

**Note: This document is an excerpt translation of the Annual Securities report (The 74<sup>th</sup> Fiscal Year from April 1, 2023 to Mar 31, 2024), which was originally prepared in Japanese. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.**

# Securities Report

FROM APRIL 1, 2023  
TO MARCH 31, 2024

Hosiden Corporation

## Table of contents

| Contents  | Page |
|---|------|
| I. [Business Overview]  | 3    |
| 1 [Management policy]   | 3    |
| 2 [The Company's Approach to Sustainability and Its Initiatives]                          | 5    |
| 3 [Business and Other Risks]  | 6    |
| 4 [Management's Analysis of Financial Position, Operating Results and Cash Flows]         | 8    |
| 5 [Critical Contracts for Operation]  | 13   |
| 6 [Research and Development Activities]   | 13   |
| II. [Corporate Governance]  | 14   |
| 1 [Overview of corporate governance]  | 14   |
| 2 [Shareholdings]   | 19   |
| III. [Consolidated financial statements and significant notes thereto]                    | 24   |
| 1 [Consolidated balance sheets]   | 24   |
| 2 [Consolidated statements of income and consolidated statements of comprehensive income] | 26   |
| 3 [Consolidated statements of changes in equity]  | 27   |
| 4 [Consolidated statements of cash flows]   | 29   |
| [Notes]   | 30   |

## **I. [Business Overview]**

### **1 [Management policy]**

Hosiden Corporation's ("The Company") approach to management policy, business environment and issues to be addressed are as follows. Note that matters related to future developments mentioned in this section are judgments of the Hosiden Group (Hosiden Corporation and its affiliates) that were made as of the end of the fiscal year under review.

#### **(1) Basic policy on corporate management**

The Company has contributed to the development of the electronics market by timely supplying high-quality and sought-after products, which are backed by advanced technology and a complete quality management system, to the market at all times as an electronic component manufacturer.

Moving forward, while the electronics market demands technologies and products that are more sophisticated and have greater functionality with the rapid evolution of AI technology and advanced driver-assistance system (ADAS) technology and the spread of the Internet of Everything (IoE: everything is connected to the Internet), the Company will support customers' corporate strategies with its unique advanced technology.

The Company will support the businesses of customers and contribute to the development of the global electronics markets by analyzing the latest global information and introducing its unique technology.

In terms of its environmental activities, the Company promotes earth-friendly activities, and will take measures to reduce the environmental burden, including acquiring ISO 14001 certification, reducing product energy consumption and size, and promoting the reduction and total abolition of environmentally controlled substances for its products. Furthermore, the Company recognizes addressing carbon neutrality as a corporate responsibility, and will proactively make efforts in this area and promote appropriate information disclosure.

#### **(2) Medium- to long-term corporate management strategy**

The electronics industry, to which the Company belongs, is rapidly changing due to a dizzying pace of technological innovations such as digitalization and networking, and even more promising products and technologies are created one after another there. The smartphone, tablet device and Internet-related devices are expected to witness the progress of high-speed communications and advanced features with an eye to 6G, and grow further while combined with traditional consumer electronics/AV and gaming markets, and are expected to come into wider use rapidly. In the automotive-related business, CASE (Connected, Autonomous, Sharing, and Electricity) and ADAS are entering a period of diffusion and expansion, and thus the circle (type and quantity) of electronic components and devices used is expanding as onboard electronic devices become more sophisticated. In addition, the growth of markets for medical/health/cosmetics-related devices and electronic devices for nursing care and frailty countermeasures due to the increase in the number of elderly people and the expansion of markets related to IoE for improving productivity, mainly in industrial devices, are also fully expected, and thus significant growth is anticipated for the electronic component industry as a whole.

Amid such trends, the Company will make efforts to ensure and expand net sales and profits on a consolidated basis and enhance corporate value by offering extensive product lineups, technological capabilities that cater to diverse customer needs, fine-tuned services centered on customer satisfaction, etc. as an electronic component manufacturer.

Regarding technology aspect, we are continuing to take action to achieve our medium-term (three-year) technology plan, which aims to strengthen the technology and research and development systems of the Company and group companies. We are taking stock of past technologies and reconstructing the strengths of its own products (devices), which is yielding results such as increased development speed and efficiency. The Company will seek to strongly develop its unique technological products that cater to market needs, including new module products and sensor units for IoE. Specifically, the Company will achieve this by advancing its core technologies including electro-mechanical design technology, high-frequency design technology, acoustic design technology, optical design technology, circuit design technology, metal mold design technology, simulation

technology, analytical technology, software development, EMC measure design technology, sensor development, and application technology. IoE products, in particular, are becoming more widely used as factory DX tools, and needs are increasing for these devices, which are indispensable for solving social issues such as the aging population with a low birthrate, labor shortage, and soaring labor costs. In addition, we are planning to launch a line of products that will help protect lifelines and transportation infrastructure, thereby contributing to society from the standpoint of a comprehensive electronic component manufacturer.

In terms of production, the Company will proceed with automation and labor-saving, including the utilization of industrial robots, with a sense of speed and will work to reduce costs and stabilize quality.

ESG management and contributions to the SDGs are global trends that companies and society are striving to achieve, and we will also continue to proactively work toward these goals.

### **(3) business environment**

The business environment surrounding the electronic component industry, to which the Group belongs, shows a steady growth of the automotive-related demand backed by further advancing electrification, due to environmental measures and wide use of ADAS, etc. Wearable devices and AI devices are expected to drive electronic component demand significantly. Moreover, infrastructure demand that aims to achieve higher speed and larger capacity in line with the development of the cloud environment, as well as the environment, power-saving and new energy-related markets, are also expected to create new component demand.

### **(4) issues to be addressed.**

As for the Group, it will consider bolstering and newly establishing production bases in the ASEAN countries in terms of production. The Company will also further increase efficiency and speed of overall management, promote mechanization, automation, and labor-saving to further enhance quality and cost competitiveness, enhance financial results, bolster its profitability structure.

In addition, the group will enhance and bolster compliance system, corporate social responsibility (CSR) system, internal control system, information security management system, risk management system, etc. toward the enhancement of corporate value. To this end, the Company has established the Sustainability Supervisory Committee, and will promote concrete initiatives and make efforts for appropriate information disclosure.

In terms of quality, the Group has acquired ISO 9001 certification in all its production bases. Especially in its production bases for the automotive-related business, the Group acquired IATF 16949 certification and will make efforts to enhance and stabilize its quality.

As for environmental initiatives, the Group will, as a whole, promote the following: acquiring ISO 14001 certification at all its production bases; earth-friendly product design and production activities; environmentally controlled substance measures through green procurement, the RoHS Directive, the REACH regulations, etc.; and the initiatives to reduce the environmental burden including resource conservation/power-saving activities, reduction in wastes and recycling. Accordingly, the Group will pay attention to the environment across all of its business activities and continue to improve its environmental management system proactively.

Furthermore, toward the achievement of carbon neutrality, the Company will promote concrete initiatives and make efforts for appropriate information disclosure.

As for achieving management mindful of cost of capital and stock prices, the Company will regard the difference between the ROE and the cost of equity as equity spread and drive creation of corporate value. While companies are generally expected to achieve an ROE of approximately 8%, the Company's ROE exceeds 8%. The Company considers that the reason that its PBR is yet to achieve 1 regardless of its greater than expected ROE is that its efforts for lowering the cost of equity are not sufficient. The Company disclosed "Notice on Initiatives for Achieving PBR of 1" on May 12, 2023 and expressed that, in addition to various measures such as measures for shareholder returns, it will strengthen and improve IR to promote dialogue with investors. After further consideration, the Company has been taking the following measures other than the above:

- Making available to the public on the Company’s website details of financial results briefings for analysts, messages from the president and Q&A summary
- Disclosing the Company’s medium-term management plan on the integrated report
- Building trusting relationship with shareholders and investors by proactively implementing business improvement, which is inspired by constructive dialogues with shareholders and investors
- Disclosing securities reports in English (excerpts)

The Company will further strengthen its IR.

#### **(5) Objective indicators to measure the status of achievement of management goals**

The Company has set net sales and operating profit as its management goals, and the results of the fiscal year under review are stated in “4 Management’s analysis of financial position, operating results and cash flows (2) Analysis and discussions of operating results from the viewpoint of management.”

## **2 [The Company’s Approach to Sustainability and Its Initiatives]**

The Company’s approach to sustainability and its initiatives are as follows.

Note that matters related to future developments mentioned in this section are judgments of the Group that were made as of the end of the fiscal year under review.

#### **(1) Governance and risk management regarding sustainability in all its aspects**

The Group aims for sustainable social development as well as ongoing value creation and competitive enhancement of the Group. The Sustainability Supervisory Committee, which is headed by the President and CEO, supervises the Global Warming Control Committee, the CSR Committee and the Risk Management Committee, and conduct activities as governance bodies for sustainability in all its aspects. The Global Warming Control Committee oversees the Company’s overall strategy on climate change, formulates basic policies and medium- to long-term plans, and proposes or reports them to the President and CEO. The CSR Committee oversees the Company’s overall strategies on “fair trade and business ethics,” “human rights and labor conditions,” “operational health and safety,” “environmental protection,” etc., formulates basic policies and medium- to long-term plans and proposes or reports them to the President and CEO. The Risk Management Committee continuously monitors whether the risk management system is functioning effectively and reports it to the President and CEO. In the risk management rules, the Company defines risk as factors that may hinder the Group from achieving its business objectives. The Group’s basic policy for risk management is to minimize the damage that can be caused to the Group if risks materialize, and to prevent any significant adverse impact on its customers, business partners, employees, surrounding areas, and other stakeholders related to the Group. Identified risks are appropriately classified and evaluated based on impact on the business and occurrence frequency, and countermeasures are considered and implemented according to the magnitude of their importance.

#### **(2) Key sustainability items**

The following are the key sustainability items of the Group identified through the governance and risk management mentioned above:

- Climate change
- Human capital

The Group’s approach to and initiatives for sustainability regarding each item are as follows.

**(i) Climate change**

With regard to the response to the risks and opportunities related to climate change, the Global Warming Control Committee, headed by the President and CEO, promotes the formulation of basic policies, medium- to long-term plans, and information disclosure based on the TCFD, as well as periodic reporting to the Board of Directors. The Global Warming Control Committee is chaired by the Executive Officer in charge of issues related to climate change and consists of the heads of the Production Management Division, Management Planning Division, Environmental Management Division, Technology Management Division, and General Affairs Division. The Committee oversees the Group's overall strategy on climate change and considers the setting of greenhouse gas emission reduction targets and the introduction of renewable energy. The Group regards global warming as a major problem that affects its survival and believes it is necessary to engage in a Group-wide effort to prevent global warming. Therefore, the Group is committed to reducing greenhouse gas emissions by identifying CO2 emission volumes and setting reduction targets for the whole Group. Regarding the CO2 emission reduction targets (Scope 1, Scope 2), the Group has set its mid-term target at 20% per unit of net sales by the end of FY2025, compared to FY2013, and actually reduced approximately 43% in FY2023. The Group has also set its long-term reduction target at 46% from FY2013 levels by the end of FY2030, and actually reduced approximately 39% in FY2023.

**(ii) Human capital**

In 2007, the Group formulated the Hosiden Group Code of Conduct for Corporate Social Responsibility (CSR) including "human rights and labor conditions" and "operational health and safety," in efforts to realize sustainable social development as well as ongoing value creation and competitiveness enhancement of the Group. With regard to recruitment, development and retention of human resources, and policies for health and safety of employees, the Human Resources Development Committee, headed by the General Manager of Personnel Division, formulates basic policies, drafts medium- to long-term plans and regularly reports on matters to be discussed to the Board of Directors. The Group has adopted strategies concerning human capital such as "respecting human rights and the right of employees to work," "complying with laws and regulations related to health and safety and creating a work environment where employees can work safely in good physical and mental health," "respecting the individuality of our diverse workforce and realizing a work environment in which all employees can thrive," "developing strong employees who are independent, self-reliant, and self-responsible" and "maintaining and promoting health of employees and of their families." As part of the initiative for "respecting the individuality of our diverse workforce," the Group has developed systems such as providing additional benefits in addition to the maternity allowance (mutual aid cooperation business) to promote female active participation, with an aim to achieve a 100% return-to-work ratio after maternity or childcare leave. The Group has also completed creating an Easy-to-work environment in which female employees can be active over the long term, and 10% of all female employees have changed their career path from general to career/business positions. Furthermore, while the Group has a high male employee ratio due to the large number of technical personnel hired, it has been making efforts such as aiming to increase the number of female new graduates to 10% or more of all hires. Although female new graduates employed was 0% in FY2024, we are continuing to take action to achieve the goal. In addition, the Group works on recruitment of foreign nationals by setting a quota for hiring international students, and encourages senior employees to play an active role by developing a post-retirement re-employment system suited to the abilities, preferences and lifestyles of the employees and also by developing training for senior employees.

### **3 [Business and Other Risks]**

Among the matters related to the business condition, financial information, etc. described in this Securities Report, the significant risks which the management recognizes as potentially affecting financial conditions, operating results and cashflows of the consolidated companies are as follows.

Any forward-looking statements included in this section are based on the judgement of the Group as of the filing date of the Securities Report.

**(1) Economic factors**

Since most of the products made by the Group are components installed in final products manufactured by assembly manufactures, the business of the Group may be adversely affected by scaling back on production by such assembly manufactures due to recessions in major markets including Japan, Asia, the U.S. and Europe.

**(2) Foreign exchange rate fluctuations**

The Group operates its businesses in many parts of the world and thus is influenced by foreign exchange rate fluctuations. A majority of net sales in overseas and domestic markets are denominated in foreign currencies. Items denominated in local currencies including sales, expenses, assets and liabilities in different regions are converted to yen to create consolidated financial statements; therefore, the value after conversion to yen may be affected by the foreign exchange rates at the time of conversion.

As a countermeasure for this, the Group works to match the currency in which it sells goods to its customers with the currency in which it produces and purchases goods. In addition, the Group enters into forward exchange contracts as necessary.

**(3) Price competitions**

The competition in the electronics industry, to which the Group belongs, is fierce, and the Group is expected to face intensified competitions in product markets and regional markets. Some of the competitors of the Group may have better resources for research and development, manufacturing and sales than the Group. Downward pressures on prices are expected to increase in major markets of the Group, and the price competition may adversely affect the financial results of the Group.

**(4) Price fluctuations and supply conditions of raw materials**

Products produced by the Company use various kinds of metals and petrochemical products as raw materials. Surges in raw material prices and aggravation of supply conditions may have significant impact on production and costs of the Group. Price increases of raw materials have been continuing to this date, affecting the financial results of the fiscal year under review. They may also affect the financial results of the fiscal year ending March 31, 2025.

**(5) Logistics-related risks**

For production and sales of the Company's products, raw materials and components must be delivered from suppliers to the Company, and the Company's products must be delivered to customers. There are risks due to sluggish logistics and surging costs associated with these activities. In the fiscal year under review, global shortages of containers, shipping delays and increases in transportation costs impacted the financial results of the fiscal year under review. They may also affect the financial results of the fiscal year ending March 31, 2025.

**(6) Technological innovations and demand trends**

Markets related to the businesses of the Group are influenced by rapid technological innovations and changes in demand associated with them. Due to frequent technological innovations in the industry, existing products of the Group may become obsolete in a relatively short period of time. If the Group cannot fully predict the changes of the industry and markets and cannot develop appealing new products, the Group's financial results may be adversely affected. Moreover, since 55.5% of the Group's net sales are from Nintendo Co., Ltd., the trend of orders placed by Nintendo and the trend of demand for amusement (game) devices may influence the Group's financial results.

**(7) Overseas business-related risks**

A substantial part of the Group's production and sales activities takes place outside Japan, for example, in Asia, the U.S. and Europe. The overseas businesses in these regions are susceptible to various uncertainties, in particular, the risks below:

- (i) Unfavorable political or economic factors
- (ii) Unexpected legal or regulatory changes
- (iii) Hinderance to securing human resources
- (iv) Impact of potentially unfavorable tax increases

(v) Social turmoil due to war, terrorism, epidemics, earthquakes, disasters, riots and other factors

The Group has been highly dependent on its production bases in China in recent years, and the Group's businesses will be largely affected if any of the risks above occurs. Thus, the Group is working on risk mitigation by increasing production capacities in South East Asia. The situation in Russia and Ukraine does not directly affect the Group at this time, but shutdowns at customer plants due to disruptions in the supply chain could result in a decline in demand. This impacted the financial results of the Company. Social disruptions like these could happen in any other country in the future.

#### **(8) Cyber attacks**

The Group has confidential information of its customers obtained through business activities as well as that of its own. In case the Group is hit by a cyber attack (cyber attacks have become increasingly diverse and sophisticated in recent years), its important data may be destroyed, falsified or leaked, which could significantly affect the business continuity of the Group.

As countermeasures for these, the Group has enhanced its post-detection response by adopting a system to detect, analyze and report cyber attacks, as well as by reinforcing security of the entry points of the attacks. Furthermore, the Group trains and educates its employees through formulating rules on how to handle important information.

#### **(9) Dilution of equity**

The Group issued convertible bonds with share acquisition rights on September 21, 2017. If the share acquisition rights are exercised, the value per share of the Company will be diluted according to the percentage of bonds that are converted to stocks. This could affect the share prices of the Company.

#### **(10) Epidemic-related risks**

Resurgence of COVID-19 or spread of any other highly infectious communicable disease could affect the financial results of the Company.

At the Board of Directors meetings of the Company, the demand trends of customers, the status of plant operations, the status of operations and logistics of the Group and its supply chains are reported, and measures against infection of employees and for continuation of production are discussed to minimize relevant risks.

#### **(11) Risks related to tightening of environment-related regulations**

Carbon neutrality, contribution to achieving SDGs and ESG management are goals expected not only by investors but also by customers. A delay in the Group's efforts for carbon neutrality in particular will expose the Group to a risk of a decrease in orders placed by customers. Although the burden of expenses could increase as a result of tackling these issues, the Group will take measures to meet the requests of its investors and customers by proactively taking environmental measures.

#### **(12) Risks associated with the aging society with low birthrate**

The Japanese society has been aging with dwindling birthrates, and there is a risk of being unable to obtain human resources as planned. To grapple with the problem, the Company will promote work style reforms including reduction of overtime work hours and strengthen mid-career recruitment as well as new graduate recruitment to secure talented human resources.

## **4 [Management's Analysis of Financial Position, Operating Results and Cash Flows]**

Note that matters related to future developments mentioned in this section are judgments that were made as of the last day of the fiscal year under review.

