 9, 11 16 and 19)	51,946	56,364	472,234
Liability for employees' retirement benefits (Note 10)	259	454	2,356
Lease obligations (Notes 13 and 16)	1,092	1,436	9,925
Allowance for PCB disposal expenses (Note 2.p)	106	141	964
Provision for compensation for health damage from asbestos	92	62	836
Deferred tax liabilities (Note 15)	4,329	2,923	39,355
Other long-term liabilities	195	211	1,773
Total long-term liabilities	58,019	61,591	527,443
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 12 and 17)			
EQUITY (Note 14):			
Common stock, authorized, 32,800,000 shares; issued, 14,675,012 shares in 2021 and 2020	11,811	11,811	107,370
Retained earnings	25,409	17,480	230,992
Treasury stock, at cost, 241,705 shares in 2020 and 242,109 shares in 2021	(520)	(519)	(4,727)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	8,646	6,860	78,603
Foreign currency translation adjustments	(2,228)	(2,242)	(20,258)
Defined retirement benefit plans	2,031	984	18,471
Total accumulated other comprehensive income	8,449	5,602	76,816
Non-controlling interests	139	130	1,261
Total equity	45,288	34,504	411,712
TOTAL	¥ 136,596	¥ 127,813	$ 1,241,780

(Concluded)

See notes to consolidated financial statements.

NIPPON SHARYO, LTD. and Consolidated Subsidiaries
Consolidated Statement of Income
Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
NET SALES (Note 19)	¥ 99,448	¥ 94,635	$ 904,076
COST OF SALES (Notes 2.i, 2.m and 2.u)	83,395	79,033	758,133
Gross profit	16,053	15,602	145,943
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Note 2.u)	7,005	7,064	63,689
Operating income	9,048	8,538	82,254
OTHER INCOME (EXPENSES)			
Interest and dividend income (Note 19)	286	352	2,600
Interest expense (Note 19)	(354)	(372)	(3,218)
Equity in earnings of associated companies	47	53	425
Gain on sales of investment securities, net (Note 7)	115	68	1,044
Loss on impairment of property, plant and equipment (Note 18)	(29)	(1,123)	(266)
Loss on sales and disposals of property, plant and equipment, net	(123)	(57)	(1,116)
Other – net	284	71	2,585
Other income (expenses) – net	226	(1,008)	2,054
INCOME BEFORE INCOME TAXES	9,274	7,530	84,308
INCOME TAXES (Note 15):			
Current	1,188	238	10,802
Deferred	144	(618)	1,308
Total income taxes	1,332	(380)	12,110
NET INCOME	7,942	7,910	72,198
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	13	15	122
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 7,929	¥ 7,895	$ 72,076
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2.v):			
Basic net income	¥ 549.31	¥ 547.00	$ 4.99
Cash dividends applicable to the year	10.00	-	0.09

See notes to consolidated financial statements.

NIPPON SHARYO, LTD. and Consolidated Subsidiaries
Consolidated Statement of Comprehensive Income
Year Ended March 31, 2021

	Millions of Yen				Thousands of U.S. Dollars (Note 1)	
	2021		2020		2021	
NET INCOME	¥	7,942	¥	7,910	$	72,198
OTHER COMPREHENSIVE INCOME (Note 20):						
Unrealized gain (loss) on available-for-sale securities		1,783		(2,060)		16,208
Foreign currency translation adjustments		14		(19)		128
Defined retirement benefit plans		1,048		(3,769)		9,524
Share of other comprehensive income in associated companies		3		1		28
Total other comprehensive income (loss)		2,848		(5,847)		25,888
COMPREHENSIVE INCOME	¥	10,790	¥	2,063	$	98,086
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
Owners of the parent	¥	10,776	¥	2,048	$	97,964
Non-controlling interests		14		15		122

See notes to consolidated financial statements.

NIPPON SHARYO, LTD. and Consolidated Subsidiaries
Consolidated Statement of Changes in Equity
Year Ended March 31, 2021

	Millions of Yen										
						Accumulated other comprehensive income					
	Number of shares of common stock outstanding	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income	Noncontrolling interests	Total equity
BALANCE, APRIL 1, 2019	14,433,876	¥ 11,811	¥ -	¥ 9,585	¥ (517)	¥ 8,919	¥ (2,224)	¥ 4,754	¥ 11,449	¥ 118	¥ 32,446
Net income attributable to owners of the parent	-	-	-	7,895	-	-	-	-	-	-	7,895
Increase in treasury stock, net	(569)	-	-	-	(2)	-	-	-	-	-	(2)
Net changes in the year	-	-	-	-	-	(2,059)	(18)	(3,770)	(5,847)	12	(5,835)
BALANCE, MARCH 31, 2020	14,433,307	11,811	-	17,480	(519)	6,860	(2,242)	984	5,602	130	34,504
Net income attributable to owners of the parent	-	-	-	7,929	-	-	-	-	-	-	7,929
Increase in treasury stock, net	(404)	-	-	-	(1)	-	-	-	-	-	(1)
Net changes in the year	-	-	-	-	-	1,786	14	1,047	2,847	9	2,856
BALANCE, MARCH 31, 2021	14,432,903	¥ 11,811	¥ -	¥ 25,409	¥ (520)	¥ 8,646	¥ (2,228)	¥ 2,031	¥ 8,449	¥ 139	¥ 45,288

	Thousands of U.S. Dollars (Note 1)									
					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income	Noncontrolling interests	Total equity
BALANCE, MARCH 31, 2020	$ 107,370	$ -	$ 158,916	$ (4,717)	$ 62,366	$ (20,386)	$ 8,947	$ 50,927	$ 1,182	$ 313,678
Net income attributable to owners of the parent	-	-	72,076	-	-	-	-	-	-	72,076
Increase in treasury stock, net	-	-	-	(10)	-	-	-	-	-	(10)
Net changes in the year	-	-	-	-	16,237	128	9,524	25,889	79	25,968
BALANCE, MARCH 31, 2021	$ 107,370	$ -	$ 230,992	$ (4,727)	$ 78,603	$ (20,258)	$ 18,471	$ 76,816	$ 1,261	$ 411,712

See notes to consolidated financial statements.

NIPPON SHARYO, LTD. and Consolidated Subsidiaries
Consolidated Statement of Cash Flows
Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
OPERATING ACTIVITIES:			
Income before income taxes	¥ 9,274	¥ 7,530	$ 84,308
Adjustments for:			
Income taxes-paid	203	(802)	1,846
Depreciation	2,657	2,362	24,156
Loss on impairment of property, plant and equipment	29	1,123	266
Loss (gain) on sales and disposals of property, plant and equipment	1	(139)	9
Gain on sales of investment securities	(115)	(68)	(1,044)
Changes in assets and liabilities:			
Decrease in trade notes and accounts receivable	740	697	6,727
Decrease (increase) in inventories	1,256	(1,896)	11,425
Decrease in trade notes and accounts payable	(2,308)	(119)	(20,986)
Decrease in allowance for work in process on construction contracts	(89)	(56)	(806)
Decrease in provision for losses on orders received	(313)	(1,524)	(2,848)
Increase (decrease) in provision for compensation for health damage from asbestos	30	(25)	273
Increase (decrease) in advances received	496	(3,668)	4,508
(Decrease) increase in liability for employees' retirement benefits	(194)	161	(1,768)
Other-net	(130)	(2,267)	(1,183)
Net cash provided by operating activities	11,537	1,309	104,883
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(3,120)	(4,615)	(28,362)
Proceeds from sales of property, plant and equipment	14	2,665	124
Purchases of investment securities	(4)	(4)	(32)
Proceeds from sales of investment securities	1,003	145	9,114
Other-net	(188)	(93)	(1,706)
Net cash used in investing activities	(2,295)	(1,902)	(20,862)

(Continued)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
FINANCING ACTIVITIES:			
Proceeds from long-term debt	177	2,739	1,608
Repayments of long-term debt	(1,685)	(1,440)	(15,315)
Dividends paid	-	(0)	-
Other-net	(130)	(151)	(1,184)
Net cash (used in) provided by financing activities	(1,638)	1,148	(14,891)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(93)	(20)	(846)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,511	535	68,283
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	13,256	12,721	120,506
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 20,767	¥ 13,256	$ 188,789

(Concluded)

See notes to consolidated financial statements.

