Note: This document is an excerpt translation of the Annual Securities report (The 76th Fiscal Year from April 1, 2025 to March 31, 2026), 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, 2025
TO MARCH 31, 2026

Hosiden Corporation

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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 Company Group (the "Group") 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 and contribute to the development of the global electronics markets.

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 will develop and grow further while being combined with conventional consumer electronics/AV and gaming markets, and are expected to come into wider use rapidly. In the automotive-related business, CASE 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 the Company believes that the outlook is bright 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.

On the technology front, the Company is continuing to take action to achieve the Company's medium-term (three-year) technology plan, which aims to strengthen the technology and research and development systems of the Company and group companies. The Company is reviewing 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, the Company is 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 swiftly 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 the Company will also continue to work toward these goals proactively.

(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.

The Group will consider strengthening and establishing new production bases, mainly in ASEAN countries. The Group will also further enhance overall management efficiency and accelerate decision-making, and strongly promote mechanization, automation, and labor-saving to further enhance productivity, quality, and cost competitiveness, in order to enhance financial results and strengthen its earning base.

In addition, the Company 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 waste 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.

Regarding the action to implement management that is conscious of cost of capital and stock price, the Company considers the difference between ROE and cost of equity as equity spread and recognizes it as creation of corporate value. In general, companies are expected to achieve ROE of around 8%, whereas the Company has achieved an ROE exceeding 8%. However, the Company’s PBR did not achieve 1 even though its ROE exceeded the expected level. This is believed to be due to insufficient efforts in reducing cost of equity. Based on this recognition, the Company disclosed the Notice on Initiatives for Achieving PBR of 1 and declared to strengthen and enhance IR to promote dialogue with investors in addition to shareholder return measures. Subsequently, the Company has been discussing the issue and has taken measures listed below in addition to the initiative.

-Disclosure of supplementary materials to the financial results reports on the Company's website at the time of financial results announcements

-Making available the contents explained at the financial result briefings for securities analysts, message from the president, and summary of questions and answers on the Company's website

-Disclosure of the Medium-Term Management Plan in the Integrated Report

-Building relationship of trust with shareholders and investors through proactive implementation of management improvement measures based on ideas gained from constructive dialogue with them

-Disclosure of annual securities reports (partial) in English

The Company will continue to strive further to strengthen its IR activities.

(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, oversees and supervises the Global Warming Control Committee, the CSR Committee and the Risk Management Committee, and share the information among the three subordinate committees. 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, who is the person in charge, from the chairman. 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. Everyday tasks related to respecting human rights are promoted by the Human resources department, and they work together with the CSR Committee. The Risk Management Committee continuously monitors whether the risk management system is functioning effectively and reports it to the President and CEO. The Sustainability Supervisory Committee reports the activities of the committee and its subcommittees to the board of directors. At the board of directors, these reports are reviewed and examined, fulfilling the oversight function.

In the risk management, 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. Additionally, regarding opportunities, the Group identify and recognize opportunities in contrast to the risks mentioned above, and we evaluate their significance based on the impact on the business and their frequency of occurrence. The Group also consider and implement countermeasures according to the significance of the opportunities.

(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

The Company upholds earth-friendly business activities as part of its management policy, and takes 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. The Company recognizes that climate change caused by the environmental burden has a significant effect on its business continuity, and has identified climate change as one of the key sustainability items.

- Human capital

As part of its medium- to long-term corporate management strategy, the Company is engaged in the development of IoE products, which serve as essential devices for addressing social challenges such as an aging population with a declining birthrate, labor shortages, and rising labor costs. Amid a shortage of human resources, the Company recognizes that human resources development, including securing the diversity of human resources, has a significant effect on its business continuity, and has identified human capital as one of the key sustainability items.

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

(I) Climate change

The Company's governance, risk management, strategy, and metrics and targets concerning climate change-related risks and opportunities are as follows.

Climate change-related risks and opportunities	(i) Governance	(ii) Risk management	(iii) Strategy	(iv) Metrics and targets
There is a risk of increased costs due to the implementation of carbon pricing, which stems from the acceleration of decarbonization.	In response to the risks and opportunities associated with climate change, the Global Warming Control Committee, which is chaired by the President and CEO, advances the development of basic policies, medium- to long-term plans, and disclosures in line with the TCFD, while reporting to the Board of Directors as needed. The Global Warming Control Committee is chaired by the Executive Officer responsible for climate-related issues and is composed of the heads of the Production Management Division, Management Planning Division, Environmental Management Division, Technology Management Division, and General Affairs Division. The	In the risk management, the Group defines risk as factors that may hinder the Company and affiliates from achieving its business objectives. The Group's basic policy for risk management is to prevent any significant adverse impact on its customers, business partners, employees, surrounding areas, and other stakeholders related to the Group, if risks materialize. The climate change-related risks are identified, evaluated and managed by the Global Warming Control Committee and the Risk Management Committee. Identified risks are appropriately classified and evaluated based on impact on the business and occurrence frequency, and countermeasures are considered and implemented according	In addition to keeping an eye on regulatory trends of relevant countries, the Company promotes decarbonization in the production phase through means, such as energy conservation, renewable energy procurement and adopting renewable energy facilities.	CO_2 emission reduction (Medium-term target) The Company aims to cut total emissions by 46% by the end of FY2030, compared to FY2013 (Long-term target) The Company aims to achieve carbon neutrality by FY2050
There is a risk of decrease in orders received if the Company fails to respond to product decarbonization (such as decarbonization in production processes and designing and development of low-carbon products).			The Company implements energy-efficient facilities within its production processes and promotes process optimization. The Company will also promote the use of low-carbon materials in product design and pursue reductions in size and energy consumption.	
Failure to meet customer expectations regarding decarbonization may result in a decline in orders received, while cost-reduction demands pose a risk of decreased profitability.			The Company has established decarbonization targets that align with market demand and is actively working to achieve them. In March 2025,	