### **(1) Overview of operating results, etc.**

#### **(i) Overview of operating results during the fiscal year ended March 31, 2024**

During the fiscal year ended March 31, 2024 (from April 2023 to March 2024), the world economy recovered gradually. In China, the market is sluggish due to the ongoing real estate downturn and declining



consumer confidence, while in the U.S., the economy is performing well, supported by strong consumer spending and employment conditions. In Japan, although consumer spending lacks strength, inbound demand is significant and the economy is on a gradual recovery path. On one hand, issues between Russia and Ukraine and the intensification of tensions in the Middle East add uncertainty to the economy.

In the electronics components industry to which the Group belongs, difficulties in semiconductor procurement in the automotive-related market have eased, but it was affected by production stoppages due to fraud issues at some manufacturers. In the mobile communications-related market, sales remained weak due to inflation and the lengthening of the replacement cycle.

Under such circumstances, although there was growth in the mobile communications-related business and the AV equipment-related business, the Group recorded a decrease in net sales as a whole given the automotive-related business remained on par with the same period of the previous fiscal year and net sales of the amusement-related business decreased significantly.

With regard to profits, due to lower sales and the fact that the depreciation of the yen had less effect on boosting profits than in the same period of the previous fiscal year, operating profit, ordinary profit, and profit attributable to owners of parent decreased.

During the fiscal year under review, as a result, consolidated net sales was 218,910 million yen (down 21.0% year on year). With regard to profits, the Group posted operating profit of 12,925 million yen (down 17.9% year on year), ordinary profit of 18,160 million yen (down 4.3% year on year) with foreign exchange gains of 4,214 million yen in line with foreign exchange fluctuations, and profit attributable to owners of parent of 11,632 million yen (down 8.0% year on year).

The net sales and segment profit or loss for the reportable segments are as follows:

Net sales for the electro-mechanical components segment was 184,874 million yen (down 25.5% year on year) due to decreases in the amusement-related-businesses, and segment profit was 9,310 million yen (down 31.4% year on year).

Net sales for the acoustic components segment was 20,183 million yen (up 19.4% year on year) due to an increase in the AV equipment-related business and the automotive-related business while the segment profit was 1,533 million yen (up 23.5% year on year).

Net sales for the display components segment was 2,481 million yen (down 36.4% year on year) due to a decrease in the automotive-related business, and the segment loss was 431 million yen (segment loss of 623 million yen for the previous year).

Net sales for the applied equipment and other segment was 11,371 million yen (up 35.8% year on year) due to an increase in the amusement -related business, and the segment profit was 2,513 million yen (up 61.4% year on year)

## **(ii) Overview of financial position for the fiscal year ended March 31, 2024**

At the end of the fiscal year under review, total assets decreased 4,985 million yen from the end of the previous fiscal year to 175,008 million yen mainly due to decreases in trade receivables and inventories despite an increase in cash and deposits. Total liabilities decreased 13,102 million yen from the end of the previous fiscal year to 40,137 million yen mainly due to repayments of short-term borrowings and a decrease in trade payables.

Net assets increased 8,117 million yen from the end of the previous fiscal year to 134,870 million yen mainly due to an increase in retained earnings, resulting in an equity-to-asset ratio of 77.1%.

### (iii) Overview of cash flows for the fiscal year ended March 31, 2024

At the end of the fiscal year under review, cash and cash equivalents (the “net cash”) increased 10,644 million yen from the end of the previous fiscal year to 76,662 million yen (an increase of 3,538 million yen in the previous fiscal year).

The status of respective cash flows during the fiscal year under review and their factors are as follows:

#### Cash flows from operating activities

Net cash provided by operating activities was 26,931 million yen (an increase of 20,765 million yen in the previous fiscal year). This was mainly due to profit before income taxes of 17,210 million yen (profit before income taxes of 18,527 million yen in the previous fiscal year), depreciation of 3,150 million yen (3,385 million yen in the previous fiscal year), a decrease in trade receivables of 12,963 million yen (an increase of 8,286 million yen in the previous year), a decrease in inventories of 10,073 million yen (a decrease of 12,017 million yen in the previous fiscal year), a decrease in trade payables of 11,796 million yen (an increase of 663 million yen in the previous fiscal year), and income taxes paid of 6,354 million yen (5,232 million yen in the previous fiscal year).

#### Cash flows from investing activities

Net cash used in investing activities was 8,345 million yen (a decrease of 9,852 million yen in the previous fiscal year). This was mainly due to payments into time deposits of 12,372 million yen (10,290 million yen in the previous fiscal year), proceeds from withdrawal of time deposits of 10,247 million yen (6,557 million yen in the previous fiscal year), payments into long-term deposits of 3,500 million yen (3,000 million yen in the previous fiscal year), and purchase of property, plant and equipment of 2,742 million yen (2,818 million yen in the previous fiscal year).

#### Cash flows from financing activities

Net cash used in financing activities was 7,940 million yen (a decrease of 7,437 million yen in the previous fiscal year). This was mainly due to repayments of short-term borrowings of 1,187 million yen (no payments in the previous fiscal year), purchase of treasury shares of 2,817 million yen (3,000 million yen in the previous fiscal year), and dividends paid of 3,798 million yen (4,287 million yen in the previous fiscal year).

### (iv) Production, orders received and sales

#### a. Production results

The production results by segment during the fiscal year under review are as follows:

| Segment name                  | Amount (Millions of yen) | YoY change (%) |
|-------------------------------|--------------------------|----------------|
| Electro-mechanical components | 184,846                  | (25.4)         |
| Acoustic components           | 19,815                   | 15.7           |
| Display components            | 2,315                    | (38.5)         |
| Applied equipment and other   | 11,550                   | 37.6           |
| Total                         | 218,528                  | (21.1)         |

(Note) The amounts shown are sales prices.

#### b. Order received

The orders received by segment during the fiscal year under review are as follows:

| Segment name                  | Orders received<br>(Millions of yen) | YoY change (%) | Backlog<br>(Millions of yen) | YoY change (%) |
|-------------------------------|--------------------------------------|----------------|------------------------------|----------------|
| Electro-mechanical components | 186,013                              | (16.4)         | 25,562                       | 4.7            |
| Acoustic components           | 19,989                               | 13.7           | 4,718                        | (3.9)          |
| Display components            | 1,963                                | (26.6)         | 1,403                        | (27.0)         |
| Applied equipment and other   | 12,516                               | 54.4           | 4,161                        | 38.0           |
| Total                         | 220,482                              | (12.2)         | 35,846                       | 4.6            |

(Note) The amounts shown are sales prices.

### c. Sales results

Sales results by segment during the fiscal year under review are as follows:

| Segment name                  | Amount (Millions of yen) | YoY change (%) |
|-------------------------------|--------------------------|----------------|
| Electro-mechanical components | 184,874                  | (25.5)         |
| Acoustic components           | 20,183                   | 19.4           |
| Display components            | 2,481                    | (36.4)         |
| Applied equipment and other   | 11,371                   | 35.8           |
| Total                         | 218,910                  | (21.0)         |

(Note) 1 The sales results by the major customer and the ratio thereof to the total sales results are as follows:

| Customer                                  | Previous fiscal year        |                | Current fiscal year         |                |
|---|-----------------------------|----------------|-----------------------------|----------------|
|   | Amount<br>(Millions of yen) | Percentage (%) | Amount<br>(Millions of yen) | Percentage (%) |
| Nintendo Co., Ltd.                        | 185,639                     | 67.0           | 121,483                     | 55.5           |
| Samsung Electronic<br>Vietnam Thai Nguyen | —                           | —              | 26,804                      | 12.2           |

2 The amounts shown are sales prices.

3 Amounts and percentages that are less than 10% are omitted.

## (2) Analysis and discussions of operating results, etc. from the viewpoint of management

Recognition, analysis and discussions of the Group's operating results, etc. from the viewpoint of management are as follows. Note that matters related to future developments mentioned in this section are judgments of the Group that were made as of the end of the fiscal year under review.

### (i) Recognition, analysis and discussions of operating results, etc. for the fiscal year under review

Recognition and analysis of operating results, etc. for the fiscal year under review are as stated in "I Business Overview 4 Management's analysis of financial position, operating results and cash flows (1) Overview of operating results, etc.

The competition is fierce in the business environment surrounding the Company, and the demand for the Group's main staples such as amusement-related and mobile communications-related components is largely influenced by demand trends of the final products these main staples are installed in. Constant introduction of new technologies in the electronics industry has been closely related to the Group's forecast of demand trends and its trends of R&D activities and is a factor that has a significant impact on its operating results.

The Company set net sales and operating profit as its management targets, and the targets for the fiscal year under review were 255,000 million yen for net sales and 10,000 million yen for operating profit, respectively. The results were 218,910 million yen for net sales and 12,925 million yen for operating profit.

The net sales didn't achieve the target, owing to lower sales to major customers than expected.

The operating profit achieved the target due to the unexpectedly depreciation of the yen though sales below the target.

**(ii) Cash flows analysis**

Cash flows analysis is as stated in "I. [Business Overview] 4 [Management's analysis of financial position, operating results and cash flows] (1) Overview of operating results, etc. (iii) Overview of cash flows for the fiscal year ended March 31, 2024"

Analysis of capital sources and liquidity of the Group is as follows.

The Group's main working capital demand comes from operating expenses such as manufacturing costs and selling, general and administrative expenses. Demand for funds for investment is due in part to capital investment.

The basic policy of the Group is to ensure the liquidity and sources of funds necessary for business operations in a stable manner.

Short-term working capital comes principally from its own capital and short-term borrowings from banks and financial institutions while capital investment and long-term working capital are procured mainly from its own capital, borrowings from banks and financial institutions and issuance of bonds with share acquisition rights.

**(iii) Significant accounting estimates and assumptions used to make the accounting estimates**

The Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted as fair and reasonable in Japan.

In preparing consolidated financial statements, the Company makes certain estimates and judgements concerning uncollectible accounts, inventory assets, investments, corporate taxes, retirement allowance, contingencies, etc. in accordance with various factors that are considered reasonable based on the past results and conditions. Because of the uncertainty inherent in estimates, the actual results may differ from the estimates.

(Allowance for doubtful accounts)

Allowance for doubtful accounts is as stated in "V Financial Information 1 Consolidated Financial Statements, etc. (1) Consolidated financial statements Notes to Consolidated financial statements (Important basis of consolidated financial statements)."

(Valuation of inventories)

Valuation of inventories is as stated in "V Financial Information 1 Consolidated Financial Statements, etc. (1) Consolidated financial statements Notes to Consolidated financial statements (Important basis of consolidated financial statements)."

(Retirement benefit expenses and retirement benefit liability)

To prepare for payments of retirement benefits to employees, provisions are made based on the projected retirement benefit obligation and pension plan asset as of the end of each fiscal year. These provisions take into account significant estimates including promotion rates, mortality rates as well as long-term expected rates of return on plan assets.

(Deferred tax assets)

Regarding deferred tax assets, taxable income is estimated based on the Company's future profit plan and temporary differences in future subtractions that are considered recoverable are recorded. If a change in the preconditions or assumptions used in assessing the taxable income results in a decrease in the taxable income, deferred tax assets may be reduced and tax expenses may be recorded.

## 5 [Critical Contracts for Operation]

None applicable

## 6 [Research and Development Activities]

The total amount of R&D expenses for the Group's main developed products was 1,977 million yen for the fiscal year under review.

The status of R&D activities by segment for main developed products during the fiscal year under review are as follows.

### (1) R&D in the electro-mechanical components segment

(i) Recently, with increased social awareness brought about by environmental issues, approaches seriously implementing SDGs (Sustainable Development Goals) are in great demand. The Company has developed Hosiden Customized "XecoT" with Unitika Ltd., which can be used in high-speed signal connectors and is made of eco-friendly, plant-derived materials in order to reduce the consumption of petroleum derived resin materials. "XecoT" is a semi-aromatic nylon resin (PA10T) made of castor oil harvested from castor beans and highly heat-resistant and moderately hydrophobic, and thus already satisfies the basic requirements for resin-based connectors. However, by making improvement on the materials to make it suitable for applications in high-speed signal connectors, impedance control is achieved from a lower dielectric constant and dielectric loss tangent as well as minimized transmission losses. Customized "XecoT" has an assured high biomass content of 30% or more, meaning the Biomass Mark would be applicable if the products using it were shopping bags or cutlery.

\*"XecoT" is a registered trademark of Unitika Ltd.

(ii) Hosiden has developed a combined connector integrating a high-speed signal transmission connector (coaxial) and twin power line connector (2-pin), for in-vehicle applications. These connectors are expected to find application in near-infrared cameras to be used in Driver Monitoring Systems, in which in-vehicle cameras are used to monitor the driver's condition. A camera unit integrating an infrared LED and a camera requires a power line for the LED and a signal transmission line for the camera images. Integrating these two systems into a single connector enables a reduction in the area occupied by the connectors on circuit boards and a simplified connector scheme. For transmission of camera image signals, a coaxial connector, now commonplace in monitoring cameras, is used. Use of a metal housing as a receptacle on the board-side has assured the durability required for in-vehicle products while maintaining compact size. Further, the connector enables excellent transmission performance, supporting the next-generation technology of SER/DES (SERializer/DESerializer) allowing high-speed signal transmission as well as the required EMC performance. There are samples available of a board-side vertical receptacle, and an L-shaped plug-side connector. Right-angle receptacles and straight type plugs are also included in the product lineup.

(iii) In order to meet the requirements of high-speed automotive connector and harnesses, Hosiden has developed FAKRA cable connectors supporting large-diameter, low-loss cables typically used in applications such as Electronic Control Units for autonomous driving and advanced safety systems as well as the latest communications infrastructure standards such as 5G and V2X. With its optimized structure, the connector supports not only 1.5DS cables but also 2DS cables with lower attenuation over longer transmission distances, thus drastically improving the high-frequency characteristics compared to our conventional products. The connector satisfies the stringent requirements with regard to transmission characteristics required for the next-generation automotive SER/DES (SERializer/DESerializer), by assuring a wide bandwidth of DC to 10 GHz, which covers the frequency bands of next-generation communication standards. The product also satisfies all the EMC performance standards defined by automotive and SER/DES manufacturers defined in the electrical characteristics requirements for connectors and harness assemblies.

### (2) R&D in the acoustic components segment

Following A2B<sup>®</sup> microphones supporting A2B (Automotive Audio Bus) digital communication which are expected to be widely used in the future, the Company has expanded and improved the product lineup of in-vehicle acoustic components such as A2B<sup>®</sup> sensors and A2B<sup>®</sup> speakers. Furthermore, the Company has been making progress on development of waterproof microphones, high functionality microphones and

interphone/sound recognition microphones with superior directivity as new element technologies.

(3) R&D in the display components segment

Since Hosiden expressed its intention of entering the Perovskite solar cell field as a new business venture, it has received many inquiries to date. Aiming for setting up a business base as soon as possible, the Company provides its strategic partners who aim to incorporate the solar cells into equipment for indoor use as a power source for IoT devices and smartphones, with its principle prototypes for series production, while moving on to development for mass production. The Company is scheduled around summer 2024 to release samples of parasitic power modules including secondary cells into which sensors or Bluetooth communication modules can be incorporated.

(4) R&D in the applied equipment and other segment

- (i) The Company has commercialized sensor units that are capable of wireless ranging and meter reading. IoT edge devices are expected to have functional modules for detection, identification, prediction, judgment, execution and control by collecting data through various sensors installed in the modules. The Company will propose products that incorporate various sensors and wireless modules and contribute to labor saving in areas such as failure detection.
- (ii) In anticipation of the spread of smart houses, the Company has developed a wireless module that supports Matter, the next-generation communications standard. The Company will also develop modules with various sensors installed.
- (iii) As the workforce population decreases in size and labor costs soar, the trend for digital transformation of manufacturing processes is further accelerating. Labor-saving methods are especially in demand for equipment inspection works in hazardous locations (where there is a danger of explosion and fire and therefore require much manpower) such as at oil and chemical plants as well as in painting process lines. With this in mind, Hosiden has developed a world first retrofit type of explosion-proof IoT meter-reading sensor. This is in technical cooperation with a long-established manufacturer of measuring instruments, Kobata Gauge MFG. Co., Ltd. It is a meter-reading sensor unit for analog measuring instruments in the world's smallest class that has a built-in meter-reading sensor, wireless module and battery unit and can be easily retrofitted. Communication module contains both LoRa and Bluetooth Low Energy (BLE), easily switchable according to the application preference, for example LoRa for communication distance and BLE for battery life.

## II. [Corporate Governance]

### 1 [Overview of corporate governance]

(i) **Basic policy on corporate governance**

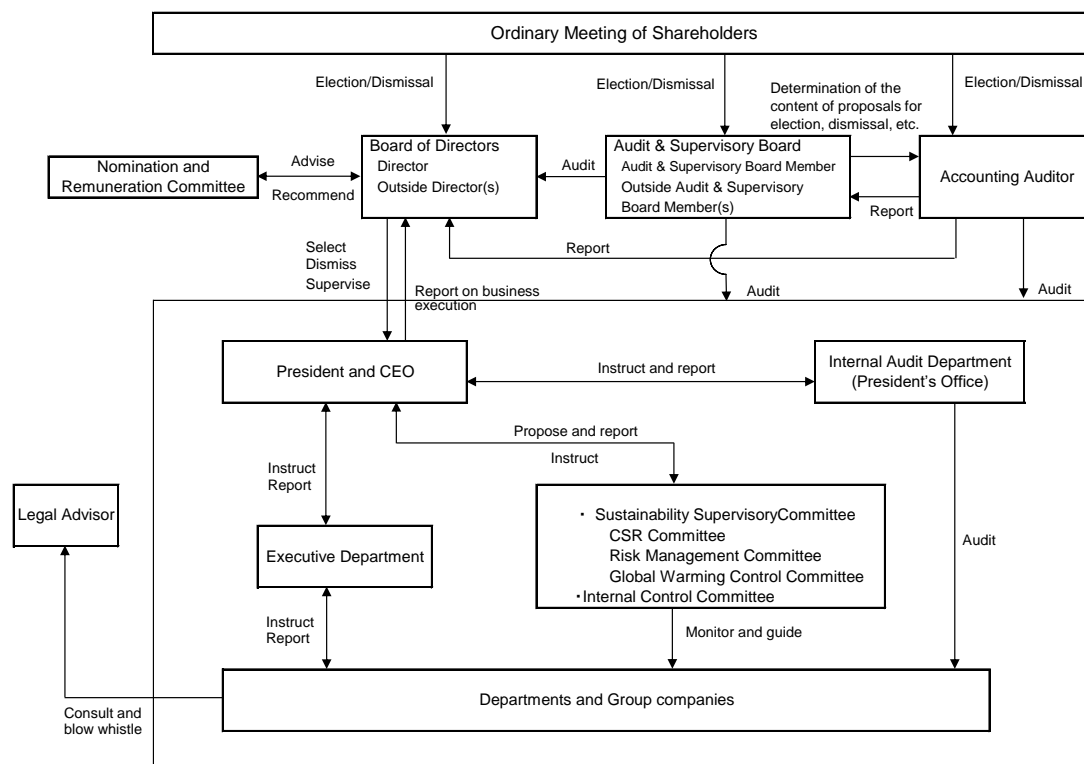
The Company regards corporate governance as an important issue, and its basic approach is to focus on the interests of all shareholders who support its corporate activities, under the recognition that it is extremely important to maximize shareholder value.