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (IFRS).

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2020 consolidated financial statements to conform to the classifications used in 2021.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which NIPPON SHARYO, LTD. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥110 to $1, the approximate rate of exchange at March 31, 2021. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation

The consolidated financial statements as of March 31, 2021, include the accounts of the Company and its significant subsidiaries (together, the "Group"). Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in associated companies are accounted for by the equity method. Investments in the remaining unconsolidated subsidiary and associated company are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated on consolidation. All material unrealized profit included in assets resulting from transactions within the Group was also eliminated.

The number of the consolidated subsidiaries, unconsolidated subsidiaries, and associated companies for the years ended March 31, 2021 and 2020, was as follows:

	2021	2020
Consolidated subsidiaries	6	6
Unconsolidated subsidiaries stated at cost	1	1
Associated companies accounted for by the equity method	2	2
Associated companies stated at cost	1	1

An absorption-type merger became effective on January 1, 2021 regarding three U.S. subsidiaries: NIPPON SHARYO MANUFACTURING, LLC as the surviving company, NIPPON SHARYO U.S.A., INC. and NIPPON SHARYO ENGINEERING & MARKETING, LLC both as the absorbed companies.

The fiscal year-end of NIPPON SHARYO U.S.A., INC. and its subsidiaries, NIPPON SHARYO MANUFACTURING, LLC, and NIPPON SHARYO ENGINEERING & MARKETING, LLC is December 31 and their financial statements with the closest closing date prior to that of the Company are used for consolidation purposes. Necessary adjustments for significant transactions from January 1 to March 31 are made for consolidation purposes.

For the equity method associated companies that have a different fiscal year from that of the Company, the associated companies' financial statements with the closest closing date prior to that of the Company are used for consolidation purposes.

b. Unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements

Under Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification—"FASB ASC") tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of research and development (R&D); and (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting.

c. Unification of accounting policies applied to associated companies for the equity method

ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments," requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method, unless it is impracticable to determine adjustments.

d. Business combinations

Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of non-controlling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the non-controlling interest is adjusted is accounted for as capital surplus for as long as the parent retains control over its subsidiary.

e. Cash equivalents

Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value.

Cash equivalents include time deposits and Cash Management System ("CMS") funds due from Central Japan Railway Company ("CJR") group, all of which mature or become due within three months from the date of acquisition. CJR is the parent company of the Company.

f. Investment securities

Investment securities are classified and accounted for, depending on management's intent, as follows:

Available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

g. Derivatives and hedging activities

The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Forward foreign currency contracts are utilized by the Group to reduce foreign currency exchange risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: 1) all derivatives are recognized as either assets or liabilities and measured at fair value and gains and losses on derivative transactions are recognized in the consolidated statement of operations and 2) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains and losses on derivatives are deferred until maturity of the hedged transactions.

The forward foreign currency contracts are utilized to hedge foreign currency exposures in sales of merchandise and finished goods to overseas customers and procurement of raw materials from overseas suppliers. Trade receivables and payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

h. Allowance for doubtful accounts

An allowance for doubtful accounts is provided for at the aggregate amount of estimated credit loss based on an individual analysis of certain doubtful or troubled receivables and a general reserve for other receivables is calculated based on the historical loss experience.

i. Inventories

Inventories are stated at the lower of cost, determined principally by the specific identification method for merchandise, finished goods and work in process and by the moving-average method for semi-finished goods, raw materials, and supplies, or net selling value, which is defined as the selling price, less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. Reversal of write-downs of inventories in the amounts of ¥2,803 million ($25,485 thousand) and ¥1,837 million for the years ended March 31, 2021 and 2020, respectively, were included in cost of sales.

j. Property, plant and equipment

Property, plant and equipment, including significant renewals and additions, are stated at cost and are depreciated principally by the straight-line method for buildings and building improvements and structures acquired on or after April 1, 2016, and by the declining-balance method for other property at rates based on the estimated useful lives of the assets.

Depreciation of leased assets relating to financial lease transactions without transfer of ownership is computed by the straight-line method over the leased period.

The range of useful lives is principally from 10 to 60 years for buildings and structures and from six to 17 years for machinery and equipment.

The Company has transferred its factory assets of Toyokawa Plant, Kinuura Plant, and Narumi Plant to CJR on April 20, 2017. The transfer was not treated as a buying and selling transaction since the relevant factory assets were transferred to CJR, but the Company continues to utilize these factory assets as before, based on a lease agreement concluded between the Company and CJR. The relevant factory assets were therefore still recorded under property, plant and equipment of the Company. As the relevant transactions do not fall under a finance lease transaction, the total transfer price was recorded as long-term debt (including the current portion). In addition, capital expenditure related to the transferred factory assets was recorded under “buildings and structures” and “machinery and equipment,” and a part of the capital expenditure was recorded as long-term debt (including the current portion), for the years ended March 31, 2021 and 2020.

As a result, the relevant factory assets as of March 31, 2021, were recorded under property, plant and equipment with carrying amounts of ¥11,975 million ($108,867 thousand) as land, of ¥5,767 million ($52,431 thousand) as buildings and structures and ¥153 million ($1,387 thousand) as machinery and equipment, while long-term debt (including the current portion) was recorded with a carrying amount of ¥22,609 million ($205,537 thousand) as of March 31, 2021. As of March 31, 2020, the relevant factory assets were recorded under property, plant and equipment with carrying amounts of ¥11,975 million as land, of ¥5,997 million as buildings and structures and ¥200 million as machinery and equipment, while long-term debt (including the current portion) was recorded with a carrying amount of ¥22,893 million.

k. Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling value at disposition.

l. Intangible assets

Intangible assets that are included in other assets are amortized by the straight-line method. Software costs are amortized over five years.

m. Allowance for work in process on construction contracts

An allowance for work in process on construction contracts is provided based on an estimate of the total loss on construction projects for which eventual losses are deemed inevitable and for which the amount of loss can be reasonably estimated. Reversal of provisions for work in process on construction contracts with an amount of ¥89 million ($806 thousand) and ¥56 million for the years ended March 31, 2021 and 2020, respectively, were included in cost of sales.

n. Provision for losses on orders received

A provision for losses on orders received, except for construction contracts, is recorded based on an estimate of the total anticipated loss on contracts for which eventual losses are deemed inevitable and for which the amount of loss can be reasonably estimated.

o. Retirement and pension plans

The Company has a lump-sum retirement benefit plan, a defined contribution pension plan and a defined benefit pension plan. The Company's domestic consolidated subsidiaries have similar retirement benefit plans.

