

Note: This is an excerpt translation of the “Yukashoken-Houkokusho” for the convenience of overseas stakeholders. In cases where any differences occur between the English version and the original Japanese version, the Japanese version shall prevail. RIKEN TECHNOS CORPORATION assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Consolidated Financial Statements

(Pursuant to Article 24, Paragraph 1 of the
Japanese Financial Instruments and Exchange Act)

Business year: From April 1, 2022
(94th term) to March 31, 2023

RIKEN TECHNOS CORPORATION

2-101, Kanda-Awajicho, Chiyoda-ku, Tokyo, Japan

Consolidated Financial Statements and Others

(1) Consolidated Financial Statements

a. Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	20,702,615	23,481,932
Notes receivable - trade	*2 1,785,477	*2 1,306,391
Accounts receivable - trade	21,413,866	22,180,311
Electronically recorded monetary claims - operating	*2 3,145,045	*2 5,008,505
Merchandise and finished goods	9,159,195	9,678,717
Work in process	621,167	961,462
Raw materials and supplies	7,623,661	8,094,251
Other	751,067	1,040,115
Allowance for doubtful accounts	(83,600)	(83,749)
Total current assets	65,118,496	71,667,937
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,001,105	28,065,624
Accumulated depreciation	(16,085,506)	(17,600,981)
Buildings and structures, net	9,915,598	10,464,642
Machinery, equipment and vehicles	53,866,872	57,404,576
Accumulated depreciation	(45,963,974)	(49,441,055)
Machinery, equipment and vehicles, net	7,902,898	7,963,520
Land	6,331,829	6,439,554
Leased assets	145,713	152,329
Accumulated depreciation	(105,394)	(95,309)
Leased assets, net	40,319	57,020
Construction in progress	364,622	1,512,427
Other	5,876,517	6,168,649
Accumulated depreciation	(5,294,914)	(5,528,108)
Other, net	581,602	640,541
Total property, plant and equipment	25,136,870	27,077,707
Intangible assets		
Goodwill	7,275	5,820
Leased assets	588	5,173
Other	2,098,602	2,275,719
Total intangible assets	2,106,466	2,286,713
Investments and other assets		
Investment securities	7,905,371	8,777,528
Long-term loans receivable	2,526	1,905
Retirement benefit asset	962,148	811,947
Deferred tax assets	428,348	441,121
Other	983,575	940,216
Allowance for doubtful accounts	(2,320)	(2,320)
Total investments and other assets	10,279,650	10,970,399
Total non-current assets	37,522,987	40,334,820
Total assets	102,641,484	112,002,757

(Thousands of yen)

	As of March 31, 2022		As of March 31, 2023	
Liabilities				
Current liabilities				
Notes and accounts payable - trade	*2	20,075,715	*2	21,193,377
Electronically recorded obligations - operating		521,101		467,511
Short-term borrowings	*1	6,769,296	*1	7,718,267
Current portion of long-term borrowings		488,174		552,457
Lease liabilities		14,444		16,456
Income taxes payable		480,704		640,838
Provision for bonuses		726,155		807,030
Provision for bonuses for directors (and other officers)		97,774		92,721
Other		2,235,955		2,387,457
Total current liabilities		31,409,322		33,876,116
Non-current liabilities				
Long-term borrowings		2,566,512		2,260,070
Lease liabilities		20,774		30,639
Deferred tax liabilities		1,469,124		1,877,146
Provision for share awards for directors (and other officers)		171,386		200,788
Retirement benefit liability		1,136,730		1,157,941
Asset retirement obligations		330,880		335,742
Other		88,252		99,078
Total non-current liabilities		5,783,661		5,961,407
Total liabilities		37,192,984		39,837,524
Net assets				
Shareholders' equity				
Share capital		8,514,018		8,514,018
Capital surplus		6,597,580		6,597,580
Retained earnings		38,200,822		41,463,280
Treasury shares		(466,193)		(406,095)
Total shareholders' equity		52,846,228		56,168,784
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		4,255,441		4,904,961
Foreign currency translation adjustment		563,069		2,159,985
Remeasurements of defined benefit plans		97,331		(37,713)
Total accumulated other comprehensive income		4,915,842		7,027,233
Non-controlling interests		7,686,429		8,969,215
Total net assets		65,448,500		72,165,232
Total liabilities and net assets		102,641,484		112,002,757

b. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Thousands of yen)