<Basic Policy>

1. We will strive to ensure the rights and equality of shareholders.
2. We will strive to appropriately collaborate with stakeholders other than shareholders (customers, business partners, creditors, local community, employees, etc.).
3. We will strive to ensure appropriate information disclosure and transparency.
4. We will strive to appropriately carry out the roles and responsibilities of the Board of Directors to ensure transparent, fair, prompt and decisive decision-making by the Board of Directors.
5. We will strive to engage in constructive dialogue with shareholders in order to contribute to sustainable growth and medium- to long-term enhancement of corporate value.

(ii) **Overview of the Company's corporate governance system and the reason for adopting the system**

The Company's corporate governance system is as follows.



(Board of Directors)

The Board of Directors is chaired by Kenji Furuhashi, President and CEO, and consists of five members (of whom three are Outside Directors) as of June 26, 2024. In addition to monthly regular meetings of the Board of Directors, extraordinary Board of Directors meetings are held as necessary to make resolutions on important items and check the status of the business performance. The Company thus establishes a system that enables swift management decisions and thorough compliance. The executive officer system clarifies the decision-making, supervisory and business execution functions in management and speeds up business execution.

During the fiscal year under review, the Company held a Board of Directors meeting once a month in principle. The attendance of each Director and Audit & Supervisory Board member is as follows.

| Director/Audit & Supervisory Board Member | Name              | Number of meetings held | Number of meetings attended |
|---|-------------------|-------------------------|-----------------------------|
| Director                                  | Kenji Furuhashi   | 12                      | 12                          |
| Director                                  | Haremi Kitatani   | 6                       | 4                           |
| Director                                  | Shigemi Dochi     | 12                      | 12                          |
| Director                                  | Kanemasa Mizuta   | 12                      | 12                          |
| Director                                  | Hiroshi Horie     | 12                      | 12                          |
| Director                                  | Susumu Maruno     | 12                      | 11                          |
| Audit & Supervisory Board Member          | Shinji Hombo      | 12                      | 12                          |
| Audit & Supervisory Board Member          | Takayuki Tanemura | 12                      | 12                          |

|                                  |                    |    |    |
|----------------------------------|--------------------|----|----|
| Audit & Supervisory Board Member | Masakatsu Maruyama | 12 | 12 |
|----------------------------------|--------------------|----|----|

(Note)

1. In addition to the Board of Directors meetings above, there were four written resolutions made, which deemed that the resolutions were passed at the Board of Directors meeting, pursuant to the provisions of Article 370 of the Companies Act and the provisions of Article 22 of the Articles of Incorporation of the Company.
2. Haremi Kitatani, Director, passed away on October 28, 2023 and retired from Director on the same day.
3. Kanemasa Mizuta, Director, resigned on March 31, 2024.

The specific matters that were discussed include a monthly report on financial results, an industry trend report. The following matters were also discussed and resolved.

- Approval of financial statements, etc.
- Convocation of the general meeting of shareholders and proposals for the meeting
- Details of a restricted stock remuneration plan
- Policy for determining details of remuneration, etc. for individual directors.
- Decision on remuneration, bonuses and restricted stock remuneration for individual directors
- Conclusion of the limited liability contract with directors
- Purchase and cancellation of treasury shares
- Interim dividend
- Implementation of a corporate funeral
- Installation of solar panels as part of measures for carbon neutrality

The above is not a complete list of matters discussed and resolved.

(Audit & Supervisory Board)

The Audit & Supervisory Board is chaired by Shinji Hombo, Audit & Supervisory Board member, and consists of three members (of which two are Outside Audit & Supervisory Board members) as of June 26, 2024. Since two of the members are Outside Audit & Supervisory Board members, the Company considers that a system for management monitoring is in place that monitors the execution of duties of Directors from an objective point of view. Through attending important meetings such as Board of Directors meetings, the three Audit & Supervisory Board members provide advice on and proposals for the Company's management based on their broad insight and wide experience cultivated through their careers. The Company believes that the purpose of strengthening the audit function is sufficiently thus achieved.

(Nomination and Remuneration Committee)

The Nomination and Remuneration Committee consists of two Independent Outside Directors and the President and CEO.

Upon consultation from the Board of Directors, the Committee deliberates on the following matters and offers advice and proposals to the Board of Directors.

- Matters regarding election and dismissal of Directors
- Matters regarding remuneration for Directors
- Matters regarding a succession plan (including development)

<Members> Kenji Furuhashi (Chairperson), Hiroshi Horie (Outside Director) and Susumu Maruno (Outside Director)

During the fiscal year under review, the Company held two meetings of the Committee. The attendance of each Director is as follows.

| Title            | Name            | Number of meetings held | Number of meetings attended |
|------------------|-----------------|-------------------------|-----------------------------|
| Director         | Kenji Furuhashi | 2                       | 2                           |
| Outside Director | Hiroshi Horie   | 2                       | 2                           |
| Outside Director | Susumu Maruno   | 2                       | 2                           |

The specific matters discussed include the following:



- Remuneration for Directors
- Election of Directors
- Election of Audit & Supervisory Board members

(Accounting Auditor)

The Company has concluded a contract with Deloitte Touche Tohmatsu LLC as its Accounting Auditor. The Company receives audits required under the Financial Instruments and Exchange Law and the Companies Act, and confirms various matters regarding accounting treatment and auditing with the Accounting Auditor as needed.

(Legal advisor)

The Company has concluded advisory contracts with two legal firms and obtains advice as necessary.

(Internal Audit Department)

The Internal Audit Department consists of the President's Office/Management Planning Division and Legal Division. From a strict neutral standpoint, it inspects and evaluates all business activities and systems of all consolidated Group companies in light of the Company's rules and standards, and offers proposals for and advice on improvement of management efficiency and asset protection. It also aims to contribute to business administration by engaging in prevention of fraud and errors and facilitating communication among various divisions.

The Company has adopted an Audit & Supervisory Board member system. As mentioned above, the Company believes that corporate governance is functioning with this system in place.

### **(iii) Other matters regarding corporate governance**

With respect to internal control, the Board of Directors has resolved the basic policy for building an internal control system of the Company in order to have a system to ensure proper and appropriate corporate operations. Based on the basic policy, the Company has formulated the basic rules for internal control regarding financial reporting and, in accordance with the basic rules, developed a system that enables effective internal control.

In terms of risk management, the Company has developed relevant regulations regarding management risks and chooses managers responsible for each of the risks. In accordance with the regulations, the Company has developed a system to ensure effective risk management.

In order to ensure proper and appropriate operations of its subsidiaries, the Company has developed a system in which organizations in charge of operations of the subsidiaries oversee necessary matters and assess the status of their operations in accordance with the management regulations of its affiliates. Directors of subsidiaries, etc. make important reports such as management plans, progress reports and financial reports at meetings of the Board of Directors or the Management Committee and receive suggestions, advice, additional proposals, etc. from the members of these meetings. The Management Planning Division and the Legal/Control Division have built a system to assess the status of business execution and ensure proper and appropriate corporate operations by providing necessary instructions, advice, and guidance to the subsidiaries, etc.

The Company has concluded a limited liability contract that limits the amount of liability to the extent stipulated in Article 423, Paragraph 1 of the Companies Act with each of the Outside Directors and the Outside Audit & Supervisory Board members, pursuant to the Articles of Incorporation of the Company and the provisions of Article 427, Paragraph 1 of the Companies Act.

### **(iv) Basic policy on control of the Company**

The overview of the Company's policy on control of the Company is as follows.

The shares of the Company, which is a listed company, are to be freely traded by shareholders and investors; therefore, even if there is an offer for a large-scale purchase or a similar act for the Company's shares, the Company will not reject such a proposal or act indiscriminately and believes that ultimately, the decision must be left to the discretion of the shareholders.

The Company believes that those who control decisions on the Company's financial and business policies must have a full understanding of the Company's basic management philosophy, its sources of corporate value and its relationship of trust with stakeholders who support the Company, and must ensure and improve

the Company's corporate value and the common interests of the shareholders over the medium to long term. For this reason, the Company deems that anyone who makes an inappropriate offer of a large-scale purchase or engages in a similar act that would damage its corporate value or the common interests of the shareholders is inappropriate as a person who controls decisions on the Company's financial and business policies. This is the Company's policy on those who control decisions on the Company's financial and business policies.

**(v) Number of Directors**

The Company stipulates in its Articles of Incorporation that the number of Directors of the Company shall be three or more.

**(vi) Requirements for a resolution to elect Directors**

The Company stipulates in its Articles of Incorporation that a resolution to elect Directors shall be made by a majority of the votes of the shareholders present at a shareholders meeting where shareholders holding one third or more of the votes of the shareholders entitled to exercise their votes thereat are present, and that the resolution shall not rely on cumulative voting.

**(vii) Decision-making body for purchase of treasury shares**

The Company stipulates in its Articles of Incorporation that the Company may acquire its treasury shares through market transactions by a resolution of the Board of Directors, pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act. The purpose of this provision is to enable agile execution of capital policy in response to changes in the business environment.

**(viii) Decision-making body for interim dividend**

The Company stipulates in its Articles of Incorporation that the Company may distribute interim dividends every year by a resolution of the Board of Directors with the record date of September 30. The purpose of this provision is to enable agile shareholder returns.

**(ix) Requirements for a special resolution of a general meeting of shareholders**

The Company stipulates in its Articles of Incorporation that such a resolution as stipulated in Article 309, Paragraph 2 of the Companies Act shall be made by two thirds or more of the votes of the shareholders present at a meeting where shareholders representing one third or more of the votes of the shareholders entitled to vote thereat are present. The purpose of this provision is to enable smooth operation of a general meeting of shareholders.

**(x) Overview of liability insurance policy for directors and officers**

The Company has entered into a liability insurance policy for directors and officers with an insurance company, pursuant to the provisions of Article 430-3, Paragraph 1 of the Companies Act. The insurance policy compensates for damages incurred as a result of claims for damages arising from actions taken in connection with the performance of duties, as well as the costs of disputes related to such claims.

The principal executives, including Directors, Audit & Supervisory Board members and Executive Officers, are the insured of the liability insurance policy, and all the insurance premiums incurred by the insured are borne by the Company.

As a measure to ensure that the appropriateness of the execution of duties by the insured person is not impaired, the Company does not compensate for damages caused by illegal acquisition of personal benefits or conveniences, damages caused by criminal acts and damages caused by acts committed while knowing violations of laws and regulations.

## 2 [Shareholdings]

### (i) Classification standards and approach for investment equity securities

The Company classifies investment equity securities into those for pure investment, which are held solely for the purpose of gaining benefits from fluctuations of the stock value or from the receipt of dividends, and those for purposes other than pure investment.

### (ii) Investment equity securities held for purposes other than pure investment

a. Details of verification at Board of Directors meetings, etc. regarding stock holding policy, method for verifying the rationality of stock holding, and appropriateness of holding individual stocks

The Company holds shares of its business partners with an aim to facilitate, maintain and develop a long-term and stable relationship with them and contribute to increasing medium- to long-term corporate value.

The Company's policy is that Board of Directors meetings, etc. verify the appropriateness of holding individual stocks and sell stocks which are determined to have little significance.

b. Number of stocks and amount recorded in the balance sheet

|                                   | Number of stocks | Total amount recorded in balance sheet (Millions of yen) |
|-----------------------------------|------------------|--|
| Unlisted stocks                   | 4                | 103  |
| Shares other than unlisted stocks | 21               | 5,956  |

(Stocks whose number increased during the fiscal year under review)

|                                   | Number of stocks | Total acquisition price relating to increase in number of stocks (Millions of yen) | Reason for increase |
|-----------------------------------|------------------|--|---------------------|
| Unlisted stocks                   | –                | –  | –                   |
| Shares other than unlisted stocks | –                | –  | –                   |

(Stocks whose number decreased during the fiscal year under review)

|                                   | Number of stocks | Total sales price relating to decrease in number of stocks |
|-----------------------------------|------------------|--|
| Unlisted stocks                   | –                | –  |
| Shares other than unlisted stocks | –                | –  |

c. The number of stocks as per issue name for specified investment equity securities and for deemed holdings of equity securities, as well as the amount recorded in the balance sheet

Specified investment equity securities

| Name of securities                      | Number of shares (shares)                          |                      | Purpose of holding, outline of business alliances, quantitative holding effects, and reason of the increase in the number of shares  | Hosiden shareholders |
|---|--|----------------------|--|----------------------|
|   | Amount recorded in balance sheet (Millions of yen) |                      |  |                      |
|   | Current fiscal year                                | Previous fiscal year |  |                      |
| Tokio Marine Holdings, Inc.             | 297,675  | 297,675              | (Purpose of holding) The Company has insurance transactions with the company, and holds the shares to facilitate, maintain and develop the business relationship.<br>(Quantitative holding effects) (Note) 1   | Yes                  |
|   | 1,399  | 758                  |  |                      |
| Murata Manufacturing Co., Ltd. (Note) 2 | 445,500  | 148,500              | (Purpose of holding) The Company procures parts and materials from the company mainly in the “Applied equipment and other” segment, and holds the shares to facilitate, maintain and develop the business relationship.<br>(Quantitative holding effects) (Note) 1   | Yes                  |
|   | 1,258  | 1,193                |  |                      |
| Hulic Co., Ltd.                         | 461,400  | 461,400              | (Purpose of holding) The Company has insurance transactions with the company, and holds the shares to facilitate, maintain and develop the business relationship.<br>(Quantitative holding effects) (Note) 1   | Yes                  |
|   | 725  | 501                  |  |                      |
| Nintendo Co., Ltd.                      | 59,400   | 59,400               | (Purpose of holding) The Company sells products to the company mainly in the “Electro-mechanical components” segment, and holds the shares to facilitate, maintain and develop the business relationship.<br>(Quantitative holding effects) (Note) 1                 | No                   |
|   | 486  | 304                  |  |                      |
| YOKOWO CO., LTD.                        | 188,000  | 188,000              | (Purpose of holding) The Company procures parts and materials from the company mainly in the “Electro-mechanical components” segment, and holds the shares to facilitate, maintain and develop the business relationship.<br>(Quantitative holding effects) (Note) 1 | Yes                  |
|   | 297  | 392                  |  |                      |
| Mizuho Financial Group, Inc.            | 90,133   | 90,133               | (Purpose of holding) The Company has funding transactions such as financing and settlement with the company, and holds the shares to facilitate, maintain and develop the business relationship.<br>(Quantitative holding effects) (Note) 1                          | Yes                  |
|   | 274  | 169                  |  |                      |
| NICHICON CORPORATION                    | 194,500  | 194,500              | (Purpose of holding) The Company procures parts and materials from the company mainly in the “Electro-mechanical components” segment, and holds the shares to facilitate, maintain and develop the business relationship.<br>(Quantitative holding effects) (Note) 1 | Yes                  |
|   | 249  | 268                  |  |                      |

| Name of securities                    | Number of shares (shares)                          |                      | Purpose of holding, outline of business alliances, quantitative holding effects, and reason of the increase in the number of shares  | Hosiden shareholders |
|---------------------------------------|--|----------------------|--|----------------------|
|                                       | Amount recorded in balance sheet (Millions of yen) |                      |  |                      |
|                                       | Current fiscal year                                | Previous fiscal year |  |                      |
| Mitsubishi UFJ Financial Group, Inc.  | 146,780  | 146,780              | (Purpose of holding) The Company has funding transactions such as financing and settlement with the company, and holds the shares to facilitate, maintain and develop the business relationship.<br>(Quantitative holding effects) (Note) 1                          | Yes                  |
|                                       | 228  | 124                  |  |                      |
| AIPHONE CO., LTD.                     | 54,000   | 54,000               | (Purpose of holding) The Company sells products to the company mainly in the “Acoustic components” segment, and holds the shares to facilitate, maintain and develop the business relationship.<br>(Quantitative holding effects) (Note) 1                           | Yes                  |
|                                       | 163  | 110                  |  |                      |
| ICOM INCORPORATED                     | 42,250   | 42,250               | (Purpose of holding) The Company sells products to the company mainly in the “Applied equipment and other” segment, and holds the shares to facilitate, maintain and develop the business relationship.<br>(Quantitative holding effects) (Note) 1                   | Yes                  |
|                                       | 143  | 106                  |  |                      |
| CMK Corporation                       | 211,600  | 211,600              | (Purpose of holding) The Company sells products to the company mainly in the “Electro-mechanical components” segment, and holds the shares to facilitate, maintain and develop the business relationship.<br>(Quantitative holding effects) (Note) 1                 | Yes                  |
|                                       | 131  | 96                   |  |                      |
| DAISHINKU CORP.                       | 157,600  | 157,600              | (Purpose of holding) The Company procures parts and materials from the company mainly in the “Applied equipment and other” segment, and holds the shares to facilitate, maintain and develop the business relationship.<br>(Quantitative holding effects) (Note) 1   | Yes                  |
|                                       | 126  | 114                  |  |                      |
| Sharp Corporation                     | 144,670  | 144,670              | (Purpose of holding) The Company procures parts and materials from the company mainly in the “Electro-mechanical components” segment, and holds the shares to facilitate, maintain and develop the business relationship.<br>(Quantitative holding effects) (Note) 1 | No                   |
|                                       | 120  | 134                  |  |                      |
| Sumitomo Mitsui Financial Group, Inc. | 11,456   | 11,456               | (Purpose of holding) The Company has funding transactions such as financing and settlement with the company, and holds the shares to facilitate, maintain and develop the business relationship.<br>(Quantitative holding effects) (Note) 1                          | Yes                  |
|                                       | 102  | 60                   |  |                      |
| Daiwa Securities Group Inc.           | 62,441   | 62,441               | (Purpose of holding) The Company has funding transactions such as financing and settlement with the company, and holds the shares to facilitate, maintain and develop the business relationship.<br>(Quantitative holding effects) (Note) 1                          | Yes                  |
|                                       | 71   | 38                   |  |                      |

| Name of securities                                  | Number of shares (shares)                          |                      | Purpose of holding, outline of business alliances, quantitative holding effects, and reason of the increase in the number of shares   | Hosiden shareholders |
|---|--|----------------------|---|----------------------|
|   | Amount recorded in balance sheet (Millions of yen) |                      |   |                      |
|   | Current fiscal year                                | Previous fiscal year |   |                      |
| NEC Corporation                                     | 6,063  | 6,063                | (Purpose of holding) The Company sells products to the company mainly in the “Electro-mechanical components” segment, and holds the shares to facilitate, maintain and develop the business relationship. (Quantitative holding effects) (Note) 1   | No                   |
|   | 66   | 30                   |   |                      |
| Yamaha Corporation NIPPON                           | 14,000   | 14,000               | (Purpose of holding) The Company sells products to the company mainly in the “Applied equipment and other” segment, and holds the shares to facilitate, maintain and develop the business relationship. (Quantitative holding effects) (Note) 1   | No                   |
|   | 45   | 71                   |   |                      |
| NIPPON TELEGRAPH AND TELEPHONE CORPORATION (Note) 3 | 204,000  | 8,160                | (Purpose of holding) The Company sells products to the company mainly in the “Electro-mechanical components” segment, and holds the shares to facilitate, maintain and develop the business relationship. (Quantitative holding effects) (Note) 1   | No                   |
|   | 36   | 32                   |   |                      |
| SUNCALL CORPORATION                                 | 29,348   | 29,348               | (Purpose of holding) The Company procures parts and materials from the company mainly in the “Electro-mechanical components” segment, and holds the shares to facilitate, maintain and develop the business relationship. (Quantitative holding effects) (Note) 1   | No                   |
|   | 14   | 17                   |   |                      |
| Sumitomo Heavy Industries, Ltd.                     | 2,736  | 2,736                | (Purpose of holding) The Company procures parts and materials from the company mainly in the “Display components” segment. As a result of a share exchange executed for the shares of the company that the Company had held in order to facilitate, maintain and develop the business relationship with the company, the company became a wholly-owned subsidiary. Now, the Company holds the shares of its parent company. (Quantitative holding effects) (Note) 1 | No                   |
|   | 12   | 8                    |   |                      |
| JVCKENWOOD Corporation                              | 1,756  | 1,756                | (Purpose of holding) The Company sells products to the company mainly in the “Electro-mechanical components” segment, and holds the shares to facilitate, maintain and develop the business relationship. (Quantitative holding effects) (Note) 1   | No                   |
|   | 1  | 0                    |   |                      |

(Note) 1. Since it is difficult to state quantitative effects of holding specified investment equity securities, the Company states the verification method of the reasonableness of holding them. Matters such as the significance of holding individual shares and whether or not benefits and risks associated with holding them are worth capital costs are discussed at Board of Directors meetings, etc. where shares of each company are examined in terms of factors such as holding purpose, holding risk, market value, and dividend yield to determine whether to hold them or not.

