Financial Section

Five-Year Summary

Shindengen Electric Manufacturing Co., Ltd. and its Subsidiaries
(Years ended March 31)

Millions of yen

	2024	2023	2022	2021	2020
Net sales	¥102,261	¥101,007	¥ 92,168	¥ 80,437	¥ 92,966
Operating income (loss)	1,278	3,621	5,562	(1,080)	1,757
Profit (loss) before income taxes	1,506	4,073	6,821	(5,077)	1,126
Profit (loss) attributable to owners of parent	(712)	1,645	5,903	(5,562)	(4,156)
Profit (loss) attributable to owners of parent per share—basic	¥ (69.08)	¥ 159.56	¥ 572.70	¥ (539.73)	¥ (403.48)
Cash dividends per share for the period (Common stock)	130.00	130.00	100.00	62.50	62.50
Total assets	¥144,669	¥138,093	¥135,041	¥127,807	¥121,560
Total current assets	89,095	85,440	81,958	74,274	73,494
Property, plant and equipment	35,122	35,553	36,073	36,091	31,389
Total shareholders' equity	53,970	56,010	55,389	49,478	55,676
Net cash provided by operating activities	2,206	2,736	8,290	(3,618)	5,829
Net cash used in investing activities	(1,776)	(4,088)	(7,907)	(5,676)	(9,649)
Net cash used in financing activities	(252)	(3,549)	1,274	9,936	(2,336)
Cash and cash equivalents at end of the year	26,341	25,147	29,162	26,646	26,337

Management's Discussion and Analysis

Scope of Consolidation

At the conclusion of the fiscal year ended March 31, 2024 (fiscal 2023), the Shindengen Group included the Company, 18 consolidated subsidiaries, two non-consolidated subsidiaries and one affiliated company accounted for under the equity method.

Operating Results

Performance Overview

The 16th Medium-Term Business Plan (for the three-year period ending March 31, 2025) designates three management policies: earnings structure construction, building a foundation for expansion of growth businesses and focusing resources on product groups that can reduce greenhouse gas emissions. Based on these management policies, the Shindengen Group began mass production of new power semiconductors that reduce power consumption and power control units (PCUs) for motorcycle EVs in India. In addition, we launched MITUS, a new series of EV chargers, and began sales of concealed AC chargers. Moreover, we continued to enact various initiatives to increase corporate value and realize a sustainable society, including the establishment of a sustainability promotion system to enhance ESG management and the development of activities in line with our basic policy.

Under these circumstances, consolidated net sales increased 1.2% year on year to ¥102,261 million, reflecting growth in the Car Electronics segment, which focuses on motorcycle and automobile related products, and the depreciation of the yen, despite a significant decrease in the Electronic Device segment, stemming mainly from the economic slowdown in China. On the earnings front, despite the positive effect of increased sales in the Car Electronics segment, operating income amounted to ¥1,278 million, down 64.7% year on year, and ordinary income amounted to ¥1,660 million yen, down 61.6% year on year, due to a decrease in sales in the Electronic Device segment. Loss attributable to owners of the parent amounted to ¥712 million, compared with profit attributable to owners of the parent of ¥1,645 million in the previous fiscal year, reflecting the reversal of deferred tax assets and loss on sale of investment securities of an equity method affiliate.

Operating Conditions by Business Segment

Electronic Device

In the Electronic Device segment, net sales amounted to ¥32,242 million, down 13.4% year on year, resulting in an operating loss of ¥1,193 million, compared with operating profit of ¥2,944 million in the previous fiscal year.

While sales of products for automotive applications increased due to the recovery of automobile production, sales of products for home appliances and industrial equipment decreased significantly due to the economic sluggishness in greater China and continued adjustments in distribution inventories. In terms of earnings, despite efforts to optimize

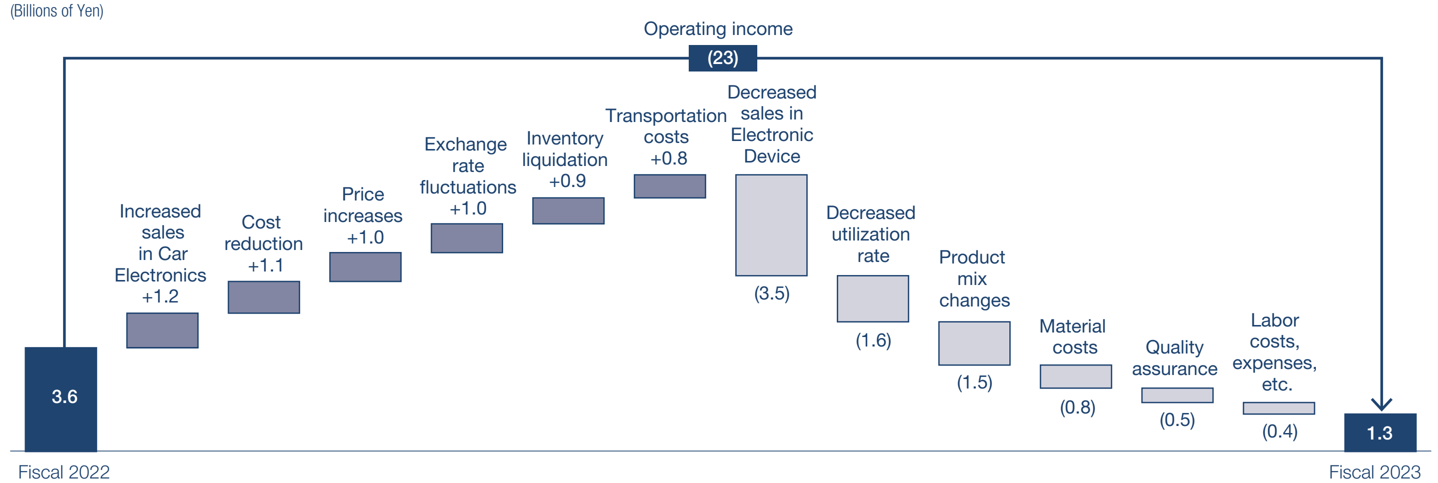
Operating Results

(Millions of Yen)

	Fiscal 2023	Fiscal 2022	Change	Change (%)
Net sales	102,261	101,007	1,254	1.2
Operating income	1,278	3,621	(2,343)	(64.7)
Profit attributable to owners of the parent	(712)	1,644	(2,357)	—

Analysis of Change in Operating Income (Year on Year)

(Billions of Yen)



selling prices and cost reduction activities in response to soaring raw material and energy costs, earnings declined due to the impact of decreased sales, lower production capacity utilization rates, and quality assurance expenses.

Car Electronics

In the Car Electronics segment, net sales amounted to ¥63,281 million, up 11.1% year on year, and operating profit came to ¥7,020 million, up 32.9%.

Sales of mainstay motorcycle products were affected by the economic sluggishness in Vietnam. However, sales in Indonesia and India remained strong, sales of automobile products saw growth, and the yen depreciated. Earnings also increased due to higher sales and the effects of yen depreciation.

Energy Systems & Solutions

In the Energy Systems & Solutions segment, net sales amounted to ¥6,600 million, down 0.6% year on year, and operating loss came to ¥115 million, compared with operating loss of ¥119 million in the previous fiscal year.

Although sales of rectifiers for telecommunication infrastructure and EV chargers increased, net sales decreased due to a decline in sales of power conditioners for photovoltaic power generation, which were terminated. The loss narrowed due to a number of factors including a change in the product mix.

Other

Other net sales amounted to ¥136 million, down 9.5% year on year, and operating loss came to ¥44 million, down 5.0% year on year.

For information on the performance of each business segment (excluding Other), please refer to At a Glance. Note that, except where otherwise specified, intersegment transactions have been eliminated from segment performance throughout this report.

Earnings and Expenses

Fiscal 2023 operating profit was ¥1,278 million, down 64.7% year on year, and operating profit margin declined from 3.6% to 1.3%. This decrease in operating profit was mainly due to decreased sales and lower capacity utilization in the Electronic Device segment. Net other income and expense included ¥465 million in dividend income, ¥275 million in interest income, ¥76 million in equity in earnings of affiliates, and ¥70 million in foreign exchange gains, while interest paid totaled ¥290 million. Under extraordinary profit, the Company recorded a gain on sale of investment securities of ¥294 million, and under extraordinary losses, the Company recorded ¥296 million in loss on sales of investment securities and ¥151 million in impairment loss. As a result, net other income amounted to ¥228 million, and profit before income taxes came to ¥1,506 million. After subtracting income taxes, loss attributable to owners of the parent amounted to ¥712 million, and net income per share fell from ¥159.56 in fiscal 2022 to ¥-69.08. As a result, the net income (loss) margin declined from 1.6% in fiscal 2022 to -0.7%, and ROE decreased from 2.7% in fiscal 2022 to -1.1%.

Comprehensive income came to ¥9,706 million, compared with comprehensive income of ¥6,333 million in the previous fiscal year.

Segment Net Sales

(Millions of Yen)

	Fiscal 2023	Fiscal 2022	Change	Change (%)
Electronic Device	32,242	37,232	(4,991)	(13.4)
Car Electronics	63,281	56,984	6,297	11.1
Energy Systems & Solutions	6,600	6,639	(39)	(0.6)
Other	136	151	(15)	(9.5)
Total	102,261	101,007	1,254	1.2

Segment Operating Income

(Millions of Yen)

	Fiscal 2023	Fiscal 2022	Change	Change (%)
Electronic Device	(1,193)	2,944	(4,138)	—
Car Electronics	7,020	5,281	1,739	32.9
Energy Systems & Solutions	(115)	(119)	4	—
Other	44	47	(3)	(5.0)
Adjustments and eliminations*	(4,478)	(4,532)	55	—
Total	1,278	3,621		

* The figures shown above for adjustments and eliminations include corporate expenses not allocated to the reportable segments. Corporate expenses comprise mainly general and administration expenses not attributable to the reportable segments.

Financial Position

Assets, Liabilities and Net Assets

Total assets as of March 31, 2024 stood at ¥144,669 million, up ¥6,576 million year on year. This was mainly due to an increase in inventories.

Total liabilities at the end of the fiscal year were down ¥1,801 million year on year to ¥73,752 million. This was mainly attributable to a decrease in retirement benefit liability.

Total net assets at the end of the fiscal year under review stood at ¥70,917 million, up ¥8,377 million from a year prior. This was mainly because of an increase in valuation difference on available-for-sale securities and an increase in remeasurements of defined benefit plans.

As a result, net assets per share were ¥6,876.60.

Cash Flows

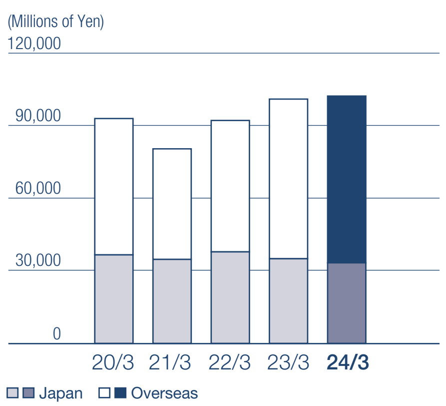
Cash and cash equivalents (net cash) at the end of the fiscal year under review came to ¥26,340 million, an increase of ¥1,193 million from the end of fiscal 2022. This was the result of ¥2,206 million in net cash provided by operating activities, ¥1,776 million in net cash used in investing activities, and ¥252 million in net cash used in financing activities.

Net cash provided by operating activities was ¥2,206 million, compared with net cash used in operating activities of ¥2,736 million in the previous fiscal year. This was mainly due to profit before income taxes of ¥1,506 million and depreciation and amortization of ¥5,528 million, despite an increase in inventories of ¥2,590 million.

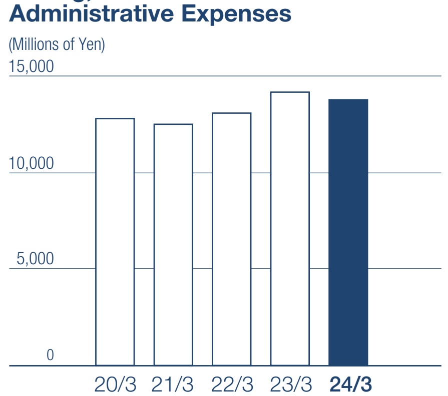
Net cash used in investing activities was ¥1,776 million, compared with ¥4,088 million in the previous fiscal year. This was due mainly to ¥4,290 million used in the purchase of property, plant and equipment, which was partially offset by ¥2,716 million in proceeds from sales of investment securities.