	Committee oversees the Company's overall strategy on climate change and considers the setting of greenhouse gas emission reduction targets and the introduction of renewable energy. Matters discussed by the Global Warming Control Committee are reported to the President and CEO, and to the Board of Directors as needed. Matters requiring resolutions of the Board of Directors are decided with the approval of the Board of Directors.	to the magnitude of their importance. The Risk Management Committee continuously monitors whether the risk management system is functioning effectively, and makes proposals and reports to the President and CEO. The President and CEO receives reports from each of the committees and reports to the Board of Directors as necessary. The Board of Directors confirms and considers the reports, which works as a supervisory function.	the Company committed to the Science Based Targets (SBT) and will advance more ambitious decarbonization efforts. To address specific customer needs, the Company will explore response strategies, including carbon offset initiatives utilizing green certification.	
Insufficient environmental initiatives by the Company may lead to a decline in customer evaluations and a reduction in orders. A lower valuation by investors may result in a decline in the Company's share price.			The Company will intensify its decarbonization efforts in pursuit of certification under the Science Based Targets (SBT). Furthermore, the Company will strive to enhance its ratings from external evaluation agencies, such as the CDP Corporate Questionnaire, in an effort to strengthen its corporate image.	
Global warming-related hazards, such as wind damage, flooding, and drought, pose risks of reduced production and potential operational shutdowns.			In preparation for acute natural disasters, the Company has placed business continuity measures such as cooperation within the Group that enables transfer of production and private power generation facilities.	
Rising summer temperatures—driven by extreme heat and heat waves—may lead to increased air conditioning usage, posing a risk of higher operational costs.			During the installation of new facilities and the renewal of existing ones, the Company transitions from fossil fuels to renewable energy sources and energy-saving facilities.	
Opportunities for increase in orders and new order acquisition arise through fulfilling customer needs.			By strengthening the decarbonization efforts, the Company will contribute to the reduction of its customers' Scope 3 emissions. The purpose of obtaining the SBT certificates is	

			to strengthen the decarbonization efforts.	
An increase in the Company's share price, driven by improved corporate valuation, creates opportunities to expand business investments.			The Company proactively communicates its decarbonization initiatives through announcements and disclosures, aiming to foster deeper understanding among customers and investors.	

(Notes) Assumptions used for calculations of the metrics are as follows.

Calculation methods of CO_2 equivalent

Scope 1

- For both domestic and overseas operations, the Company uses the latest version of the "List of Calculation Methods and Emission Factors" published by the Ministry of the Environment.

Scope 2 (Market-based calculation)

- Domestic: Emission factors "adjusted for each electric operator" in the "List of Emission Factors by Operators of Electric Utilities" released by the Ministry of Environment are used for calculation.
- Overseas: If the emission factors for contracted power are available from the operators of electric utilities from which electricity is purchased, those emission factors are used. If unable to obtain emission factors, the emission factors by country released by IEA are used.

For the Company's initiatives for climate change, please refer to "Environment" in HOSIDEN REPORT 2026, which published on the Company's website at the end of July 2026.

(ii) Human capital

a) Governance and risk management

With regard to "human rights and labor conditions," the Group Code of Conduct for Corporate Social Responsibility (CSR) has been formulated and made it known across the Group. With regard to "diversity of human resources" and "human resources development," the Human Resources Development Committee, headed by the General Manager of Human Resources Department, formulates basic policies, drafts medium- to long-term plans, and makes proposals and reports on matters to be discussed to the President and CEO. In relation to office environment development, the Operational Health and Safety Committee formulates hazard prevention measures and employee health enhancement initiatives across the Company, and reports relevant proposals and findings to the President and CEO. The President and CEO receives reports from each of the committees and reports to the Board of Directors as necessary. The Board of Directors confirms and considers the reports, which works as a supervisory function. In addition, matters that may hinder achievement of the Group's business objectives are reported to the Risk Management Committee for deliberation.

b)Strategy

〇Human Rights and Labor Conditions

The Group respects the human rights of all persons including external stakeholders and labor rights of its employees. The specific policy is as follows.

・We employ all employees at their own free will and do not force them to work. In addition, we do not employ any child laborers under the minimum working age.

・We respect the dignity and rights of all people and do not discriminate on the basis of race, ethnicity, nationality, gender, religion, etc. or engage in inhumane acts such as abuse or harassment.

・We guarantee the legal minimum wage in the country where the Company is located, and properly manage the number of working days, hours, and holidays of employees in order to comply with working hours stipulated by laws and regulations.

・We respect the rights of workers to join labor unions and bargain collectively in accordance with laws and regulations

〇Diversity of Human Resources

The Group respect the individuality of our diverse workforce and strive to create a work environment in which all employees can thrive.

The specific policy is as follows.

・We create an environment which female employees can be active.

・We active hire foreigners.

・We create an environment which senior employees can be active.

〇Human Resource Development

In order to realize our management philosophy, the Group aim to develop "strong employees" who are independent, self-reliant, and self-responsible, and can contribute to the Company's management and business performance. To this end, we have divided our education system into the following categories according to purpose in our efforts to develop human resources. The specific policy is as follows.

・Rank-based education: We are working to foster the knowledge, skills, and mindset required by each intake year and position.

・Function-specific training: We encourage employees to improve their level of logical thinking, presentation, and other skills essential to becoming "strong employees."

・Global human resources education: We foster a global mindset and provide language education with a view to future success overseas.

・Support for participation in external education: To help employees acquire the specialized knowledge and skills required for their work and to promote their self-development, we partially cover the course fees and support participation in external seminars and correspondence courses

〇Improvement of the internal environment

In addition to complying with laws and regulations related to health and safety, we will undertake efforts to create an internal environment where employees can work in good physical and mental health and safety.

The specific policy is as follows.

・We implement safety and health patrols and risk assessments to identify and improve hazardous and unsanitary areas within the Company.

・We make recommendations for use of health guidance in cooperation with health insurance associations.

・We establish working hour management using PC log records, setting up simultaneous leaving times and no-overtime days to curb long working hours.

・We make internal announcements in accordance with the time of year, such as winter driving precautions, influenza prevention, and heat stroke precautions.

・We have a system in place to help employees and their families stay healthy, such as subsidizing the cost of complete physical checkups taken by dependent spouses.

c) Metrics and targets

The metrics and targets for the above policy are as follows.

o Human rights and labor conditions

Policy	Guidance	Target	Result
The Company ensures that all employees are hired voluntarily and	Number of forced	None	None

prohibit the use of forced labor. The Company does not employ any children below the minimum working age.	laborers and child laborers in employment		
The Company respects the dignity and rights of all individuals and strictly prohibits discrimination on the basis of race, ethnicity, nationality, gender, religion, or any other grounds. Nor does the Company conduct any forms of inhumane treatment including abuse or harassment.	Inhumane treatment	None	Power harassment 2 cases Recurrence preventive measures have been taken.
The Company ensures proper management of employee working days, working hours, and holidays in accordance with applicable laws and regulations. It also guarantees statutory minimum wages in all countries where it operates.	Violation of laws and regulations	None	None
The Company respects labor rights, including the freedom to join workers' associations and engage in collective bargaining, in accordance with applicable laws and regulations.	Violation of laws and regulations	None	None

o Diversity of human resources

Policy	Guidance	Target	Result
The Company creates an Easy-to-work environment in which female employees can be active.	Percentage of female in the total new college graduates (NCGs) hired by the Company	30%	Joining in April 2026: 44%
The Company actively recruits foreign nationals.	Percentage of foreign nationals in the total NCGs hired by the Company	1 person	Joining in April 2026: 1 person (new graduate)
The Company creates an environment in which senior employees play an active role.	Senior employment system	Proper use	Introduced in April 2025