	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
Net sales		109,923,705		123,497,991
Cost of sales	*1, *3	91,008,539	*1, *3	103,146,236
Gross profit		18,915,166		20,351,754
Selling, general and administrative expenses	*2, *3	12,623,123	*2, *3	12,845,492
Operating profit		6,292,043		7,506,262
Non-operating income				
Interest income		25,510		38,474
Dividend income		196,656		228,727
Foreign exchange gains		344,491		228,486
Other		223,098		190,376
Total non-operating income		789,757		686,065
Non-operating expenses				
Interest expenses		109,206		169,759
Other		83,567		57,664
Total non-operating expenses		192,773		227,424
Ordinary profit		6,889,026		7,964,903
Extraordinary income				
Gain on sale of non-current assets	*4	1,102	*4	2,066
Gain on sale of investment securities		106,010		8,720
Total extraordinary income		107,113		10,786
Extraordinary losses				
Loss on sale of non-current assets	*5	894	*5	32
Loss on retirement of non-current assets	*6	9,394	*6	13,041
Impairment losses	*7	319,144		–
Loss from money transfer scam at foreign subsidiary		187,259		–
Loss on sale of investment securities		3,409		–
Total extraordinary losses		520,102		13,074
Profit before income taxes		6,476,038		7,962,615
Income taxes - current		1,931,105		1,899,962
Income taxes - deferred		(83,716)		144,403
Total income taxes		1,847,389		2,044,365
Profit		4,628,648		5,918,249
Profit attributable to non-controlling interests		687,230		1,360,726
Profit attributable to owners of parent		3,941,418		4,557,523

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	4,628,648	5,918,249
Other comprehensive income		
Valuation difference on available-for-sale securities	255,628	649,165
Foreign currency translation adjustment	1,521,732	2,500,038
Remeasurements of defined benefit plans, net of tax	51,309	(135,045)
Total other comprehensive income	*1 1,828,670	*1 3,014,159
Comprehensive income	6,457,319	8,932,409
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,272,022	6,668,914
Comprehensive income attributable to non-controlling interests	1,185,297	2,263,495

c. Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,514,018	6,597,580	35,561,518	(517,035)	50,156,082
Cumulative effects of changes in accounting policies			(11,984)		(11,984)
Restated balance	8,514,018	6,597,580	35,549,533	(517,035)	50,144,097
Changes during period					
Dividends of surplus			(1,282,275)		(1,282,275)
Profit attributable to owners of parent			3,941,418		3,941,418
Purchase of treasury shares				(49)	(49)
Disposal of treasury shares				50,890	50,890
Other			(7,853)		(7,853)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,651,289	50,841	2,702,131
Balance at end of period	8,514,018	6,597,580	38,200,822	(466,193)	52,846,228

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,999,879	(460,662)	46,021	3,585,238	7,335,533	61,076,854
Cumulative effects of changes in accounting policies						(11,984)
Restated balance	3,999,879	(460,662)	46,021	3,585,238	7,335,533	61,064,869
Changes during period						
Dividends of surplus						(1,282,275)
Profit attributable to owners of parent						3,941,418
Purchase of treasury shares						(49)
Disposal of treasury shares						50,890
Other						(7,853)
Net changes in items other than shareholders' equity	255,562	1,023,732	51,309	1,330,603	350,895	1,681,499
Total changes during period	255,562	1,023,732	51,309	1,330,603	350,895	4,383,630
Balance at end of period	4,255,441	563,069	97,331	4,915,842	7,686,429	65,448,500

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

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,514,018	6,597,580	38,200,822	(466,193)	52,846,228
Cumulative effects of changes in accounting policies					–
Restated balance	8,514,018	6,597,580	38,200,822	(466,193)	52,846,228
Changes during period					
Dividends of surplus			(1,282,272)		(1,282,272)
Profit attributable to owners of parent			4,557,523		4,557,523
Purchase of treasury shares				(94)	(94)
Disposal of treasury shares				60,193	60,193
Other			(12,794)		(12,794)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	3,262,457	60,098	3,322,555
Balance at end of period	8,514,018	6,597,580	41,463,280	(406,095)	56,168,784