2. Murata Manufacturing Co., Ltd. carried out a three-for-one stock split of its common stock as of October 1, 2023.
3. NIPPON TELEGRAPH AND TELEPHONE CORPORATION carried out a twenty-five-for-one stock split of its common stock as of July 1, 2023.

Deemed holdings of equity securities

None applicable

**(iii) Investment equity securities held for pure investment**

None applicable

### III. [Consolidated financial statements and significant notes thereto]

#### 1 [Consolidated balance sheets]

(Millions of yen)

|  | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| <b>Assets</b>                              |                      |                      |
| Current assets                             |                      |                      |
| Cash and deposits                          | *1 57,418            | *1 72,287            |
| Notes receivable - trade                   | 1,302                | *2 1,644             |
| Accounts receivable - trade                | 33,667               | 21,110               |
| Securities                                 | 13,335               | 14,624               |
| Merchandise and finished goods             | 9,691                | 9,214                |
| Work in process                            | 5,107                | 3,730                |
| Raw materials and supplies                 | 26,469               | 19,638               |
| Trade accounts receivable                  | 1,567                | 1,188                |
| Other                                      | 3,346                | 2,503                |
| Allowance for doubtful accounts            | (27)                 | (15)                 |
| <b>Total current assets</b>                | <b>151,878</b>       | <b>145,925</b>       |
| Non-current assets                         |                      |                      |
| Property, plant and equipment              |                      |                      |
| Buildings and structures                   | 21,462               | 21,966               |
| Accumulated depreciation and impairment    | (14,499)             | (15,021)             |
| Buildings and structures, net              | *1 6,962             | *1 6,944             |
| Machinery, equipment and vehicles          | 26,475               | 27,160               |
| Accumulated depreciation and impairment    | (21,215)             | (22,787)             |
| Machinery, equipment and vehicles, net     | *1 5,259             | *1 4,373             |
| Land                                       | 3,035                | 3,031                |
| Construction in progress                   | 62                   | 311                  |
| Other                                      | 31,318               | 30,885               |
| Accumulated depreciation and impairment    | (29,144)             | (28,905)             |
| Other, net                                 | 2,174                | 1,979                |
| <b>Total property, plant and equipment</b> | <b>17,495</b>        | <b>16,641</b>        |
| Intangible assets                          | 423                  | 405                  |
| Investments and other assets               |                      |                      |
| Investment securities                      | 5,643                | 7,057                |
| Retirement benefit asset                   | 60                   | 35                   |
| Deferred tax assets                        | 739                  | 674                  |
| Other                                      | 4,039                | 4,554                |
| Allowance for doubtful accounts            | (287)                | (286)                |
| <b>Total investments and other assets</b>  | <b>10,195</b>        | <b>12,035</b>        |
| <b>Total non-current assets</b>            | <b>28,114</b>        | <b>29,082</b>        |
| <b>Total assets</b>                        | <b>179,993</b>       | <b>175,008</b>       |



(Millions of yen)

|  | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| <b>Liabilities</b>                                       |                      |                      |
| Current liabilities                                      |                      |                      |
| Notes and accounts payable - trade                       | 25,772               | *2 14,673            |
| Short-term borrowings                                    | 2,189                | 1,050                |
| Current portion of bonds with share acquisition rights   | –                    | 10,008               |
| Income taxes payable                                     | 3,910                | 3,253                |
| Provision for bonuses for directors (and other officers) | 154                  | 140                  |
| Other  | *3 5,893             | *2, *3 5,916         |
| <b>Total current liabilities</b>                         | <b>37,919</b>        | <b>35,042</b>        |
| Non-current liabilities                                  |                      |                      |
| Bonds with share acquisition rights                      | 10,030               | –                    |
| Deferred tax liabilities                                 | 1,268                | 2,167                |
| Retirement benefit liability                             | 3,170                | 2,307                |
| Other  | 850                  | 620                  |
| <b>Total non-current liabilities</b>                     | <b>15,319</b>        | <b>5,094</b>         |
| <b>Total liabilities</b>                                 | <b>53,239</b>        | <b>40,137</b>        |
| <b>Net assets</b>  |                      |                      |
| Shareholders' equity                                     |                      |                      |
| Share capital  | 13,660               | 13,660               |
| Capital surplus  | 19,596               | 19,596               |
| Retained earnings  | 100,808              | 106,744              |
| Treasury shares  | (10,695)             | (11,584)             |
| <b>Total shareholders' equity</b>                        | <b>123,370</b>       | <b>128,417</b>       |
| Accumulated other comprehensive income                   |                      |                      |
| Valuation difference on available-for-sale securities    | 2,381                | 3,500                |
| Foreign currency translation adjustment                  | 666                  | 2,272                |
| Remeasurements of defined benefit plans                  | 334                  | 680                  |
| <b>Total accumulated other comprehensive income</b>      | <b>3,382</b>         | <b>6,453</b>         |
| <b>Total net assets</b>                                  | <b>126,753</b>       | <b>134,870</b>       |
| <b>Total liabilities and net assets</b>                  | <b>179,993</b>       | <b>175,008</b>       |

## 2 [Consolidated statements of income and consolidated statements of comprehensive income]

### Consolidated statements of income

|   | (Millions of yen)                   |                                     |
|---|-------------------------------------|-------------------------------------|
|   | Fiscal year ended<br>March 31, 2023 | Fiscal year ended<br>March 31, 2024 |
| Net sales   | 277,244                             | 218,910                             |
| Cost of sales                                     | *1, *3 251,487                      | *1, *3 196,164                      |
| Gross profit                                      | 25,757                              | 22,745                              |
| Selling, general and administrative expenses      | *2, *3 10,007                       | *2, *3 9,820                        |
| Operating profit                                  | 15,750                              | 12,925                              |
| Non-operating income                              |                                     |                                     |
| Interest income                                   | 368                                 | 808                                 |
| Dividend income                                   | 136                                 | 142                                 |
| Foreign exchange gains                            | 2,490                               | 4,214                               |
| Other   | 294                                 | 129                                 |
| Total non-operating income                        | 3,290                               | 5,294                               |
| Non-operating expenses                            |                                     |                                     |
| Interest expenses                                 | 34                                  | 41                                  |
| Commission for syndicated loans                   | 10                                  | –                                   |
| Other   | 10                                  | 16                                  |
| Total non-operating expenses                      | 56                                  | 58                                  |
| Ordinary profit                                   | 18,984                              | 18,160                              |
| Extraordinary income                              |                                     |                                     |
| Gain on sale of non-current assets                | *4 142                              | *4 14                               |
| Total extraordinary income                        | 142                                 | 14                                  |
| Extraordinary losses                              |                                     |                                     |
| Loss on sale and retirement of non-current assets | *5 31                               | *5 33                               |
| Impairment losses                                 | *6 347                              | *6 931                              |
| Loss on liquidation of subsidiaries               | 220                                 | –                                   |
| Other   | 1                                   | 0                                   |
| Total extraordinary losses                        | 600                                 | 965                                 |
| Profit before income taxes                        | 18,527                              | 17,210                              |
| Income taxes - current                            | 5,493                               | 5,181                               |
| Income taxes - deferred                           | 396                                 | 396                                 |
| Total income taxes                                | 5,889                               | 5,578                               |
| Profit  | 12,637                              | 11,632                              |
| Profit attributable to non-controlling interests  | –                                   | –                                   |
| Profit attributable to owners of parent           | 12,637                              | 11,632                              |

### Consolidated statements of comprehensive income

|  | (Millions of yen)                   |                                     |
|--|-------------------------------------|-------------------------------------|
|  | Fiscal year ended<br>March 31, 2023 | Fiscal year ended<br>March 31, 2024 |
| Profit   | 12,637                              | 11,632                              |
| Other comprehensive income                                     |                                     |                                     |
| Valuation difference on available-for-sale securities          | (114)                               | 1,119                               |
| Foreign currency translation adjustment                        | 2,000                               | 1,605                               |
| Remeasurements of defined benefit plans, net of tax            | (46)                                | 345                                 |
| Total other comprehensive income                               | *1, *2 1,840                        | *1, *2 3,070                        |
| Comprehensive income   | 14,477                              | 14,702                              |
| Comprehensive income attributable to                           |                                     |                                     |
| Comprehensive income attributable to owners of parent          | 14,477                              | 14,702                              |
| Comprehensive income attributable to non-controlling interests | –                                   | –                                   |

### 3 [Consolidated statements of changes in equity]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 13,660               | 19,596          | 94,320            | (9,586)         | 117,990                    |
| Changes during period                                |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (4,287)           |                 | (4,287)                    |
| Profit attributable to owners of parent              |                      |                 | 12,637            |                 | 12,637                     |
| Purchase of treasury shares                          |                      |                 |                   | (3,000)         | (3,000)                    |
| Disposal of treasury shares                          |                      | 6               |                   | 23              | 29                         |
| Cancellation of treasury shares                      |                      | (6)             | (1,861)           | 1,868           | —                          |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes during period                          | —                    | —               | 6,488             | (1,108)         | 5,379                      |
| Balance at end of period                             | 13,660               | 19,596          | 100,808           | (10,695)        | 123,370                    |

|   | Accumulated other comprehensive income                |   |   |  | Total net assets |
|---|---|---|---|--|------------------|
|   | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                  |
| Balance at beginning of period          | 2,495   | (1,334)                                 | 381                                     | 1,542  | 119,533          |
| Changes during period                   |   |   |   |  |                  |
| Dividends of surplus                    |   |   |   |  | (4,287)          |
| Profit attributable to owners of parent |   |   |   |  | 12,637           |
| Purchase of treasury shares             |   |   |   |  | (3,000)          |
| Disposal of treasury shares             |   |   |   |  | 29               |
| Cancellation of treasury shares         |   |   |   |  | —                |
| Net changes in items other than         | (114)   | 2,000                                   | (46)                                    | 1,840  | 1,840            |

|                             |       |       |      |       |         |
|-----------------------------|-------|-------|------|-------|---------|
| shareholders' equity        |       |       |      |       |         |
| Total changes during period | (114) | 2,000 | (46) | 1,840 | 7,219   |
| Balance at end of period    | 2,381 | 666   | 334  | 3,382 | 126,753 |

**Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)**

(Millions of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 13,660               | 19,596          | 100,808           | (10,695)        | 123,370                    |
| Changes during period                                |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (3,798)           |                 | (3,798)                    |
| Profit attributable to owners of parent              |                      |                 | 11,632            |                 | 11,632                     |
| Purchase of treasury shares                          |                      |                 |                   | (2,817)         | (2,817)                    |
| Disposal of treasury shares                          |                      | 9               |                   | 20              | 29                         |
| Cancellation of treasury shares                      |                      | (9)             | (1,897)           | 1,907           | —                          |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes during period                          | —                    | —               | 5,936             | (889)           | 5,046                      |
| Balance at end of period                             | 13,660               | 19,596          | 106,744           | (11,584)        | 128,417                    |

|   | Accumulated other comprehensive income                |   |   |  | Total net assets |
|---|---|---|---|--|------------------|
|   | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                  |
| Balance at beginning of period          | 2,381   | 666                                     | 334                                     | 3,382  | 126,753          |
| Changes during period                   |   |   |   |  |                  |
| Dividends of surplus                    |   |   |   |  | (3,798)          |
| Profit attributable to owners of parent |   |   |   |  | 11,632           |
| Purchase of treasury shares             |   |   |   |  | (2,817)          |
| Disposal of treasury shares             |   |   |   |  | 29               |
| Cancellation of treasury shares         |   |   |   |  | —                |

|  |       |       |     |       |         |
|--|-------|-------|-----|-------|---------|
| Net changes in items other than shareholders' equity | 1,119 | 1,605 | 345 | 3,070 | 3,070   |
| Total changes during period                          | 1,119 | 1,605 | 345 | 3,070 | 8,117   |
| Balance at end of period                             | 3,500 | 2,272 | 680 | 6,453 | 134,870 |

#### 4 [Consolidated statements of cash flows]

(Millions of yen)

|   | Fiscal year ended<br>March 31, 2023 | Fiscal year ended<br>March 31, 2024 |
|---|-------------------------------------|-------------------------------------|
| <b>Cash flows from operating activities</b>                 |                                     |                                     |
| Profit before income taxes                                  | 18,527                              | 17,210                              |
| Depreciation  | 3,385                               | 3,150                               |
| Impairment losses   | 347                                 | 931                                 |
| Increase (decrease) in allowance for doubtful accounts      | (57)                                | (73)                                |
| Increase (decrease) in retirement benefit liability         | (442)                               | (436)                               |
| Interest and dividend income                                | (504)                               | (950)                               |
| Interest expenses   | 34                                  | 41                                  |
| Loss (gain) on sale and retirement of non-current assets    | (111)                               | 19                                  |
| Loss (gain) on valuation of investment securities           | 1                                   | –                                   |
| Decrease (increase) in trade receivables                    | (8,286)                             | 12,963                              |
| Decrease (increase) in inventories                          | 12,017                              | 10,073                              |
| Decrease (increase) in operating accounts receivable        | 640                                 | 380                                 |
| Decrease (increase) in other assets                         | (629)                               | 1,095                               |
| Increase (decrease) in trade payables                       | 663                                 | (11,796)                            |
| Increase (decrease) in other liabilities                    | (685)                               | (38)                                |
| Other, net  | 700                                 | (173)                               |
| Subtotal  | 25,600                              | 32,394                              |
| Interest and dividends received                             | 421                                 | 940                                 |
| Interest paid   | (24)                                | (49)                                |
| Income taxes paid   | (5,232)                             | (6,354)                             |
| Net cash provided by (used in) operating activities         | 20,765                              | 26,931                              |
| <b>Cash flows from investing activities</b>                 |                                     |                                     |
| Payments into time deposits                                 | (10,290)                            | (12,372)                            |
| Proceeds from withdrawal of time deposits                   | 6,557                               | 10,247                              |
| Payments into long-term deposits                            | (3,000)                             | (3,500)                             |
| Purchase of property, plant and equipment                   | (2,818)                             | (2,742)                             |
| Proceeds from sale of property, plant and equipment         | 427                                 | 97                                  |
| Purchase of investment securities                           | (1,002)                             | –                                   |
| Purchase of intangible assets                               | (134)                               | (179)                               |
| Other, net  | 408                                 | 103                                 |
| Net cash provided by (used in) investing activities         | (9,852)                             | (8,345)                             |
| <b>Cash flows from financing activities</b>                 |                                     |                                     |
| Net increase (decrease) in short-term borrowings            | –                                   | (1,187)                             |
| Purchase of treasury shares                                 | (3,000)                             | (2,817)                             |
| Dividends paid  | (4,287)                             | (3,798)                             |
| Other, net  | (150)                               | (137)                               |
| Net cash provided by (used in) financing activities         | (7,437)                             | (7,940)                             |
| Effect of exchange rate change on cash and cash equivalents | 62                                  | (1)                                 |
| Net increase (decrease) in cash and cash equivalents        | 3,538                               | 10,644                              |
| Cash and cash equivalents at beginning of period            | 62,479                              | 66,017                              |
| Cash and cash equivalents at end of period                  | * 66,017                            | * 76,662                            |

**[Notes]**

**Significant matters serving as the basis for preparation of consolidated financial statements**

**(1) Matters regarding scope of consolidation**

The Company has all of its subsidiaries consolidated, whose number is 21.

7

**(2) Matters regarding fiscal year of consolidated subsidiaries**

Of consolidated subsidiaries, the closing date of the following six overseas consolidated subsidiaries is December 31: Qingdao Hosiden Electronics Co., Ltd., Hosiden Electronics (Shanghai) Co., Ltd., Hosiden (Shenzhen) Co., Ltd., Hosiden Technology (Qingdao) Co., Ltd., Hosiden Vietnam (Bac Giang) Co., Ltd., and China Hosiden Co., Ltd. In preparing consolidated financial statements for the fiscal year under review, the Company uses the financial statements as of December 31, but made necessary consolidation adjustments for significant transactions that occurred thereafter until the consolidated closing date.

**(3) Matters regarding accounting policies**

**(i) Valuation standards and methods for significant assets**

Securities

Available-for-sale securities

Non-marketable securities other than stocks, etc.

Market value method (Valuation difference is recognized directly into net assets in full, and the cost of securities sold is calculated based on the moving average method.)

Non-marketable securities, stocks, etc.