(Note) The initiatives taken under the above metrics are not implemented in all consolidated Group companies; therefore, the target and result reflect the figures of the Company.

o Human resources development

Policy	Guidance	Target	Result
Hierarchical training is conducted to cultivate the knowledge, skills, and mindsets required according to employees' years of service and job grade.	Satisfactory rating by employees who took hierarchical training (on a scale of 1–5, 5 being the highest)	4.0	3.9
Functional training programs are designed to enhance essential skills required to become a high-performing employee, such as logical thinking and effective presentation capabilities.	Satisfactory rating by employees who took functional training (on a scale of 1–5, 5 being the highest)	4.0	4.3

Training programs for globally competitive talent are designed to foster a global mindset and provide language education to employees who aspire to take active roles in overseas operations in the future.	Satisfactory rating by employees who took training programs for globally competitive talent (on a scale of 1–5, 5 being the highest)	4.0	3.6
The Company provides support for external training by subsidizing part of the fees for seminars and distance learning programs, enabling employees to acquire job-related expertise and skills and advance their personal development.	Distance learning completion rate	70%	72%

(Note) The initiatives taken under the above metrics are not implemented in all consolidated Group companies; therefore, the target and result reflect the figures of the Company.

o Development of office environment

Policy	Guidance	Target	Result
The Company identifies unsafe and unhealthy conditions in its offices and implements improvements through operational health and safety patrols and risk assessments.	Number of work-related accidents within the Company	None	1 case Recurrence preventive measures have been taken.
The Company encourages employees to receive health guidance in collaboration with the health insurance association.	Percentage of employees who actually received specific healthcare guidance among those eligible.	45.0%	38.0%
The Company manages employee working hours by utilizing PC log data and designates “on-time leaving days” and “no-overtime days” to help reduce excessive working hours.	Monthly average overtime hours per employee	8.0 hours	12.2 hours
The Company issues timely announcements on topics such as safe driving reminders, flu prevention during winter, and heatstroke alerts, thereby promoting employee safety and health awareness across the organization.	Internal notification for company-wide communication	4 times	4 times
To promote the health of employees and their family members, the Company will increase participation in comprehensive medical examinations by subsidizing fees for dependent spouses.	Percentage of dependent spouses who took comprehensive medical examinations	70.0%	72.4%

(Note) The initiatives taken under the above metrics are not implemented in all consolidated Group companies; therefore, the target and result reflect the figures of the Company.

For the Company’s initiatives for human capital, please refer to “Social” in HOSIDEN REPORT 2026 disclosed on the Company’s website in the end of July 2026.

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 in the future.

(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 surging costs associated with these activities. In the fiscal year under review, 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 in the future.

(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 78.0% 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

With the prolonging and worsening situation between Russia and Ukraine, as well as the deterioration in the Middle East, there are concerns about fluctuations in energy and raw material prices, and instability in exchange rates. 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 December 19, 2024. 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

If a pandemic occurs, it could impact customer demand and the continuation of production within the Group and supply chain due to a cluster infections or lockdowns.

(11) Risks related to Natural Disasters

Typhoons, earthquakes, floods, volcanic eruptions, and other natural disasters, as well as fires and other accidents, may cause damage to the Group's business sites or our clients, or reduce operational rates, potentially having a significant impact on the Group's production and sales activities.

(12) 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.

(13) 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, 2026

During the fiscal year ended March 31,2026 (from April 2025 to March 2026), the global economy has become uncertain, particularly in the United States, where rising inflation and increasing uncertainty surrounding trade policies weighed on personal consumption. In Europe, weak demand persisted, especially in the manufacturing sector. In China, economic conditions remained sluggish as the downturn in the real estate market continued, resulting in subdued growth in personal consumption and capital investment.

The Japanese economy maintained a moderate recovery trend supported by improvements in employment and income conditions; however, the outlook became increasingly uncertain due to the dampening effect of rising prices on personal consumption, growing uncertainty over trade policies centered on the United States, and heightened geopolitical risks.

In addition, the prolonged and worsening Russia-Ukraine situation and the deterioration of conditions in the Middle East raised concerns over volatility in energy and raw material prices as well as instability in foreign exchange markets, further increasing uncertainty about the future economic environment.

In the electronics components industry, to which the Group belongs, demand in the automotive-related market remained relatively resilient, supported by trends toward vehicle electrification and higher functionality. However, the slowing growth of the electric vehicle market and sluggish new vehicle sales in certain regions resulted in many automobile manufacturers falling short of their initial sales plans. In the mobile communications-related market, sales followed a recovery trend driven by the return of smartphone replacement demand, but a full recovery had not yet been achieved, with disparities observed by region and product category.

Under these circumstances, the Group achieved increased net sales overall, driven by growth in the amusement-related and automotive-related businesses.

With regard to profits, operating profit increased due to the significant rise in amusement-related sales. In addition, foreign exchange gains amounted to ¥4,182 million in the current fiscal year, compared with ¥45 million recorded in the previous fiscal year, resulting in increases in both ordinary profit and profit attributable to owners of parent.

As a result, during the consolidated fiscal year under review, consolidated net sales amounted to ¥448,250 million (an increase of 81.1% year on year). Operating profit totaled ¥19,236 million (up 41.7% year on year). Ordinary profit reached ¥24,644 million (up 66.8% year on year), including foreign exchange gains of ¥4,182 million resulting from foreign exchange fluctuations. Profit attributable to owners of parent amounted to ¥16,206 million (up 61.5% year on year).

Net sales and segment profit for the reportable segments were as follows.

Net sales for the electro-mechanical components segment increased to ¥414,284 million (up 94.9% year on year) due to growth in the amusement-related and automotive-related businesses, and segment profit rose to ¥16,973 million (up 58.7% year on year).

Net sales for the acoustic components segment decreased to ¥19,431 million (down 7.5% year on year) due to a decline in the automotive-related business, and segment profit fell to ¥1,586 million (down 14.3% year on year).