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,255,441	563,069	97,331	4,915,842	7,686,429	65,448,500
Cumulative effects of changes in accounting policies						–
Restated balance	4,255,441	563,069	97,331	4,915,842	7,686,429	65,448,500
Changes during period						
Dividends of surplus						(1,282,272)
Profit attributable to owners of parent						4,557,523
Purchase of treasury shares						(94)
Disposal of treasury shares						60,193
Other						(12,794)
Net changes in items other than shareholders' equity	649,520	1,596,915	(135,045)	2,111,390	1,282,786	3,394,176
Total changes during period	649,520	1,596,915	(135,045)	2,111,390	1,282,786	6,716,732
Balance at end of period	4,904,961	2,159,985	(37,713)	7,027,233	8,969,215	72,165,232

d. Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	6,476,038	7,962,615
Depreciation	3,506,091	3,597,533
Impairment losses	319,144	–
Amortization of goodwill	140,205	1,455
Increase (decrease) in provision for bonuses	(2,328)	68,907
Increase (decrease) in provision for bonuses for directors (and other officers)	13,065	(5,053)
Increase (decrease) in allowance for doubtful accounts	(548)	1,119
Increase (decrease) in retirement benefit liability	(28,458)	(105,953)
Increase (decrease) in provision for share awards for directors (and other officers)	30,745	29,402
Interest and dividend income	(222,166)	(267,202)
Interest expenses	109,206	169,759
Loss (gain) on sale of investment securities	(102,601)	(8,720)
Loss (gain) on sale of property, plant and equipment	(208)	(2,033)
Loss on retirement of non-current assets	9,394	13,041
Decrease (increase) in trade receivables	(2,465,663)	(1,117,158)
Decrease (increase) in inventories	(4,575,823)	(128,164)
Increase (decrease) in trade payables	3,962,068	94,642
Increase (decrease) in accrued consumption taxes	(263,266)	75,836
Other, net	(57,954)	(266,112)
Subtotal	6,846,939	10,113,914
Interest and dividends received	222,638	267,547
Interest paid	(114,103)	(160,236)
Income taxes paid	(2,382,668)	(1,697,103)
Net cash provided by (used in) operating activities	4,572,806	8,524,122
Cash flows from investing activities		
Payments into time deposits	(24,156)	(25,699)
Proceeds from withdrawal of time deposits	24,155	24,156
Purchase of property, plant and equipment	(2,280,827)	(3,675,011)
Proceeds from sale of property, plant and equipment	1,558	3,199
Purchase of intangible assets	(455,439)	(311,637)
Purchase of investment securities	(716)	–
Proceeds from sale of investment securities	317,674	46,880
Proceeds from collection of loans receivable	12,741	518
Other, net	(33,197)	(17,512)
Net cash provided by (used in) investing activities	(2,438,208)	(3,955,106)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(338,306)	557,663
Repayments of long-term borrowings	(474,724)	(617,552)
Repayments of lease liabilities	(20,613)	(18,924)
Purchase of treasury shares	(49)	(94)
Dividends paid	(1,281,289)	(1,281,184)
Dividends paid to non-controlling interests	(831,034)	(975,227)
Net cash provided by (used in) financing activities	(2,946,018)	(2,335,319)
Effect of exchange rate change on cash and cash equivalents	407,952	543,954
Net increase (decrease) in cash and cash equivalents	(403,466)	2,777,651
Cash and cash equivalents at beginning of period	21,080,770	20,677,303
Cash and cash equivalents at end of period	*1 20,677,303	*1 23,454,955

Notes to Consolidated Financial Statements

Significant Matters in Preparing Consolidated Financial Statements

1. Basis of presentation of consolidated financial statements

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

In addition, amounts are rounded down to the nearest thousand yen.

2. Scope of consolidation

(1) Number of consolidated subsidiaries: 18 as of March 31, 2022

17 as of March 31, 2023

All the subsidiaries have been included in the scope of consolidation.

From the fiscal year ended March 31, 2023, RIKEN (SHANGHAI) CORPORATION, which was a consolidated subsidiary in the fiscal year ended March 31, 2022, has been removed from the scope of consolidation due to the completion of its liquidation.