Moving average cost method

Derivatives

Market value method

Inventories

The Company and domestic consolidated subsidiaries mainly use the periodic average method (values on the balance sheet are subject to the carrying amount reduction method based on decreased profitability). Meanwhile, overseas consolidated subsidiaries use the lower of cost or market method (using the first-in, first-out method) for merchandise, and mainly the periodic average or weighted average method for finished goods, work in process, raw materials and supplies.

**(ii) Depreciation and amortization method for significant depreciable assets**

Property, plant and equipment

The Company and domestic consolidated subsidiaries use the diminishing balance method. However, the straight-line method is used for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and also structures acquired on or after April 1, 2016. Overseas consolidated subsidiaries mainly use the straight-line method.

The useful lives of principal assets are as follows.

Buildings and structures: 31-50 years

Machinery, equipment and vehicles: 5-9 years

Intangible assets

Straight-line method. Software for internal use is amortized by the straight-line method based on the internal usable period (five years).

**(iii) Standards for recognizing significant provisions**

Allowance for doubtful accounts

To prepare for bad debt expenses, the estimated uncollectable amounts regarding normal receivables are recognized using the loan loss ratio, and the estimated uncollectable amounts regarding certain receivables, such as doubtful receivables, are recognized by separately examining their collectability.

Provision for bonuses for directors

To prepare for bonus payments to directors, the relevant provision is recognized based on the estimated payment amount.

**(iv) Accounting method for retirement benefits**

Period attribution method for the expected retirement benefits

For calculating retirement benefit obligations, the benefit formula standards are used regarding the method of attributing the expected retirement benefits to the periods until the fiscal year under review.

Expensing method for actuarial gains and losses

Past service costs are amortized by the straight-line method over a period within the average remaining service years for employees at the time of recognition (mainly five years).

Actuarial gains and losses are amortized by the straight-line method over a period within the average remaining service years for employees at the time of recognition (mainly five years), and allocated proportionately from the fiscal year following the respective fiscal year of recognition.

Accounting method for unrecognized actuarial gains and losses

Unrecognized actuarial gains and losses and unrecognized past service costs are recognized at the remeasurements of defined benefit plans item of accumulated other comprehensive income in net assets after adjusting tax effects.

**(v) Standards for recognition of significant revenues and expenses**

The Group's principal business is developing, manufacturing, and selling electronic components. Sales transactions to customers are based on the terms and conditions determined by agreement with the customer, and revenue is recognized when the performance obligation is satisfied by the transfer of control of the product to the customer. For product sales, the Company determines that the performance obligation is satisfied when the customer obtains control over the product at the time of delivery. However, for domestic product sales, the Company recognizes revenue at the time of shipment to the domestic delivery location designated by the customer.

**(vi) Scope of net cash in the consolidated statement of cash flows**

The scope of net cash (cash and cash equivalents) in the consolidated statement of cash flows includes cash on hand, deposits drawable at any time, and short-term investments that are readily convertible to cash, are exposed to insignificant risks of changes in value and are redeemable within three months.

**(vii) Accounting treatment for non-deductible consumption taxes on assets**

Non-deductible consumption taxes and local consumption taxes on assets are treated as expenses for the fiscal year under review.

**(Significant accounting estimates)**

Valuation of inventories

**(i) Amount recorded in the consolidated financial statements for the fiscal year under review.**

(Unit: Millions of yen)

|                                | Previous fiscal year | Current fiscal year |
|--------------------------------|----------------------|---------------------|
| Merchandise and finished goods | 9,691                | 9,214               |
| Work in process                | 5,107                | 3,730               |
| Raw materials and supplies     | 26,469               | 19,638              |

**(ii) Details of significant accounting estimates related to the identified items**

Inventories are qualitatively evaluated based on the periods of retention. Some of the amusement-related raw materials are evaluated by comparing an appropriate inventory level, which is based on the potential orders by customers and future usability, and the volume of inventories at the end of the fiscal year. If the appropriate level of inventories significantly changes due in part to changes in the market environment that were unpredictable at the time of estimation, the amount of raw materials may be affected in the consolidated financial statements for the next fiscal year.

**(New accounting standards not yet applied)**

- “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022, ASBJ)
- “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022, ASBJ)
- “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022, ASBJ)

**(1) Outline**

Transfer of practical guidelines on tax effect accounting of the Japanese Institute of Certified Public Accountants (JICPA) to ASBJ was completed with the issuance of standards and guidance including ASBJ Statement No.28, Partial Amendments to Accounting Standard for Tax Effect Accounting (hereinafter, “ASBJ Statement No.28, etc.”) in February 2018. During the deliberations, it had been determined that the following two issues would be further discussed subsequent to the issuance of ASBJ Statement No. 28, etc. The above standards and guidance were issued as a result of the discussions on the two issues below:

- Categories in which income tax expense should be recorded (taxes on other comprehensive income)
- Tax effects associated with sales of subsidiary shares, etc. (shares of subsidiaries or affiliates) when the group taxation regime is applied

**(2) Effective date**

The standards and guidance will be effective from the beginning of the fiscal year ending March 31, 2025.

**(3) Effects of application of the standards and guidance**

The effects of application of Accounting Standard for Current Income Taxes, etc. on the consolidated financial statements are currently under evaluation.



**(Notes - Consolidated balance sheet)****\*1 Pledged assets and secured debt**

A revolving security interest for borrowings from banks has been created over the assets below; however, the Company has no borrowings on the credit facility.

|                                   | Previous fiscal year<br>(As of March 31, 2023) | Current fiscal year<br>(As of March 31, 2024) |
|-----------------------------------|--|---|
| Buildings and structures          | 61 million yen                                 | 64 million yen                                |
| Machinery, equipment and vehicles | 206 million yen                                | 182 million yen                               |
| Total                             | 268 million yen                                | 247 million yen                               |

In addition to the above, time deposits have been pledged as collateral to guarantee transactions of overseas consolidated subsidiaries.

|               | Previous fiscal year<br>(As of March 31, 2023) | Current fiscal year<br>(As of March 31, 2024) |
|---------------|--|---|
| Time deposits | 7 million yen                                  | 9 million yen                                 |

**\*2 Promissory notes due on balance sheet date, etc.**

The balance sheet date for the current fiscal year fell on a bank holiday; however, the accounting treatment for promissory notes due on balance sheet date was treated as if it was settled on the balance sheet date. The amount of promissory notes due on balance sheet date for the current fiscal year is as follows:

|  | Previous fiscal year<br>(As of March 31, 2023) | Current fiscal year<br>(As of March 31, 2024) |
|--|--|---|
| Notes receivable trade                                 | — million yen                                  | 6 million yen                                 |
| Notes payable trade                                    | — million yen                                  | 1 million yen                                 |
| Current liabilities “Other” (Notes payable facilities) | — million yen                                  | 2 million yen                                 |

**\*3 Of “Other,” the amount of contract liabilities is as follows.**

|                      | Previous fiscal year<br>(As of March 31, 2023) | Current fiscal year<br>(As of March 31, 2024) |
|----------------------|--|---|
| Contract liabilities | 1 million yen                                  | 7 million yen                                 |

**(Notes - Consolidated statements of income)**

\*1 The inventory balance at the end of the period represents the balance after writing down the book value due to decreased profitability. The following loss on valuation of inventories (the amount after the reversal of inventory write-down) is included in cost of sales.

|  | Previous fiscal year<br>(From April 1, 2022 to March 31, 2023) | Current fiscal year<br>(From April 1, 2023 to March 31, 2024) |
|--|--|---|
|  | 298 million yen  | 614 million yen   |

**\*2 Of Selling, general and administrative expenses, major items and the amounts thereof are as follows:**

|                                 | Previous fiscal year<br>(From April 1, 2022 to March 31, 2023) | Current fiscal year<br>(From April 1, 2023 to March 31, 2024) |
|---------------------------------|--|---|
| Employees' salaries and bonuses | 3,762 million yen  | 3,864 million yen   |
| Retirement benefit expenses     | 125 million yen  | 172 million yen   |

|  |                   |                   |
|--|-------------------|-------------------|
| Provision of allowance for doubtful accounts             | 7 million yen     | 2 million yen     |
| Provision for bonuses for directors (and other officers) | 155 million yen   | 138 million yen   |
| Packing and transportation costs                         | 1,661 million yen | 1,313 million yen |
| Commission expenses                                      | 920 million yen   | 1,008 million yen |

\*3 Total research and development expenses included in Selling, general and administrative expenses and manufacturing costs for the current period.

| Previous fiscal year<br>(From April 1, 2022 to March 31, 2023) | Current fiscal year<br>(From April 1, 2023 to March 31, 2024) |
|--|---|
| 2,020 million yen  | 1,977 million yen   |

\*4 Details of gain on sale of non-current assets are as follows:

| Previous fiscal year<br>(From April 1, 2022 to March 31, 2023) | Current fiscal year<br>(From April 1, 2023 to March 31, 2024) |                |
|--|---|----------------|
| Buildings and structures, land and other                       | 125 million yen   | — million yen  |
| Machinery, equipment and vehicles                              | 13 million yen  | 14 million yen |
| Tools, furniture and fixtures                                  | 4 million yen   | 0 million yen  |
| Total  | 142 million yen   | 14 million yen |

\*5 Details of loss on sale and retirement of non-current assets are as follows:

Loss on retirement

| Previous fiscal year<br>(From April 1, 2022 to March 31, 2023) | Current fiscal year<br>(From April 1, 2023 to March 31, 2024) |               |
|--|---|---------------|
| Buildings and structures                                       | 0 million yen   | 0 million yen |
| Machinery, equipment and vehicles                              | 0 million yen   | 1 million yen |
| Tools, furniture and fixtures; metal molds; and other          | 3 million yen   | 1 million yen |
| Total  | 4 million yen   | 3 million yen |

Loss on sale

| Previous fiscal year<br>(From April 1, 2022 to March 31, 2023) | Current fiscal year<br>(From April 1, 2023 to March 31, 2024) |                |
|--|---|----------------|
| Machinery, equipment and vehicles, and other                   | 16 million yen  | 13 million yen |
| Land   | 10 million yen  | 17 million yen |
| Total  | 27 million yen  | 30 million yen |

\*6 Impairment losses

Previous fiscal year (From April 1, 2022 to March 31, 2023)

The Group recorded impairment losses for the following asset group.

| Location | Use                                       | Category                                | Amount          |
|----------|---|---|-----------------|
| Japan    | Display components Manufacturing facility | Buildings and structures                | 222 million yen |
|          |   | Machinery, equipment and vehicles       | 72 million yen  |
|          |   | Tools, furniture and fixtures, and dies | 31 million yen  |
|          |   | Software                                | 20 million yen  |

|       |                 |
|-------|-----------------|
| Total | 347 million yen |
|-------|-----------------|

The Group groups assets based on the units in which the Group continuously recognizes profit and loss, taking into account their relevance in the manufacturing process, etc.

Both net sales and profit for the above asset group are on a declining trend due to decreasing demand of major customers. The Group estimated future cash flows and found that the earning power was not sufficient to recover the asset value. Accordingly, the Group wrote down the book value to the recoverable value and recorded the amount reduced as impairment losses in the extraordinary losses section. The recoverable value of the asset group is calculated using the value in use; however, the future cash flows are negative and thus the value of use is zero. Since the future cash flows were negative, the discount rate was omitted.

Current fiscal year (From April 1, 2023 to March 31, 2024)

The Group recorded impairment losses for the following asset group.

| Location                  | Use   | Category                                | Amount          |
|---------------------------|---|---|-----------------|
| Japan, Asia and<br>Europe | Electro-mechanical components<br>Manufacturing facility | Machinery, equipment and vehicles       | 427 million yen |
|                           |   | Tools, furniture and fixtures, and dies | 6 million yen   |
|                           |   | Software                                | 54 million yen  |
|                           |   | Right-of-use assets                     | 10 million yen  |
|                           | Acoustic components<br>Manufacturing facility           | Machinery, equipment and vehicles       | 69 million yen  |
|                           |   | Tools, furniture and fixtures, and dies | 94 million yen  |
|                           | Display components<br>Manufacturing facility            | Machinery, equipment and vehicles       | 167 million yen |
|                           |   | Tools, furniture and fixtures, and dies | 16 million yen  |
|                           |   | Software                                | 0 million yen   |
|                           | Sales offices   | Right-of-use assets                     | 83 million yen  |
| Total                     |   |   | 931 million yen |

The Group groups assets based on the units in which the Group continuously recognizes profit and loss, taking into account their relevance in the manufacturing process, etc.

Price competitions in the markets are severe, and losses have been continuously recorded for the above asset group. Because recovery of either net sales or profit is unlikely, the Group wrote down the book value to the recoverable value, and recorded the amount reduced as impairment losses in the extraordinary losses section. The recoverable value of the asset group is calculated using the value in use; however, the future cash flows are negative and thus the value of use is zero. Since the future cash flows were negative, the discount rate was omitted.

**(Notes - Consolidated statements of comprehensive income)**

| <b>*1 Reclassification adjustments concerning other comprehensive income</b> |   |  | (Millions of yen) |
|--|---|--|-------------------|
|  | Previous fiscal year<br>(From April 1, 2022<br>to March 31, 2023) | Current fiscal year<br>(From April 1, 2023<br>to March 31, 2024) |                   |
| Valuation difference on available-for-sale securities                        |   |  |                   |
| Increase (decrease) during the period  | (166)   | 1,613  |                   |
| Reclassification adjustments   | -   | -  |                   |
| Total  | (166)   | 1,613  |                   |
| Foreign currency translation adjustment                                      |   |  |                   |
| Increase (decrease) during the period  | 1,890   | 1,605  |                   |
| Reclassification adjustments   | 110   | -  |                   |
| Total  | 2,000   | 1,605  |                   |
| Remeasurements of defined benefit plans, net of tax                          |   |  |                   |
| Increase (decrease) during the period  | 104   | 556  |                   |
| Reclassification adjustments   | (140)   | (125)  |                   |
| Total  | (36)  | 430  |                   |
| Total before tax effect adjustment   | 1,797   | 3,649  |                   |
| Tax effects  | 42  | (578)  |                   |
| Total other comprehensive income   | 1,840   | 3,070  |                   |

| <b>*2 Tax effects concerning other comprehensive income</b> |   |  | (Millions of yen) |
|---|---|--|-------------------|
|   | Previous fiscal year<br>(From April 1, 2022<br>to March 31, 2023) | Current fiscal year<br>(From April 1, 2023<br>to March 31, 2024) |                   |
| Valuation difference on available-for-sale securities       |   |  |                   |
| Before tax effect adjustment                                | (166)   | 1,613  |                   |
| Tax effects   | 52  | (493)  |                   |
| After tax effect adjustment                                 | (114)   | 1,119  |                   |
| Foreign currency translation adjustment                     |   |  |                   |
| Before tax effect adjustment                                | 2,000   | 1,605  |                   |
| Tax effects   | -   | -  |                   |
| After tax effect adjustment                                 | 2,000   | 1,605  |                   |
| Remeasurements of defined benefit plans, net of tax         |   |  |                   |
| Before tax effect adjustment                                | (36)  | 430  |                   |
| Tax effects   | (10)  | (84)   |                   |
| After tax effect adjustment                                 | (46)  | 345  |                   |
| Total other comprehensive income                            |   |  |                   |
| Before tax effect adjustment                                | 1,797   | 3,649  |                   |
| Tax effects   | 42  | (578)  |                   |
| After tax effect adjustment                                 | 1,840   | 3,070  |                   |

**(Notes - Consolidated statements of changes in equity)****1 [Previous fiscal year (From April 1, 2022 to March 31, 2023)]****(1) Matters concerning the type and number of shares issued and of treasury shares**

|                                 | At the beginning of the current fiscal year (Thousands of shares) | Increase during the current fiscal year (Thousands of shares) | Decrease during the current fiscal year (Thousands of shares) | At the end of the current fiscal year (Thousands of shares) |
|---------------------------------|---|---|---|---|
| Shares issued                   |   |   |   |   |
| Common stock (Note) 2           | 64,710  | –   | 1,700   | 63,010  |
| Total                           | 64,710  | –   | 1,700   | 63,010  |
| Treasury shares                 |   |   |   |   |
| Common stock (Notes) 1, 2 and 3 | 9,755   | 1,700   | 1,723   | 9,731   |
| Total                           | 9,755   | 1,700   | 1,723   | 9,731   |

(Note) 1. Details of the increase of 1,700,000 shares in common stock under treasury shares are as follows:

increase due to purchase of treasury shares by the resolution of the Board of Directors meeting (1,700,000 shares) and increase due to purchase of treasury shares less than a standard unit (0 shares).

2. Details of the decrease of 1,700,000 shares in common stock are as follows: decrease due to cancellation of treasury shares.

3. Details of the decrease of 1,723,000 shares in common stock under treasury shares are as follows: decrease due to cancellation of treasury shares (1,700,000 shares) and decrease due to disposal of treasury shares as restricted stock (23,000 shares).

**(2) Share acquisition rights**

| Category                           | Description   | Type of shares to be issued | Number of shares to be issued (Thousands)<br>(Notes) 2 and 3 |   |   |                                       | Balance at the end of the current fiscal year (Millions of yen) |
|------------------------------------|---|-----------------------------|--|---|---|---------------------------------------|---|
|                                    |   |                             | At the beginning of the current fiscal year                  | Increase during the current fiscal year | Decrease during the current fiscal year | At the end of the current fiscal year |   |
| Reporting company (Parent company) | Yen-denominated convertible bonds with share acquisition rights due in 2024 | Common stock                | 4,294  | 168                                     | –                                       | 4,463                                 | (Note) 1  |
| Total                              |   | –                           | 4,294  | 168                                     | –                                       | 4,463                                 | –   |

(Note) 1. Yen-denominated convertible bonds with share acquisition rights are based on the lump-sum method.

2. The number of shares to be issued indicates the number of shares based on the assumption that the acquisition rights are exercised.

3. The number of shares to be issued increased during the current fiscal year because the conversion price was adjusted from 2,328.60 yen to 2,240.60 yen in accordance with the conversion price adjustment clause.