For the applied equipment and other segment, although sales for the healthcare equipment-related business decreased, sales for the amusement-related business increased. As a result, net sales were 14,535 million yen (up 3.6% year on year), while segment profit amounted to 675 million yen (down 34.1% year on year).

Notes: Due to a partial change in the performance management classifications from the current consolidated fiscal year, the reporting segments of the Company’s group now include the previously separate “the display components” under “the applied equipment and other”. The Company revised the segment classification of some product in line with this change. Furthermore, the segment information for the previous consolidated fiscal year has been presented based on the revised classification method.

(ii) Overview of financial position for the fiscal year ended March 31, 2026

At the end of the consolidated fiscal year under review, total assets amounted to ¥215,281 million, an increase of ¥15,001 million from the end of the previous consolidated fiscal year. This increase was mainly attributable to an increase in cash and deposits, despite decreases in trade receivables and inventories.
Total liabilities amounted to ¥65,038 million, an increase of ¥5,075 million from the end of the previous consolidated fiscal year. Although short-term borrowings and trade payables decreased, liabilities increased mainly due to an increase in income taxes payable and other factors.
Net assets increased by ¥9,926 million from the end of the previous consolidated fiscal year to ¥150,243 million, primarily reflecting an increase in retained earnings. As a result, the equity-to-asset ratio stood at 69.8%.

(iii) Overview of cash flows for the fiscal year ended March 31, 2026

At the end of the consolidated fiscal year under review, cash and cash equivalents (hereinafter referred to as "cash") increased by ¥19,280 million from the end of the previous consolidated fiscal year (which recorded a decrease of ¥29,892 million at the end of the previous fiscal year), and amounted to ¥66,050 million.

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

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥34,538 million (a net cash outflow of ¥18,228 million in the previous consolidated fiscal year). This was mainly attributable to profit before income taxes of ¥22,894 million (¥14,229 million in the previous fiscal year), depreciation of ¥4,808 million (¥3,540 million in the previous fiscal year), a decrease in trade receivables of ¥6,619 million (an increase of ¥10,032 million in the previous fiscal year), a decrease in inventories of ¥4,052 million (an increase of ¥40,172 million in the previous fiscal year), a decrease in trade payables of ¥1,436 million (an increase of ¥20,912 million in the previous fiscal year), and income taxes paid of ¥2,977 million (¥5,617 million in the previous fiscal year).

Cash flows from investing activities

Net cash used in investing activities amounted to ¥6,376 million (net cash used of ¥5,931 million in the previous consolidated fiscal year). This was mainly due to payments into time deposits of ¥16,795 million (¥15,048 million in the previous fiscal year), proceeds from withdrawal of time deposits of ¥14,463 million (¥12,629 million in the previous fiscal year), proceeds from withdrawal of long-term deposits of ¥3,500 million (¥3,000 million in the previous fiscal year), and purchase of property, plant and equipment of ¥7,555 million (¥6,262 million in the previous fiscal year).

Cash flows from financing activities

Net cash used in financing activities amounted to ¥8,636 million (net cash used of ¥5,312 million in the previous consolidated fiscal year). This was mainly attributable to repayments of short-term borrowings of ¥1,050 million (no such payments in the previous fiscal year), purchase of treasury shares of ¥4,201 million (¥3,000 million in the previous fiscal year), and dividends paid of ¥3,307 million (¥3,264 million 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	413,418	94.9
Acoustic components	19,565	(4.0)
Applied equipment and other	14,563	6.2
Total	447,547	81.8

(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 (Millions of yen)	YoY change (%)	Backlog (Millions of yen)	YoY change (%)
Electro-mechanical components	381,126	41.4	48,453	(40.6)
Acoustic components	19,018	(10.1)	4,481	(8.4)
Applied equipment and other	13,297	9.3	3,481	(26.2)
Total	413,442	36.5	56,417	(38.2)

(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	414,284	94.9
Acoustic components	19,431	(7.5)
Applied equipment and other	14,535	3.6
Total	448,250	81.1

(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 (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)
Nintendo Co., Ltd.	142,221	57.4	349,551	78.0

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 406,000 million yen for net sales and 13,000 million yen for operating profit, respectively. The results were 448,250 million yen for net sales and 19,236 million yen for operating profit.

The net sales achieved the target, owing to higher sales to major customers than expected.
The operating profit achieved the target due to the higher sales than expected.

(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, 2026".

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.

5 [Research and Development Activities]

The total amount of R&D expenses for the Group's main developed products was 1,796 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

The Group continues research and development activities aimed at expanding the functionality and applications of existing products, mainly for in-vehicle use. Taking into account demand trends driven by the progress of vehicle electrification, the Group is working on the development and improvement of in-vehicle AC outlets. This product allows household appliances (AC100V, 50/60Hz) to be used inside the vehicle as an AC outlet that can be installed in cars. The Group is conducting functional reviews and evaluations, including support for higher output, and also considering custom design from an aesthetic perspective to meet the needs for compatibility with vehicle interior design. Since its launch in 2018, this product has been continuously produced while adapting to customer requests, and the Group plans to continue considering improvements and expansion based on the needs of the in-vehicle market.

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

The Group is conducting research and development activities aimed at improving safety and reducing the workload of maintenance in the social infrastructure field. Against the backdrop of social issues such as the increasing frequency of natural disasters, aging infrastructure, and labor shortages in management tasks, the Group is working on developing a multi-sensor module that integrates multiple sensing functions. This product integrates various sensors such as GPS, temperature, acceleration, geomagnetism, air pressure, and soil moisture, and is designed to transmit the collected data via communication networks.

By using the information from these sensors to understand the condition of infrastructure, the Group aims to improve the efficiency of regular monitoring tasks and enable early detection of abnormal signs. The Group is progressing in evaluating its functions and considering system configurations. Additionally, the Group is examining ways to reduce environmental constraints at installation sites by designing the structure to account for operation with built-in batteries and environmental durability.

This product is one of the Group's development themes intended for use in areas like natural disaster response and infrastructure management. The Group plans to continue our research and development, as well as considerations for market application, with the goal of creating technology that helps solve social issues.