Names of principal consolidated subsidiaries are as follows:

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

<u>Company name</u>
RIKEN CABLE TECHNOLOGY CO., LTD.
KYOEI PLASTIC MFG CO., LTD.
RIKEN TECHNOS INTERNATIONAL CORPORATION
RIKEN CHEMICAL PRODUCTS CORPORATION
I.M.I Co., Ltd.
RIKEN (THAILAND) CO., LTD.
RIKEN ELASTOMERS (THAILAND) CO., LTD.
PT. RIKEN INDONESIA
SHANGHAI RIKEN TECHNOS CORPORATION
RIKEN TECHNOS (JIANG SU) CORPORATION
RIKEN (SHANGHAI) CORPORATION
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION
RIKEN VIETNAM CO., LTD.
RIKEN TECHNOS INDIA PVT. LTD.
RIKEN U.S.A. CORPORATION
RIKEN AMERICAS CORPORATION
RIMTEC CORPORATION
RIKEN ELASTOMERS CORPORATION

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

<u>Company name</u>
RIKEN CABLE TECHNOLOGY CO., LTD.
KYOEI PLASTIC MFG CO., LTD.
RIKEN TECHNOS INTERNATIONAL CORPORATION
RIKEN CHEMICAL PRODUCTS CORPORATION
I.M.I Co., Ltd.
RIKEN (THAILAND) CO., LTD.
RIKEN ELASTOMERS (THAILAND) CO., LTD.
PT. RIKEN INDONESIA
SHANGHAI RIKEN TECHNOS CORPORATION
RIKEN TECHNOS (JIANG SU) CORPORATION
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION
RIKEN VIETNAM CO., LTD.
RIKEN TECHNOS INDIA PVT. LTD.
RIKEN U.S.A. CORPORATION
RIKEN AMERICAS CORPORATION
RIMTEC CORPORATION
RIKEN ELASTOMERS CORPORATION

(2) The Company has no unconsolidated subsidiaries.

3. Application of equity method

The Company has no associates.

4. Fiscal year-end of consolidated subsidiaries

The consolidated subsidiaries whose balance sheet date is different from the consolidated balance sheet date are as follows:

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

<u>Company name</u>	<u>Balance sheet date</u>
RIKEN CABLE TECHNOLOGY CO., LTD.	December 31 *1
KYOEI PLASTIC MFG CO., LTD.	December 31 *1
RIKEN TECHNOS INTERNATIONAL CORPORATION	December 31 *1
RIKEN CHEMICAL PRODUCTS CORPORATION	December 31 *1
I.M.I Co., Ltd.	December 31 *1
RIKEN (THAILAND) CO., LTD.	December 31 *1
RIKEN ELASTOMERS (THAILAND) CO., LTD.	December 31 *1
PT. RIKEN INDONESIA	December 31 *1
SHANGHAI RIKEN TECHNOS CORPORATION	December 31 *1
RIKEN TECHNOS (JIANG SU) CORPORATION	December 31 *1
RIKEN (SHANGHAI) CORPORATION	December 31 *1
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION	December 31 *1
RIKEN VIETNAM CO., LTD.	December 31 *1
RIKEN TECHNOS INDIA PVT. LTD.	December 31 *1
RIKEN U.S.A. CORPORATION	December 31 *1
RIKEN AMERICAS CORPORATION	December 31 *1
RIMTEC CORPORATION	December 31 *1
RIKEN ELASTOMERS CORPORATION	December 31 *1

*1. The financial statements as of the balance sheet date of the consolidated subsidiaries are used. However, for major transactions that occurred between that date and the consolidated balance sheet date, the necessary adjustments are made in the consolidated financial statements.

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

Company name	Balance sheet date
RIKEN CABLE TECHNOLOGY CO., LTD.	December 31 *1
KYOEI PLASTIC MFG CO., LTD.	December 31 *1
RIKEN TECHNOS INTERNATIONAL CORPORATION	December 31 *1
RIKEN CHEMICAL PRODUCTS CORPORATION	December 31 *1
I.M.I Co., Ltd.	December 31 *1
RIKEN (THAILAND) CO., LTD.	December 31 *1
RIKEN ELASTOMERS (THAILAND) CO., LTD.	December 31 *1
PT. RIKEN INDONESIA	December 31 *1
SHANGHAI RIKEN TECHNOS CORPORATION	December 31 *1
RIKEN TECHNOS (JIANG SU) CORPORATION	December 31 *1
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION	December 31 *1
RIKEN VIETNAM CO., LTD.	December 31 *1
RIKEN TECHNOS INDIA PVT. LTD.	December 31 *1
RIKEN U.S.A. CORPORATION	December 31 *1
RIKEN AMERICAS CORPORATION	December 31 *1
RIMTEC CORPORATION	December 31 *1
RIKEN ELASTOMERS CORPORATION	December 31 *1

*1. The financial statements as of the balance sheet date of the consolidated subsidiaries are used. However, for major transactions that occurred between that date and the consolidated balance sheet date, the necessary adjustments are made in the consolidated financial statements.