**(3) Dividends**

(i) Dividends paid

| Resolution  | Type of shares | Total dividends (Millions of yen) | Dividends per share (Yen) | Record date        | Effective date   |
|---|----------------|-----------------------------------|---------------------------|--------------------|------------------|
| June 29, 2022<br>Ordinary general meeting of shareholders | Common stock   | 3,022                             | 55.0                      | March 31, 2022     | June 30, 2022    |
| November 11, 2022<br>Board of Directors meeting           | Common stock   | 1,264                             | 23.0                      | September 30, 2022 | December 2, 2022 |

(ii) Dividends with the record date in the current fiscal year and the effective date in the following fiscal year.

| Resolution  | Type of shares | Total dividends (Millions of yen) | Dividend source   | Dividends per share (Yen) | Record date    | Effective date |
|---|----------------|-----------------------------------|-------------------|---------------------------|----------------|----------------|
| June 29, 2023<br>Ordinary general meeting of shareholders | Common stock   | 2,557                             | Retained earnings | 48.0                      | March 31, 2023 | June 30, 2023  |

## 2 [Current fiscal year (From April 1, 2023 to March 31, 2024)]

### (1) Matters concerning the type and number of shares issued and of treasury shares

|                              | At the beginning of the current fiscal year (Thousands of shares) | Increase during the current fiscal year (Thousands of shares) | Decrease during the current fiscal year (Thousands of shares) | At the end of the current fiscal year (Thousands of shares) |
|------------------------------|---|---|---|---|
| Shares issued                |   |   |   |   |
| Common stock (Note 2)        | 63,010  | –   | 1,600   | 61,410  |
| Total                        | 63,010  | –   | 1,600   | 61,410  |
| Treasury shares              |   |   |   |   |
| Common stock (Notes 1 and 3) | 9,731   | 1,604   | 1,616   | 9,719   |
| Total                        | 9,731   | 1,604   | 1,616   | 9,719   |

(Note) 1. Details of the increase of 1,604,000 shares in common stock under treasury shares are as follows:

increase due to purchase of treasury shares by the resolution of the Board of Directors meeting (1,600,000 shares) and increase due to purchase of treasury shares less than a standard unit (0 shares) and increase of 3,000 shares due to a case occurred that triggers the Company's acquisition of shares at no cost under the restricted stock remuneration plan.

2. Details of the decrease of 1,600,000 shares in common stock are as follows: decrease due to cancellation of treasury shares.

3. Details of the decrease of 1,616,000 shares in common stock under treasury shares are as follows: decrease due to cancellation of treasury shares (1,600,000 shares) and decrease due to disposal of treasury shares as restricted stock (16,000 shares).

### (2) Share acquisition rights

| Category                           | Description   | Type of shares to be issued | Number of shares to be issued (Thousands)<br>(Notes) 2 and 3 |   |   |                                       | Balance at the end of the current fiscal year (Millions of yen) |
|------------------------------------|---|-----------------------------|--|---|---|---------------------------------------|---|
|                                    |   |                             | At the beginning of the current fiscal year                  | Increase during the current fiscal year | Decrease during the current fiscal year | At the end of the current fiscal year |   |
| Reporting company (Parent company) | Yen-denominated convertible bonds with share acquisition rights due in 2024 | Common stock                | 4,463  | 161                                     | –                                       | 4,624                                 | (Note) 1  |
| Total                              |   | –                           | 4,463  | 161                                     | –                                       | 4,624                                 | –   |

(Note) 1. Yen-denominated convertible bonds with share acquisition rights are based on the lump-sum method.

2. The number of shares to be issued indicates the number of shares based on the assumption that the acquisition rights are exercised.

3. The number of shares to be issued increased during the current fiscal year because the conversion price was adjusted from 2,240.60 yen to 2,162.40 yen in accordance with the conversion price adjustment clause.

### (3) Dividends

#### (i) Dividends paid

| Resolution  | Type of shares | Total dividends (Millions of yen) | Dividends per share (Yen) | Record date        | Effective date   |
|---|----------------|-----------------------------------|---------------------------|--------------------|------------------|
| June 29, 2023<br>Ordinary general meeting of shareholders | Common stock   | 2,557                             | 48.0                      | March 31, 2023     | June 30, 2023    |
| November 10, 2023<br>Board of Directors meeting           | Common stock   | 1,240                             | 24.0                      | September 30, 2023 | December 4, 2023 |

#### (ii) Dividends with the record date in the current fiscal year and the effective date in the following fiscal year.

| Resolution  | Type of shares | Total dividends (Millions of yen) | Dividend source   | Dividends per share (Yen) | Record date    | Effective date |
|---|----------------|-----------------------------------|-------------------|---------------------------|----------------|----------------|
| June 26, 2024<br>Ordinary general meeting of shareholders | Common stock   | 2,274                             | Retained earnings | 44.0                      | March 31, 2024 | June 27, 2024  |

### (Notes - Consolidated statements of cash flows)

\* Reconciliation of ending balance of cash and cash equivalents with account balances per balance sheet

|  | Previous fiscal year<br>(From April 1, 2022<br>to March 31, 2023) | Current fiscal year<br>(From April 1, 2023<br>to March 31, 2024) |
|--|---|--|
| Cash and deposits  | 57,418 million yen  | 72,287 million yen   |
| Time deposits with maturities of more than three months  | (4,735) million yen   | (10,248) million yen   |
| Short-term investments which mature within three months from the acquisition date (securities) | 13,335 million yen  | 14,624 million yen   |
| Cash and cash equivalents  | 66,017 million yen  | 76,662 million yen   |

## (Notes - Financial instruments)

### 1 [Matters regarding the status of financial instruments]

#### (1) Policies on financial instruments

The Group finances necessary funds mainly through bank loans and issuance of corporate bonds in light of its capital investment plans, etc. Temporary surplus funds are invested mainly in financial instruments with high liquidity, and short-term working capital is sourced through borrowings from banks. Derivatives are used to avoid the risks discussed in the following, and the Group's policy is not to be engaged in any speculative transactions.

#### (2) Description of financial instruments and related risks

The Group's operating receivables of notes receivable - trade and accounts receivable - trade are exposed to the credit risk of the respective customers. Operating receivables denominated in foreign currencies are exposed to the risk of fluctuations in foreign currency exchange rates. However, in principle, a certain percentage of the exposure is hedged through forward exchange contracts, except for cases in which the claims are less than the balance of accounts payable denominated in the same foreign currency.

Securities are short-term negotiable certificates of deposit, etc. Investment securities are mainly shares in corporations with which the Group has receivables or business relationships, and are exposed to the risk of fluctuations in their market prices.

Notes and accounts payable - trade, which are the operating debts of the Group, have payment dates within one year. Some of them are denominated in foreign currencies and are exposed to the risk of fluctuations in foreign currency exchange rates. However, in principle, a certain percentage of this exposure is hedged through forward exchange contracts, except for cases in which the debts are less than the balance of accounts receivable denominated in the same foreign currency.

Borrowings are mainly used for financing capital investment, research and development, and working capital. Corporate bonds are used for financing capital investment.

Derivatives transactions are forward exchange contracts to hedge currency fluctuation risk associated with operating receivables and payables denominated in foreign currencies.

#### (3) Risk management structure for financial instruments

##### (i) Credit risk (risk relating to counterparty not executing contracts, etc.) management

Operating receivables are managed based on the credit control rules of the Company. The sales division regularly monitors the status of major counterparties and manages the due date and balance for each counterparty, and the Company works on mitigation and early detection of concerns over collectability of claims due to deteriorating financial conditions of counterparties. The Company manages its consolidated subsidiaries in a similar way, following the management rules of the Company.

The Group believes that derivatives transactions are exposed to little credit risk because they are conducted only with financial institutions with a high credit rating.

##### (ii) Market risk (currency and interest rate fluctuation risk) management

Concerning operating receivables and payables denominated in foreign currencies, the Company in principle employs forward exchange contracts to hedge currency fluctuation risk that is recognized by currency by month.

The fair value of securities and investment securities and the financial position of their issuers (business partners) are assessed regularly, and the status of shareholdings is continuously reviewed.

Derivatives transactions are executed by the department in charge with the approval of the approver(s) in accordance with the management rules which provide for transaction authority, transaction limits, etc. Actual monthly transactions are reported to the Board of Directors.

The Company manages its consolidated subsidiaries, following the management rules of the Company.

##### (iii) Management of liquidity risk (risk that payments are not made on payment date) associated with financing

The Company manages liquidity risk through maintaining liquidity on hand as well as preparing and updating cash flow planning as necessary based on reports from relevant departments.

#### (4) Supplementary explanation concerning fair value of financial instruments

Factors subject to fluctuations are incorporated in measuring the fair values of financial instruments, and therefore the resulting amounts may change if different preconditions are used. Please note that the contract amounts related to derivatives transactions included in the note "Derivatives and hedge accounting" do not by



themselves indicate the market risk associated with derivatives transactions.

**(5) Concentration of credit risk**

31.3% of operating receivables as of the end of the current fiscal year are for major customers.

## 2 [Matters regarding fair value of financial instruments]

The following tables indicate the amount recorded in the consolidated balance sheets, the fair value and the difference between them.

Previous fiscal year (As of March 31, 2023)

|                                     | Amount recorded in consolidated balance sheets (Millions of yen) | Fair value (Millions of yen) | Difference (Millions of yen) |
|-------------------------------------|--|------------------------------|------------------------------|
| Securities                          | —  | —                            | —                            |
| Investment securities (*2)          | 5,539  | 5,539                        | —                            |
| Total assets                        | 5,539  | 5,539                        | —                            |
| Bonds with share acquisition rights | 10,030   | 10,237                       | 207                          |
| Total liabilities                   | 10,030   | 10,237                       | 207                          |
| Derivatives transactions (*3)       | (10)   | (10)                         | —                            |

(\*1) “Cash and deposits,” “Notes receivable - trade,” “Accounts receivable - trade,” “Trade accounts receivable,” MMF and negotiable certificates of deposit out of “Securities,” “Notes and accounts payable - trade,” and “short-term borrowings” are omitted because they are settled within a short time and the fair value is almost equal to the book value.

(\*2) Non-marketable securities are not included in “investment securities.” The amounts of financial instruments recorded in the consolidated balance sheets are as follows.

| Category        | Previous fiscal year (Millions of yen) |
|-----------------|--|
| Unlisted stocks | 103                                    |

(\*3) Net receivables and payables, which were derived from derivatives transactions, are presented in net amounts, and any item for which the total becomes a net liability is indicated in parentheses.

Current fiscal year (As of March 31, 2024)

|                                     | Amount recorded in consolidated balance sheets (Millions of yen) | Fair value (Millions of yen) | Difference (Millions of yen) |
|-------------------------------------|--|------------------------------|------------------------------|
| Securities                          | 5,000  | 4,997                        | (3)                          |
| Investment securities (*2)          | 6,953  | 6,953                        | —                            |
| Total assets                        | 11,953   | 11,950                       | (3)                          |
| Bonds with share acquisition rights | 10,008   | 10,250                       | 241                          |
| Total liabilities                   | 10,008   | 10,250                       | 241                          |
| Derivatives transactions (*3)       | (152)  | (152)                        | —                            |

(\*1) “Cash and deposits,” “Notes receivable - trade,” “Accounts receivable - trade,” “Trade accounts receivable,” MMF and negotiable certificates of deposit out of “Securities,” “Notes and accounts payable - trade” and “Short-term borrowings” are omitted because they are settled within a short time and the fair value is almost equal to the book value.

(\*2) Non-marketable securities are not included in “investment securities.” The amounts of financial instruments recorded in the consolidated balance sheets are as follows.

| Category        | Current fiscal year (Millions of yen) |
|-----------------|---------------------------------------|
| Unlisted stocks | 103                                   |

(\*3) Net receivables and payables, which were derived from derivatives transactions, are presented in net

amounts, and any item for which the total becomes a net liability is indicated in parentheses.

(Note) The redemption schedule after the consolidated balance sheet date of monetary receivables and securities with maturity dates

Previous fiscal year (As of March 31, 2023)

|  | Due within one year<br>(Millions of yen) | Due after one year<br>but within five<br>years<br>(Millions of yen) | Due after five years<br>but within ten years<br>(Millions of yen) | Due after ten years<br>(Millions of yen) |
|--|--|---|---|--|
| Cash and deposits                                    | 57,418                                   | –   | –   | –  |
| Notes receivable - trade                             | 1,302                                    | –   | –   | –  |
| Accounts receivable - trade                          | 33,667                                   | –   | –   | –  |
| Trade accounts receivable                            | 1,567                                    | –   | –   | –  |
| Securities and investment securities                 |  |   |   |  |
| Other securities with maturities                     |  |   |   |  |
| (1) Negotiable certificates of deposit               | 12,000                                   | –   | –   | –  |
| (2) Investment trust                                 | –  | –   | –   | –  |
| (3) Bonds (Government bonds)                         | –  | 700   | –   | –  |
| (4) Bonds (Corporate bonds)                          | –  | –   | 300   | –  |
| Investments and other assets (other)                 |  |   |   |  |
| Investments and other assets (other) with maturities |  |   |   |  |
| Long-term deposits                                   | –  | 3,000   | –   | –  |
| <b>Total</b>   | <b>105,955</b>                           | <b>3,700</b>  | <b>300</b>  | <b>–</b>                                 |

Current fiscal year (As of March 31, 2024)

|  | Due within one year<br>(Millions of yen) | Due after one year<br>but within five<br>years<br>(Millions of yen) | Due after five years<br>but within ten years<br>(Millions of yen) | Due after ten years<br>(Millions of yen) |
|--|--|---|---|--|
| Cash and deposits                      | 72,287                                   | –   | –   | –  |
| Notes receivable - trade               | 1,644                                    | –   | –   | –  |
| Accounts receivable - trade            | 21,110                                   | –   | –   | –  |
| Trade accounts receivable              | 1,188                                    | –   | –   | –  |
| Securities and investment securities   |  |   |   |  |
| Other securities with maturities       |  |   |   |  |
| (1) Negotiable certificates of deposit | 6,500                                    | –   | –   | –  |
| (2) Investment trust                   | 5,000                                    | –   | –   | –  |

|  | Due within one year<br>(Millions of yen) | Due after one year<br>but within five<br>years<br>(Millions of yen) | Due after five years<br>but within ten years<br>(Millions of yen) | Due after ten years<br>(Millions of yen) |
|--|--|---|---|--|
| (3) Bonds (Government<br>bonds)                            | –  | 700   | –   | –  |
| (4) Bonds (Corporate<br>bonds)                             | –  | –   | 300   | –  |
| Investments and other assets<br>(other)                    |  |   |   |  |
| Investments and other<br>assets (other) with<br>maturities |  |   |   |  |
| Long-term deposits   | 3,000                                    | 3,500   | –   | –  |
| Total  | 110,730                                  | 4,200   | 300   | –  |

### 3 [Matters regarding fair value of financial instruments by levels]

The fair values of financial instruments are classified into the following three levels based on the observability and materiality of the inputs used to calculate the fair values.

Level 1: Fair value derived from observable inputs that are derived from quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value derived from observable inputs that are not included in Level 1 inputs.

Level 3: Fair value derived from unobservable inputs

When multiple inputs that have a significant impact on the fair value calculation are used, the fair value is classified at a lower level category.

#### (1) Financial instruments recorded in the consolidated balance sheets at fair value

Previous fiscal year (As of March 31, 2023)

| Category                      | Fair value (Millions of yen) |         |         |       |
|-------------------------------|------------------------------|---------|---------|-------|
|                               | Level 1                      | Level 2 | Level 3 | Total |
| Investment securities         |                              |         |         |       |
| Other securities              |                              |         |         |       |
| Stock                         | 4,537                        | –       | –       | 4,537 |
| Government bonds              | 701                          | –       | –       | 701   |
| Corporate bonds               | –                            | 300     | –       | 300   |
| Derivatives transactions      |                              |         |         |       |
| Currency-related transactions | –                            | 2       | –       | 2     |
| Total assets                  | 5,239                        | 302     | –       | 5,541 |
| Derivatives transactions      |                              |         |         |       |
| Currency-related transactions | –                            | 12      | –       | 12    |
| Total liabilities             | –                            | 12      | –       | 12    |

Current fiscal year (As of March 31, 2024)

| Category                      | Fair value (Millions of yen) |         |         |       |
|-------------------------------|------------------------------|---------|---------|-------|
|                               | Level 1                      | Level 2 | Level 3 | Total |
| Investment securities         |                              |         |         |       |
| Other securities              |                              |         |         |       |
| Stock                         | 5,956                        | –       | –       | 5,956 |
| Government bonds              | 698                          | –       | –       | 698   |
| Corporate bonds               | –                            | 298     | –       | 298   |
| Derivatives transactions      |                              |         |         |       |
| Currency-related transactions | –                            | 0       | –       | 0     |
| Total assets                  | 6,655                        | 299     | –       | 6,954 |
| Derivatives transactions      |                              |         |         |       |
| Currency-related transactions | –                            | 152     | –       | 152   |

| Category          | Fair value (Millions of yen) |         |         |       |
|-------------------|------------------------------|---------|---------|-------|
|                   | Level 1                      | Level 2 | Level 3 | Total |
| Total liabilities | –                            | 152     | –       | 152   |

**(2) Financial instruments other than those recorded in the consolidated balance sheets at fair value**

Previous fiscal year (As of March 31, 2023)

| Category                            | Fair value (Millions of yen) |         |         |        |
|-------------------------------------|------------------------------|---------|---------|--------|
|                                     | Level 1                      | Level 2 | Level 3 | Total  |
| Securities                          |                              |         |         |        |
| Other securities                    |                              |         |         |        |
| Investment trust                    | –                            | –       | –       | –      |
| Total assets                        | –                            |         | –       | –      |
| Bonds with share acquisition rights | –                            | 10,237  | –       | 10,237 |
| Total liabilities                   | –                            | 10,237  | –       | 10,237 |

Current fiscal year (As of March 31, 2024)

| Category                            | Fair value (Millions of yen) |         |         |        |
|-------------------------------------|------------------------------|---------|---------|--------|
|                                     | Level 1                      | Level 2 | Level 3 | Total  |
| Securities                          |                              |         |         |        |
| Other securities                    |                              |         |         |        |
| Investment trust                    | –                            | 4,997   | –       | 4,997  |
| Total assets                        | –                            | 4,997   | –       | 4,997  |
| Bonds with share acquisition rights | –                            | 10,250  | –       | 10,250 |
| Total liabilities                   | –                            | 10,250  | –       | 10,250 |

(Note) Valuation techniques and inputs used to measure fair value

Investment securities

Fair values of listed stocks, government bonds and corporate bonds are based on prices on the market. Listed stocks and government bonds are classified in Level 1 because they are traded in active markets. Corporate bonds held by the Company are based on prices indicated by financial institutions, and their fair value is classified in Level 2.

Derivatives transactions

Fair value of forward exchange contracts is based on prices indicated by financial institutions, and their fair value is classified in Level 2.

Bonds with share acquisition rights

Fair value of bonds with share acquisition rights is based on prices indicated by financial institutions, and their fair value is classified in Level 2.

Investment trust

Fair value of investment trust is based on prices indicated by financial institutions, and their fair value is classified in Level 2.