Liabilities for employees' retirement benefits are calculated based on the projected benefit obligations and plan assets at the consolidated balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Prior service costs are amortized on a straight-line basis over 15 years, which is within the average remaining service period. Actuarial gains and losses are amortized on a straight-line basis mainly over 15 years, which is within the average remaining service period in the following the fiscal year.

p. Allowance for Polychlorinated Biphenyl (PCB) disposal expenses

An allowance for PCB disposal expenses has been provided based on the published estimated disposal fee schedule issued by the Japan Environmental Storage & Safety Corporation.

q. Provision for compensation for health damage from asbestos

A provision for compensation for health damage from asbestos has been recorded based on the estimated compensation amount for former employees who suffered health damage from asbestos.

r. Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax rates to the temporary differences.

s. Foreign currency transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of operations to the extent that they are not hedged by forward exchange contracts.

t. Foreign currency financial statements

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the consolidated balance sheet date, except for equity, which is translated at the historical rate. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate. Differences arising from such translation are shown as foreign currency translation adjustments under accumulated other comprehensive income in a separate component of equity.

u. R&D expenses

Expenses related to R&D activities are charged to income as incurred. R&D expenses amounted to ¥1,773 million ($16,115 thousand) and ¥1,480 million for the years ended March 31, 2021 and 2020, respectively, and are included in general and administrative expenses and manufacturing costs in the accompanying consolidated statement of operations.

v. Per share information

Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of shares of common stock outstanding during the respective year. Weighted-average number of shares of common stock for the years ended March 31, 2021 and 2020, were 14,433 thousand shares. Diluted net income per share for the years ended March 31, 2021 and 2020, was not applicable because the Company had no dilutive common shares. Cash dividends per share presented in the accompanying consolidated statement of operations are dividends applicable to the respective years, including dividends to be paid after the end of the year.

w. Construction contracts

Construction revenue and construction costs are recognized by the percentage-of-completion method if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the consolidated balance sheet date can be reliably measured, the outcome of a construction contract is deemed to be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method is applied. When it is probable that the total construction costs will exceed total construction revenue, the estimated loss on the contract is recognized.

x. Accounting changes and error corrections

Under ASBJ Statement No. 24, “Accounting Standard for Accounting Changes and Error Corrections” and ASBJ Guidance No. 24, “Guidance on Accounting Standard for Accounting Changes and Error Corrections,” accounting treatments are required as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively, unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period consolidated financial statements is discovered, those statements are restated.

y. Change in accounting policies

Foreign subsidiaries adopting generally accepted accounting principles in the United States of America (“US-GAAP”) have applied ASC 842 “Leases” from the fiscal year ended March 31, 2021. The effects of the application of this standard on the consolidated financial statements are immaterial.

z. New accounting pronouncements

Accounting Standard for Revenue Recognition, etc.

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, revised on March

31, 2020)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, revised on March 26, 2021)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, revised on March 31, 2020)

(a) Overview
The International Accounting Standards Board ("IASB") and the Financial Accounting Standards Board ("FASB") have jointly developed a comprehensive accounting standard for revenue recognition and issued it as converged guidance on recognizing revenue in contracts with customers in May 2014 as IFRS 15 (IASB) and Topic 606 (FASB), respectively. To respond to both IFRS 15 and Topic 606 effective from the fiscal years beginning on or after January 1, 2018 and December 15, 2017, respectively, ASBJ has developed a comprehensive accounting standard for revenue recognition and issued it with the respective implementation guidance.

In developing the accounting standard for revenue recognition, ASBJ basically integrated the core principle of IFRS 15 from a comparability point of view of the financial statements, which is one of the benefits of ensuring consistency with IFRS 15. ASBJ, on the other side, considered additional alternative treatments where current practices under Japanese GAAP are to be reflected as far as such treatments would not significantly impair international comparability.

(b) Effective date
The above standard and guidances are scheduled to be applied from the beginning of the fiscal year ending March 31, 2022.

(c) Effects of application of the standards
The application of the above standard and guidances is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the start of the fiscal year ending March 31, 2022, was added to or subtracted from the opening balance of retained earnings of the fiscal year ending March 31, 2022, and thus the new accounting policy will be applied from such opening balance. The effects of the application of the above standard and guidances on the opening balance of retained earnings of the fiscal year ending March 31, 2022 are immaterial.

Accounting Standard for Fair Value Measurement, etc.
- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, issued on July 4, 2019)
- Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, issued on July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, issued on July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Management (ASBJ Guidance No. 31, issued on July 4, 2019)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, revised on March 31, 2020)

(a) Overview
Both the IASB and the FASB each established a nearly identical and detailed guidance for fair value measurement (IFRS 13 "Fair Value Measurement" in IFRS and ASC Topic 820 "Fair Value Measurement" in US-GAAP.) Given this fact, ASBJ issued the "Accounting Standard for Fair Value Measurement" to establish consistency between Japanese standards and international standards regarding the guidance and disclosure mainly for fair value of financial instruments.

ASBJ's basic policy in developing the accounting standard for fair value measurement was to adopt the entirety of IFRS 13 with the unified measurement methodology for better comparability of the financial statements of domestic and foreign enterprises. ASBJ, on the other side, specified other alternative treatments in individual items considering the current practices under Japanese GAAP as far as such treatments would not significantly impair international comparability.

(b) Effective date
The above standards and guidances are scheduled to be applied from the beginning of the fiscal year ending March 31, 2022.

(c) Effects of application of the standards, etc.
The effects of the application of the above standards and guidances on the consolidated financial statements are currently being assessed.

3. SIGNIFICANT ACCOUNTING ESTIMATES

In preparing the consolidated financial statements of the Group, management makes judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income, and expenses. The Group's significant estimates and underlying assumptions are reviewed on an ongoing basis. Those revisions could result in a material adjustment to carrying amounts of assets and liabilities in the future periods due to uncertainty of estimates and assumptions. The Group's significant estimates and assumptions used are as follows:

(1) Revenue recognition (percentage-of-completion method)

(a) Amount recognized in the fiscal year ended March 31, 2021

	Millions of Yen	Thousands of U.S. Dollars
	2021	2021
Net sales	¥ 7,333	$ 66,664

(b) Information on the nature of significant account estimates useful for the users of the consolidated financial statements

(i) Calculation method
In applying the percentage of completion method, the amount of construction revenue for each construction project is its total construction revenue multiplied by the percentage of incurred cost of construction to its total cost of construction based on the working budget.

(ii) Key assumptions
The working budget of the total construction costs includes estimates of material costs, labor costs and subcontractor costs for construction projects. The significant assumptions of estimates of labor and subcontractor costs include locations and timing of construction projects, degrees of difficulty of construction based on the construction method and cost improvement effects of skill levels based on past construction performance.

(iii) Impact on the next fiscal year's consolidated financial statements
In case of engineering design change of a contract construction, the working budget is reviewed by assessing the impact level and extent of the design change in a timely manner. The revenue amount may vary, if the percentage of completion is to be

changed significantly based on such a revision of the working budget.

(2) Valuation of inventories and provision for losses on orders received

(a) Amount recognized in the fiscal year ended March 31, 2021

	Millions of Yen	Thousands of U.S. Dollars
	2021	2021
Loss on valuation of inventories	¥ 1,177	$ 10,699

(b) Information on the nature of significant account estimates useful for the users of the consolidated financial statements

(i) Calculation method
In calculating write-down and provision for loss on orders received related to work in process in railway rolling stock business, the order amount are compared to the estimated total cost for each order.

(ii) Key assumptions
The estimated total cost is based on the working budget prepared for each order and includes estimated material costs, labor costs, subcontracting costs and other expenses at each related department in the business unit. The significant assumptions of the estimates of these costs include the applicability of know-how based on the past design and manufacturing of similar railway rolling stock, load forecast based on actual results and cost improvement due to progress in mass production of the similar railway rolling stock and improvement of cost proficiency.

(iii) Impact on the next fiscal year's consolidated financial statements
In case of engineering design change, the working budget is reviewed by assessing the impact level and extent of the design change in a timely manner. The amount of loss on valuation of work in process and provision for losses on orders received may vary, if the working budget is to be changed significantly.