II. [Corporate Governance]
1 [Overview of corporate governance]

(i) Basic policy on corporate governance

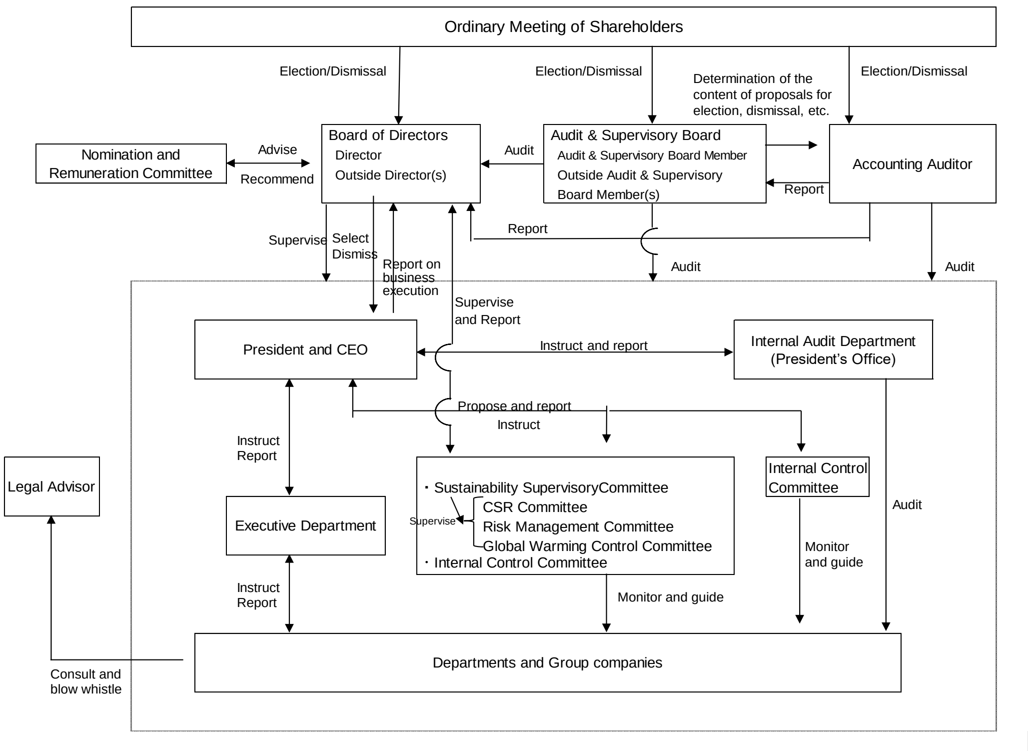
The Company regards corporate governance as an important issue, and its basic approach is to focus on the interests of all shareholders who support its corporate activities, under the recognition that it is extremely important to maximize shareholder value.

<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 24, 2026.

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	Shigemi Dochi	12	12
Director	Shingo Sato	10	10
Director	Hiroshi Horie	2	2
Director	Susumu Maruno	12	12
Director	Yukari Konishi	12	12
Director	Yukiko Hirazawa	10	10
Audit & Supervisory Board Member	Shinji Hombo	2	2
Audit & Supervisory Board Member	Tatsuo Kamitani	10	10
Audit & Supervisory Board Member	Takayuki Tanemura	12	12
Audit & Supervisory Board Member	Masakatsu Maruyama	12	11

(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. Hiroshi Horie resigned as a director in June 2025 upon the expiration of his term.
3. Shingo Sato and Yukiko Hirazawa, appointed as a director in June 2025 and have attended all ten board meetings held since then.
4. Shinji Hombo resigned as an auditor in June 2025.
5. Tatsuo Kamitani, appointed as an auditor in June 2025 and have attended all ten board meetings held since then.

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
・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
・Integration and liquidation of subsidiaries
・Closure of branches
・Report from the Sustainability Supervisory Committee

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

(Audit & Supervisory Board)

The Audit & Supervisory Board is chaired by Tatsuo Kamitani, Audit & Supervisory Board member, and consists of three members (of which two are Outside Audit & Supervisory Board members) as of June 24, 2026.

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)

As of the date of submission of the securities report (June 24,2026), 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), Susumu Maruno (Outside Director) and Yukari Konishi (Outside Director)

During the fiscal year under review, the Company held four 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	4	4
Outside Director	Hiroshi Horie	3	3
Outside Director	Susumu Maruno	4	4
Outside Director	Yukari Konishi	1	1

(Note)

1. Hiroshi Horie resigned as a director in June 2025 and also resigned from the nomination and remuneration committee.
2. Yukari Konishi, appointed as a nomination and remuneration committee member in July 2025 and have attended one nomination and remuneration committee held since then.

The specific matters discussed include the following:

・Election of Director, Audit & Supervisory Board members, and Alternate Audit & Supervisory Board members
・Remuneration

(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 believes that the above-mentioned system will establish governance that enables appropriate monitoring and supervision and will enhance its effectiveness.

(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 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 polices.

(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 long-term, stable relationships and maintaining and developing them stock price, and to contribute to increasing medium- to long-term corporate value.

For each individual stock, the Board of Directors examines the purpose of ownership, the risks associated with holding it, market value, dividend yield, and whether the benefits and risks match the cost of capital, in order to verify whether holding it is appropriate.

When exercising voting rights for strategic shareholdings, the Company respects the management policies of the issuing company and make decisions on each proposal from the perspectives of medium- to long-term corporate value enhancement, shareholder returns, corporate governance, and social responsibility.

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	128
Shares other than unlisted stocks	21	7,950

(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) / Amount recorded in balance sheet (Millions of yen): Current fiscal year	Number of shares (shares) / Amount recorded in balance sheet (Millions of yen): Previous fiscal year	Purpose of holding, outline of business alliances, quantitative holding effects, and reason of the increase in the number of shares	Hosiden shareholders
Tokio Marine Holdings, Inc.	297,675	297,675	(Purpose of holding) To secure stable shareholders and maintain a stable stock price (Quantitative holding effects) (Note) 1	Yes
	2,175	1,707		
Murata Manufacturing Co., Ltd.	445,500	445,500	(Purpose of holding) To secure stable shareholders and maintain a stable stock price (Quantitative holding effects) (Note) 1	Yes
	1,518	1,027		
Hulic Co., Ltd.	461,400	461,400	(Purpose of holding) To secure stable shareholders and maintain a stable stock price (Quantitative holding effects) (Note) 1	Yes
	844	663		
YOKOWO CO., LTD.	188,000	188,000	(Purpose of holding) To secure stable shareholders and maintain a stable stock price (Quantitative holding effects) (Note) 1	Yes
	554	257		
Mizuho Financial Group, Inc.	90,133	90,133	(Purpose of holding) To secure stable shareholders and maintain a stable stock price (Quantitative holding effects) (Note) 1	Yes
	548	365		
Nintendo Co., Ltd.	59,400	59,400	(Purpose of holding) Mainly in the “Electro-mechanical components” segment, while selling product, we improve the accuracy of corporate information and ensure the credibility of transactions by exchanging information with the relevant company as a shareholder. (Quantitative holding effects) (Note) 1	No
	521	600		
Mitsubishi UFJ Financial Group, Inc.	146,780	146,780	(Purpose of holding) To secure stable shareholders and maintain a stable stock price (Quantitative holding effects) (Note) 1	Yes
	381	295		
NICHICON CORPORATION	194,500	194,500	(Purpose of holding) To secure stable shareholders and maintain a stable stock price (Quantitative holding effects) (Note) 1	Yes
	333	238		
Sumitomo Mitsui Financial Group, Inc.	34,368	34,368	(Purpose of holding) To secure stable shareholders and maintain a stable stock price (Quantitative holding effects) (Note) 1	Yes
	172	130		
AIPHONE CO., LTD.	54,000	54,000	(Purpose of holding) To secure stable shareholders and maintain a stable stock price (Quantitative holding effects) (Note) 1	Yes
	146	140		
ICOM INCORPORATED	42,250	42,250	(Purpose of holding) To secure stable shareholders and maintain a stable stock price (Quantitative holding effects) (Note) 1	Yes
	124	116		