5. Accounting policies

(1) Valuation methods for significant assets

i) Securities

a. Held-to-maturity bonds

Stated at amortized cost (straight-line method).

b. Available-for-sale securities

Securities other than shares, etc. without market prices

Stated at fair value.

(Unrealized gains and losses, net of applicable taxes, are reported in a separate component of net assets, and costs of securities sold are determined by the moving-average method.)

Shares, etc. without market prices

Stated at cost determined by the moving-average method.

ii) Inventories

Inventories of the Company and domestic consolidated subsidiaries are mainly stated at cost determined by the moving-average method (the carrying amounts in the consolidated balance sheets are written down due to a decline in profitability). Inventories of overseas consolidated subsidiaries are mainly stated at the lower of cost or market, determined by the average method.

iii) Derivatives

Stated at fair value.

(2) Depreciation and amortization of significant assets

i) Property, plant and equipment (excluding leased assets)

The Company and domestic consolidated subsidiaries mainly apply the declining-balance method. However, buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings), and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated by the straight-line method. Overseas consolidated subsidiaries apply the straight-line method.

The estimated useful lives of major items are as follows:

Buildings and structures	3 to 47 years
Machinery, equipment and vehicles	4 to 10 years

ii) Intangible assets (excluding leased assets)

The Company and domestic consolidated subsidiaries apply the straight-line method.

Internal use software is amortized by the straight-line method over its estimated useful life as internally determined (five years).

iii) Leased assets

The Company and domestic consolidated subsidiaries apply the straight-line method assuming the lease periods as useful lives with no residual value.

(3) Significant allowances

i) Allowance for doubtful accounts

To cover losses from bad debts for notes and accounts receivable - trade, loans receivable and others, an allowance for doubtful accounts is provided based on historical experience of bad debts for general receivables. For specific receivables, such as highly doubtful receivables, the collectibility is individually considered and the estimated amount of uncollectible accounts is provided as the allowance.

ii) Provision for bonuses

To cover bonus payments to employees, a provision for bonuses is provided in the amount to be paid for services rendered by employees during the fiscal year based mainly on the estimated amount of future bonus payment.

iii) Provision for bonuses for directors (and other officers)

To cover bonus payments to Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers, the Company records a provision for bonuses for directors (and other officers) in the amount of the portion applicable to the fiscal year, based on the estimated amount of future bonus payment.

iv) Provision for share awards for directors (and other officers)

To cover provision of shares in the Company to Directors and Executive Officers, the Company records a provision for executive officer incentive plan trust based on the estimated amount of share provision obligations as of the end of the current fiscal year.

(4) Method of recognizing retirement benefits

i) Method of attributing estimated retirement benefits to periods

For the purpose of attributing estimated retirement benefits to periods up to the end of the current fiscal year in the calculation of retirement benefit obligations, the benefit formula method is applied.

ii) Method of amortizing actuarial differences and past service cost

Past service cost is amortized by the straight-line method over a certain term within the average remaining service period of the eligible employees (13 years).

With regard to actuarial differences, the amount is amortized by the straight-line method over a certain term within the average remaining service period of the eligible employees (13 years) for each applicable fiscal year, and expensed from the year following the year in which the gain or loss is recognized.

iii) Method of accounting for unrecognized actuarial differences and unrecognized past service cost

Unrecognized actuarial differences and unrecognized past service cost are recognized in remeasurements of defined benefit plans under accumulated other comprehensive income in net assets after adjusting for tax effects.

iv) Application of simplified accounting method at small companies

Some consolidated subsidiaries apply a simplified accounting method in which the retirement benefit liability and retirement benefit expenses are calculated by using a method in which the amount of retirement benefits to be paid in cases where all eligible employees retired at the fiscal year-end date is regarded as retirement benefit obligations.

(5) Significant standards for the recognition of revenue and expenses

Revenue from the sale of products and merchandise arises mainly from the manufacture and sale of compound products, film products and food wrapping film products, and the sale of merchandise. The Company or its consolidated subsidiary assumes performance obligations to deliver these products or merchandise in accordance with sales contracts with customers. The Company or its consolidated subsidiary considers that these performance obligations are fulfilled at the time of delivery, when the customer gains control over the product or merchandise, and revenue is recognized at this time. However, revenue from sales within Japan is recognized at the time of shipment. For export sales, the Company considers that its performance obligations are fulfilled when the products arrive at the place agreed upon with the customer, and revenue is recognized at that time.