Net cash used in financing activities was ¥252 million, compared with ¥3,549 million provided by financing activities in the previous fiscal year. This was mainly due to the scheduled repayment of ¥5,895 million in long-term loans payable and ¥1,504 million used for the redemption of bonds, despite proceeds of ¥8,800 million from long-term loans payable.

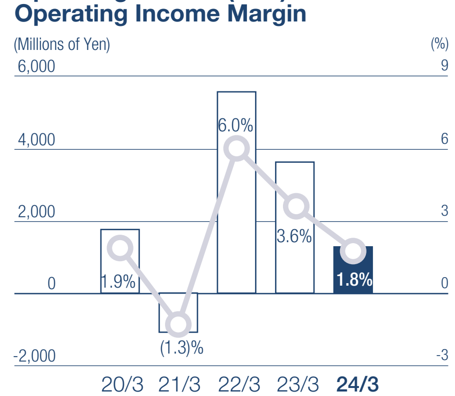
Net Sales



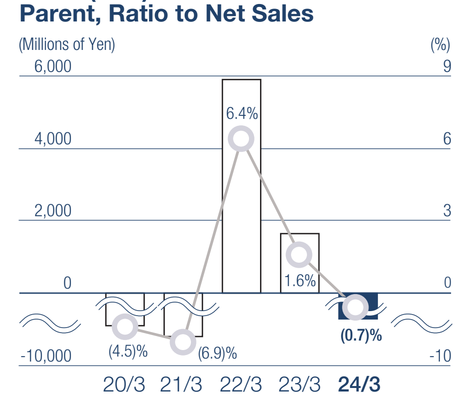
Selling, General and Administrative Expenses



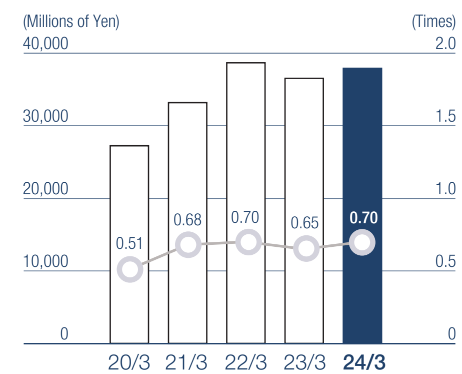
Operating Income (loss) Operating Income Margin



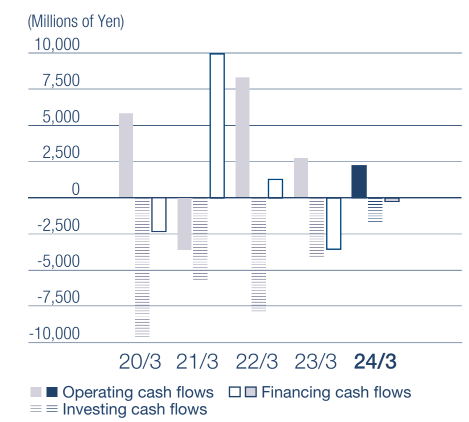
Profit (loss) Attributable to Owners of Parent, Ratio to Net Sales



Interest-Bearing Debt D/E Ratio



Cash Flows



Consolidated Balance Sheets

Shindengen Electric Manufacturing Co., Ltd. and its subsidiaries
At March 31, 2024 and 2023

	Millions of yen 2024	Millions of yen 2023	Thousands of U.S. dollars (Note 3) 2024
ASSETS			
Current assets:			
Cash and deposits (Notes 4, 7)	¥ 26,341	¥ 25,147	$173,981
Notes and accounts receivable-trade (Notes 5, 7)	18,067	19,421	119,332
Less: Allowance for doubtful accounts	(25)	(23)	(168)
	18,042	19,398	119,164
Inventories (Note 6)	38,484	34,869	254,190
Other	6,228	6,026	41,142
Total current assets	89,095	85,440	588,477
Property, plant and equipment:			
Buildings and structures (Note 9)	16,683	17,288	110,193
Machinery, equipment and vehicles (Note 9)	9,188	9,267	60,690
Land	4,257	4,357	28,114
Lease assets-tangible (Notes 9, 20)	606	694	4,004
Construction in progress	2,063	1,820	13,629
Other, net (Note 9)	2,325	2,127	15,351
Property, plant and equipment	35,122	35,553	231,981
Investments and other assets:			
Investment securities (Notes 7, 8, 12)	18,473	14,876	122,016
Deferred tax assets (Note 14)	325	659	2,144
Software	579	623	3,825
Lease assets-intangible (Note 20)	—	3	—
Assets for retirement benefits (Note 11)	146	90	962
Allowance for doubtful accounts	(42)	(43)	(275)
Other	971	892	6,414
Total investments and other assets	20,452	17,100	135,086
Total assets	¥144,669	¥138,093	$955,544

The accompanying notes are an integral part of the statements.

	Millions of yen 2024	Millions of yen 2023	Thousands of U.S. dollars (Note 3) 2024
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable-trade	¥ 16,403	¥ 17,669	$108,341
Short-term loans payable (Notes 7, 10)	6,355	5,895	41,975
Current portion of bonds (Notes 7, 10)	1,025	1,500	6,770
Lease obligations (Notes 7, 10)	446	375	2,945
Income taxes payable	472	240	3,120
Provision for bonuses	839	965	5,544
Other	5,571	5,818	36,793
Total current liabilities	31,111	32,462	205,488
Noncurrent liabilities:			
Bonds payable (Notes 7, 10)	1,325	2,350	8,752
Long-term loans payable (Notes 7, 10)	29,225	26,780	193,032
Lease obligations (Notes 7, 10)	527	630	3,481
Deferred tax liabilities (Note 14)	3,762	2,707	24,845
Liability for retirement benefits (Note 11)	5,695	8,595	37,614
Provision for product warranties	1,208	1,180	7,978
Asset retirement obligations	861	802	5,685
Other	38	48	260
Total noncurrent liabilities	42,641	43,092	281,647
Contingent liabilities (Note 13)			
Net assets (Note 23):			
Shareholders' equity:			
Capital stock	17,823	17,823	117,722
Capital surplus	7,732	7,734	51,071
Retained earnings	28,511	30,563	188,314
Treasury stock	(96)	(109)	(633)
Total shareholders' equity	53,970	56,011	356,474
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	6,627	2,559	43,774
Foreign currency translation adjustment	3,348	893	22,111
Remeasurements of defined benefit plans	6,972	3,076	46,050
Total accumulated other comprehensive income	16,947	6,528	111,935
Total net assets	70,917	62,539	468,409
Total liabilities and net assets	¥144,669	¥138,093	$955,544
Per share of common stock:			
Net assets (Yen) (U.S. dollars)	¥6,876.60	¥6,066.34	$45.42

Consolidated Statements of Income and Comprehensive Income

Shindengen Electric Manufacturing Co., Ltd. and its subsidiaries
For the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Net sales (Note 21)	¥102,261	¥101,007	$675,437
Cost of sales (Note 16)	87,214	83,223	576,048
Gross profit	15,047	17,784	99,389
Selling, general and administrative expenses (Notes 15, 16)	13,769	14,163	90,942
Operating income	1,278	3,621	8,447
Other income (expense):			
Interest income	275	199	1,819
Dividends income	466	405	3,075
Royalty income	3	3	18
Equity in earnings of affiliates	76	26	502
Foreign exchange gains (losses)	71	429	467
Interest expenses	(290)	(253)	(1,916)
Gain on sales of investment securities	294	67	1,944
Impairment loss (Note 17)	(151)	(321)	(1,000)
Loss on sales of investments in associates	(296)	—	(1,956)
Other, net	(219)	(103)	(1,447)
	229	452	1,506
Profit before income taxes	1,507	4,073	9,953
Income taxes (Note 14):			
Current	1,596	1,151	10,545
Income taxes for prior periods	150	—	990
Deferred	473	1,277	3,123
Total income taxes	2,219	2,428	14,658
Profit	(712)	1,645	(4,705)

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Profit attributable to owners of parent	¥ (712)	¥1,645	$ (4,705)
Other comprehensive income			
Valuation difference on available-for-sale securities	4,067	162	26,866
Foreign currency translation adjustment	2,187	1,749	14,445
Remeasurements of defined benefit plans, net of tax	3,896	2,762	25,731
Share of other comprehensive income of entities accounted for using equity method	268	15	1,772
Total other comprehensive income (Note 18)	10,418	4,688	68,814
Comprehensive income	¥ 9,706	¥6,333	$64,109
Comprehensive income attributable to:			
Owners of parent	¥ 9,706	¥6,333	$64,109
Non-controlling interests	—	—	—

	Yen		U.S. dollars (Note 3)
	2024	2023	2024
Per share of common stock [Notes 2 (14), 23, 24]:			
Profit attributable to owners of parent:			
Basic	¥ (69.08)	¥159.56	$ (0.46)
Cash dividends per share for the period (Common stock)	130.00	130.00	0.86
Weighted average number of ordinary shares (thousands)	10,312	10,309	—

The accompanying notes are an integral part of the statements.

Consolidated Statements of Changes in Net Assets

Shindengen Electric Manufacturing Co., Ltd. and its subsidiaries
For the years ended March 31, 2024 and 2023

Millions of yen

		Shareholders' equity				
	Number of shares issued	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2022	10,339	¥17,823	¥7,734	¥29,949	¥(117)	¥55,389
Cash dividends paid				(1,031)		(1,031)
Profit attributable to owners of parent				1,645		1,645
Purchase of treasury stock					(2)	(2)
Disposal of treasury stock			(0)		10	10
Net changes in items other than those in shareholders' equity						
Balance at March 31, 2023	10,339	17,823	7,734	30,563	(109)	56,011
Cash dividends paid				(1,340)		(1,340)
Profit attributable to owners of parent				(712)		(712)
Purchase of treasury stock					(1)	(1)
Disposal of treasury stock			(2)		14	12
Net changes in items other than those in shareholders' equity						
Balance at March 31, 2024	10,339	¥17,823	¥7,732	¥28,511	¥ (96)	¥53,970

Millions of yen

	Accumulated other comprehensive income (loss)				
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)	Total net assets
Balance at March 31, 2022	¥2,397	¥ (871)	¥ 314	¥ 1,840	¥57,229
Cash dividends paid					(1,031)
Profit attributable to owners of parent					1,645
Purchase of treasury stock					(2)
Disposal of treasury stock					10
Net changes in items other than those in shareholders' equity	162	1,764	2,762	4,688	4,688
Balance at March 31, 2023	2,559	893	3,076	6,528	62,539
Cash dividends paid					(1,340)
Profit attributable to owners of parent					(712)
Purchase of treasury stock					(1)
Disposal of treasury stock					12
Net changes in items other than those in shareholders' equity	4,068	2,455	3,896	10,419	10,419
Balance at March 31, 2024	¥6,627	¥3,348	¥6,972	¥16,947	¥70,917

The accompanying notes are an integral part of the statements.

Thousands of U.S. dollars (Note 3)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2023	$117,722	$51,081	$201,871	$(722)	$369,952
Cash dividends paid			(8,852)		(8,852)
Profit attributable to owners of parent			(4,705)		(4,705)
Purchase of treasury stock				(6)	(6)
Disposal of treasury stock		(10)		95	85
Net changes in items other than those in shareholders' equity					
Balance at March 31, 2024	$117,722	$51,071	$188,314	$(633)	$356,474

Thousands of U.S. dollars (Note 3)

	Accumulated other comprehensive income (loss)				
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)	Total net assets
Balance at March 31, 2023	$16,903	$ 5,900	$20,318	$ 43,121	$413,073
Cash dividends paid					(8,852)
Profit attributable to owners of parent					(4,705)
Purchase of treasury stock					(6)
Disposal of treasury stock					85
Net changes in items other than those in shareholders' equity	26,871	16,211	25,732	68,814	68,814
Balance at March 31, 2024	$43,774	$22,111	$46,050	$111,935	$468,409

The accompanying notes are an integral part of the statements.