Name of securities	Number of shares (shares) Amount recorded in balance sheet (Millions of yen) Current fiscal year	 Previous fiscal year	Purpose of holding, outline of business alliances, quantitative holding effects, and reason of the increase in the number of shares	Hosiden shareholders
NEC Corporation (Note)2	30,315	6,063	(Purpose of holding) Mainly in the “Electro-mechanical components” segment, while selling product, we improve the accuracy of corporate information and ensure the credibility of transactions by exchanging information with the relevant company as a shareholder. (Quantitative holding effects) (Note) 1	No
	116	95		
CMK Corporation	211,600	211,600	(Purpose of holding) To secure stable shareholders and maintain a stable stock price (Quantitative holding effects) (Note) 1	Yes
	113	85		
DAISHINKU CORP.	157,600	157,600	(Purpose of holding) To secure stable shareholders and maintain a stable stock price (Quantitative holding effects) (Note) 1	Yes
	91	88		
Daiwa Securities Group Inc.	62,441	62,441	(Purpose of holding) To secure stable shareholders and maintain a stable stock price (Quantitative holding effects) (Note) 1	Yes
	91	62		
Sharp Corporation	144,670	144,670	(Purpose of holding) Mainly in the “Electro-mechanical components” segment, while selling product, we improve the accuracy of corporate information and ensure the credibility of transactions by exchanging information with the relevant company as a shareholder. (Quantitative holding effects) (Note) 1	No
	83	136		
Yamaha Corporation	42,000	42,000	(Purpose of holding) Mainly in the “Applied equipment and other” segment, while selling product, we improve the accuracy of corporate information and ensure the credibility of transactions by exchanging information with the relevant company as a shareholder. (Quantitative holding effects) (Note) 1	No
	46	48		
SUNCALL CORPORATION	29,348	29,348	(Purpose of holding) Mainly in the “Electro-mechanical components” segment, while selling product, we improve the accuracy of corporate information and ensure the credibility of transactions by exchanging information with the relevant company as a shareholder. (Quantitative holding effects) (Note) 1	No
	40	9		
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	204,000	204,000	(Purpose of holding) Mainly in the “Electro-mechanical components” segment, while selling product, we improve the accuracy of corporate information and ensure the credibility of transactions by exchanging information with the relevant company as a shareholder.	No
	32	29		

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		
			(Quantitative holding effects) (Note) 1	
Sumitomo Heavy Industries, Ltd.	2,736	2,736	(Purpose of holding) Mainly in the “Applied equipment and other” segment, while selling product, we improve the accuracy of corporate information and ensure the credibility of transactions by exchanging information with the relevant company as a shareholder. (Quantitative holding effects) (Note) 1	No
	12	8		
JVCKENWOOD Corporation	1,756	1,756	(Purpose of holding) Mainly in the “Electro-mechanical components” segment, while selling product, we improve the accuracy of corporate information and ensure the credibility of transactions by exchanging information with the relevant company as a shareholder. (Quantitative holding effects) (Note) 1	No
	1	2		

(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 the board meeting 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. NEC Corporation carried out a five-for-one stock split of its common stock as of April 1, 2025.

Deemed holdings of equity securities
None applicable

(iii) Investment equity securities held for pure investment
None applicable

(1) Basic Policy on Human Capital Strategy, etc.
Human Capital Strategy
① **Corporate Philosophy**
The Group’s corporate philosophy is “supporting the evolution of world’s technology with our exceptional technical strengths and contributing to the development of sustainable society.” The Group firmly believes that the electronic components industry is indispensable to both present and future society. Through the manufacture of electronic components, the Group aims to contribute to improving the prosperity, convenience, and quality of life of people around the world. Based on this philosophy, the Company continuously strives to enhance our corporate activities and create value.

② **Management Strategy**
- Developing proprietary technology-based products that respond to management objectives and market needs
- Addressing social challenges, such as the decline in the labor force and rising labor costs associated with an aging population and low birthrate, through the provision of IoE (Internet of Everything) products
- Realizing cost reductions and stable product quality through automation and labor-saving initiatives, including the utilization of industrial robots.

To successfully execute these strategies, the Group recognizes as key priorities not only the enhancement of its technological development capabilities, but also the development and acquisition of highly skilled specialists in IoE-related fields and production engineering personnel who can drive automation and labor-saving initiatives.

③ Approach to Human Resource Development for Achieving Management Strategies

The Group regards human resource development as a critical investment that supports future growth. The Group recognize that expenditures on employee education are not merely costs, but medium- to long-term investments aimed at enhancing corporate value. Accordingly, the Group seek to optimize investment allocation from an overall optimization perspective while maintaining a clear focus on return on investment.

The Group also believe that employee development should not be imposed unilaterally by the Company; rather, it should be founded on each employee's intrinsic motivation for growth and self-improvement. Accordingly, the Group has established various programs and support systems designed to encourage employees' autonomous skills development.

Furthermore, while respecting diverse values and individual characteristics, the Group promote workforce allocation that balances both diversity and individual optimization, enabling each employee to maximize his or her potential. Through tailored assignments and development opportunities, the Group aim to achieve the sustainable growth of the organization as a whole.