(3) Recoverability of deferred tax assets

(a) Amount recognized in the fiscal year ended March 31, 2021

	Millions of Yen	Thousands of U.S. Dollars
	2021	2021
Deferred tax assets	¥ 2,163	$ 19,663

(b) Information on the nature of significant account estimates useful for the users of the consolidated financial statements

(i) Calculation method
In judgment for recoverability of deferred tax assets, the Group recognizes deferred tax assets within the expected range of amount for the future period where taxable income is reasonably estimated, depending on the fiscal year where temporary differences are expected to be eliminated by scheduling of temporary differences and tax loss carried forward.

(ii) Key assumptions
For calculating the expected amount of taxable income, projected business results are used which are based on the business strategies of each division considering its market volume, customer need, capital investments, etc.

(iii) Impact on the next fiscal year's consolidated financial statements
Changes in taxation system and tax rates could affect the calculation results, while changes in market environment and a shortfall of management objectives could affect the future business results, thus all changes could affect valuation of deferred tax assets.

4. CHANGE IN PRESENTATION

The "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, issued on March 31, 2020) has been applied from the fiscal year ended March 31, 2021, and the note regarding significant accounting estimates was disclosed on the consolidated financial statements. However, no respective disclosure for the fiscal year ended March 31, 2020, was made according to the transitional treatment provided for in the proviso to paragraph 11 of the above accounting standard.

5. NOTES AND ACCOUNTS RECEIVABLE

Notes and accounts receivable as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Trade notes receivable	¥ 4,419	¥ 4,230	$ 40,172
- Unconsolidated subsidiary and associated companies	98	136	895
Trade accounts receivable	18,637	16,750	169,423
- CJR, unconsolidated subsidiary and associated companies	4,272	7,065	38,838
Other	200	1,147	1,818
Less allowance for doubtful accounts	(16)	(14)	(145)
Total	¥ 27,610	¥ 29,314	$ 251,001

Note: Allowance for doubtful accounts was not recognized for accounts receivable-other, which was included in Other above.

6. INVENTORIES

Inventories as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Merchandise	¥ 224	¥ 424	$ 2,034
Finished goods	1,046	968	9,514
Semi-finished goods	1,228	1,213	11,167
Work in process	28,133	29,244	255,752
Raw materials	1,481	1,520	13,459
Total	¥ 32,112	¥ 33,369	$ 291,926

Work in process and the allowance for work in process on construction contracts are presented in the gross amount in the consolidated balance sheet. At March 31, 2021 and 2020, an allowance for work in process on construction contracts of ¥16 million ($150 thousand) and ¥nil, respectively, was provided and included in work in process and semi-finished goods above.

7. INVESTMENT SECURITIES

Investment securities as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Equity securities	¥ 19,091	¥ 17,405	$ 173,549
Total	¥ 19,091	¥ 17,405	$ 173,549

The costs and aggregate fair values of investment securities as of March 31, 2021 and 2020, were as follows:

	Millions of Yen			
	2021			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Securities classified as available-for-sale:				
Equity securities	¥ 5,115	¥ 12,407	¥ (19)	¥ 17,503
Total	¥ 5,115	¥ 12,407	¥ (19)	¥ 17,503

	Millions of Yen			
	2020			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Securities classified as available-for-sale:				
Equity securities	¥ 5,993	¥ 10,064	¥ (246)	¥ 15,811
Total	¥ 5,993	¥ 10,064	¥ (246)	¥ 15,811

	Thousands of U.S. Dollars			
	2021			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
Securities classified as available-for-sale:				
Equity securities	$ 46,503	$ 112,788	$ (176)	$ 159,115
Total	$ 46,503	$ 112,788	$ (176)	$ 159,115

The information of available-for-sale securities which were sold for the years ended March 31, 2021 and 2020, was as follows:

	Millions of Yen		
	2021		
	Proceeds	Realized gains	Realized losses
Available-for-sale:			
Equity securities	¥ 1,003	¥ 148	¥ 33
Total	¥ 1,003	¥ 148	¥ 33

	Millions of Yen		
	2020		
	Proceeds	Realized gains	Realized losses
Available-for-sale:			
Equity securities	¥ 145	¥ 68	¥ -
Total	¥ 145	¥ 68	¥ -

	Thousands of U.S. Dollars		
	2021		
	Proceeds	Realized gains	Realized losses
Available-for-sale:			
Equity securities	$ 9,114	$ 1,348	$ 304
Total	$ 9,114	$ 1,348	$ 304

No impairment losses were recognized on available-for-sale equity securities for the years ended March 31, 2021 and 2020.

8. NOTES AND ACCOUNTS PAYABLE

Notes and accounts payable as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Trade notes payable	¥ 479	¥ 384	$ 4,357
Electronically recorded obligations-operating	10,110	10,774	91,909
-Unconsolidated subsidiary and associated companies	10	12	91
Trade accounts payable	7,145	8,886	64,956
-Unconsolidated subsidiary and associated companies	32	32	287
Other	3,666	2,795	33,326
Total	¥ 21,442	¥ 22,883	$ 194,926

9. LONG-TERM DEBT

Long-term debt as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Loans from CJR due through 2027 (Note) with average interest rate of 0.61%	¥ 55,306	56,814	$ 502,783
Less current portion	(3,360)	(450)	(30,549)
Total	¥ 51,946	¥ 56,364	$ 472,234

The aggregate annual maturities of long-term debt as of March 31, 2021, were as follows:

Years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2022	¥ 2,900	$ 26,364
2023	2,900	26,364
2024	2,900	26,364
2025	2,900	26,364
2026	2,900	26,364
2027 and thereafter	18,197	165,427
Total	¥ 32,697	$ 297,247

Note: Long-term debt recorded for the transfer price of the factory assets transferred to CJR and for a part of capital expenditure related to the transferred factory assets in the total amount of ¥22,609 million ($205,537 thousand) was not reflected.

10. RETIREMENT AND PENSION PLANS

Employees who terminate their service with the Company and its domestic consolidated subsidiaries are entitled to retirement benefits generally determined by reference to the basic rate of pay at the time of termination, length of service and conditions under which the termination occurs. The Company has a lump-sum retirement benefit plan, a defined contribution pension plan and a defined benefit pension plan, which are assumed to cover retirement benefits for employees who have retired voluntarily. The Company contributed certain assets to the employee retirement benefit trust. The Company's domestic consolidated subsidiaries have similar retirement benefit plans.

(1) Defined benefit plans

(a) The changes in defined benefit obligation for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year	¥ 13,731	¥ 13,638	$ 124,831
Current service cost	746	750	6,784
Interest cost	122	120	1,104
Actuarial gains	(474)	(14)	(4,313)
Benefits paid	(457)	(698)	(4,153)
Prior service cost	-	(65)	-
Balance at end of year	¥ 13,668	¥ 13,731	$ 124,253

Note: The domestic consolidated subsidiaries of the Company apply the simplified method in calculating the defined benefit obligation.