Consolidated Statements of Cash Flows

Shindengen Electric Manufacturing Co., Ltd. and its subsidiaries
For the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Operating activities:			
Profit before income taxes	¥ 1,507	¥ 4,073	$ 9,953
Depreciation and amortization	5,528	5,714	36,513
Impairment loss	151	321	1,000
Increase (decrease) in provision for bonuses	(126)	14	(832)
Increase (decrease) in provision for product warranties	27	(409)	180
Increase (decrease) in liability for retirement benefits	(125)	213	(828)
Gain (loss) on sales of investment securities	2	(67)	12
Interest and dividends income	(741)	(603)	(4,894)
Interest expenses	290	253	1,916
Decrease in notes and accounts receivable-trade	2,059	352	13,602
Increase in inventories	(2,591)	(5,470)	(17,111)
Decrease (increase) in consumption taxes refund receivable	—	(1,657)	—
Increase (decrease) in consumption taxes payable	144	—	953
Decrease (increase) in accounts receivable-other	(87)	396	(577)
Increase (decrease) in notes and accounts payable-trade	(2,306)	(470)	(15,230)
Other, net	(498)	739	(3,300)
Sub total	3,234	3,399	21,357
Interest and dividends received	748	611	4,940
Interest paid	(289)	(253)	(1,907)
Income taxes paid	(1,486)	(1,021)	(9,815)
Net cash provided by operating activities	2,207	2,736	14,575
Investing activities:			
Proceeds from sales of investment securities	2,716	123	17,942
Proceeds from sales of shares of affiliates	—	150	—
Purchase of property, plant and equipment	(4,290)	(4,731)	(28,338)
Proceeds from sales of property, plant and equipment	27	48	176
Purchase of intangible assets	(157)	(189)	(1,037)
Other, net	(73)	511	(477)
Net cash used in investing activities	(1,777)	(4,088)	(11,734)
Financing activities:			
Proceeds from long-term loans payable	8,800	4,400	58,125
Repayment of long-term loans payable	(5,895)	(5,100)	(38,937)
Redemption of bonds	(1,504)	(1,455)	(9,937)
Purchase of treasury stock	(1)	(2)	(6)
Repayment for finance lease obligations	(312)	(361)	(2,059)
Cash dividends paid	(1,340)	(1,031)	(8,852)
Net cash (used in) provided by financing activities	(252)	(3,549)	(1,666)
Effect of exchange rate change on cash and cash equivalents	1,016	886	6,709
Net (decrease) increase in cash and cash equivalents	1,194	(4,015)	7,884
Cash and cash equivalents at beginning of the year	25,147	29,162	166,097
Cash and cash equivalents at end of the year (Note 4)	¥26,341	¥25,147	$173,981

The accompanying notes are an integral part of the statements.

Notes to Consolidated Financial Statements

Shindengen Electric Manufacturing Co., Ltd. and its subsidiaries

1. Basis of presentation

(1) Accounting principles and presentation

The accompanying consolidated financial statement of Shindengen Electric Manufacturing Co., Ltd. (the "Company") and its subsidiaries (the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the applications and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau (a regional branch organization of the Ministry of Finance in Japan) have been reclassified in these accounts for the convenience of readers outside Japan.

Certain items in the prior years' financial statements have been reclassified to conform to the current year's presentation.

(2) Scope of consolidation

The Company has 20 subsidiaries (controlling companies-companies whose decision-making is controlled, 18 consolidated subsidiaries, and 2 non-consolidated subsidiaries) and 1 affiliated companies (2 in 2023) as of March 31, 2024.

NAPINO AUTO AND ELECTRONICS LIMITED, which was treated an affiliated companies for the previous consolidated fiscal year, has been excluded from the scope of equity method due to the sales of all shares owned by the Company.

The major consolidated subsidiaries are listed below.

	Equity ownership percentage
• Akita Shindengen Co., Ltd.	100.0%
• Higashine Shindengen Co., Ltd.	100.0%
• Okabe Shindengen Co., Ltd.	100.0%
• Lumphun Shindengen Co., Ltd.	100.0%
• Shindengen (Thailand) Co., Ltd.	100.0%

In the accompanying consolidated financial statements, the accounts of the 11 overseas subsidiaries for the year ended December 31, 2023 are consolidated with the accounts of the Company for the year ended March 31, 2024, as their fiscal year ends on December 31.

The remaining 2 unconsolidated subsidiaries as of March 31, 2024 are insignificant in terms of total assets, net sales, profit or loss and retained earnings and therefore have been excluded from consolidation.

The major unconsolidated subsidiary is listed below.

• Hermes Systems Inc.

(3) Elimination and consolidation

For the purpose of preparing the consolidated financial statements, all significant inter-company transactions, account balances and unrealized profits among the Companies have been entirely eliminated.

(4) Investments in unconsolidated subsidiaries and affiliates

The Company has 2 unconsolidated subsidiaries and 1 affiliate (influencing companies-companies whose financial and operating or business decision making can be influenced to a material degree, and which are not subsidiaries) at March 31, 2024.

The investments in 1 affiliate are accounted for using the equity method. Investments in unconsolidated subsidiaries not accounted for using the equity method are stated at cost less impairment loss, due to their insignificant effect on the consolidated financial statements.

The major affiliate accounted for by the equity method is listed below.

• Shindengen Mechatronics Co., Ltd.

(5) Translation of foreign currency financial statements (accounts of overseas subsidiaries)

Assets, liabilities and net assets of overseas subsidiaries are translated into Japanese yen using the exchange rates prevailing at the balance sheet date except shareholders' equity, which is translated at the historical rates.

Differences in Japanese yen amounts arising from the use of different exchange rates are presented as "Foreign currency translation adjustment" in the accompanying consolidated financial statements.

(6) Revaluation of assets and liabilities of subsidiaries

The Company adopts the "full fair value method" in which all assets and liabilities of the subsidiaries are remeasured at fair value as of the acquisition of the control.

(7) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash in hand, bank deposits, which are able to be withdrawn on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuation in value.

2. Summary of significant accounting policies

(1) Financial instruments

(A) Securities

Securities held by the Company and its subsidiaries are classified into two categories: "held-to maturity", or "available-for-sale securities". Held-to maturity securities are carried at cost.

Mark-to-market accounting is adopted for available-for-sale securities. In accordance with this method, these securities except for those other than shares which do not have a market price, are carried at fair value that is reasonably determinable based on current market quotes on the balance sheet date, with net unrealized gains and losses, net of related tax, reported separately in net assets. Realized gains or losses on securities sold are determined based on the moving-average method. Equity securities, etc. which do not have a market price are carried at cost, which is determined by the moving-average method.

In cases where the fair value of equity securities issued by unconsolidated subsidiaries and affiliates or available-for-sale securities has declined significantly and such impairment of the value is not deemed temporary, these securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

(B) Derivatives

All derivatives are carried at fair value, with changes in fair value included in net profit or loss for the period in which they arise, except for derivatives that are designated as "hedging instruments".

(2) Inventories

Inventories held by the Company and the domestic consolidated subsidiaries are carried at cost, which is determined principally by the average method (reducing book value of inventories when their contribution to profitability declines).

Inventories held by overseas consolidated subsidiaries are valued at the lower of cost or market value, which is determined by the moving average method.

(3) Depreciation method for tangible assets (excluding lease assets)

Depreciation for property, plant and equipment held by the Company and its domestic consolidated subsidiaries is calculated using the declining-balance method. Depreciation of property, plant and equipment located at Asaka plant and held by overseas consolidated subsidiaries is calculated primarily by the straight-line method.

The estimated useful lives of assets are principally as follows:

- Buildings - 3 to 50 years
- Machinery and equipment - 4 to 10 years

(4) Amortization method for intangible assets (excluding lease assets)

Amortization for software and other intangible assets is calculated based on the straight-line method over 5 years of their estimated useful lives.

(5) Depreciation method for lease assets

Depreciation for lease assets is calculated based on the straight-line method over the lease period assuming no residual value.

(6) Allowance for doubtful accounts

The allowance for doubtful accounts is calculated based on the aggregate amount of estimated credit losses for doubtful receivables plus an amount for receivables other than doubtful receivables calculated using historical write-off experience over a certain period.

(7) Provision for bonuses

Provision for bonuses is provided based on the amount of expected future payments of bonuses, attributable to the fiscal year.

(8) Provision for product warranties

The Company estimates and accrues the costs of warranty repair or replacement for products sold in reserve for future expenses.

(9) Retirement benefits

Accrued retirement benefits and prepaid pension cost for employees have been recorded mainly at the amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of balance sheet date. The retirement benefit obligation for employees is attributed to each period by the benefit formula method.

The unrecognized prior service costs are amortized on the straight-line basis over a term that does not exceed the average remaining service period of employees who are expected to receive benefits under the plans (mainly 13 years) from the year in which they arise, and unrecognized actuarial differences are amortized on the straight-line basis over a term that does not exceed the average remaining service period of employees who are expected to receive benefits under the plans (mainly 13 years) from the next year in which they arise.

(10) Accounting for significant revenue and expenses

The details of the main performance obligations in the major businesses related to revenue from contracts with customers and the timing at which the Companies typically satisfy these performance obligations (when the Companies typically recognizes revenue) are as follows:

The Companies are engaged in manufacturing and sales of semiconductor products at Electronic Device business, electric components at Car Electronics business, power supply products at Energy Systems & Solutions business, and sales of solenoid products at Solenoid business.

The Companies identify supplying the products to customers as a performance obligation and the performance obligation is deemed satisfied at a point in time when the customer obtains a control of those products and then the Companies recognize revenue. Since the time from shipment of the products until a control of the products is transferred to the customer is a normal time, the Companies recognize revenue at a point of shipment.

The Companies determine whether it is a principal or an agent considering principal responsibility of providing the products, inventory risk before providing the products, discretion, etc. As a result, revenue from dealings as a principal is recognized at the total amount of consideration received from the customers, but revenue from sales of the products in which the Companies are deemed to be an agent is recognized at the net amount of the amount received in exchange for the products provided by the other party less the amount to be paid to the other party concerned.

Consideration promised in a contract with a customer is usually received in a short-period period and does not include significant financial elements. Price concessions, returns of products, certain expenses to be paid to a customer for the purpose of sales promotion are deducted from the total amount of consideration in recognizing revenue. There is no contract including significant variable consideration.

(11) Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net profit or loss for the period. Assets and liabilities of overseas subsidiaries are translated into yen at the spot exchange rate on the balance sheet date of the foreign subsidiary. Revenues and expenses are translated into yen at the average exchange rate during the period, and translation differences are included in foreign currency translation adjustments in the net assets section.

(12) Hedge accounting

Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred. As for the hedge accounting method, special treatment is adopted for interest rate swaps that meet the requirements for special treatment. Hedging instruments are interest rate swap transactions and hedged items are interest of loans payable. The Companies enter into interest rate swap transactions in order to reduce future interest rate risks from financial liabilities.

(13) Income taxes

The income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local inhabitants' taxes and enterprise taxes.

The Companies adopt deferred tax accounting. Income taxes are determined using the asset and liability approach, whereby deferred tax assets and liabilities are recognized in respect of temporary differences between the tax bases of assets and liabilities and those as reported in the financial statements.

Deferred tax assets relating to tax loss carryforwards are recorded because the Japanese accounting standard requires that the benefit of tax loss carryforwards be estimated and recorded as an asset, with a deduction of the valuation allowance if it is expected that some portion or all of the deferred tax assets will not be realized.

(14) Profit attributable to owners of parent per share

Profit attributable to owners of parent per share is based upon the weighted average number of shares of common stock outstanding less the number of treasury stock during each period.