Furthermore, with regard to transactions in which the Company or its consolidated subsidiary is considered to act in the capacity of an agent, the net amount receivable in exchange for merchandise provided by the third-party supplier, after deducting the amount payable to the third-party supplier, is recognized as revenue.

(6) Significant hedge accounting

i) Hedge accounting

For foreign currency-denominated monetary receivables and payables and others that have been hedged by forward exchange contracts, the allocation method is used. For interest rate swap contracts, the Company and its domestic consolidated subsidiaries apply the method in which the amount paid or received under the swap contract is added to or deducted from the interest on the hedged assets and liabilities (the exceptional accrual method), in cases where the requirements for the method are satisfied.

ii) Hedging instruments and hedged items

• Hedging instruments

Forward exchange contracts and interest rate swap contracts

• Hedged items

Foreign currency-denominated accounts receivable - trade and accounts payable - trade related to exports and imports of merchandise and finished goods, and interest on borrowings

iii) Hedging policy

Forward exchange contracts are only used within the scope of actual need in order to hedge the risk of fluctuations in foreign exchange rates. Interest rate swap contracts are used to hedge the interest rate fluctuation risk. Entering into derivative transactions for trading or speculative purposes is prohibited.

iv) Assessment of hedge effectiveness

An assessment of hedge effectiveness is omitted for forward exchange contracts to which the allocation method is applied and interest rate swap contracts that satisfy the requirements for the exceptional accrual method.

(7) Method and period for amortization of goodwill

Goodwill is amortized evenly over the period, not exceeding 20 years, during which the goodwill has an effect. However, when the amount of goodwill is insignificant, it is charged to income at the date of occurrence.

(8) Scope of cash and cash equivalents in consolidated statements of cash flows

Funds (cash and cash equivalents) in the consolidated statements of cash flows consist of cash on hand, readily available deposits, and highly liquid short-term investments with original maturities of three months or less that are subject to an insignificant risk of changes in value.

Additional Information

(Transactions of delivering the Company's own stock to employees etc. through trusts)

(1) Board Benefit Trust (BBT)

In accordance with the resolution at the 87th Ordinary General Meeting of Shareholders held on June 24, 2016, the Company introduced a new stock-based compensation plan "Board Benefit Trust (BBT)" on September 14, 2016, for the purpose of raising awareness of Directors who execute business (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers toward their contributions to improving the mid- to long-term corporate performance and increasing the corporate value as well as making Directors who do not execute business (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members contribute to increasing the mid- to long-term corporate value through supervision or audit.

i) Overview of transactions

Based on the officers' stock benefit plan which was established in advance, the Company and its group companies (the "Group") grant points to Directors etc. (Directors and Executive Officers). At the time of their retirement, the Group provides shares in the Company to the Directors etc. who satisfy requirements for beneficiaries in proportion to the points which the Group has granted to them. With regard to the shares which will be provided to Directors etc. in the future, a trust bank acquires the Company's treasury shares through third-party allotment by using the money contributed by the Company. Such shares are managed as trust assets separately.

ii) Shares in the Company remaining at the trust

The shares in the Company remaining at the trust are recorded as the treasury shares in net assets with the book value (excluding associated costs) at the trust. The book value and number of these treasury shares as of the end of the previous fiscal year were 276,412 thousand yen and 601 thousand shares, respectively, while those as of the end of the current fiscal year were 270,072 thousand yen and 587 thousand shares, respectively.

iii) Book value of borrowings recorded due to the application of the gross method

Not applicable.

(2) Stock Benefit Trust (Employee Stockholding Association Purchase-type)

For the purpose of promoting welfare benefits for employees and giving incentives pertaining to the improvement of corporate value of the Company, the Company introduced "Stock Benefit Trust (Employee Stockholding Association Purchase-type)" (hereinafter referred to as the "Plan"), pursuant to the resolution at the Board of Directors meeting held on February 22, 2021.

i) Overview of transactions

The Plan is an incentive plan under which the benefits of a rise in the Company's stock price are passed along to all the employees who are members of the "RIKEN TECHNOS Employee Stockholding Association" (hereinafter referred to as the "Stockholding Association").