(b) The changes in plan assets for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year	¥ 16,642	¥ 21,256	$ 151,295
Expected return on plan assets	255	258	2,315
Actuarial gains	1,223	(4,908)	11,118
Contribution from the employer	423	380	3,848
Benefits paid	(217)	(344)	(1,979)
Balance at end of year	¥ 18,326	¥ 16,642	$ 166,597

(c) Reconciliation between the liability (asset) recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2021 and 2020, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Funded defined benefit obligation	¥ 13,409	¥ 13,498	$ 121,897
Plan assets	(18,326)	(16,642)	(166,597)
Total	(4,917)	(3,144)	(44,700)
Unfunded defined benefit obligation	259	233	2,356
Net asset arising from defined benefit obligation	¥ (4,658)	¥ (2,911)	$ (42,344)
Asset for employees' retirement benefits	¥ (4,917)	¥ (3,365)	$ (44,700)
Liability for employees' retirement benefits	259	454	2,356
Net asset arising from defined benefit obligation	¥ (4,658)	¥ (2,911)	$ (42,344)

(d) The components of net periodic benefit costs for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Service cost *(Note)*	¥ 746	¥ 750	$ 6,784
Interest cost	122	120	1,104
Expected return on plan assets	(255)	(258)	(2,315)
Recognized actuarial gains	(176)	(563)	(1,599)
Amortization of prior service cost	(12)	(9)	(109)
Net periodic benefit costs	¥ 425	¥ 40	$ 3,865

Note: Retirement benefit costs of the consolidated subsidiaries applying the simplified method are included in service cost.

(e) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2021 and 2020

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Prior service cost	¥ (12)	¥ 55	$ (109)
Actuarial losses (gains)	1,522	(5,457)	13,832
Total	¥ 1,510	¥ (5,402)	$ 13,723

(f) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2021 and 2020

	Millions of Yen				Thousands of U.S. Dollars	
	2021		2020		2021	
Unrecognized prior service cost	¥	(114)	¥	(126)	$	(1,040)
Unrecognized actuarial gains		(2,814)		(1,292)		(25,576)
Total	¥	(2,928)	¥	(1,418)	$	(26,616)

(g) Plan assets

(*i*) Components of plan assets
Plan assets consisted of the following:

	2021	2020
Debt investments	17%	17%
Equity investments	72%	72%
Cash and deposits	5%	4%
Other	6%	7%
Total	100%	100%

Note: The employees' retirement benefit trusts for the contributory pension plans accounted for 15% and 16% of total plan assets for the years ended March 31, 2021 and 2020, respectively.

(*ii*) Method of determining the expected rate of return on plan assets
The expected rate of return on plan assets is determined considering the current and future asset portfolio and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(h) Assumptions used for the years ended March 31, 2021 and 2020, were set forth as follows:

	2021	2020
Discount rate	0.9%	0.9%
Expected rate of return on plan assets	2.0%	2.0%

(2) Defined contribution plans

The required contribution of the Company and its consolidated subsidiaries amounted to ¥143 million ($1,302 thousand) and ¥143 million for the years ended March 31, 2021 and 2020, respectively.

11. ASSETS PLEDGED AS COLLATERAL

(1) Assets pledged as collateral for long-term debt borrowed from CJR in November 2017 for the payment of settlement money related to a large railway rolling stock project in the U.S.A. were as follows. The balance of the long-term debt, including current portion, as of March 31, 2021 and 2020 was ¥32,697 million ($297,245 thousand) and ¥33,921 million, respectively.

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Buildings and structures	¥ 259	¥ 259	$ 2,356
Land	15	15	136
Investment securities	17,225	14,881	156,592
Total	¥ 17,499	¥ 15,155	$ 159,084

(2) Other assets pledged as collateral as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Other current assets *(Note 1)*	¥ -	¥ 1	$ -
Other assets under Investments and Other Assets *(Note 2)*	10	10	91
Total	¥ 10	¥ 11	$ 91

Notes 1: Deposit required by insurance contracts
2: Guarantee deposit required by the Real Estate Brokerage Act

12. CONTINGENT LIABILITIES

In some cases, the Company sells its construction equipment products through leasing companies. Some of these leasing companies request that the Company enters into lease credit guarantee contracts. Under these contracts, if the lease credits are unrecoverable from users of the Company's construction equipment products, the Company guarantees payment of the amount defined by the contract to the leasing companies. Such guarantees as of March 31, 2021 and 2020, amounted to ¥58 million ($530 thousand) and ¥129 million, respectively.

13. LEASE TRANSACTIONS

The Group uses certain machinery and equipment under finance lease contracts.

All finance lease transactions are accounted for in a manner similar to ordinary sale or purchase transactions.

The aggregate annual maturities of lease obligations as of March 31, 2021, were as follows:

Years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2022	¥ 906	$ 8,238
2023	452	4,108
2024	290	2,639
2025	268	2,437
2026	80	727
2027 and thereafter	2	14
Total	¥ 1,998	$ 18,163

A consolidated subsidiary subleases machinery.

Investments in leases and lease obligations, which include an interest portion, resulting from sublease transactions as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Investments in leases:			
Due within one year	¥ 163	¥ 116	$ 1,484
Due after one year	160	112	1,456
Total	¥ 323	¥ 228	$ 2,940

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Lease obligations:			
Due within one year	¥ 187	¥ 132	$ 1,694
Due after one year	180	129	1,638
Total	¥ 367	¥ 261	$ 3,332

14. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(1) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(2) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(3) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

15. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.6% and 30.3% for the years ended March 31, 2021 and 2020, respectively.

The tax effects of significant temporary differences and tax loss carryforwards that resulted in deferred tax assets and liabilities as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Deferred tax assets:			
Tax loss carryforwards (Note 2)	¥ 5,239	¥ 6,479	$ 47,627
Liability for employees' retirement benefits	2,509	2,496	22,805
Loss on write-downs of inventories	360	1,218	3,276
Land and building of plants	1,514	1,517	13,765
Loss on impairment of fixed assets	418	417	3,805
Accrued bonuses to employees	559	536	5,080
Provision for losses on orders received	-	96	-
Other	1,756	1,545	15,963
Sub-total	12,355	14,304	112,321
Less valuation allowance for tax loss carryforwards (Note 2)	(4,595)	(5,929)	(41,776)
Less valuation allowance pertaining to total amount of deductible temporary differences	(5,597)	(6,094)	(50,882)
Valuation allowance, total (Note 1)	(10,192)	(12,023)	(92,658)
Total	¥ 2,163	¥ 2,281	$ 19,663
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	¥ (3,788)	¥ (3,002)	$ (34,435)
Other	(2,566)	(2,078)	(23,328)
Total	(6,354)	(5,080)	(57,763)
Net deferred tax liabilities	¥ (4,191)	¥ (2,799)	$ (38,100)

Notes 1: Valuation allowance decreased by ¥1,831 million ($16,644 thousand) during the year ended March 31, 2021. This is mainly due to the decrease of the Company's tax loss carryforwards.

2: Expected maturity of the deferred tax assets after the balance sheet date for tax loss carryforwards as of March 31, 2021, was as follows:

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2021, were as follows:

	Millions of Yen						
2021	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years	Total
Tax loss carryforwards (*)	-	-	-	-	-	¥ 5,239	¥ 5,239
Valuation allowance	-	-	-	-	-	(4,595)	(4,595)
Deferred tax assets	-	-	-	-	-	644	(**) 644

	Millions of Yen						
2020	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years	Total
Tax loss carryforwards (*)	-	-	-	-	-	¥ 6,479	¥ 6,479
Valuation allowance	-	-	-	-	-	(5,929)	(5,929)
Deferred tax assets	-	-	-	-	-	550	(**) 550

	Thousands of U.S. Dollars						
2021	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years	Total
Tax loss carryforwards (*)	-	-	-	-	-	$ 47,627	$ 47,627
Valuation allowance	-	-	-	-	-	(41,776)	(41,776)
Deferred tax assets	-	-	-	-	-	5,851	(**) 5,851

(*) The amount of tax loss carryforwards was calculated by using the statutory tax rate.
(**) The amount of deferred tax assets related to tax loss carryforwards is determined to be recovered based on the expected future taxable income.