(15) Significant accounting estimates

(Recoverability of deferred tax assets)

Year ended March 31, 2024

① Amount recorded in the consolidated financial statements for the consolidated fiscal year ended March 31, 2024

Deferred tax assets (net) ¥325 million ($ 2,144 thousand)
Deferred tax assets (before offsetting deferred tax liabilities) ¥387 million ($ 2,553 thousand)

② Information related to the significant accounting estimates of recognized items

a. Calculation method

The deferred tax assets, which are determined to be effective to reduce future tax burden out of future deductible temporary differences and tax loss carryforwards, are recorded based on the estimation of the taxable income expected from the future business plan.

b. Key assumptions

The projection of taxable income is based on the business plan for the next consolidated fiscal year approved by the Board of Directors. The sales volume, which underlies this business plan, is based on forecasts that take into account past demand trends, market forecasts, and other factors.

c. Impact on consolidated financial statements for the next consolidated fiscal year

The estimation is based on information available at the date of the consolidated financial statements. However, it would have a significant impact on the consolidated financial statements for the next consolidated fiscal year in case sufficient taxable income cannot be earned due to changes in the assumptions or conditions underlying the estimates resulting from changes of future economic environment or in order environment, etc.

Year ended March 31, 2023

① Amount recorded in the consolidated financial statements for the consolidated fiscal year ended March 31, 2023

Deferred tax assets (net) ¥659 million
Deferred tax assets (before offsetting deferred tax liabilities) ¥1,969 million

② Information related to the significant accounting estimates of recognized items

a. Calculation method

The deferred tax assets, which are determined to be effective to reduce future tax burden out of future deductible temporary differences and tax loss carryforwards, are recorded based on the estimation of the taxable income expected from the future business plan.

b. Key assumptions

The projection of taxable income is based on the business plan for the next consolidated fiscal year approved by the Board of Directors. The sales volume and raw material prices, which underlies this business plan, are based on assumptions that take into account past demand trends, market forecasts, and market prices.

The Companies makes accounting estimates based on the assumption that the conditions in the 4th quarter of the fiscal year ending March 2023 would continue in the fiscal year ending March 2024, considering the available information.

c. Impact on consolidated financial statements for the next consolidated fiscal year

The estimation is based on information available at the date of the consolidated financial statements. However, it would have a significant impact on the consolidated financial statements for the next consolidated fiscal year in case sufficient taxable income cannot be earned due to changes in the assumptions or conditions underlying the estimates resulting from changes of future economic environment, etc.

(Impairment of fixed assets)

① Amount recorded in the consolidated financial statements for the consolidated fiscal year ended March 31, 2024

For the asset group in the Energy Systems & Solutions business, indications of impairment amounting to ¥1,200 million ($7,926 thousands) were identified on the book value of fixed assets due to ongoing operating losses. However, on the assessment to recognize an impairment loss, it was determined that the total undiscounted future cash flows from this asset group exceeded its book value. Therefore, no impairment loss has been recognized.

② Information related to the significant accounting estimates of recognized items

a. Calculation method

The Company organizes a group of assets based on management accounting categories, considering the mutual complementary cash flows from similar manufacturing processes. If there are indications of impairment, such as a decline in the profitability of an asset or asset group, or significant drop in market value, the Company assesses the need to recognize an impairment loss by comparing the total undiscounted future cash flows based on the asset group's business plan with the book value. If the total undiscounted future cash flows are less than the book value and it is determined to recognize an impairment loss, the Company will reduce the book value to the recoverable amount (the higher of the net realizable value or the value in use) and recognize the amount of this reduction as an impairment loss.

b. Key assumptions

The undiscounted future cash flow from the asset group is estimated for the period of the economic remaining useful lives of the major assets, based on the business plan for the next consolidated fiscal year approved by the Board of Directors. These estimates also incorporate the net realizable value based on real estate appraisal values. The quantities of sales utilized as a premise are determined on assumptions considering historical demand trends, market forecasts, and other relevant factors.

c. Impact on consolidated financial statements for the next consolidated fiscal year

The estimation is based on information available at the date of the consolidated financial statements. However, it would have a significant impact on the consolidated financial statements for the next consolidated fiscal year in case the assumptions or conditions underlying the estimates changes due to future economic environment or in order environment.

(Provision for product warranties)

① Amount recorded in the consolidated financial statements for the consolidated fiscal year ended March 31, 2024
Provision for product warranties ¥1,208 million ($ 7,978 thousand)

② Information related to the significant accounting estimates of recognized items

a. Calculation method

The Company estimates and accrues the costs of warranty repair or replacement for products sold in reserve for future expenses.

b. Key assumptions

The Company reasonably estimates its costs based on information such as the number of products that are expected to be repaired or replaced in the future, the cost of repair and replacement per unit, and proportion of liabilities between the Company and its customers. This information is based on assumptions that take into account past records of repair and replacement, as well as negotiations with customers.

c. Impact on consolidated financial statements for the next consolidated fiscal year

The estimation is based on information available at the date of the consolidated financial statements. However, it would have a significant impact on the consolidated financial statements for the next consolidated fiscal year in case the assumptions or conditions underlying the estimates change due to future repair or replacement work, or negotiations with customers.

(16) New Accounting Standards which have not been applied yet

On October 28, 2022, the ASBJ issued the following statements and guidance:

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

These standards and guidance define the accounting classifications for current income taxes, etc. when other comprehensive income is subject to income taxes and tax effect accounting for sales of shares of subsidiaries when the group taxation system is applied.
The Company expects to apply the accounting standard and guidance from April 1, 2024, and is in the process of measuring the effects of applying the accounting standards and guidance.

3. United States dollar amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥ 151.4=U.S. $ 1, the approximate rate of exchange prevailing at March 31, 2024 has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.

4. Cash flow information

Cash and cash equivalents as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Cash and deposits	¥26,341	¥25,147	$173,981
Time deposits maturing over three months	—	—	—
Cash and cash equivalents	¥26,341	¥25,147	$173,981

Significant finance lease transactions without cash flow for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Lease assets	¥182	¥76	$1,202
Lease obligations	199	84	1,311

5. Receivables arising from contracts with customers

Notes and accounts receivable – trade arising from contracts with customers are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Notes receivable	¥ 1,801	¥ 1,884	$ 11,897
Accounts receivable	16,266	17,537	107,435

6. Inventories

Inventories held by the Companies as of March 31, 2024 and 2023 are the follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Finished products	¥11,905	¥11,318	$ 78,637
Raw materials	19,899	17,465	131,433
Work in process	6,680	6,086	44,120
	¥38,484	¥34,869	$254,190

The cost of sales includes write-downs of inventories of ¥983 million ($6,493 thousand), and ¥726 million for the years ended March 31, 2024 and 2023, respectively, reflecting reduced profitability of inventory held for normal sales purposes. Negative amount is due to the reversal of write-downs at the end of the previous fiscal year.

7. Financial instruments

① Overview

(1) Policy for financial instruments

The Companies raise funds mainly through bank borrowings and issuing bonds. The Companies manage temporary cash surpluses through low-risk and short-term financial assets. The Companies uses derivatives for the purpose of reducing risks, and does not enter into derivatives for speculative purposes.

(2) Types of financial instruments and related risk

Trade receivables (notes and accounts receivable-trade) are exposed to credit risk in relation to customers. In addition, the Companies are exposed to foreign currency exchange risk arising from receivables denominated in foreign currencies.

Investment securities (mainly composed of the shares of common stock) are exposed to market risk.

Trade payables (notes and accounts payable-trade) have payment due dates within 1 year. Trade payables denominated in foreign currency are exposed to foreign currency exchange risk.

Short-term loans payables are raised mainly in connection with funding the working capital. Long-term loans payable, bonds payable, and lease obligations are taken out mainly for the purpose of making capital investments, settled within 10 years from the balance sheet date, and partially exposed to interest rate fluctuation risk.

Regarding derivatives, the Companies enter into forward foreign exchange contracts to reduce future foreign currency exchange risk arising from the receivables and payables denominated in foreign currencies. The forward exchange contracts volume is limited to the balance of each asset or liability denominated in foreign currencies. The Companies enter into interest rate swap transactions to reduce future interest rate risks deriving from financial assets or liabilities. The amount of the swap contracts is limited to the balance of the underlying financial assets or liabilities. Forward foreign exchange contracts are exposed to currency rate fluctuation risks. Interest rate swap transactions are exposed to interest rate risks.

Information regarding the method of hedge accounting, hedging instruments, hedged items, and hedging policy is disclosed in "Hedge accounting".

(3) Risk management for financial instruments

(A) Monitoring of credit risks (default of the customers, or other)

In accordance with the Company's internal rule "Management rule of operating receivables", the Sales Dept. and Finance Dept. periodically monitor the balance of transactions involving main customers, as a part of balance management, and grasp at an early stage any increase in customer credit risks from deterioration in financial condition or other phenomenon. In the subsidiary companies, there are almost the same management systems according to "Management rule of operating receivables". The Companies also believe that the credit risk of derivatives is insignificant as it enters into derivative transactions only with financial institutions which have a sound credit profile.

(B) Monitoring of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)

The Company has "Management rule of derivatives" that sets forth basic policy, procedures, and upper position limits on derivative transactions. Based on this rule, the Finance Dept. executes derivative contracts. The status of each transaction is reported at the board of director's meeting on a quarterly basis. The same rule is adopted and followed by its subsidiaries. For marketable securities and investment securities, the Company periodically reviews the fair values of such financial instruments and the financial position of the issuers. In addition, the Company monitors the market price for stocks with market values on a quarterly basis.

(C) Monitoring of liquidity risk (the risk that the Companies may not be able to meet their obligations on scheduled due dates)

The Company prepares and updates its cash flow plans on a timely basis, and maintains the liquidity on hand to manage liquidity risk.

(4) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value. In addition, the notional amounts of derivatives in Note 19, Derivatives and hedging activities, are not necessarily indicative of the actual market risk involved in derivative transactions.

② Estimated fair value of financial instruments

Carrying value, estimated fair value, and unrealized gain (loss) of financial instruments on the consolidated financial balance sheets as of March 31, 2024 and 2023 are as follows. Financial instruments for which it is extremely difficult to determine the fair value are not included (Please refer to Note 2 below).

	Millions of yen		
	2024		
	Carrying value	Estimated fair value	Unrealized gain (loss)
Investment securities*2	¥16,857	¥16,857	¥ —
Total assets	¥16,857	¥16,857	¥ —
(1) Bonds payable*3	2,350	2,253	(97)
(2) Long-term loans payable*4	35,580	35,122	(458)
(3) Lease obligations (long-term)*5	973	887	(86)
Total liabilities	¥38,903	¥38,262	(641)
Derivatives*6	¥ (6)	¥ (6)	¥ —

	Millions of yen		
	2023		
	Carrying value	Estimated fair value	Unrealized gain (loss)
Investment securities*2	¥11,276	¥11,276	¥ —
Total assets	¥11,276	¥11,276	¥ —
(1) Bonds payable*3	3,850	3,747	(103)
(2) Long-term loans payable*4	32,675	32,482	(193)
(3) Lease obligations (long-term)*5	1,004	938	(66)
Total liabilities	¥37,529	¥37,167	¥(362)
Derivatives*6	¥ (19)	¥ (19)	¥ —

	Thousands of U.S. dollars		
	2024		
	Carrying value	Estimated fair value	Unrealized gain (loss)
Investment securities*2	$111,338	$111,338	$ —
Total assets	$111,338	$111,338	—
(1) Bonds payable*3	15,522	14,881	(641)
(2) Long-term loans payable*4	235,006	231,978	(3,028)
(3) Lease obligations (long-term)*5	6,427	5,860	(567)
Total liabilities	$256,955	$252,719	$(4,236)
Derivatives*6	$ (40)	$ (40)	$ —

*1 "Cash and deposits," "Notes and accounts receivable-trade," "Income taxes receivable, " "Notes and accounts payable," "Short-term loans payable" and "Income taxes payable" are omitted since the fair value approximates the carrying amount and they are settled in a short-time period.

*2 Stocks which do not have a market risk are not included in "Investment securities" under the above table. The carrying amounts of such financial instruments are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Unlisted equity securities	¥1,617	¥3,600	$10,678

*3 Bonds payable include current portion of bonds payable.
*4 Long-term loans payable include current portion of long-term loans payable.
*5 Lease obligations include short-term lease obligations.
*6 The value of assets and liabilities arising from derivatives is shown at net value, and with the amount in parentheses representing net liability position.

Note 1. Redemption schedule for receivables.