A trust bank as the trustee of the Plan acquires shares in the Company that are expected to be acquired by the Stockholding Association over the five years after the establishment of the trust, en bloc in advance, and sells those shares in the Company to the Stockholding Association as needed when it acquires the shares. If the amount equivalent to gain on sales of shares by the trust bank was accumulated in trust assets by the termination of this trust through the sale of shares to the Stockholding Association, the accumulated amount is distributed as residual assets to the members of the Company's employee Stockholding Association who satisfy eligibility requirements for beneficiaries. The Company has guaranteed loans that the trust bank received to acquire shares in the Company. Therefore, if there is remaining loan amount that is equivalent to loss on sales of shares in the Company due to a decline in the Company's stock price at the time of termination of the trust, the Company is required to pay the remaining loan amount under the guarantee agreement.

ii) Shares in the Company remaining at the trust

The shares in the Company remaining at the trust are recorded as the treasury shares in net assets with the book value (excluding associated costs) at the trust. The book value and number of these treasury shares as of the end of the previous fiscal year were 189,711 thousand yen and 372 thousand shares, respectively, while those as of the end of the current fiscal year were 135,858 thousand yen and 266 thousand shares, respectively.

iii) Book value of borrowings recorded due to the application of the gross method

139,722 thousand yen as of the end of the current fiscal year

Notes to Consolidated Balance Sheets

*1. Overdraft agreements and unused overdraft facility balance

To expeditiously secure operating funds, the Company and its domestic consolidated subsidiaries have entered into overdraft agreements with banks with which they do business. The unused balance of these prescribed limit agreements at the fiscal year-end is as follows:

	(Thousands of yen)	
	As of March 31, 2022	As of March 31, 2023
Total overdraft facility limit	9,230,000	9,130,000
Outstanding borrowings within the limit	3,665,000	3,865,000
Unused balance	5,565,000	5,265,000

*2. The notes maturing on the balance sheet date are accounted for as if they were settled on the maturity date.

As the balance sheet date fell on a holiday of financial institutions, the following notes matured on the balance sheet date were accounted for as if they were settled on the maturity date.

	(Thousands of yen)	
	As of March 31, 2022	As of March 31, 2023
Notes receivable - trade	37,138	45,384
Electronically recorded monetary claims - operating	13,760	19,349
Notes payable - trade	8,571	9,097

Notes to Consolidated Statements of Income

*1. The inventory balance at the fiscal year-end is presented after book values were written down due to a decline in profitability of assets and the following losses (gains) on valuation of inventories are included in cost of sales.

(Thousands of yen)	
Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
184,213	(126,543)

*2. Main components of selling, general and administrative expenses are as follows:

(Thousands of yen)		
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Freightage expenses	3,868,121	3,961,369
Commission fees	1,139,141	1,175,573
Salaries and bonuses	2,724,557	2,712,543
Provision for bonuses	207,391	230,743
Retirement benefit expenses	209,178	110,058
Provision for bonuses for directors (and other officers)	90,296	84,843
Provision of allowance for doubtful accounts	(1,048)	119
Research and development expenses	1,237,196	1,255,142

*3. Research and development expenses included in selling, general and administrative expenses and cost of sales are as follows:

(Thousands of yen)	
Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
1,566,063	1,631,232

*4. The breakdown of gain on sale of non-current assets is as follows:

(Thousands of yen)		
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Machinery, equipment and vehicles	1,099	2,018
Other	2	47
Total	1,102	2,066

*5. The breakdown of loss on sale of non-current assets is as follows:

(Thousands of yen)		
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Machinery, equipment and vehicles	574	-
Other	319	32
Total	894	32

*6. The breakdown of loss on retirement of non-current assets is as follows:

(Thousands of yen)		
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Buildings and structures	2,673	4,678
Machinery, equipment and vehicles	4,960	5,231
Other	1,761	3,132
Total	9,394	13,041

*7. Impairment loss

Fiscal year ended March 31, 2022

The Group recorded an impairment loss in the following asset group:

			(Thousands of yen)
Location	Use	Type	Impairment loss
Gunma Factory (Ota City, Gunma Prefecture)	Business use assets	Goodwill, machinery, equipment, etc.	319,144

The Group groups assets into the smallest units that generate cash flows that are generally independent from the cash flow of other assets or asset groups. (Idle assets are grouped individually.)

Regarding the Gunma Factory (in the EL segment), one of such asset groups, the Company judged that indications of impairment existed due to a decline in profitability as a result of changes in the operating environment. As the total of undiscounted future cash flows arising from the asset group was less than the book value, the Company reduced the book value to the recoverable amount and recognized the associated impairment loss.