④ Human Capital Strategy to Achieve Management Objectives (Key Initiatives)

Based on the above principles, the Group is implementing the following initiatives:

- Clarifying talent requirements and competencies aligned with business strategy;
- Enhancing position-based and function-specific training programs;
- Developing globally capable talent;
- Establishing diversified career paths; and
- Strengthening the mid-career recruitment of specialized professionals.

⑤ Metrics

The Group aims to cultivate "strong employees" who are self-motivated, self-reliant, and accountable, and who can contribute to the Company's management and business performance. To achieve this objective, we have categorized our education and training framework according to specific development purposes and are implementing corresponding initiatives.

For details, please refer to "Part II, Business Overview, 2. The Company's Approach to Sustainability and Its initiatives, (2) Key sustainability items, (ii) Human Capital, C) Metrics and targets, Human resources development."

⑥ Contribution to Medium- and Long-Term Corporate Value

Through these initiatives, the Group believes that the Group will further enhance extensive product lineup, strengthen the Group's technological capabilities to meet diverse customer needs, and provide meticulous customer-focused services that prioritize customer satisfaction.

As a result, the Company expects not only to secure and expand consolidated sales and profits, but also to improve competitiveness through the enhancement of human capital, thereby contributing to the sustainable growth of corporate value.

Policy for Determining Employee Compensation

The Company recognizes the recruitment and retention of talent necessary for the steady execution of its management strategy as one of its key management priorities. To achieve this objective, the Company has designed and appropriately implemented a compensation system for employees.

Specifically, the Company has adopted a grading system under which employee grades are determined according to the value of their duties, the importance of their roles, and the scope of their responsibilities. Base salary levels are established based on these grades.

In determining salary increases and bonuses, the Company conducts a comprehensive evaluation that takes into account factors such as the achievement of individual performance goals, job performance capabilities, and individual contributions, while also considering the Company's overall business performance. The results of these evaluations are appropriately reflected in compensation decisions.

Bonuses are positioned as variable compensation linked to both Company performance and individual performance evaluations.

To enhance transparency and employee acceptance of the evaluation process, regular performance review meetings between supervisors and employees are conducted as part of the performance management process. These meetings are used to discuss performance objectives and share evaluation results.

Furthermore, given the importance of securing highly specialized talent in the electronic components industry, the Company establishes competitive compensation levels after carefully considering changes in market conditions, labor supply and demand trends, industry wage levels, and the competitive landscape.

Through these measures, the Company seeks to ensure the stable recruitment and retention of the talent necessary to maintain and enhance its competitive advantage.

III. [Consolidated financial statements and significant notes thereto]

1 Consolidated balance sheets

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	59,564	77,685
Notes receivable - trade	3	-
Accounts receivable - trade	31,918	25,813
Electronically recorded monetary claims - operating	1,220	1,022
Securities	-	697
Merchandise and finished goods	8,220	7,676
Work in process	3,207	4,478
Raw materials and supplies	61,897	57,628
Trade accounts receivable	1,170	1,759
Other	4,496	4,878
Allowance for doubtful accounts	(182)	(176)
Total current assets	171,516	181,466
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,510	23,006
Accumulated depreciation and impairment	(15,663)	(16,857)
Buildings and structures, net	6,847	6,149
Machinery, equipment and vehicles	27,614	30,895
Accumulated depreciation and impairment	(22,600)	(23,760)
Machinery, equipment and vehicles, net	5,013	7,135
Land	3,019	3,027
Construction in progress	874	2,130
Other	31,340	27,575
Accumulated depreciation and impairment	(27,492)	(24,501)
Other, net	3,847	3,073
Total property, plant and equipment	19,602	21,516
Intangible assets	508	699
Investments and other assets		
Investment securities	7,228	8,079
Retirement benefit asset	-	2,148
Deferred tax assets	626	662
Other	1,052	975
Allowance for doubtful accounts	(254)	(267)
Total investments and other assets	8,652	11,599
Total non-current assets	28,763	33,815
Total assets	200,279	215,281

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	34,092	33,338
Electronically recorded obligations - operating	1,546	1,252
Short-term borrowings	1,050	-
Income taxes payable	2,127	6,322
Provision for bonuses for directors (and other officers)	151	168
Provision for loss on liquidation of subsidiaries and associates	-	766
Other	6,269	7,076
Total current liabilities	45,236	48,924
Non-current liabilities		
Bonds with share acquisition rights	10,190	10,161
Deferred tax liabilities	2,397	3,042
Retirement benefit liability	1,497	2,278
Other	640	630
Total non-current liabilities	14,725	16,133
Total liabilities	59,962	65,038
Net assets		
Shareholders' equity		
Share capital	13,660	13,660
Capital surplus	19,596	19,596
Retained earnings	112,257	122,641
Treasury shares	(12,393)	(14,063)
Total shareholders' equity	133,120	141,835
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,464	4,758
Foreign currency translation adjustment	2,922	2,560
Remeasurements of defined benefit plans	809	1,089
Total accumulated other comprehensive income	7,196	8,408
Total net assets	140,317	150,243
Total liabilities and net assets	200,279	215,281

2 Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net sales	247,571	448,250
Cost of sales	224,422	419,082
Gross profit	23,148	29,168
Selling, general and administrative expenses	9,575	9,932
Operating profit	13,573	19,236
Non-operating income		
Interest income	968	970
Dividend income	164	193
Foreign exchange gains	45	4,182
Other	131	118
Total non-operating income	1,309	5,465
Non-operating expenses		
Interest expenses	34	45
Bond issuance costs	64	-
Other	8	11
Total non-operating expenses	107	57
Ordinary profit	14,776	24,644
Extraordinary income		
Gain on sale of non-current assets	14	9
Gain on sale of golf club membership	4	-
Gain on liquidation of subsidiaries	-	5
Total extraordinary income	18	15
Extraordinary losses		
Loss on sale and retirement of non-current assets	8	29
Loss on valuation of investment securities	123	103
Impairment losses	432	907
Provision for loss on liquidation of subsidiaries and associates	-	723
Other	0	-
Total extraordinary losses	565	1,764
Profit before income taxes	14,229	22,894
Income taxes - current	3,876	6,949
Income taxes - deferred	315	(261)
Total income taxes	4,192	6,687
Profit	10,037	16,206
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	10,037	16,206

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Profit	10,037	16,206
Other comprehensive income		
Valuation difference on available-for-sale securities	(35)	1,293
Foreign currency translation adjustment	650	(361)
Remeasurements of defined benefit plans, net of tax	128	279
Total other comprehensive income	742	1,211
Comprehensive income	10,779	17,418
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,779	17,418
Comprehensive income attributable to non-controlling interests	-	-

3 [Consolidated statements of changes in equity]