**(Notes - Investment securities)****(1) Other securities**

Previous fiscal year (As of March 31, 2023)

|   | Category     | Amount recorded<br>in consolidated<br>balance sheets<br>(Millions of yen) | Acquisition cost<br>(Millions of yen) | Difference<br>(Millions of yen) |
|---|--------------|---|---------------------------------------|---------------------------------|
| Securities whose amount<br>recorded in the consolidated<br>balance sheets exceeds their<br>acquisition cost         | Stock        | 4,402   | 964                                   | 3,437                           |
|   | Subtotal     | 4,402   | 964                                   | 3,437                           |
| Securities whose amount<br>recorded in the consolidated<br>balance sheets does not<br>exceed their acquisition cost | (i) Stock    | 134   | 186                                   | (51)                            |
|   | (ii) Bonds   | 1,001   | 1,001                                 | (0)                             |
|   | (iii) Others | 13,335  | 13,335                                | –                               |
|   | Subtotal     | 14,472  | 14,523                                | (51)                            |
| Total   |              | 18,874  | 15,488                                | 3,386                           |

(Note) Unlisted stocks (whose amount recorded in the consolidated balance sheets is 103 million yen) fall under the category of non-marketable securities and thus are not included in “other securities” in the table above.

Current fiscal year (As of March 31, 2024)

|   | Category     | Amount recorded<br>in consolidated<br>balance sheets<br>(Millions of yen) | Acquisition cost<br>(Millions of yen) | Difference<br>(Millions of yen) |
|---|--------------|---|---------------------------------------|---------------------------------|
| Securities whose amount<br>recorded in the consolidated<br>balance sheets exceeds their<br>acquisition cost         | Stock        | 5,836   | 964                                   | 4,871                           |
|   | Subtotal     | 5,836   | 964                                   | 4,871                           |
| Securities whose amount<br>recorded in the consolidated<br>balance sheets does not<br>exceed their acquisition cost | (i) Stock    | 120   | 186                                   | (66)                            |
|   | (ii) Bonds   | 997   | 1,001                                 | (4)                             |
|   | (iii) Others | 14,624  | 14,624                                | –                               |
|   | Subtotal     | 15,741  | 15,812                                | (71)                            |
| Total   |              | 21,577  | 16,777                                | 4,800                           |

(Note) Unlisted stocks (whose amount recorded in the consolidated balance sheets is 103 million yen) fall under the category of non-marketable securities and thus are not included in “other securities” in the table above.

**(2) Other securities sold during the fiscal year**

Previous fiscal year (From April 1, 2022 to March 31, 2023)

None applicable

Current fiscal year (From April 1, 2023 to March 31, 2024)

None applicable

**(3) Securities for which an impairment loss was recognized**

Previous fiscal year (From April 1, 2022 to March 31, 2023)

Impairment loss of 1 million yen was recognized for non-marketable securities under other securities.

Current fiscal year (From April 1, 2023 to March 31, 2024)

None applicable

When recognizing impairment loss, fair value at the end of the fiscal year that has dropped by 50% or more compared with the acquisition cost is wholly recognized as impairment loss, and fair value at the end of the fiscal year that has dropped by 30 to 50% is recognized as impairment loss for the amount deemed necessary after consideration of recoverability, etc.

**(Notes - Derivative transaction)****(1) Derivatives transactions for which hedge accounting is not adopted**

Currency-related transactions

Previous fiscal year (As of March 31, 2023)

| Category                | Type of transaction                | Notional principal or contract amount (Millions of yen) | Portion due after one year (Millions of yen) | Fair value (Millions of yen) | Valuation gain or loss (Millions of yen) |
|-------------------------|------------------------------------|---|--|------------------------------|--|
| Non-market transactions | Forward foreign exchange contracts |   |  |                              |  |
|                         | Sell                               |   |  |                              |  |
|                         | USD                                | 1,584   | –  | (11)                         | (11)                                     |
|                         | Buy                                |   |  |                              |  |
|                         | CNH                                | 38  | –  | (0)                          | (0)                                      |
|                         | USD                                | 183   | –  | 1                            | 1  |
|                         | Total                              | 1,806   | –  | (10)                         | (10)                                     |

Current fiscal year (As of March 31, 2024)

| Category                | Type of transaction                | Notional principal or contract amount (Millions of yen) | Portion due after one year (Millions of yen) | Fair value (Millions of yen) | Valuation gain or loss (Millions of yen) |
|-------------------------|------------------------------------|---|--|------------------------------|--|
| Non-market transactions | Forward foreign exchange contracts |   |  |                              |  |
|                         | Sell                               |   |  |                              |  |
|                         | USD                                | 5,154   | –  | (152)                        | (152)                                    |
|                         | Buy                                |   |  |                              |  |
|                         | CNH                                | –   | –  | –                            | –  |
|                         | USD                                | 44  | –  | 0                            | 0  |
| Total                   |                                    | 5,198   | –  | (152)                        | (152)                                    |

**(2) Derivatives transactions for which hedge accounting is adopted**

Previous fiscal year (As of March 31, 2023)

None applicable

Current fiscal year (As of March 31, 2024)

None applicable

**(Notes - Retirement benefit expenses)**

**1 [Description of retirement benefit plans adopted by the Company]**

The Company and its consolidated subsidiaries have adopted funded and unfunded defined benefit pension plans and defined contribution pension plans to prepare for employee retirement benefits.

Defined benefit corporate pension plans (all of them are funded plans) provide a lump-sum or pension based on salary and length of service. However, the Company and some of its consolidated subsidiaries have adopted a cash balance plan for the defined benefit corporate pension plan. This plan sets up a virtual individual account corresponding to the funds for the accumulated amount and pension amount is established for each participant. The virtual individual account of the beneficiary who requests to delay receiving the benefit will accumulate credits of interest based mainly on the trend of the market interest rates.

Some of the defined benefit corporate pension plans have a retirement benefit trust set up for them.

A lump-sum retirement benefit plan (though unfunded, may become a funded plan as a result of setting a retirement benefit trust) provides a lump-sum as a retirement benefit based on salary and length of service.

**2 [Defined benefit pension plan]**

**(1) Adjustments between the beginning and ending balances of retirement benefit obligation**

|  | (Millions of yen)   |  |
|--|---|--|
|  | Previous fiscal year<br>(From April 1, 2022<br>to March 31, 2023) | Current fiscal year<br>(From April 1, 2023<br>to March 31, 2024) |
| Retirement benefit obligation at the beginning of the year | 12,617  | 11,575   |
| Service cost   | 567   | 547  |
| Interest cost  | 67  | 105  |
| Actuarial gain and loss generated                          | (529)   | (150)  |
| Retirement benefits paid                                   | (1,213)   | (1,073)  |
| Amount of the past service cost arisen                     | –   | 13   |
| Other  | 66  | 323  |
| Retirement benefit obligation at the end of the year       | 11,575  | 11,341   |

**(2) Adjustments between the beginning and ending balances of plan assets**

(Millions of yen)

|  | Previous fiscal year<br>(From April 1, 2022<br>to March 31, 2023) | Current fiscal year<br>(From April 1, 2023<br>to March 31, 2024) |
|--|---|--|
| Plan assets at the beginning of the year | 9,307   | 8,465  |
| Expected return on plan assets           | 131   | 111  |
| Actuarial gain and loss generated        | (599)   | 358  |
| Contribution from employer               | 161   | 415  |
| Retirement benefits paid                 | (611)   | (611)  |
| Other                                    | 76  | 332  |
| Plan assets at the end of the year       | 8,465   | 9,070  |

**(3) Reconciliation of retirement benefit obligation and pension asset at the end of the year with retirement benefit liability and retirement benefit asset recorded in the consolidated balance sheets**

(Millions of yen)

|  | Previous fiscal year<br>(As of March 31, 2023) | Current fiscal year<br>(As of March 31, 2024) |
|--|--|---|
| Retirement benefit obligation for funded plans   | 10,211   | 10,087  |
| Plan assets  | (8,465)  | (9,070)                                       |
|  | 1,745  | 1,016   |
| Retirement benefit obligation for unfunded plans                                       | 1,364  | 1,254   |
| Net retirement benefit liability and asset reported in the consolidated balance sheets | 3,110  | 2,271   |
| Retirement benefit liability   | 3,170  | 2,307   |
| Retirement benefit asset   | (60)   | (35)  |
| Net retirement benefit liability and asset reported in the consolidated balance sheets | 3,110  | 2,271   |

**(4) Breakdown of retirement benefit expenses**

(Millions of yen)

|   | Previous fiscal year<br>(From April 1, 2022<br>to March 31, 2023) | Current fiscal year<br>(From April 1, 2023<br>to March 31, 2024) |
|---|---|--|
| Service cost  | 567   | 547  |
| Interest cost   | 67  | 105  |
| Expected return on plan assets                                | (131)   | (111)  |
| Amortization of actuarial gain and loss                       | 33  | (65)   |
| Amount of the past service cost reported as an expense        | —   | 1  |
| Retirement benefit expenses for defined benefit pension plans | 537   | 476  |

**(5) Remeasurements of defined benefit plans, net of tax**

Remeasurements of defined benefit plans, net of tax consist of the following (before tax effects).

(Millions of yen)

|                         | Previous fiscal year<br>(From April 1, 2022<br>to March 31, 2023) | Current fiscal year<br>(From April 1, 2023<br>to March 31, 2024) |
|-------------------------|---|--|
| Past service cost       | —   | 11   |
| Actuarial gain and loss | 36  | (442)  |
| Total                   | 36  | (430)  |

**(6) Remeasurements of defined benefit plans**

Remeasurements of defined benefit plans consist of the following (before tax effects).

(Millions of yen)

|                                      | Previous fiscal year (As of<br>March 31, 2023) | Current fiscal year (As of<br>March 31, 2024) |
|--------------------------------------|--|---|
| Unrecognized past service cost       | —  | 11  |
| Unrecognized actuarial gain and loss | (451)  | (893)   |
| <b>Total</b>                         | <b>(451)</b>                                   | <b>(881)</b>                                  |

**(7) Plan assets**

**(i) Major components of plan assets**

Percentages of major components of the total plan assets are as follows.

|                   | Previous fiscal year<br>(As of March 31, 2023) | Current fiscal year<br>(As of March 31, 2024) |
|-------------------|--|---|
| General accounts  | 33%  | 29%   |
| Bonds             | 23%  | 24%   |
| Investment trust  | 22%  | 21%   |
| Cash and deposits | 15%  | 15%   |
| Stock             | 6%   | 9%  |
| Other             | 1%   | 2%  |
| <b>Total</b>      | <b>100%</b>                                    | <b>100%</b>                                   |

**(ii) Method for determining the long-term expected return on plan assets**

To determine the long-term expected return on plan assets, the current and future portfolios of the plan assets held, and the current and future expected long-term returns generated from the various assets constituting the plan assets are considered.

**(8) Assumptions used in actuarial calculations**

**Major assumptions used in actuarial calculations**

|   | Previous fiscal year<br>(As of March 31, 2023) | Current fiscal year<br>(As of March 31, 2024) |
|---|--|---|
| Discount rates                                    | 0.26%  | 0.51%   |
| Long-term expected rates of return on plan assets | 1.25%  | 0.50%   |

(Note) Expected future salary increases are not used for calculation of retirement benefit obligation.

**3 [Defined contribution pension plans]**

The required amounts of contribution to the consolidated subsidiaries' defined contribution pension plans were 30 million yen for the previous fiscal year and 33 million yen for the current fiscal year.

**(Notes - Tax effect accounting)****(1) Significant components of deferred tax assets and liabilities**

|  | Previous fiscal year<br>(As of March 31, 2023) | Current fiscal year<br>(As of March 31, 2024) |
|--|--|---|
| Deferred tax assets  |  |   |
| Accrued bonuses  | 236 million yen                                | 252 million yen                               |
| Accrued business office tax  | 169 million yen                                | 134 million yen                               |
| Inventories  | 856 million yen                                | 929 million yen                               |
| Impairment losses  | 303 million yen                                | 494 million yen                               |
| Retirement benefit liability   | 1,367 million yen                              | 1,142 million yen                             |
| Tax loss carry forwards (Note) 2   | 933 million yen                                | 1,127 million yen                             |
| Other  | 510 million yen                                | 461 million yen                               |
| Deferred tax assets subtotal   | 4,377 million yen                              | 4,541 million yen                             |
| Valuation allowance for tax loss carry forwards (Note) 2                         | (933) million yen                              | (1,127) million yen                           |
| Valuation allowance for the sum of future deductible temporary differences, etc. | (1,862) million yen                            | (2,183) million yen                           |
| Valuation allowance subtotal (Note) 1  | (2,795) million yen                            | (3,310) million yen                           |
| Total deferred tax assets  | 1,581 million yen                              | 1,231 million yen                             |
| Deferred tax liabilities   |  |   |
| Reserve for tax purpose reduction entry of non-current assets                    | (235) million yen                              | (230) million yen                             |
| Valuation difference on available-for-sale securities                            | (1,004) million yen                            | (1,498) million yen                           |
| Retained profits of overseas subsidiaries  | (774) million yen                              | (936) million yen                             |
| Other  | (95) million yen                               | (58) million yen                              |
| Total deferred tax liabilities   | (2,110) million yen                            | (2,723) million yen                           |
| Net deferred tax assets (liabilities)  | (528) million yen                              | (1,492) million yen                           |

(Note) 1 Valuation allowance increased by 514 million yen. This was mainly due to an increase in future deductible temporary differences by an increase in tax loss carry forwards at consolidated subsidiaries of the Company.

(Note) 2 The amounts of tax loss carry forwards and corresponding deferred tax assets by due periods.

Previous fiscal year (As of March 31, 2023)

|                             | Due within one year<br>(Millions of yen) | Due after one year but within two years<br>(Millions of yen) | Due after two years but within three years<br>(Millions of yen) | Due after three years but within four years<br>(Millions of yen) | Due after four years but within five years<br>(Millions of yen) | Due after five years<br>(Millions of yen) | Total<br>(Millions of yen) |
|-----------------------------|--|--|---|--|---|---|----------------------------|
| Tax loss carry forwards (*) | -  | -  | -   | -  | -   | 933                                       | 933                        |
| Valuation allowance         | -  | -  | -   | -  | -   | (933)                                     | (933)                      |
| Deferred tax assets         | -  | -  | -   | -  | -   | -   | -                          |

(\*) The tax loss carry forwards represent the amounts after being multiplied by the effective statutory tax rate.

Current fiscal year (As of March 31, 2024)

|                             | Due within one year (Millions of yen) | Due after one year but within two years (Millions of yen) | Due after two years but within three years (Millions of yen) | Due after three years but within four years (Millions of yen) | Due after four years but within five years (Millions of yen) | Due after five years (Millions of yen) | Total (Millions of yen) |
|-----------------------------|---------------------------------------|---|--|---|--|--|-------------------------|
| Tax loss carry forwards (*) | –                                     | –   | –  | –   | 218  | 908                                    | 1,127                   |
| Valuation allowance         | –                                     | –   | –  | –   | (218)  | (908)                                  | (1,127)                 |
| Deferred tax assets         | –                                     | –   | –  | –   | –  | –                                      | –                       |

(\*) The tax loss carry forwards represent the amounts after being multiplied by the effective statutory tax rate.

**(2) Major components in relation to the significant difference between the effective statutory tax rate and the effective tax rate after adoption of tax effect accounting**

|  | Previous fiscal year<br>(As of March 31, 2023)  | Current fiscal year<br>(As of March 31, 2024) |
|--|---|---|
| Statutory tax rate   | Notes are omitted because the difference between the effective statutory tax rate and the effective tax rate after adoption of tax effect accounting is 5% or less. | 30.6%   |
| (Reconciliation)   |   |   |
| Change in valuation allowance  |   | 3.0%  |
| Items that are permanently not deductible such as entertainment expenses |   | 1.6%  |
| Different tax rates applied to overseas consolidated subsidiaries        |   | (3.4)%  |
| Tax credits  |   | (0.6)%  |
| Undistributed earnings of overseas consolidated subsidiaries             |   | 0.9%  |
| Other  |   | 0.3%  |
| Effective tax rate after adoption of tax effect accounting               |   | 32.4%   |

**(Notes - Revenue recognition)****(1) Breakdown of revenue from contracts with customers**

Previous fiscal year (From April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

|                                       | Reportable segment            |                     |                    |                             | Total   |
|---------------------------------------|-------------------------------|---------------------|--------------------|-----------------------------|---------|
|                                       | Electro-mechanical components | Acoustic components | Display components | Applied equipment and other |         |
| Japan                                 | 197,614                       | 2,705               | 907                | 1,706                       | 202,933 |
| Asia                                  | 48,315                        | 8,895               | 220                | 5,956                       | 63,387  |
| Europe                                | 162                           | 2,019               | 1,139              | 428                         | 3,750   |
| Other regions                         | 1,970                         | 3,287               | 1,633              | 280                         | 7,172   |
| Revenue from contracts with customers | 248,063                       | 16,907              | 3,901              | 8,371                       | 277,244 |
| Net sales to unaffiliated customers   | 248,063                       | 16,907              | 3,901              | 8,371                       | 277,244 |

(Note) Net sales are categorized by country or region based on the location of customers.

Current fiscal year (From April 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

|                                       | Reportable segment            |                     |                    |                             | Total   |
|---------------------------------------|-------------------------------|---------------------|--------------------|-----------------------------|---------|
|                                       | Electro-mechanical components | Acoustic components | Display components | Applied equipment and other |         |
| Japan                                 | 132,221                       | 3,248               | 1,095              | 1,842                       | 138,407 |
| Asia                                  | 50,398                        | 11,041              | 274                | 8,698                       | 70,413  |
| Europe                                | 37                            | 2,269               | 1,036              | 306                         | 3,650   |
| Other regions                         | 2,215                         | 3,623               | 74                 | 523                         | 6,438   |
| Revenue from contracts with customers | 184,874                       | 20,183              | 2,481              | 11,371                      | 218,910 |
| Net sales to unaffiliated customers   | 184,874                       | 20,183              | 2,481              | 11,371                      | 218,910 |

(Note) Net sales are categorized by country or region based on the location of customers.

**(2) Basic information to understand revenue from contracts with customers**

Information on contracts with customers, performance obligation and the standard timing of revenue recognition are as stated in “(Significant matters serving as the basis for preparation of consolidated financial statements) 3 Accounting policies (v) Standards for recognition of significant revenues and expenses.” Under the payment terms and conditions of the Group’s transactions, payment due dates usually arrive in a short-term, and contracts with customers do not include any material financing components. A transaction price is calculated by deducting the amount paid to a customer such as discounts and kickbacks from the amount of consideration agreed on with the customer under the contract.



**(Notes - Segment information, etc.)****[Segment information]****(1) Overview of reportable segments**

The Company's reportable segments are components of the Company for which separate financial information is available and which the Board of Directors regularly reviews to make decisions regarding the allocation of management resources and evaluate operating performance.

The Company develops, manufactures and sells electronic components as its main business, and sets four reportable segments taking into account the product types and similarities of their businesses: electro-mechanical components, acoustic components, display components, and applied equipment and other.

The electro-mechanical components segment primarily includes connectors, jacks and switches. The acoustic components segment primarily includes microphones, headphones, headsets, speakers and receivers. The display components segment primarily includes touch panels components. The applied equipment and other segment represents the applied devices that do not belong to the above segments.