Millions of yen

March 31, 2024	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	¥26,337	¥—	¥—	¥—
Notes and accounts receivable-trade	18,067	—	—	—
Total	¥44,404	¥—	¥—	¥—

Thousands of U.S. dollars

March 31, 2024	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	$173,955	$—	$—	$—
Notes and accounts receivable-trade	119,332	—	—	—
Total	$293,287	$—	$—	$—

Millions of yen

March 31, 2023	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	¥25,143	¥—	¥—	¥—
Notes and accounts receivable-trade	19,421	—	—	—
Total	¥44,564	¥—	¥—	¥—

Note 2. The redemption schedule for bonds payable, long-term loans payable, lease obligations (long-term), and other liabilities.

Millions of yen

March 31, 2024	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	¥6,355	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds payable	1,025	525	400	400	—	—
Long-term loans payable	—	7,260	6,725	6,250	4,030	4,960
Lease obligations (long-term)	446	207	92	46	36	146
Total	¥7,826	¥7,992	¥7,217	¥6,696	¥4,066	¥5,106

Millions of yen

March 31, 2023	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	¥5,895	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds payable	1,500	1,025	525	400	400	—
Long-term loans payable	—	6,355	5,940	4,965	4,490	5,030
Lease obligations (long-term)	375	308	141	64	23	94
Total	¥7,770	¥7,688	¥6,606	¥5,429	¥4,913	¥5,124

Thousands of U.S. dollars

March 31, 2024	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	$41,975	$ —	$ —	$ —	$ —	$ —
Bonds payable	6,770	3,468	2,642	2,642	—	—
Long-term loans payable	—	47,952	44,419	41,281	26,618	32,761
Lease obligations (long-term)	2,945	1,366	610	307	237	962
Total	$51,690	$52,786	$47,671	$44,230	$26,855	$33,723

③ Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments stated at the fair value in the consolidated balance sheet

Millions of yen

	Fair value			
March 31, 2024	Level 1	Level 2	Level 3	Total
Investment securities				
Stocks	¥16,857	¥—	¥—	¥16,857
Total assets	¥16,857	¥—	¥—	¥16,857
Derivatives				
Currency related	¥ —	¥6	¥—	¥ 6
Total liabilities	¥ —	¥6	¥—	¥ 6

Millions of yen

	Fair value			
March 31, 2023	Level 1	Level 2	Level 3	Total
Investment securities				
Stocks	¥11,276	¥ —	¥—	¥11,276
Total assets	¥11,276	¥ —	¥—	¥11,276
Derivatives				
Currency related	¥ —	¥19	¥—	¥ 19
Total liabilities	¥ —	¥19	¥—	¥ 19

Thousands of U.S. dollars

	Fair value			
March 31, 2024	Level 1	Level 2	Level 3	Total
Investment securities				
Stocks	$111,338	$—	$—	$111,338
Total assets	$111,338	$—	$—	$111,338
Derivatives				
Currency related	$ —	$40	$—	$40
Total liabilities	$ —	$40	$—	$40

(2) Financial instruments other than those stated at fair value in the consolidated balance sheet

Millions of yen

	Fair value			
March 31, 2024	Level 1	Level 2	Level 3	Total
Bonds payable	¥—	¥ 2,253	¥—	¥ 2,253
Long-term loans payable	—	35,122	—	35,122
Lease obligations	—	887	—	887
Total liabilities	¥—	¥38,262	¥—	¥38,262

Millions of yen

	Fair value			
March 31, 2023	Level 1	Level 2	Level 3	Total
Bonds payable	¥—	¥ 3,747	¥—	¥ 3,747
Long-term loans payable	—	32,482	—	32,482
Lease obligations	—	938	—	938
Total liabilities	¥—	¥37,167	¥—	¥37,167

Thousands of U.S. dollars

	Fair value			
March 31, 2024	Level 1	Level 2	Level 3	Total
Bonds payable	$—	$ 14,881	$—	$ 14,881
Long-term loans payable	—	231,978	—	231,978
Lease obligations	—	5,860	—	5,860
Total liabilities	$—	$252,719	$—	$252,719

Note: A description of the valuation technique(s) and inputs used in the fair value measurements

Investment securities:

The fair value of investment securities is measured at the quoted price. The fair value of listed stocks is classified as Level 1, since they are traded in active markets.

Derivatives:

The fair value of forward foreign exchange contracts is measured at the quoted price obtained from the third parties and classified as Level 2.

Bonds payable:

The fair value of bonds payable issued by the Companies is determined by discounted present value method based on the sum of the principal and interest and an interest rate considering the time to maturity and credit risk of the bonds payable and classified as Level 2.

Long-term loans payable and lease obligations:

The fair value of these items is determined by discounted present value method based on the sum of the principal and interest and an interest rate considering the time to maturity and credit risk of the bonds payable and classified as Level 2.

Long-term loans payable with variable interest rate are subject to special treatment of interest rate swaps. The fair value is measured at the present value of the sum of the principal and interest treated together with the relevant interest rate swaps discounted by an interest rate adding credit spread to the relevant index such as yields of Japanese government bonds, etc. The fair value is classified as Level 2.

8. Securities

Information regarding securities classified as held-to-maturity securities and available-for-sale securities (stocks) as of March 31, 2024 and 2023 are as follows:

Held-to-maturity securities
For the year ended March 31, 2024
Not applicable

For the year ended March 31, 2023
Not applicable

Available-for-sale securities (stocks)

Millions of yen

	2024		
	Carrying value	Acquisition cost	Unrealized gain (loss)
Available-for-sale securities with carrying values exceeding acquisition costs	¥16,857	¥7,357	¥9,500
Available-for-sale securities with carrying values not exceeding acquisition costs	—	—	—
Total	¥16,857	¥7,357	¥9,500

Millions of yen

	2023		
	Carrying value	Acquisition cost	Unrealized gain (loss)
Available-for-sale securities with carrying values exceeding acquisition costs	¥11,234	¥7,590	¥3,644
Available-for-sale securities with carrying values not exceeding acquisition costs	42	47	(5)
Total	¥11,276	¥7,637	¥3,639

	Thousands of U.S. dollars		
	2024		
	Carrying value	Acquisition cost	Unrealized gain (loss)
Available-for-sale securities with carrying values exceeding acquisition costs	**$111,338**	**$48,595**	**$62,743**
Available-for-sale securities with carrying values not exceeding acquisition costs	**—**	**—**	**—**
Total	**$111,338**	**$48,595**	**$62,743**

Available-for-sale securities sold during the consolidated fiscal year

	Millions of yen		
	2024		
	Sale amount	Total gain on sales	Total loss on sales
Stocks	**¥572**	**¥294**	**¥—**
Debentures	**—**	**—**	**—**
Others	**—**	**—**	**—**
Total	**¥572**	**¥294**	**¥—**

	Millions of yen		
	2023		
	Sale amount	Total gain on sales	Total loss on sales
Stocks	¥123	¥67	¥—
Debentures	—	—	—
Others	—	—	—
Total	¥123	¥67	¥—

	Thousands of U.S. dollars		
	2024		
	Sale amount	Total gain on sales	Total loss on sales
Stocks	**$3,781**	**$1,944**	**$—**
Debentures	**—**	**—**	**—**
Others	**—**	**—**	**—**
Total	**$3,781**	**$1,944**	**$—**

9. Accumulated depreciation

The accumulated depreciation of property, plant and equipment as of March 31, 2024 and 2023 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Property, plant and equipment	**¥96,716**	¥92,547	**$638,808**

10. Short-term borrowings and long-term debt

Short-term borrowings and long-term debt at March 31, 2024 and 2023 are as follow:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Current portion of long-term debt	**¥ 6,355**	¥ 5,895	**$ 41,975**
Current portion of bonds	**1,025**	1,500	**6,770**
Current portion of lease obligations	**446**	375	**2,945**
Long-term debt	**31,077**	29,760	**205,265**
	¥38,903	¥37,530	**$256,955**

Long-term debt as of March 31, 2024 and 2023 are as follow:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Long-term loans from banks and other financial institutions	**¥35,580**	¥32,675	**$235,006**
0.230% bonds due June 30, 2023	**—**	25	**—**
0.140% bonds due June 30, 2023	**—**	75	**—**
0.051% bonds due March 29, 2024	**—**	200	**—**
0.059% bonds due June 28, 2024	**100**	300	**661**
0.250% bonds due June 28, 2024	**25**	125	**165**
0.330% bonds due June 30, 2025	**125**	225	**826**
0.072% bonds due March 31, 2025	**200**	400	**1,321**
0.082% bonds due June 30, 2025	**300**	500	**1,982**
0.370% bonds due March 24, 2028	**1,600**	2,000	**10,567**
Lease obligations	**973**	1,005	**6,427**
	38,903	37,530	**256,955**
Less: Current portion	**(7,826)**	(7,770)	**(51,690)**
	¥31,077	¥29,760	**$205,265**

The approximate weighted average interest rate of long-term loans from banks as of March 31, 2024 is 0.825%.

The aggregate annual maturity of long-term debt outstanding as of March 31, 2024 (except within one year) is as follows:

Fiscal year meeting maturity period	Millions of yen	Thousands of U.S. dollars
FY 2026 ended March 31	¥7,992	$52,786
FY 2027 ended March 31	7,217	47,671
FY 2028 ended March 31	6,696	44,230
FY 2029 ended March 31	4,066	26,855
After April 1 2029	5,106	33,723

11. Retirement plans and severance indemnities

The Company and its consolidated domestic subsidiaries have a funded pension program to cover the employees' retirement benefits. The amount of such retirement benefits is determined by reference to the latest rate of pay, length of service and conditions under which retirement occurs.

Certain overseas subsidiaries provide defined contribution pension plans or defined benefit plans.

The changes in the retirement benefit obligation during the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Balance at the beginning of the year	**¥24,091**	¥27,866	**$159,119**
Service cost	**1,129**	1,193	**7,455**
Interest cost	**83**	87	**547**
Actuarial gain or loss	**(1,630)**	(403)	**(10,769)**
Retirement benefit paid	**(1,049)**	(675)	**(6,927)**
Past service cost	**—**	(4,029)	**—**
Other	**103**	52	**684**
Balance at the end of the year	**¥22,727**	¥24,091	**$150,109**

Certain consolidated subsidiaries adopt a simple method in determining the retirement benefit obligation.

The changes in plan assets during the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Balance at the beginning of the year	**¥15,586**	¥15,686	**$102,947**
Expected return on plan assets	**59**	50	**389**
Actuarial gain or loss	**1,453**	(411)	**9,596**
Contributions by the Company	**662**	701	**4,370**
Retirement benefits paid	**(669)**	(446)	**(4,416)**
Other	**86**	6	**571**
Balance at the end of the year	**¥17,177**	¥15,586	**$113,457**

Certain consolidated subsidiaries adopt a simple method.