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of operations for the year ended March 31, 2021, with the corresponding figures for 2020, is as follows:

	2021	2020
Normal effective statutory tax rate	30.6 %	30.3 %
Increase (decrease) due to:		
Expenses not deductible for income tax purposes	0.1	14.4
Tax-exempt income	(0.3)	(0.4)
Changes in valuation allowance	(16.4)	(4.5)
Per capita inhabitant tax	0.4	0.4
Transfer price adjustments on consolidation	-	10.3
Higher (lower) income tax rates applicable to income in certain foreign countries	0.1	2.4
Transfer price adjustment	-	(58.3)
Effect of changes in tax rate	-	0.2
Income tax credit	(1.4)	-
Other	1.3	0.2
Actual effective income tax rate	14.4 %	(5.0) %

16. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group policy for financial instruments

The Group finances capital investments and necessary funds mainly internally and with CMS provided by a consolidated subsidiary of CJR. The Company also operates funds by utilizing CMS. Derivative transactions are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and extent of risks arising from financial instruments

Receivables, such as notes and accounts receivable, are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using forward foreign currency contracts. Investment securities, mainly equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are less than one year. Although payables in foreign currencies are exposed to the risk of fluctuation in foreign currency exchange rates, the position, net of receivables in foreign currencies, is hedged by using forward foreign currency contracts.

Long-term debt recorded for the transfer price of the factory assets transferred to CJR and for a part of capital expenditure related to the transferred factory assets is not exposed to market risks from changes in variable interest rates since the Company repays a constant lease fee including the interest portion based on the lease agreement. Long-term debt borrowed from CJR in November 2017 for the payment of settlement money related to a large railway rolling stock project in the U.S.A. is also not exposed to market risks from changes in variable interest rates due to the fixed interest rate. Lease obligations are primarily used for financing capital investments.

Derivatives mainly include forward foreign currency contracts, which are used to manage exposure to risks associated with fluctuations in foreign currency exchange rates related to receivables and payables denominated in foreign currencies and forecasted transactions denominated in foreign currencies. Please see Note 17 for more information about derivatives.

(3) Risk management for financial instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty’s failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables by monitoring financial position, payment terms and balances of customers to identify default risk of customers at an early stage.

Market risk management (foreign exchange risk and interest rate risk)

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged principally by forward foreign currency contracts. In addition, when foreign currency trade receivables and payables are expected from forecasted transactions, forward foreign currency contracts may be used.

Investment securities are managed by monitoring the market values and the financial position of issuers on a regular basis.

Liquidity risk management

The Group establishes or updates its cash management plan according to the monthly cash management plan from each subsidiary in order to monitor its liquidity risk associated with operating payables and short-term borrowings and long-term debt.

(4) Fair values of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead. Please see Note 17 for the details of the fair value of derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
	2021		
	Carrying amount	Fair value	Unrealized gain (loss)
Cash and cash equivalents	¥ 20,767	¥ 20,767	-
Notes and accounts receivable	27,610	27,610	-
Investment securities	17,503	17,503	-
Total	¥ 65,880	¥ 65,880	-
Notes and accounts payable	¥ 21,442	¥ 21,442	-
Income taxes payable	1,347	1,347	-
Long-term debt, including current portion	32,697	33,268	¥ (571)
Lease obligations, including current portion	1,998	1,934	64
Total	¥ 57,484	¥ 57,991	¥ (507)

	Millions of Yen		
	2020		
	Carrying amount	Fair value	Unrealized gain (loss)
Cash and cash equivalents	¥ 13,256	¥ 13,256	-
Notes and accounts receivable	29,314	29,314	-
Investment securities	15,811	15,811	-
Total	¥ 58,381	¥ 58,381	-
Notes and accounts payable	¥ 22,883	¥ 22,883	-
Income taxes payable	26	26	-
Long-term debt, including current portion	33,921	34,513	¥ (592)
Lease obligations, including current portion	2,180	2,169	11
Total	¥ 59,010	¥ 59,591	¥ (581)

	Thousands of U.S. Dollars		
	2021		
	Carrying amount	Fair value	Unrealized gain (loss)
Cash and cash equivalents	$ 188,789	$ 188,789	-
Notes and accounts receivable	251,001	251,001	-
Investment securities	159,115	159,115	-
Total	$ 598,905	$ 598,905	-
Notes and accounts payable	$ 194,926	$ 194,926	-
Income taxes payable	12,243	12,243	-
Long-term debt, including current portion	297,246	302,437	$ (5,191)
Lease obligations, including current portion	18,163	17,577	586
Total	$ 522,578	$ 527,183	$ (4,605)

Assets

Cash and cash equivalents, and notes and accounts receivable

The carrying values of cash and cash equivalents, and notes and accounts receivable approximate fair value because of their short maturities.

Investment securities

The fair values of investment securities are measured at the quoted market prices of the stock exchange. The information on the fair value of investment securities by classification is included in Note 7.

Liabilities

Notes and accounts payable, and income taxes payable

The carrying values of notes and accounts payable, and income taxes payable approximate fair value since they are scheduled to be settled in a short period of time.

Long-term debt and lease obligations

The fair values of long-term debt (including the current portion) and lease obligations are measured at the present value of the total of the principal and interest discounted by the interest rate applied to new loans.

Derivative transactions

Information on the fair value of derivatives is included in Note 17.

(b) Carrying amounts of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Unlisted securities	¥ 1,588	¥ 1,595	$ 14,434
Investments in an unconsolidated subsidiary and associated companies	885	842	8,048
Long-term debt recorded for the transfer price of the factory assets transferred to CJR and for a part of capital expenditure related to the transferred factory assets (including the current portion)	22,609	22,893	205,537

(5) Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen			
	2021			
	Due in one year or less	Due after one year through five years	Due after five years through 10 years	Due after 10 years
Cash and cash equivalents	¥ 20,767	-	-	-
Notes and accounts receivable	27,388	¥ 222	¥ -	-
Total	¥ 48,155	¥ 222	¥ -	-

	Thousands of U.S. Dollars			
	2021			
	Due in one year or less	Due after one year through five years	Due after five years through 10 years	Due after 10 years
Cash and cash equivalents	$ 188,789	-	-	-
Notes and accounts receivable	248,986	$ 2,015	$ -	-
Total	$ 437,775	$ 2,015	$ -	-

Please see Note 9 for annual maturities of long-term debt and Note 13 for obligations under finance leases.

17. DERIVATIVE TRANSACTIONS

The Group enters into forward foreign currency contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

All derivative transactions are entered into to hedge interest and foreign currency exposures incorporated within its business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

There was no derivative transaction to which hedge accounting was applied for the years ended March 31, 2021 and 2020.

18. LOSS ON IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The Group recognized impairment losses on the following asset groups.

For the year ended March 31, 2021:

Asset group	Location	Account	Millions of Yen 2021		Thousands of U.S. Dollars 2021	
Idle assets	Shinanomachi, Nagano	Land	¥	3	$	28
Assets for generator business	Nagoya, Aichi	Machinery, etc.		26		238
		Total	¥	29	$	266

For the year ended March 31, 2020:

Asset group	Location	Account	Millions of Yen 2020	
Idle assets	Illinois, U.S.A.	Land and buildings, etc.	¥	1,123
		Total	¥	1,123

The Group reviewed its long-lived assets for impairment as of March 31, 2021 and 2020.

The Group recognized an impairment loss for idle assets by writing down the property to its net selling value (based on estimated sales amount of contract for the years ended March 31, 2021, and 2020).

The Company resolved at the Board of Directors held on November 26, 2020 to withdraw from the generator business. The Company recognized an impairment loss for assets related to the generator business by writing down the assets to their net selling value (memorandum value as no sale is expected). The impairment loss of ¥26 million ($238 thousand) consisted of ¥26 million ($236 thousand) on machinery and equipment and ¥0 million ($2 thousand) on other.