For the fiscal year ended March 31, 2025

(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	106,744	(11,584)	128,417
Changes during period					
Dividends of surplus			(3,264)		(3,264)
Profit attributable to owners of parent			10,037		10,037
Purchase of treasury shares				(3,000)	(3,000)
Disposal of treasury shares		404		528	932
Cancellation of treasury shares		(404)	(1,259)	1,663	-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	5,512	(808)	4,703
Balance at end of period	13,660	19,596	112,257	(12,393)	133,120

	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	3,500	2,272	680	6,453	134,870
Changes during period					
Dividends of surplus					(3,264)
Profit attributable to owners of parent					10,037
Purchase of treasury shares					(3,000)
Disposal of treasury shares					932
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity	(35)	650	128	742	742
Total changes during period	(35)	650	128	742	5,446
Balance at end of period	3,464	2,922	809	7,196	140,317

For the fiscal year ended March 31, 2026

(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	112,257	(12,393)	133,120
Changes during period					
Dividends of surplus			(3,307)		(3,307)
Profit attributable to owners of parent			16,206		16,206
Purchase of treasury shares				(4,201)	(4,201)
Disposal of treasury shares		6		10	17
Cancellation of treasury shares		(6)	(2,514)	2,521	-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	10,384	(1,669)	8,714
Balance at end of period	13,660	19,596	122,641	(14,063)	141,835

	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	3,464	2,922	809	7,196	140,317
Changes during period					
Dividends of surplus					(3,307)
Profit attributable to owners of parent					16,206
Purchase of treasury shares					(4,201)
Disposal of treasury shares					17
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity	1,293	(361)	279	1,211	1,211
Total changes during period	1,293	(361)	279	1,211	9,926
Balance at end of period	4,758	2,560	1,089	8,408	150,243

4 [Consolidated statements of cash flows]

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	14,229	22,894
Depreciation	3,540	4,808
Impairment losses	432	907
Increase (decrease) in allowance for doubtful accounts	140	(38)
Increase (decrease) in retirement benefit liability	(627)	1,150
Interest and dividend income	(1,132)	(1,164)
Interest expenses	34	45
Loss (gain) on sale and retirement of non-current assets	(5)	20
Loss (gain) on valuation of investment securities	123	103
Loss (gain) on liquidation of subsidiaries	-	(5)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	-	723
Decrease (increase) in trade receivables	(10,032)	6,619
Decrease (increase) in inventories	(40,172)	4,052
Decrease (increase) in operating accounts receivable	17	(566)
Decrease (increase) in other assets	(1,667)	(473)
Increase (decrease) in trade payables	20,912	(1,436)
Increase (decrease) in other liabilities	91	673
Other, net	451	(1,905)
Subtotal	(13,665)	36,452
Interest and dividends received	1,086	1,107
Interest paid	(31)	(44)
Income taxes paid	(5,617)	(2,977)
Net cash provided by (used in) operating activities	(18,228)	34,538
Cash flows from investing activities		
Payments into time deposits	(15,048)	(16,795)
Proceeds from withdrawal of time deposits	12,629	14,463
Income from refund of long-term deposits	3,000	3,500
Purchase of property, plant and equipment	(6,262)	(7,555)
Proceeds from sale of property, plant and equipment	78	29
Purchase of investment securities	(149)	-
Proceeds from redemption of investment securities	-	300
Purchase of intangible assets	(255)	(354)
Other, net	75	35
Net cash provided by (used in) investing activities	(5,931)	(6,376)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	(1,050)
Redumption of bonds with share acquisition rights	(9,085)	-
Proceeds from issuance of bonds with share acquisition rights	10,135	-
Purchase of treasury shares	(3,000)	(4,201)
Dividends paid	(3,264)	(3,307)
Other, net	(97)	(76)
Net cash provided by (used in) financing activities	(5,312)	(8,636)
Effect of exchange rate change on cash and cash equivalents	(420)	(244)
Net increase (decrease) in cash and cash equivalents	(29,892)	19,280
Cash and cash equivalents at beginning of period	76,662	46,769
Cash and cash equivalents at end of period	46,769	66,050

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 three reportable segments taking into account the product types and similarities of their businesses: electro-mechanical components, acoustic 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 applied equipment and other segment represents the applied devices that do not belong to the above segments.

Furthermore, due to a partial change in the performance management classifications of the Company's group, starting from this consolidated fiscal year, the reporting segments of the Company's group now include the previously separate "the display components" under "the applied equipment and other". The Company revised the segment classification of some product in line with this change. Furthermore, the segment information for the previous consolidated fiscal year has been presented based on the revised classification method.

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, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segments				Adjustments or company-wide (Note 1)	Amounts in consolidated financial statements (Note 2)
	Electro-mechanical components	Acoustic components	Applied equipment and other	Total		
Net sales						
Sales to unaffiliated customers	212,542	20,997	14,031	247,571	–	247,571
Inter-segment sales and transfers	–	–	–	–	–	–
Total	212,542	20,997	14,031	247,571	–	247,571
Segment profit	10,696	1,851	1,025	13,573	–	13,573
Segment assets	113,592	13,589	4,771	131,954	68,324	200,279
Other items						
Depreciation	2,740	509	290	3,540	–	3,540
Increase in property, plant and equipment and intangible assets	5,261	732	439	6,434	299	6,733

Notes: 1. The adjustments are as follows:

(1) The company-wide assets of 68,324 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, 299 million yen is company-wide assets that are not allocated to each reportable segment.

2. The total amount of segment profit is equal to the operating profit in the consolidated statements of income.

Current fiscal year (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segments				Adjustments or company-wide (Note 1)	Amounts in consolidated financial statements (Note 2)
	Electro-mechanical components	Acoustic components	Applied equipment and other	Total		
Net sales						
Sales to unaffiliated customers	414,284	19,431	14,535	448,250	–	448,250
Inter-segment sales and transfers	–	–	–	–	–	–
Total	414,284	19,431	14,535	448,250	–	448,250
Segment profit	16,973	1,586	675	19,236	–	19,236
Segment assets	109,284	12,415	5,657	127,357	87,924	215,281
Other items						
Depreciation	3,813	625	370	4,808	–	4,808
Increase in property, plant and equipment and intangible assets	6,232	708	479	7,420	446	7,866

Notes: 1. The adjustments are as follows:

(1) The company-wide assets of 87,924 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, 446 million yen is company-wide assets that are not allocated to each reportable segment.

2. The total amount of segment profits equal to the operating profit in the consolidated statements of income.