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2024 and 2023 for the Company's and consolidated subsidiaries' defined benefit plans.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Funded retirement benefit obligation	**¥14,666**	¥15,450	**$ 96,872**
Plan assets as fair value	**(17,177)**	(15,586)	**(113,457)**
	(2,511)	(136)	**(16,585)**
Unfunded retirement benefit obligation	**8,060**	8,641	**53,237**
Net liability for retirement benefits in the balance sheet	**5,549**	8,505	**36,653**
Liability for retirement benefits	**5,695**	8,595	**37,614**
Asset for retirement benefits	**(146)**	(90)	**(961)**
Net liability for retirement benefits in the balance sheet	**¥ 5,549**	¥ 8,505	**$ 36,653**

The components of retirement benefit expense for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Service cost	**¥1,129**	¥1,193	**$7,455**
Interest cost	**83**	87	**547**
Expected return on plan assets	**(59)**	(50)	**(389)**
Amortization of actuarial difference	**97**	181	**639**
Amortization of prior service cost	**(296)**	(170)	**(1,953)**
Other	**(40)**	16	**(259)**
Retirement benefit expense	**¥ 914**	¥1,257	**$6,040**

The components of retirement benefits liability adjustments (before tax effect), included in other comprehensive income (loss) for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Actuarial difference	**¥3,174**	¥ 167	**$20,959**
Prior service cost	**(296)**	3,777	**(1,953)**
Total	**¥2,878**	¥3,944	**$19,006**

The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Unrecognized prior service cost	**¥(3,418)**	¥(3,714)	**$(22,578)**
Unrecognized actuarial difference	**(3,922)**	(749)	**(25,904)**
Total	**¥(7,340)**	¥(4,463)	**$(48,482)**

The fair value of plan assets, by major categories, as a percentage of total plan assets as of March 31, 2024 and 2023 are as follows:

	2024	2023
Bonds	**52%**	69%
Stocks	**24%**	14%
Cash on hand and in banks	**13%**	4%
Other	**11%**	13%
Total	**100%**	100%

The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans were as follows:

	2024	2023
Discount rates	**0.3%-1.2%**	0.2%-0.3%
Expected rates of return on plan assets	**0.2%-0.3%**	0.2%-0.3%
Expected future salary increases rates	**1.9%-3.4%**	2.1%-3.4%

The Company and certain consolidated subsidiaries' contributions for defined contribution plans are as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Defined contribution plans	¥173	¥164	$1,140

12. Investments in unconsolidated subsidiaries and affiliates

Investments in unconsolidated subsidiaries and affiliates as of March 31, 2024 and 2023 are as follow:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Investments in securities (Stocks)	¥1,525	¥3,510	$10,070

13. Contingent liabilities

The Companies are contingently liable for guarantees of housing loans of employees as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Housing loans of employees	¥4	¥6	$26

14. Income taxes

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries consist of corporation tax, inhabitants' taxes and enterprise tax, which, in the aggregate, resulted in a statutory rate of approximately 30.6% for the years ended March 31, 2024 and 2023. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The reconciliation between the effective tax rates reflected in the consolidated statement of income and the effective statutory tax rate for the years ended March 31, 2024 and 2023 is as follows:

	2024	2023
Statutory tax rate	30.6%	30.6%
(Reconciliation items)		
Non-deductible items such as entertainment	1.0	0.4
Non-taxable items such as dividend received	(27.2)	(5.5)
Change in valuation allowance	78.5	16.2
Dividend received from consolidated subsidiaries	26.7	3.9
Different tax rate applied to overseas consolidated subsidiaries	(22.0)	(7.3)
Income tax for unrealized margin relating to inventories	13.6	(1.1)
Retained earnings of subsidiaries and affiliates	(47.8)	21.3
Income taxes for prior periods	14.9	—
Share of profit(loss) of entities accounted for using equity method	44.2	1.0
Foreign withholding tax	33.5	3.7
Others	1.3	(3.6)
Effective tax rate	147.3%	59.6%

The significant components of deferred tax assets and liabilities as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Deferred tax assets:			
Liability for retirement benefits	¥ 3,426	¥ 3,851	$ 22,628
Provision for product warranties	370	362	2,443
Depreciation and amortization	1,155	1,178	7,627
Provision for bonuses	264	301	1,741
Allowance for doubtful accounts	17	14	114
Loss on valuation of inventories	519	470	3,429
Impairment loss	486	424	3,211
Loss on valuation of shares of subsidiaries and associates	508	508	3,355
Loss carried forward for tax purposes	1,337	1,247	8,830
Other	1,589	1,543	10,499
Subtotal of deferred tax assets	9,671	9,898	63,877
Valuation allowance for net operating loss carryforwards	(1,318)	(1,246)	(8,703)
Valuation allowance for deductible temporary differences (Note 1)	(7,966)	(6,683)	(52,621)
Less valuation allowance	(9,284)	(7,929)	(61,324)
Total of deferred tax assets	387	1,969	2,553
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(2,873)	(1,080)	(18,976)
Asset retirement obligations	(193)	(188)	(1,274)
Retained earnings of subsidiaries and affiliates	(487)	(1,088)	(3,217)
Other	(271)	(1,660)	(1,787)
Total of deferred tax liabilities	(3,824)	(4,017)	(25,254)
Net deferred tax (liabilities) assets	¥(3,437)	¥(2,048)	$(22,701)

Notes: 1. The movement in valuation allowances is mainly due to the deferred tax assets recorded by the domestic consolidated subsidiary being fully applied to valuation allowance in the current period.
2. A breakdown of net operating loss carryforwards and valuation allowance by expire dates as of March 31, 2024 and 2023 is as follows;

Millions of yen

March 31, 2024	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Net operating loss carryforwards (a)	¥—	¥—	¥—	¥—	¥2	¥1,335	¥1,337
Valuation allowance	—	—	—	—	1	1,317	1,318
Deferred tax asset	—	—	—	—	0	19	19

Millions of yen

March 31, 2023	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Net operating loss carryforwards (a)	¥—	¥—	¥—	¥1	¥—	¥1,246	¥1,247
Valuation allowance	—	—	—	1	—	1,245	1,246
Deferred tax asset	—	—	—	—	—	0	0

Thousands of U.S. dollars

March 31, 2024	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Net operating loss carryforwards (a)	$—	$—	$—	$—	$11	$8,819	$8,830
Valuation allowance	—	—	—	—	10	8,693	8,703
Deferred tax asset	—	—	—	—	2	125	127

(a) The amount is determined by multiplying the corresponding net operating loss carryforwards by the effective statutory tax rate.

15. Major items in selling, general and administrative expenses

Major items in selling, general and administrative expenses for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Freight and transportation	¥2,107	¥2,874	$13,920
Employees' salaries and wages	3,368	3,124	22,248
Provision for bonuses	140	164	927
Net pension expenses related to retirement benefits	160	208	1,058
Research and development expenses	2,109	2,249	13,930

16. Research and development expenses

Research and development expenses charged to income for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Research and development expenses	¥5,611	¥4,677	$37,062

17. Impairment loss

For the year ended March 31, 2024 and 2023, the Company recognized impairment loss on the following asset groups.

(Summary of assets group which recognized impairment loss)
For the year ended March 31, 2024

Use	Type of assets	Location	Millions of yen	Thousands of U.S. dollars
Idle assets	Land	Hidaka-shi, Saitama-ken	¥89	$589
Idle assets	Land	Fukaya-shi, Saitama-ken	43	290
Idle assets	Land	Kofu-shi, Yamanashi-ken	10	64
Idle assets	Construction in progress	Higashine-shi, Yamagata-ken	9	57

(Recognition of impairment loss)
For the year ended March 31, 2024, the carrying amount of idle assets is reduced to the recoverable amount, due to a decline in the fair value. As a result, the Company recognizes impairment loss.

The details of impairment loss are as follows;

For the year ended March 31, 2024

Type of assets	Millions of yen	Thousands of U.S. dollars
Land	¥142	$943
Construction in progress	9	57
Total	¥151	$1,000

(Assets grouping)
The assets grouping is based on the management accounting classification, taking into account the cash flow interaction from the similarity of manufacturing processes. The idle assets are grouped individually by each property.

(Calculation of recoverable amount)
The recoverable amount of the idle assets is measured at the net sales value primarily calculated in accordance with *"Japanese Real Estate Appraisal Standards"* and adjusted by *"assessed value of fixed assets under property tax"*.

(Summary of assets group which recognized impairment loss)
For the year ended March 31, 2023

Use	Type of assets	Location	Millions of yen
Idle assets	Land, buildings, etc.	Kofu-shi, Yamanashi-ken	¥321

(Recognition of impairment loss)
For the year ended March 31, 2023, the carrying amount of idle assets is reduced to the recoverable amount, due to a decline in the fair value. As a result, the Company recognizes impairment loss.

The details of impairment loss are as follows;
For the year ended March 31, 2023

Type of assets	Millions of yen
Land	¥300
Building	11
Structure	8
Total	¥321

(Assets grouping)
The assets grouping is based on the management accounting classification, taking into account the cash flow interaction from the similarity of manufacturing processes. The grouping of idle assets is identified individually by each property.

(Calculation of recoverable amount)
The recoverable amount of the idle assets is measured at the net sales value primarily calculated in accordance with *"Japanese Real Estate Appraisal Standards"* and adjusted by *"assessed value of fixed assets under property tax"*.

18. Comprehensive income

Reclassifications adjustments and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Valuation difference on available-for-sale securities			
Amount arising during the year	**5,566**	¥ 176	**36,764**
Reclassification adjustments to profit or loss	**294**	67	**1,944**
Amount before income tax effect	**5,860**	243	**38,708**
Income tax effect	**(1,793)**	(81)	**(11,841)**
Total	**4,067**	162	**26,867**
Foreign currency translation adjustment			
Amount arising during the year	**2,187**	1,749	**14,445**
Remeasurements of defined benefit plans amount arising during the year	**3,077**	3,933	**20,320**
Reclassification adjustments to profit or loss	**(199)**	11	**(1,314)**
Amount before income tax effect	**2,878**	3,944	**19,006**
Income tax effect	**1,018**	(1,182)	**6,725**
Total	**3,896**	2,762	**25,731**
Share of other comprehensive income of entities accounted for using equity method amount arising during the year	**1**	15	**5**
Reclassification adjustments to profit or loss	**267**	—	**1,767**
Total	**268**	15	**1,772**
Total other comprehensive income	**10,418**	¥4,688	**68,814**

19. Derivatives and hedging activities

Outstanding forward currency exchange contracts at March 31, 2024 and 2023 are follows, except for transactions accounted for using hedge accounting.

	Millions of yen		
At March 31, 2024	Notional amount	Fair value	Unrealized gain (loss)
Forward currency exchange contracts:			
Sell			
Thai Baht	**¥1,422**	**¥(5)**	**¥(5)**
Indonesian Rupiah	**779**	**(1)**	**(1)**

	Millions of yen		
At March 31, 2023	Notional amount	Fair value	Unrealized gain (loss)
Forward currency exchange contracts:			
Sell			
Thai Baht	¥1,449	¥(19)	¥(19)

	Thousands of U.S. dollars		
At March 31, 2024	Notional amount	Fair value	Unrealized gain (loss)
Forward currency exchange contracts:			
Sell			
Thai Baht	**$9,395**	**$(34)**	**$(34)**
Indonesian Rupiah	**5,145**	**(6)**	**(6)**

(Calculation of fair value)
Forward currency exchange contracts
The estimated fair value of these forward currency exchange contracts is determined using forward foreign exchange rate at March 31, 2024 and 2023.

Interest rate swap contracts accounted for using hedge accounting at March 31, 2024 and 2023 are as follows:

	Millions of yen		
At March 31, 2024	Notional amount	Maturing after one year	Fair value
Interest rate swap contracts:			
Receive floating and pay fixed: (Note)			
Long-term loans payable	**¥8,850**	**¥7,640**	**¥—**

	Millions of yen		
At March 31, 2023	Notional amount	Maturing after one year	Fair value
Interest rate swap contracts:			
Receive floating and pay fixed: (Note)			
Long-term loans payable	¥5,200	¥1,150	¥—

	Thousands of U.S. dollars		
At March 31, 2024	Notional amount	Maturing after one year	Fair value
Interest rate swap contracts:			
Receive floating and pay fixed: (Note)			
Long-term loans payable	**$58,454**	**$50,462**	**$—**

Note: Interest rate swap contracts which qualify for hedge accounting and meet specific matching criteria are not re-measured at market value and the fair value of such interest rate swap contracts are included in that of the long-term loans payable.