The Company resolved at the Board of Directors held on November 22, 2019 to sell all the assets of the manufacturing plant of an U.S. subsidiary, NIPPON SHARYO U.S.A., INC. in Rochelle, Illinois, U.S.A. The Company recognized an impairment loss by writing down the assets to their recoverable amount since the carrying amount of the asset exceeds its recoverable amount based on the net selling value. The impairment loss of ¥1,123 million consisted of ¥921 million on buildings and structures, ¥200 million on land and ¥2 million on other.

19. RELATED-PARTY DISCLOSURES

(1) Parent and major shareholders

CJR directly owned 51.2% of the total shares of the Company as of March 31, 2021 and 2020. The Company distributes transportation vehicles to CJR.

Transactions of the Company with CJR for the years ended March 31, 2021 and 2020, were as follows:

For the year ended March 31, 2021

	Millions of Yen	Thousands of U.S. Dollars
	2021	2021
Sales	¥ 31,606	$ 287,325
Borrowing of funds	177	1,608
Repayment of debt	1,685	15,314
Interest expense	346	3,144

Borrowing of funds, repayment of debt, and interest expense of ¥177 million ($1,608 thousand), ¥461 million ($4,190 thousand), and ¥142 million ($1,293 thousand), respectively, were recorded for the transfer of the factory assets transferred to CJR and for a part of capital expenditure related to the transferred factory assets.

For the year ended March 31, 2020

	Millions of Yen
	2020
Sales	¥ 18,290
Borrowing of funds	2,740
Repayment of debt	1,441
Interest expense	345

Borrowing of funds, repayment of debt and interest expense of ¥2,740 million, ¥362 million and ¥134 million, respectively, were recorded for the transfer of the factory assets transferred to CJR and for a part of capital expenditure related to the transferred factory assets.

The balances due to or from CJR as of March 31, 2021 and 2020, were as follows:

As of March 31, 2021

	Millions of Yen	Thousands of U.S. Dollars
	2021	2021
Accounts receivable	¥ 4,199	$ 38,175
Current portion of long-term debt	3,360	30,549
Long-term debt	51,946	472,234
Accrued expenses	41	370

Current portion of long-term debt, long-term debt, and accrued expenses of ¥460 million ($4,169 thousand), ¥22,149 million ($201,352 thousand), and ¥41 million ($370 thousand), respectively, were the balances related to long-term debt for the transfer price of the factory assets transferred to CJR and for a part of capital expenditure related to the transferred factory assets.

As of March 31, 2020

	Millions of Yen	
	2020	
Accounts receivable	¥	7,018
Current portion of long-term debt		450
Long-term debt		56,363
Accrued expenses		42

Current portion of long-term debt, long-term debt and accrued expenses of ¥450 million, ¥22,443 million and ¥42 million, respectively, were the balances related to long-term debt for the transfer price of the factory assets transferred to CJR and for a part of capital expenditure related to the transferred factory assets.

(2) Fellow subsidiaries and subsidiaries of other affiliates

Transactions of the Company with the fellow subsidiaries for the years ended March 31, 2021 and 2020, were as follows:

For the year ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars	
	2021		2021	
JR Central Financial Management Co., Ltd.				
Interest income	¥	12	$	111

For the year ended March 31, 2020

	Millions of Yen	
	2020	
JR Central Financial Management Co., Ltd.		
Interest income	¥	7

The balances due to or from the fellow subsidiaries as of March 31, 2021 and 2020, were as follows:

As of March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars	
	2021		2021	
JR Central Financial Management Co., Ltd.				
Cash and cash equivalents	¥	16,079	$	146,174

As of March 31, 2020

	Millions of Yen	
	2020	
JR Central Financial Management Co., Ltd.		
Cash and cash equivalents	¥	6,872

20. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥ 2,662	¥ (2,831)	$ 24,200
Reclassification adjustments to profit or loss	(93)	(68)	(845)
Amount before income tax effect	2,569	(2,899)	23,355
Income tax effect	(786)	839	(7,147)
Total	¥ 1,783	¥ (2,060)	$ 16,208
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ 14	¥ (19)	$ 128
Total	¥ 14	¥ (19)	$ 128
Defined retirement benefit plans:			
Adjustments arising during the year	¥ 1,697	¥ (4,830)	$ 15,431
Reclassification adjustments to profit or loss	(187)	(572)	(1,708)
Amount before income tax effect	1,510	(5,402)	13,723
Income tax effect	(462)	1,633	(4,199)
Total	¥ 1,048	¥ (3,769)	$ 9,524
Share of other comprehensive income in associated companies			
Gains arising during the year	¥ 3	¥ 1	$ 28
Income tax effect	-	-	-
Total	¥ 3	¥ 1	$ 28
Total other comprehensive income (loss)	¥ 2,848	¥ (5,847)	$ 25,888

21. SUBSEQUENT EVENT

Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2021, was approved at the Company's shareholders' meeting held on June 29, 2021:

Millions of Yen	Thousands of U.S. Dollars
¥ 144	$ 1,312

22. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group.

The Group has operational headquarters by each product or service. Each of the operational headquarters develops comprehensive strategies and engages in business activities relating to each product and service. Accordingly, the Group is comprised of segments organized by products or services based on the operational headquarters, and there are four reportable segments: "Railway Rolling Stock," "Transportation Equipment and Steel Structure," "Construction Equipment," and "Engineering."

"Railway Rolling Stock" consists of manufacture and sales of rolling stock, such as EMUs and railway motor cars.

"Transportation Equipment and Steel Structure" consists of manufacture and sales of transportation equipment, such as freight cars, tank trucks, heavy-duty industrial vehicles and manufacture and construction of roadway and railway bridges.

"Construction Equipment" consists of manufacture and sales of pile driving rigs, crawler cranes, casing rotators, portable diesel generator sets and emergency generators.

"Engineering" consists of manufacture and sales of railway rolling stock inspection/maintenance systems, agricultural plants, and pulp and paper plants.

(2) Method of measurement for the amount of sales, profit (loss), assets and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2 "Summary of Significant Accounting Policies." Reporting segment profit represents operating income. Intersegment transactions are based upon arm's-length transactions.

(3) Information of sales, profit (loss), assets and other items was as follows:

	Millions of Yen							
	2021							
	Reportable segment							
	Railway Rolling Stock	Transportation Equipment and Steel Structure	Construction Equipment	Engineering	Other	Total	Reconciliations	Consolidated
Net sales								
Sales to external customers	¥ 50,486	¥ 18,502	¥ 21,646	¥ 8,738	¥ 76	¥ 99,448	-	¥ 99,448
Intersegment sales or transfers	110	66	102	15	231	524	¥ (524)	-
Total	¥ 50,596	¥ 18,568	¥ 21,748	¥ 8,753	¥ 307	¥ 99,972	¥ (524)	¥ 99,448
Segment profit	¥ 5,007	¥ 712	¥ 3,981	¥ 332	¥ 92	¥ 10,124	¥ (1,076)	¥ 9,048
Segment assets	¥ 45,316	¥ 20,117	¥ 22,397	¥ 5,901	¥ 648	¥ 94,379	¥ 42,217	¥ 136,596
Other:								
Depreciation	¥ 944	¥ 676	¥ 720	¥ 75	¥ 2	¥ 2,417	¥ 240	¥ 2,657
Increase in property, plant and equipment and intangible assets	1,332	806	666	62	2	2,868	335	3,203