**(2) Calculation of net sales, profit or loss, assets and other items by reportable segment**

Accounting methods for the reportable business segments are generally consistent with those described in the section "Significant matters serving as the basis for preparation of consolidated financial statements."

Reportable segment profit is based on operating profit. Inter-segment sales and transfers are based on the actual transaction volume.

**(3) Net sales, profit or loss, assets and other items by reportable segment**

Previous fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

|   | Reportable segments                  |                        |                       |                                   |         | Adjustments<br>or company-<br>wide<br>(Note 1) | Amounts in<br>consolidated<br>financial<br>statements<br>(Note 2) |
|---|--------------------------------------|------------------------|-----------------------|-----------------------------------|---------|--|---|
|   | Electro-<br>mechanical<br>components | Acoustic<br>components | Display<br>components | Applied<br>equipment<br>and other | Total   |  |   |
| Net sales   |                                      |                        |                       |                                   |         |  |   |
| Sales to unaffiliated<br>customers                                    | 248,063                              | 16,907                 | 3,901                 | 8,371                             | 277,244 | —  | 277,244   |
| Inter-segment sales<br>and transfers                                  | —                                    | —                      | —                     | —                                 | —       | —  | —   |
| Total   | 248,063                              | 16,907                 | 3,901                 | 8,371                             | 277,244 | —  | 277,244   |
| Segment profit (loss)   | 13,575                               | 1,241                  | (623)                 | 1,556                             | 15,750  | —  | 15,750  |
| Segment assets  | 83,912                               | 12,397                 | 1,983                 | 3,919                             | 102,213 | 77,779   | 179,993   |
| Other items   |                                      |                        |                       |                                   |         |  |   |
| Depreciation  | 2,530                                | 530                    | 132                   | 192                               | 3,385   | —  | 3,385   |
| Increase in property,<br>plant and equipment<br>and intangible assets | 1,457                                | 335                    | 33                    | 96                                | 1,922   | 114  | 2,037   |

Notes: 1. The adjustments are as follows:

- (1) The company-wide assets of 77,779 million yen for segment assets include cash and deposits, securities, investment securities and deferred tax assets, etc.
- (2) Of the increase in property, plant and equipment and intangible assets, 114 million yen is company-wide assets that are not allocated to each reportable segment.
2. The total amount of segment profit (loss) is equal to the operating profit in the consolidated statements of income.

Current fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of yen)

|   | Reportable segments                  |                        |                       |                                   |         | Adjustments<br>or company-<br>wide<br>(Note 1) | Amounts in<br>consolidated<br>financial<br>statements<br>(Note 2) |
|---|--------------------------------------|------------------------|-----------------------|-----------------------------------|---------|--|---|
|   | Electro-<br>mechanical<br>components | Acoustic<br>components | Display<br>components | Applied<br>equipment<br>and other | Total   |  |   |
| Net sales   |                                      |                        |                       |                                   |         |  |   |
| Sales to unaffiliated customers                                 | 184,874                              | 20,183                 | 2,481                 | 11,371                            | 218,910 | –  | 218,910   |
| Inter-segment sales and transfers                               | –                                    | –                      | –                     | –                                 | –       | –  | –   |
| Total   | 184,874                              | 20,183                 | 2,481                 | 11,371                            | 218,910 | –  | 218,910   |
| Segment profit (loss)   | 9,310                                | 1,533                  | (431)                 | 2,513                             | 12,925  | –  | 12,925  |
| Segment assets  | 61,152                               | 12,087                 | 1,341                 | 5,410                             | 79,992  | 95,015   | 175,008   |
| Other items   |                                      |                        |                       |                                   |         |  |   |
| Depreciation  | 2,338                                | 526                    | 46                    | 239                               | 3,150   | –  | 3,150   |
| Increase in property, plant and equipment and intangible assets | 1,556                                | 604                    | 248                   | 235                               | 2,644   | 188  | 2,833   |

Notes: 1. The adjustments are as follows:

- (1) The company-wide assets of 95,015 million yen for segment assets include cash and deposits, securities, investment securities and deferred tax assets, etc.
- (2) Of the increase in property, plant and equipment and intangible assets, 188 million yen is company-wide assets that are not allocated to each reportable segment.
2. The total amount of segment profit (loss) is equal to the operating profit in the consolidated statements of income.

[Relevant information]

Previous fiscal year (From April 1, 2022 to March 31, 2023)

(1) Information by products and services

(Unit: Millions of yen)

|                                     | Electro-mechanical components | Acoustic components | Display components | Applied equipment and other | Total   |
|-------------------------------------|-------------------------------|---------------------|--------------------|-----------------------------|---------|
| Net sales to unaffiliated customers | 248,063                       | 16,907              | 3,901              | 8,371                       | 277,244 |

(2) Information by regions

(i) Net sales

(Unit: Millions of yen)

| Japan   | Asia  |         |        | Europe | Other regions | Total   |
|---------|-------|---------|--------|--------|---------------|---------|
|         | China | Vietnam | Other  |        |               |         |
| 202,933 | 6,200 | 34,682  | 22,505 | 3,750  | 7,172         | 277,244 |

(Note) Net sales are categorized by country or region based on the location of customers.

(ii) Property, plant and equipment

(Unit: Millions of yen)

| Japan | China | Vietnam | Other | Total  |
|-------|-------|---------|-------|--------|
| 9,814 | 1,064 | 5,244   | 1,373 | 17,495 |

(3) Information by major customers

(Unit: Millions of yen)

| Name               | Net sales | Segment                       |
|--------------------|-----------|-------------------------------|
| Nintendo Co., Ltd. | 185,639   | Electro-mechanical components |

**Current fiscal year (From April 1, 2023 to March 31, 2024)**

**(1) Information by products and services**

(Unit: Millions of yen)

|                                     | Electro-mechanical components | Acoustic components | Display components | Applied equipment and other | Total   |
|-------------------------------------|-------------------------------|---------------------|--------------------|-----------------------------|---------|
| Net sales to unaffiliated customers | 184,874                       | 20,183              | 2,481              | 11,371                      | 218,910 |

**(2) Information by regions**

**(i) Net sales**

(Unit: Millions of yen)

| Japan   | Asia  |         |        | Europe | Other regions | Total   |
|---------|-------|---------|--------|--------|---------------|---------|
|         | China | Vietnam | Other  |        |               |         |
| 138,407 | 6,264 | 36,511  | 27,637 | 3,650  | 6,438         | 218,910 |

(Note) Net sales are categorized by country or region based on the location of customers.

**(ii) Property, plant and equipment**

(Unit: Millions of yen)

| Japan | China | Vietnam | Other | Total  |
|-------|-------|---------|-------|--------|
| 9,341 | 545   | 5,355   | 1,399 | 16,641 |

**(3) Information by major customers**

(Unit: Millions of yen)

| Name                                    | Net sales | Segment                       |
|---|-----------|-------------------------------|
| Nintendo Co., Ltd.                      | 121,483   | Electro-mechanical components |
| Samsung Electronics Vietnam Thai Nguyen | 26,804    | Electro-mechanical components |

**[Impairment losses on non-current assets by reportable segments]**

Previous fiscal year (From April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

|                   | Reportable segment            |                     |                    |                             |       | Company total | Total |
|-------------------|-------------------------------|---------------------|--------------------|-----------------------------|-------|---------------|-------|
|                   | Electro-mechanical components | Acoustic components | Display components | Applied equipment and other | Total |               |       |
| Impairment losses | –                             | –                   | 347                | –                           | 347   | –             | 347   |

Current fiscal year (From April 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

|                   | Reportable segment            |                     |                    |                             |       | Company total | Total |
|-------------------|-------------------------------|---------------------|--------------------|-----------------------------|-------|---------------|-------|
|                   | Electro-mechanical components | Acoustic components | Display components | Applied equipment and other | Total |               |       |
| Impairment losses | 537                           | 193                 | 195                | 4                           | 931   | –             | 931   |

**[Information about amortization of goodwill and unamortized balance by reportable segments]**

None applicable

**[Information about the gain recognized on negative goodwill by reportable segments]**

None applicable

**[Information about related parties]**

Transactions with related parties

Transactions between the Company and related parties

Directors and major shareholders (individuals only) of the Company, etc.

Previous fiscal year (From April 1, 2022 to March 31, 2023)

| Type     | Name            | Location | Share capital or investment in capital (Millions of yen) | Business or occupation                               | Percentage of voting rights (held)     | Relation | Nature of transaction   | Amount of transactions (Millions of yen) | Account | Balance at end of period |
|----------|-----------------|----------|--|--|--|----------|---|--|---------|--------------------------|
| Director | Kenji Furuhashi | —        | —  | President and CEO                                    | (Held)<br>Direct 2.0%<br>Indirect 0.3% | —        | Disposal of treasury shares due to payment of in-kind contribution of monetary remuneration claims (Note) | 14                                       | —       | —                        |
| Director | Haremi Kitatani | —        | —  | Executive Vice President and Representative Director | (Held)<br>Direct 0.2%                  | —        | Disposal of treasury shares due to payment of in-kind contribution of monetary remuneration claims (Note) | 10                                       | —       | —                        |

(Note) Transaction terms and conditions and decision policy therefor, etc.

The transactions consist of restricted stocks allotted by the resolution of the Board of Directors meeting on June 29, 2022 in accordance with the “restricted stock remuneration plan” whose introduction was resolved at the 72nd ordinary general meeting of shareholders held on June 29, 2022. The transaction prices were calculated based on the closing share price of the Company’s common stock at the Tokyo Stock Exchange Prime Market on the business day before the day of the resolution by the Board of Directors meeting.

Current fiscal year (From April 1, 2023 to March 31, 2024)

| Type | Name | Location | Share capital or investment in capital (Millions of yen) | Business or occupation | Percentage of voting rights (held) | Relation | Nature of transaction | Amount of transactions (Millions of yen) | Account | Balance at end of period |
|------|------|----------|--|------------------------|------------------------------------|----------|-----------------------|--|---------|--------------------------|
|------|------|----------|--|------------------------|------------------------------------|----------|-----------------------|--|---------|--------------------------|

|          |                         |   |   |  |  |   |  |    |   |   |
|----------|-------------------------|---|---|--|--|---|--|----|---|---|
| Director | Kenji Furuhashi         | - | - | President and CEO                                    | (Held)<br>Direct<br>2.1%<br>Indirect<br>0.3% | - | Disposal of treasury shares due to payment of in-kind contribution of monetary remuneration claims (Note2) | 14 | - | - |
| Director | Haremi Kitatani (Note1) | - | - | Executive Vice President and Representative Director | (Held)<br>Direct<br>0.2%                     | - | Disposal of treasury shares due to payment of in-kind contribution of monetary remuneration claims (Note2) | 10 | - | - |

(Note1) Haremi Kitatani passed away on October 28, 2023 and retired as Representative Director of the Company on the same day. Transactions in the current fiscal year that took place during his tenure are listed.

(Note2) Transaction terms and conditions and decision policy therefor, etc.

The transactions consist of restricted stocks allotted by the resolution of the Board of Directors meeting on June 29, 2023 in accordance with the "restricted share-based remuneration plan" whose introduction was resolved at the 72nd ordinary general meeting of shareholders held on June 29, 2022. The transaction prices were calculated based on the closing share price of the Company's common stock at the Tokyo Stock Exchange Prime Market on the business day before the day of the resolution by the Board of Directors meeting.

**(Notes - Per share information)**

|                            | Previous fiscal year<br>(From April 1, 2022<br>to March 31, 2023) | Current fiscal year<br>(From April 1, 2023<br>to March 31, 2024) |
|----------------------------|---|--|
| Net assets per share       | 2,379.08 yen  | 2,609.20yen  |
| Basic earnings per share   | 232.88 yen  | 224.23yen  |
| Diluted earnings per share | 214.93 yen  | 205.62yen  |

(Note) The basis for calculation is as follows.

**(1) Basic earnings per share and diluted earnings per share**

|   |                       | Previous fiscal year<br>(From April 1, 2022<br>to March 31, 2023) | Current fiscal year<br>(From April 1, 2023<br>to March 31, 2024) |
|---|-----------------------|---|--|
| (1) Basic earnings per share  |                       |   |  |
| Profit attributable to owners of parent   | (Millions of yen)     | 12,637  | 11,632   |
| Amount not attributable to common shareholders  | (Millions of yen)     | –   | –  |
| Profit attributable to owners of parent relating to common shares   | (Millions of yen)     | 12,637  | 11,632   |
| Average number of shares of common shares during the period   | (Thousands of shares) | 54,264  | 51,874   |
| (2) Diluted earnings per share  |                       |   |  |
| Adjustment to profit attributable to owners of parent   | (Millions of yen)     | (14)  | (14)   |
| (Of which amortization of discount on bonds (after tax)) (Note)   | (Millions of yen)     | [(14)]  | [(14)]   |
| Increase in common shares   | (Thousands of shares) | 4,463   | 4,624  |
| Overview of potential shares that were not included in the calculation of diluted earnings per share due to lack of a dilutive effect |                       | –   | –  |

(Note) This represents the amortization amount (after tax) relating to the difference occurred due to the issuance of bonds at a value higher than the face value.

**(2) Net assets per share**

|   |                       | Previous fiscal year<br>(As of March 31, 2023) | Current fiscal year<br>(As of March 31, 2024) |
|---|-----------------------|--|---|
| Total net assets  | (Millions of yen)     | 126,753  | 134,870                                       |
| Amount to be deducted from total net assets                                       | (Millions of yen)     | –  | –   |
| Year-end net assets relating to common shares                                     | (Millions of yen)     | 126,753  | 134,870                                       |
| Number of year-end common shares used for the calculation of net assets per share | (Thousands of shares) | 53,278   | 51,690  |

**(Notes - Significant subsequent events)**

None applicable



**[Consolidated Supplementary Financial Schedules]**

**(1) Schedule of Bonds and Notes**

| Company     | Name of securities   | Date of issuance   | Balance at beginning of period (Millions of yen) | Balance at end of period (Millions of yen) | Interest Rate (%) | Collateral | Maturity date      |
|-------------|--|--------------------|--|--|-------------------|------------|--------------------|
| The Company | Yen-denominated convertible bonds with share acquisition rights due in 2024 (Note) 1,2 | September 21, 2017 | 10,030   | 10,008 (10,008)                            | –                 | None       | September 20, 2024 |
| Total       | –  | –                  | 10,030   | 10,008 (10,008)                            | –                 | –          | –                  |

(Note)1. Amounts in parentheses ( ) indicate the amount to be redeemed within one year.

(Note) 2. Details of the bonds with share acquisition rights are as follows.

|  |   |
|--|---|
| Name of securities   | Yen-denominated convertible bonds with share acquisition rights due in 2024 |
| Shares to be issued  | Common shares   |
| Issue price (yen)  | Gratis  |
| Exercise price (yen)   | 2,162.40  |
| Total exercise price (Millions of yen)   | 10,000  |
| Total exercise price upon exercise of share acquisition rights (Millions of yen) | –   |
| Ratio of share acquisition rights to be granted (%)                              | 100.0   |
| Period during which share acquisition rights can be exercised                    | From October 5, 2017 to September 6, 2024                                   |

(Note) 1. When a holder of the share acquisition rights makes a request, the full amount to be paid at the time of exercise of the stock acquisition rights shall be deemed to have been paid in lieu of the full redemption of the bonds to which the stock acquisition rights were attached. Also, when the share acquisition rights are exercised, it shall be deemed that such a request has been made.

2. At the 74th (fiscal year ended March 31, 2024) ordinary general meeting of shareholders held on June 26, 2024, the proposal to appropriate surplus with a year-end dividend of 44 yen per share was approved, and the annual dividend for the fiscal year ended March 31, 2024 was determined to be 68 yen per share. Since this fell under the adjustment clause for the conversion price of bonds with share acquisition rights, it has been adjusted from 2,162.40 yen to 2,102.90 yen since April 1, 2024.

2. The redemption schedule for 5 years subsequent to the consolidated balance sheet date is as follows:

| Due within one year (Millions of yen) | Due after one year but within two years (Millions of yen) | Due after two years but within three years (Millions of yen) | Due after three years but within four years (Millions of yen) | Due after four years but within five years (Millions of yen) |
|---------------------------------------|---|--|---|--|
| 10,000                                | –   | –  | –   | –  |

**(2) Schedule of Borrowings**

| Category   | Balance at beginning of period (Millions of yen) | Balance at end of period (Millions of yen) | Average interest rate (%) | Maturity                    |
|--|--|--|---------------------------|-----------------------------|
| Short-term borrowings                            | 2,189  | 1,050                                      | 0.7                       | –                           |
| Current portion of long-term borrowings          | –  | –  | –                         | –                           |
| Current portion of lease obligations             | 117  | 96   | 3.1                       | –                           |
| Long-term borrowings (excluding current portion) | –  | –  | –                         | –                           |
| Lease obligations (excluding current portion)    | 365  | 351  | 6.3                       | April 2025 to December 2041 |
| Other interest-bearing debt                      | –  | –  | –                         | –                           |
| Total  | 2,672  | 1,497                                      | –                         | –                           |

(Note) 1. The “average interest rate” represents the weighted-average rate applicable to the balance at end of period.

2. Some of the overseas consolidated subsidiaries have adopted IFRS No. 16 “Lease,” and the balances at beginning of period and at end of period of “Current portion of lease obligations” and “Lease obligations (excluding current portion)” include the balances based on the accounting standard.

3. The following table shows the repayment schedule of “lease obligations (excluding current portion)” for 5 years subsequent to the consolidated balance sheet date.

|                   | Due after one year but within two years (Millions of yen) | Due after two years but within three years (Millions of yen) | Due after three years but within four years (Millions of yen) | Due after four years but within five years (Millions of yen) |
|-------------------|---|--|---|--|
| Lease obligations | 56  | 25   | 25  | 10   |

**(3) Asset retirement obligations**

None applicable

**(4) Other**

Quarterly results for the current fiscal year

| (Accumulated period)                                      | 1st quarter | 2nd quarter | 3rd quarter | Current fiscal year |
|---|-------------|-------------|-------------|---------------------|
| Net sales (Millions of yen)                               | 56,273      | 124,909     | 177,466     | 218,910             |
| Profit before income taxes (Millions of yen)              | 5,460       | 11,010      | 15,345      | 17,210              |
| Profit attributable to owners of parent (Millions of Yen) | 3,658       | 7,315       | 10,600      | 11,632              |
| Basic earnings per share (yen)                            | 69.79       | 140.53      | 204.12      | 224.23              |

| (Accounting period)            | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter |
|--------------------------------|-------------|-------------|-------------|-------------|
| Basic earnings per share (yen) | 69.79       | 70.74       | 63.55       | 19.95       |