20. Lease transactions

1. Finance lease transactions
Finance lease transactions without ownership transfer
(1) Details of leased assets
The leased tangible assets are principally research and development equipment (machinery), and the leased intangible asset is software.
(2) Depreciation method of leased assets
As noted in Note 2 (5) Depreciation method of leased assets

2. Operating lease transactions
Future minimum lease payments required under non-cancellable operating lease transactions

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Due within one year	**¥121**	¥—	**$ 799**
Due after one year	**121**	—	**802**
Total	**¥242**	¥—	**$1,601**

21. Revenue recognition

(1) Information about breakdown of revenue from contracts with customers

Millions of yen

For the year ended March 31, 2024	Reportable segment: Electronic Device	Car Electronics	Energy Systems & Solutions	Total	Other (Note)	Total
Location of customers						
Japan	**¥18,030**	**¥ 8,607**	**¥ 6,600**	**¥ 33,237**	**¥ 65**	**¥ 33,302**
Thailand	**480**	**8,789**	**—**	**9,269**	**—**	**9,269**
Indonesia	**60**	**14,307**	**—**	**14,367**	**—**	**14,367**
Vietnam	**31**	**7,574**	**—**	**7,605**	**—**	**7,605**
India	**95**	**12,879**	**—**	**12,974**	**—**	**12,974**
China, including Taiwan	**5,940**	**3,364**	**—**	**9,304**	**14**	**9,318**
Other Asia	**5,690**	**3**	**—**	**5,693**	**18**	**5,711**
Other area	**1,917**	**7,758**	**—**	**9,675**	**40**	**9,715**
Revenue from contracts with customers	**¥32,243**	**¥63,281**	**¥ 6,600**	**¥102,124**	**¥137**	**¥102,261**
Other revenue	**—**	**—**	**—**	**—**	**—**	**—**
Sales to external customers	**¥32,243**	**¥63,281**	**¥ 6,600**	**¥102,124**	**¥137**	**¥102,261**

Millions of yen

For the year ended March 31, 2023	Reportable segment: Electronic Device	Car Electronics	Energy Systems & Solutions	Total	Other (Note)	Total
Location of customers						
Japan	¥20,515	¥ 7,769	¥6,639	¥ 34,923	¥ 72	¥ 34,995
Thailand	504	9,901	—	10,405	—	10,405
Indonesia	56	13,140	—	13,196	—	13,196
Vietnam	41	8,745	—	8,786	—	8,786
India	49	9,990	—	10,039	—	10,039
China, including Taiwan	8,156	2,000	—	10,156	26	10,182
Other Asia	6,118	5	—	6,123	17	6,140
Other area	1,793	5,434	—	7,227	37	7,264
Revenue from contracts with customers	¥37,232	¥56,984	¥6,639	¥100,855	¥152	¥101,007
Other revenue	—	—	—	—	—	—
Sales to external customers	¥37,232	¥56,984	¥6,639	¥100,855	¥152	¥101,007

Thousands of U.S. dollars

For the year ended March 31, 2024	Reportable segment: Electronic Device	Car Electronics	Energy Systems & Solutions	Total	Other (Note)	Total
Location of customers						
Japan	**$119,087**	**$ 56,850**	**$43,595**	**$219,532**	**$428**	**$219,960**
Thailand	**3,170**	**58,049**	**—**	**61,219**	**—**	**61,219**
Indonesia	**394**	**94,500**	**—**	**94,894**	**—**	**94,894**
Vietnam	**203**	**50,027**	**—**	**50,230**	**—**	**50,230**
India	**630**	**85,064**	**—**	**85,694**	**—**	**85,694**
China, including Taiwan	**39,232**	**22,219**	**—**	**61,451**	**98**	**61,549**
Other Asia	**37,584**	**19**	**—**	**37,603**	**116**	**37,719**
Other area	**12,665**	**51,245**	**—**	**63,910**	**262**	**64,172**
Revenue from contracts with customers	**$212,965**	**$417,973**	**$43,595**	**$674,533**	**$904**	**$675,437**
Other revenue	**—**	**—**	**—**	**—**	**—**	**—**
Sales to external customers	**$212,965**	**$417,973**	**$43,595**	**$674,533**	**$904**	**$675,437**

Note: "Other" refers to business segment which does not belong to any other segment and includes Solenoid business, etc.

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

Basic information to understand revenue from contracts with customers is the same as described in Note 2(10).

(3) A reconciliation of satisfaction of performance obligations based on contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue arising from contracts with customers existing at March 31, 2024 expected to be recognized in the following fiscal years

a. Balance of contract liabilities

Contract liabilities of the Companies are omitted since the balance is immaterial and significant changes have not been incurred. In addition, there is no significant amount of revenue recognized during the fiscal year ended March 31, 2024 from performance obligations satisfied (fully or partially) in the past periods.

b. Transaction price allocated to remaining performance obligations

The transaction price allocated to remaining performance obligations of the Companies is omitted applying practical expedient since there is no material contract whose contract term expected initially is exceeding one year. In addition, there is no material amount excluded from the transaction price in the amount of consideration arising from contracts with customers.

22. Segment information

(1) Reportable segment overview

The Companies' reportable operating segments are components of an entity for which separate financial information is available, and they are evaluated regularly by the board of directors in determining the allocation of management resources and in assessing performance.

The Companies formulate comprehensive domestic and overseas strategies for the products that its business divisions provide.

The Companies' business is organized into three reportable segments — Electronic Device business, Car Electronics business, and Energy Systems & Solutions business which form the base of its business divisions.

The Electronic Device business manufactures diodes, thyristors, power MOSFET, high-withstand voltage power ICs and power modules. The Car Electronics business mainly manufactures electronics components for motorcycles and automobiles, along with general purpose inverters.

The Energy Systems & Solutions business primarily manufactures power supply units for communication equipment, as well as chargers for electric and plug-in hybrid vehicles.

The classification of our reporting segments has been changed from this consolidated fiscal year. The Energy Systems & Solutions business has been categorized as a reporting segment due to its increase in quantitative materiality. Consequently, our reporting segments have been updated from the previous two segments, Electronic Device business and Car Electronics business, to three segments, Electronic Device business, Car Electronics business, and Energy Systems & Solutions business. The segment information for the previous consolidated fiscal year has been restated based on the new segment classification.

(2) Method of calculating sales, income (loss), identifiable assets/liabilities and other items by reportable segment

The accounting method for calculating sales, income (loss), identifiable assets / liabilities and other items by reportable segment is based on the same method applied to consolidated financial statements. Income by reportable segment is based on operating income. In addition, inter-segment sales and transfers are primarily based on market prices or manufacturing costs.

(3) Net sales and income or loss and assets by reportable segment

Millions of yen

For the year ended March 31, 2024	Reportable segment: Electronic Device	Car Electronics	Energy Systems & Solutions	Total	Other (Note 1)	Total	Adjustments and Eliminations (Note 2)	Consolidated (Note 3)
Sales								
Outside customers	**¥32,243**	**¥63,281**	**¥6,600**	**¥102,124**	**¥137**	**¥102,261**	**¥ —**	**¥102,261**
Inter-segment	**7,387**	**2**	**—**	**7,389**	**—**	**7,389**	**(7,389)**	**—**
Total	**39,630**	**63,283**	**6,600**	**109,513**	**137**	**109,650**	**(7,389)**	**102,261**
Segment income (loss)	**(1,193)**	**7,021**	**(115)**	**5,713**	**45**	**5,758**	**(4,479)**	**1,279**
Segment assets	**48,791**	**50,920**	**8,126**	**107,837**	**365**	**108,202**	**36,467**	**144,669**
Depreciation and amortization	**2,958**	**2,207**	**197**	**5,362**	**—**	**5,362**	**166**	**5,528**
Increase in property, plant and equipment and intangible assets	**3,020**	**1,310**	**125**	**4,455**	**—**	**4,455**	**136**	**4,591**

Thousands of U.S. dollars

For the year ended March 31, 2024	Reportable segment: Electronic Device	Reportable segment: Car Electronics	Reportable segment: Energy Systems & Solutions	Reportable segment: Total	Other (Note 1)	Total	Adjustments and Eliminations (Note 2)	Consolidated (Note 3)
Sales								
Outside customers	$212,965	$417,973	$43,595	$674,533	$ 904	$675,437	$ —	$675,437
Inter-segment	48,791	15	—	48,806	—	48,806	(48,806)	—
Total	261,756	417,988	43,595	723,339	904	724,243	(48,806)	675,437
Segment income (loss)	(7,880)	46,372	(761)	37,731	297	38,028	(29,581)	8,447
Segment assets	322,266	336,327	53,672	712,265	2,413	714,678	240,866	955,544
Depreciation and amortization	19,538	14,576	1,300	35,414	—	35,414	1,099	36,513
Increase in property, plant and equipment and intangible assets	19,945	8,652	826	29,423	—	29,423	901	30,324

Notes: 1. The "Other" category refers to business activities not included in the reportable segments, such as Solenoid business.
2. Details of "Adjustments and eliminations" are below:
(1) Segment loss totaling ¥-4,479 million ($-29,581 thousands) posted under "Adjustments and eliminations" includes "Corporate expenses" that have not been allocated to the reportable segment. "Corporate expenses" are primarily general and administrative expenses that cannot be attributed to any reportable segments.
(2) Segment assets totaling ¥36,467 million ($240,866 thousands) posted under "Adjustments and eliminations" comprise corporate assets of ¥36,445 million ($240,722 thousands) not allocated to the reportable segments and other adjustments of ¥22 million ($144 thousands).
(3) Depreciation and amortization totaling ¥166 million ($1,099 thousands) posted under "Adjustments and eliminations" mainly comprises corporate expenses not attributable to the reportable segments.
(4) The increases in property, plant and equipment and intangible assets totaling ¥136 million ($901 thousands) posted under "Adjustments and eliminations" mainly comprises corporate assets not attributable to the reportable segments.
3. Segment income (loss) is adjusted to operating income stated on the Consolidated Statement of Income and Comprehensive Income for the year ended March 31, 2024

Millions of yen

For the year ended March 31, 2023	Reportable segment: Electronic Device	Reportable segment: Car Electronics	Reportable segment: Energy Systems & Solutions	Reportable segment: Total	Other (Note 1)	Total	Adjustments and Eliminations (Note 2)	Consolidated (Note 3)
Sales								
Outside customers	¥37,233	¥56,984	¥6,639	¥100,856	¥151	¥101,007	¥ —	¥101,007
Inter-segment	6,879	6	—	6,885	—	6,885	(6,885)	—
Total	44,112	56,990	6,639	107,741	151	107,892	(6,885)	101,007
Segment income (loss)	2,945	5,281	(119)	8,107	47	8,154	(4,533)	3,621
Segment assets	47,366	45,722	8,636	101,724	346	102,070	36,023	138,093
Depreciation and amortization	3,131	2,161	238	5,530	—	5,530	184	5,714
Increase in property, plant and equipment and intangible assets	2,597	2,008	178	4,783	—	4,783	142	4,925

Notes: 1. The "Other" category refers to business activities not included in the reportable segments, such as Solenoid business.
2. Details of "Adjustments and eliminations" are below:
(1) Segment loss totaling ¥4,533 million posted under "Adjustments and eliminations" includes "Corporate expenses" that have not been allocated to the reportable segment. "Corporate expenses" are primarily general and administrative expenses that cannot be attributed to any reportable segments.
(2) Segment assets totaling ¥36,023 million posted under "Adjustments and eliminations" comprise corporate assets of ¥35,781 million not allocated to the reportable segments and other adjustments of ¥241 million.
(3) Depreciation and amortization totaling ¥184 million posted under "Adjustments and eliminations" mainly comprises corporate expenses not attributable to the reportable segments.
(4) The increases in property, plant and equipment and intangible assets totaling ¥142 million posted under "Adjustments and eliminations" mainly comprises corporate assets not attributable to the reportable segments.
3. Segment income (loss) is adjusted to operating income stated on the Consolidated Statement of Income and Comprehensive Income for the year ended March 31, 2023

(Related Information)

1. Information by finished product and service

The corresponding information is identical to data disclosed under "Segment Information." Accordingly, this information has been omitted.

2. Information by geographic segment

(1) Net sales

For the year ended March 31, 2024

Millions of yen

Japan	Indonesia	China, including Taiwan	Thailand	India	Vietnam	Asia (other)	Other area	Total
¥33,302	¥14,367	¥9,318	¥9,269	¥12,974	¥7,605	¥5,711	¥9,715	¥102,261

For the year ended March 31, 2023

Millions of yen

Japan	Indonesia	China, including Taiwan	Thailand	India	Vietnam	Asia (other)	Other area	Total
¥34,995	¥13,196	¥10,182	¥10,404	¥10,040	¥8,786	¥6,140	¥7,264	¥101,007

For the year ended March 31, 2024

Thousands of U.S. dollars

Japan	Indonesia	China, including Taiwan	Thailand	India	Vietnam	Asia (other)	Other area	Total
$219,960	$94,894	$61,549	$61,219	$85,694	$50,230	$37,719	$64,172	$675,437

Note: Net sales are based on the location of customers classified according to country or region.