	Millions of Yen							
	2020							
	Reportable segment							
	Railway Rolling Stock	Transportation Equipment and Steel Structure	Construction Equipment	Engineering	Other	Total	Reconciliations	Consolidated
Net sales								
Sales to external customers	¥ 42,371	¥ 21,078	¥ 24,939	¥ 6,100	¥ 147	¥ 94,635	-	¥ 94,635
Intersegment sales or transfers	133	100	6	-	149	388	¥ (388)	-
Total	¥ 42,504	¥ 21,178	¥ 24,945	¥ 6,100	¥ 296	¥ 95,023	¥ (388)	¥ 94,635
Segment profit	¥ 3,014	¥ 895	¥ 4,952	¥ 349	¥ 152	¥ 9,362	¥ (824)	¥ 8,538
Segment assets	¥ 46,827	¥ 23,415	¥ 23,139	¥ 4,669	¥ 687	¥ 98,737	¥ 29,076	¥ 127,813
Other:								
Depreciation	¥ 901	¥ 489	¥ 803	¥ 35	¥ 2	¥ 2,230	¥ 132	¥ 2,362
Increase in property, plant and equipment and intangible assets	1,334	3,239	793	228	2	5,596	202	5,798

	Thousands of U.S. Dollars							
	2021							
	Reportable segment							
	Railway Rolling Stock	Transportation Equipment and Steel Structure	Construction Equipment	Engineering	Other	Total	Reconciliations	Consolidated
Net sales								
Sales to external customers	$ 458,969	$ 168,190	$ 196,777	$ 79,438	$ 702	$ 904,076	-	$ 904,076
Intersegment sales or transfers	996	604	924	136	2,096	4,756	$ (4,756)	-
Total	$ 459,965	$ 168,794	$ 197,701	$ 79,574	$ 2,798	$ 908,832	$ (4,756)	$ 904,076
Segment profit	$ 45,516	$ 6,469	$ 36,190	$ 3,019	$ 838	$ 92,032	$ (9,778)	$ 82,254
Segment assets	$ 411,961	$ 182,885	$ 203,611	$ 53,649	$ 5,894	$ 858,001	$ 383,779	$ 1,241,780
Other:								
Depreciation	$ 8,583	$ 6,147	$ 6,543	$ 682	$ 16	$ 21,971	$ 2,185	$ 24,156
Increase in property, plant and equipment and intangible assets	12,111	7,324	6,051	563	20	26,069	3,048	29,117

Notes: 1. "Other" represents businesses that are not included in any reportable segment, which includes manufacture and sales of laser processing system.

2. "Reconciliations" in segment profit include corporate expenses of ¥(1,085) million ($(9,865) thousand) and ¥(839) million for the years ended March 31, 2021 and 2020, respectively, and elimination of intersegment transactions of ¥16 million ($142 thousand) and ¥15 million for the years ended March 31, 2021 and 2020, respectively. Corporate expenses principally consist of general and administrative expenses that are not attributable to any reportable segment.

3. "Reconciliations" in segment assets include total corporate assets of ¥40,283 million ($366,210 thousand) and ¥29,807 million, elimination of intersegment balances of ¥(134) million ($(1,215) thousand) and ¥(110) million, and adjustments in inventories of ¥(67) million ($(611) thousand) and ¥(61) million as of March 31, 2021 and 2020, respectively. Total corporate assets principally consist of investment securities and general management properties as of March 31, 2021 and 2020.

4. Segment profit is reconciled to operating income in the consolidated statement of operations.

Associated Information

(1) Information about products and services is not disclosed since similar information is disclosed above.

(2) Information about geographical areas for the years ended March 31, 2021 and 2020 was as follows.

	Millions of Yen				
	2021				
	Japan	U.S.A.	Asia	Other	Total
Net sales	¥96,082	¥68	¥3,272	¥26	¥99,448

	Millions of Yen				
	2020				
	Japan	U.S.A.	Asia	Other	Total
Net sales	¥86,510	¥405	¥7,701	¥19	¥94,635

	Thousands of U.S. Dollars				
	2021				
	Japan	U.S.A.	Asia	Other	Total
Net sales	$873,472	$623	$29,748	$233	$904,076

Note: Sales are based on the location of the customers and grouped by country or area.

	Millions of Yen				
	2021				
	Japan	U.S.A.	Asia	Other	Total
Property, plant and equipment	¥28,521	¥63	¥18	¥0	¥28,602

	Millions of Yen				
	2020				
	Japan	U.S.A.	Asia	Other	Total
Property, plant and equipment	¥28,214	¥8	¥1	¥0	¥28,223

	Thousands of U.S. Dollars				
	2021				
	Japan	U.S.A.	Asia	Other	Total
Property, plant and equipment	$259,282	$571	$162	$0	$260,015

(3) Information about major customers

Name of major customer	Net sales: Millions of Yen 2021	Net sales: Millions of Yen 2020	Net sales: Thousands of U.S. Dollars 2021	Related segment
CJR	¥ 31,606	¥ 18,290	$ 287,325	Railway Rolling Stock, Transportation Equipment and Steel Structure, Engineering

(4) Information about loss on impairment of property, plant and equipment by reportable segment

Millions of Yen — 2021

	Reportable segment: Railway Rolling Stock	Reportable segment: Transportation Equipment and Steel Structure	Reportable segment: Construction Equipment	Reportable segment: Engineer-ing	Other	Total	Recon-ciliations	Consoli-dated
Impairment loss	¥ -	-	¥ 26	-	-	¥ 26	¥ 3	¥ 29

Millions of Yen — 2020

	Reportable segment: Railway Rolling Stock	Reportable segment: Transportation Equipment and Steel Structure	Reportable segment: Construction Equipment	Reportable segment: Engineer-ing	Other	Total	Recon-ciliations	Consoli-dated
Impairment loss	¥ 1,123	-	-	-	-	¥ 1,123	¥ -	¥ 1,123

Thousands of U.S. Dollars — 2021

	Reportable segment: Railway Rolling Stock	Reportable segment: Transportation Equipment and Steel Structure	Reportable segment: Construction Equipment	Reportable segment: Engineer-ing	Other	Total	Recon-ciliations	Consoli-dated
Impairment loss	$ -	-	$ 239	-	-	$ 239	$ 28	$ 266

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Corporate Information

Corporate Profile

Company Name: NIPPON SHARYO, LTD.

Capital Stock

Common Stock:Authorized	32,800,000 shares
Common Stock:Issued	14,675,012 shares
Number of Shareholders	11,181 persons
	(March 31, 2021)

Company History

Sep. 1896 Established in Nagoya City.
Jun. 1938 Founded Narumi Plant.
May. 1949 Re-listed on Tokyo Stock Exchange.
Jan. 1959 Began Construction Machinery Business.
Oct. 1961 Started Bridge Manufacturing.
Jul. 1964 Founded Toyokawa Plant.
Jun. 1975 Founded Kinuura Plant.
Sep. 1996 100th Anniversary.
Aug. 2008 Equity and business tie-up entered into with Central Japan Railway Company.
Aug. 2019 Manufactured 4000th Shinkansen.

Line of Business

Overview of the Main Segments

NIPPON SHARYO manufactures and sells the following products:

Business segment	Lines of business
Railway rolling stock	EMUs, DMUs, Passenger Cars, Linear Motor Cars, Track Maintenance Machines and Rolling Stock Components
Transportation equipment and Steel structure	Freight Cars, Tank Trucks, Tank Trailers, Storage Tanks, Heavy-duty Industrial Vehicles, Containers, Automated Guided Vehicles, Roadway Bridges and Railway Bridges
Construction equipment	Pile Driving Rigs, Crawler Cranes, Hydraulic Hammers, Casing Rotators, Other Products Related to Foundation Work, Portable Diesel Generator Sets, Emergency Generators and Various Products Related to Electric Machines
Engineering	Agricultural Plants, Railway Rolling Stock Inspection/Maintenance System and Pulp and Paper Facilities

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