(2) Property, plant and equipment

As of March 31, 2024

Millions of yen

Japan	India	Thailand	Asia (other)	Other area	Total
¥25,126	¥3,089	¥2,881	¥3,975	¥51	¥35,122

As of March 31, 2023

Millions of yen

Japan	India	Thailand	Asia (other)	Other area	Total
¥25,835	¥2,921	¥2,994	¥3,767	¥36	¥35,553

As of March 31, 2024

Thousands of U.S. dollars

Japan	India	Thailand	Asia (other)	Other area	Total
$165,956	$20,401	$19,028	$26,252	$344	$231,981

(3) Information by major customer

For the years ended March 31, 2024 and 2023, the major customer that accounted for 10% or more of total net sales recorded in the Consolidated Statements of Income and Comprehensive Income is as follows.

For the year ended March 31, 2024

Millions of yen

Major Customer	Net Sales	Segment
PT Astra Honda Motor	¥12,083	Car Electronics

For the year ended March 31, 2023

Millions of yen

Major Customer	Net Sales	Segment
PT Astra Honda Motor	¥11,425	Car Electronics

For the year ended March 31, 2024

Thousands of U.S. dollars

Major Customer	Net Sales	Segment
PT Astra Honda Motor	$79,807	Car Electronics

For the year ended March 31, 2024

Millions of yen

	Electronic Device	Car Electronics	Energy Systems & Solutions	Other	Whole company and Eliminations	Total
Impairment loss	¥—	¥44	¥—	¥—	¥107	¥151

For the year ended March 31, 2023

Millions of yen

	Electronic Device	Car Electronics	Energy Systems & Solutions	Other	Whole company and Eliminations	Total
Impairment loss	¥—	¥—	¥—	¥—	¥321	¥321

For the year ended March 31, 2024

Thousands of U.S. dollars

	Electronic Device	Car Electronics	Energy Systems & Solutions	Other	Whole company and Eliminations	Total
Impairment loss	$—	$290	$—	$—	$710	$1,000

(Information of amortization and balance of goodwill by reportable segment)

For the year ended March 31, 2024

Not applicable

For the year ended March 31, 2023

Not applicable

23. Consolidated statements of changes in net assets

(1) Categories and numbers of stock issued

For the year ended March 31, 2024

Thousands of shares

	Number of shares at beginning of the year	Increase in numbers of shares	Decrease in numbers of shares	Number of shares at end of the year
(Shares issued)				
Common stock	**10,339**	**—**	**—**	**10,339**
Total	**10,339**	**—**	**—**	**10,339**

For the year ended March 31, 2023

Thousands of shares

	Number of shares at beginning of the year	Increase in numbers of shares	Decrease in numbers of shares	Number of shares at end of the year
(Shares issued)				
Common stock	10,339	—	—	10,339
Total	10,339	—	—	10,339

(2) Categories and numbers of treasury stock

For the year ended March 31, 2024

Thousands of shares

	Number of shares at beginning of the year	Increase in numbers of shares	Decrease in numbers of shares	Number of shares at end of the year
(Shares of treasury stock)				
Common stock	**30**	**0**	**4**	**26**
Total	**30**	**0**	**4**	**26**

Note: The increase in the number of shares is due to purchase of fractional shares.
The decrease in the number of share is due to disposal of treasury stock with restricted stock compensation.

For the year ended March 31, 2023

Thousands of shares

	Number of shares at beginning of the year	Increase in numbers of shares	Decrease in numbers of shares	Number of shares at end of the year
(Shares of treasury stock)				
Common stock	31	0	1	30
Total	31	0	1	30

Note: The increase in the number of shares is due to purchase of fractional shares.
The decrease in the number of share is due to disposal of treasury stock with restricted stock compensation.

(3) Dividends

(A) Dividends paid for the year ended March 31, 2023

Resolution	Share class	Cash dividends paid	Cash dividends per share	Year ended	Dividend effective date
Ordinary general meeting of shareholders on June 29, 2023	Common stock	¥1,340 Million	¥130.00	March 31, 2023	June 30, 2023

(B) Dividends with the cut-off date in the year ended March 31, 2024 and the effective date in the next fiscal year

Resolution	Share class	Cash dividends paid	Cash dividends per share	Year ended	Dividend effective date
Ordinary general meeting of shareholders on June 27, 2024	Common stock	¥1,341 Million ($ 8,855 thousand)	¥130.00 ($0.86)	March 31, 2024	June 28, 2024

24. Profit attributable to owners of parent per share

The calculation of profit attributable to owners of parent per share for the years ended March 31, 2024 and 2023 is as follows:

	Millions of yen 2024	Millions of yen 2023	Thousands of U.S. dollars 2024
Profit attributable to owners of parent	**¥ (712)**	¥ 1,645	**¥(4,705)**
Amounts not attributable to common stock	**—**	—	**—**
Profit attributable to owners of parent to common stock	**(712)**	1,645	**(4,705)**
Weighted average number of ordinary shares (thousands)	**10,312**	10,309	**—**

Diluted profit attributable to owners of parent per share was not calculated herein since the Company had no dilutive securities, such as convertible bonds or warrants.

25. Financial covenants clauses

For the year ended March 31,2024
Some of the loan agreements (including syndicated loans) have the following main financial covenants clauses of the loans at the end of the consolidated fiscal year.
(¥2,600 million ($17,173 thousand) out of short-term loans payable, ¥11,300 million ($74,637 thousand) out of long-term loans payable)

① After the fiscal year ended March 31, 2020, the amount of net assets on the consolidated balance sheet on the last day of each fiscal year and the last day of the second quarter should keep at least 50% of the amount of net assets on the consolidated balance sheet as of the end of the fiscal year ended March 31, 2020.

② After the fiscal year ended March 31, 2021, ordinary income or loss* should not be a loss for two consecutive fiscal years of starting with the fiscal year ending in each fiscal year.

③ In the consolidated income statement and consolidated balance sheet of the fiscal year ended March 2021, the standard value of the following formula shall be maintained in a state where it does not exceed zero.

Standard value = Interest-bearing debt - (Working capital) - Normal working capital - Cash and cash equivalents

For the year ended March 31,2023
Some loan agreements (including syndicated loans) have the following main financial covenant clauses of the loans at the end of the consolidated fiscal year.
(¥2,600 million out of short-term loans payable, ¥13,900 million out of long-term loans payable)

① After the fiscal year ended March 31, 2020, the amount of net assets on the consolidated balance sheet on the last day of each fiscal year and the last day of the second quarter should keep at least 50% of the amount of net assets on the consolidated balance sheet as of the end of the fiscal year ended March 31, 2020.

② After the fiscal year ended March 31, 2021, the ordinary income and loss* should not be a loss for two consecutive fiscal years of starting with the fiscal year ending in each fiscal year.

③ In the consolidated income statement and consolidated balance sheet of the fiscal year ended March 2021, the standard value of the following formula shall be maintained in a state where it does not exceed zero.

Standard value = Interest-bearing debt - (Working capital) - Normal working capital - Cash and cash equivalents

26. Transactions with related party

For the year ended March 31, 2024
Not applicable

For the year ended March 31, 2023

Attribute	Name	The contents of a business operation or an occupation	Ownership ratio (Parent company ownership ratio) of voting rihhets (%)	Relationship	Nature of Transaction	Trading amount	Account	Balance at the end of the fiscal year
Affiliates	Napino Auto & Electronics Ltd.	Car Electronics	(Parent company ownership ratio) 22.57	Sales of our products, etc.	Sales of our products, etc.	¥448 million	Notes and accounts receivable-trade	¥181 million

Note: Transaction conditions and policy for determining transaction conditions, etc.
The terms and conditions of the transaction are decided through discussions between the two parties.

Independent Auditor's Report

The Board of Directors
Shindengen Electric Manufacturing Co., Ltd.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Shindengen Electric Manufacturing Co., Ltd. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2024, and the consolidated statements of comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

Impairment of fixed assets related to the asset group in the Energy Systems & Solutions business

Description of Key Audit Matter	Auditor's Response
As stated in the Notes (Significant accounting estimates), (Impairment of fixed assets), the Company determined that there was an indication of impairment for the asset group in the Energy Systems & Solutions business due to the recording of ongoing operating losses. However, no impairment loss was recognized, because the total undiscounted future cash flows from the asset group exceeded its book value. The fixed assets of this asset group amounted to 1,200 million yen and accounted for 1% of total assets and 3% of total property, plant and equipment and intangible assets in the consolidated balance sheet as at March 31, 2024. The Company estimates the undiscounted future cash flows derived from this asset group over the remaining economic useful lives of the major assets, based on the business plan for the following fiscal year approved by the Board of Directors, taking into account the net realizable value based on real estate appraisal values. Sales volume, which is the major assumption that underlies the business plan, is estimated by taking into account the past trends in demand, market forecasts, market prices, and other relevant factors. Additionally, determining the assumptions for the real estate appraisal value and the selection of the valuation method require expertise. Since the estimation period of undiscounted future cash flows is over the long term and the above major assumptions are subject to uncertainties and require judgments by management, we have determined that impairment of fixed assets related to the asset group in the Energy Systems & Solutions business is a key audit matter.	We performed the following audit procedures primarily for estimating the aggregate undiscounted future cash flows in determining whether to recognize impairment losses on fixed assets in the Energy Systems & Solutions business. The estimation period of the undiscounted future cash flows was compared with the remaining economic useful lives of the major assets. We also reviewed the consistency of the estimated undiscounted future cash flows with the business plan approved by the Board of Directors. In order to assess the effectiveness of management's estimation process, we compared the business plan with the actual results in prior periods. We reviewed the management's assessment of the uncertainty of the business plan estimates by comparing the sales volume, which is a key assumption underlying the business plan, with available external data on market forecasts and analyzing the trends based on past results. With the assistance of our valuation specialists, we reviewed the valuation method and valuation assumptions adopted in the real estate appraisal report used by the Company.

Recoverability of deferred tax assets recognized by Shindengen Electric Manufacturing Co., Ltd. (the Company)

Description of Key Audit Matter	Auditor's Response
As stated in the Notes (Significant accounting estimates), (Recoverability of deferred tax assets), deferred tax assets (before offsetting deferred tax liabilities) as of March 31, 2024 amounted to 386 million yen. Of this amount, deferred tax assets (before offsetting deferred tax liabilities) recognized by the Company amounted to 102 million yen, consisting of 7,331 million yen of total deferred tax assets related to deductible temporary differences and tax loss carryforwards, less 7,229 million yen of valuation allowance. The Company recognizes deferred tax assets related to deductible temporary differences and tax loss carryforwards that are deemed to have the effect of reducing future tax burden, based on estimates of taxable income projected from future business plan. Estimates of taxable income are based on the business plan for the following fiscal year approved by the Board of Directors. Sales volume and raw material prices, which are the key assumptions underlying the business plan, are estimated based on historical demand trends, market forecasts, market prices, and other relevant factors. The above key assumptions are affected by the environment surrounding the Company, such as fluctuations in customer demand and status of supply and demand of raw materials, therefore they are subject to uncertainty and require judgment by management. Based on the above, recoverability of deferred tax assets recognized by the Company is particularly important in our audit of the consolidated financial statements for the current fiscal year, we have determined that recoverability of deferred tax assets recognized by the Company is a key audit matter.	We performed the following audit procedures primarily to assess the recoverability of deferred tax assets recognized by the Company. • We assessed the consistency of management's estimates of taxable income with the business plan approved by the Board of Directors. • We assessed the effectiveness of management's estimation process by comparing the business plan in prior periods with subsequent actual results. • We assessed management's assessment of the uncertainty of the business plan estimates by comparing sales volume, a key assumption underlying the business plan, with available external data on market forecasts, customer order data, and analyzed trends based on past results. • We assessed management's assessment of the uncertainty of the business plan estimates by comparing raw material prices, a key assumption of the business plan, with available external data on market prices and analyzed trends based on past results.

Other Information

The other information comprises the information included in the Annual Report that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. the Audit and Supervisory Board Member and the Audit and Supervisory Board are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit and Supervisory Board Member and the Audit and Supervisory Board for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Board Member and the Audit and Supervisory Board responsible are for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit and Supervisory Board Member and the Audit and Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Fee-related Information

The fees for the audits of the financial statements of Shindengen Electric Manufacturing Co., Ltd. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2024 are 79 million yen and 11 million yen, respectively.

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

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

Ernst & Young ShinNihon LLC
Tokyo, Japan
August 30, 2024

/S/Yasuhito Tateishi

Yasuhito Tateishi
Designated Engagement Partner
Certified Public Accountant