The impairment loss included 231,250 thousand yen of goodwill, 76,135 thousand yen of machinery, equipment and vehicles, and 11,759 thousand yen of other.

The recoverable amount is measured with the net realizable value. The measurement is based on real estate appraisal values and other reasonably calculated valuations for buildings and land. For other assets, taking into account the possibility of disposal, the net realizable value is considered to be zero for assets deemed to have no effective value.

Fiscal year ended March 31, 2023

Not applicable.

Notes to Consolidated Statements of Comprehensive Income

*1. Reclassification adjustments and tax effects related to other comprehensive income

	(Thousands of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Valuation difference on available-for-sale securities:		
Amount arising during the period	460,837	936,736
Reclassification adjustments	(87,252)	(8,720)
Before tax effect adjustments	373,585	928,016
Tax effect amount	(117,956)	(278,850)
Valuation difference on available-for-sale securities	255,628	649,165
Foreign currency translation adjustment:		
Amount arising during the period	1,521,732	2,500,038
Reclassification adjustments	-	-
Before tax effect adjustments	1,521,732	2,500,038
Tax effect amount	-	-
Foreign currency translation adjustment	1,521,732	2,500,038
Remeasurements of defined benefit plans, net of tax:		
Amount arising during the period	2,185	(203,771)
Reclassification adjustments	71,492	9,125
Before tax effect adjustments	73,677	(194,645)
Tax effect amount	(22,368)	59,600
Remeasurements of defined benefit plans, net of tax	51,309	(135,045)
Total other comprehensive income	1,828,670	3,014,159

Notes to Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

1. Type and total number of issued shares and type and number of treasury shares

(Thousands of shares)

	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year
Issued shares				
Common stock	64,113	–	–	64,113
Total	64,113	–	–	64,113
Treasury shares				
Common stock (Notes)	1,074	0	101	973
Total	1,074	0	101	973

- (Notes)
- The Company resolved at the Board of Directors meeting held on August 29, 2016 to introduce the “Board Benefit Trust (BBT)” and transferred 476 thousand shares of treasury shares to Trust Account E as of September 14, 2016, and 329 thousand shares of treasury shares as of March 12, 2020. The number of treasury shares at the beginning and the end of the current fiscal year includes 614 thousand shares and 601 thousand shares in the Company, respectively, held by Trust Account E.
 - The Company introduced the “Stock Benefit Trust (Employee Stockholding Association Purchase-type)” pursuant to the resolution at the Board of Directors meeting held on May 24, 2017. However, the said trust was abolished in the current fiscal year, and the Company resolved at the Board of Directors meeting held on February 22, 2021 to introduce again a similar plan, and transferred 266 thousand shares of treasury shares to Trust Account E as of March 11, 2021. The number of treasury shares at the beginning and the end of the current fiscal year includes 459 thousand shares and 372 thousand shares in the Company, respectively, held by Trust Account E.
 - The increase of 0 thousand shares of treasury shares of common stock is due to the purchase of shares less than one unit of 0 thousand shares.
 - The decrease of 101 thousand shares of treasury shares of common stock is due to the sale of 87 thousand shares from Trust Account E to the Company’s employee stockholding association and the payment of 13 thousand shares from Trust Account E in conjunction with the retirement of Directors and other officers.

2. Subscription rights to shares and treasury subscription rights to shares

Not applicable.

3. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary General Meeting of Shareholders held on June 18, 2021	Common stock	769,365	12	March 31, 2021	June 21, 2021

(Note) Total dividends include 12,897 thousand yen of dividends to the Company’s own shares held in Trust Account E.

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Board of Directors meeting held on October 29, 2021	Common stock	512,909	8	September 30, 2021	November 29, 2021

(Note) Total dividends include 8,160 thousand yen of dividends to the Company’s own shares held in Trust Account E.

(2) Dividends whose cut-off date is in the current fiscal year and whose effective date is in the following fiscal year

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Source of dividends	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary General Meeting of Shareholders held on June 17, 2022	Common stock	705,250	Retained earnings	11	March 31, 2022	June 20, 2022

(Note) Total dividends include 10,710 thousand yen of dividends to the Company's own shares held in Trust Account E.

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

1. Type and total number of issued shares and type and number of treasury shares

(Thousands of shares)				
	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year
Issued shares				
Common stock	64,113	–	–	64,113
Total	64,113	–	–	64,113
Treasury shares				
Common stock (Notes)	973	0	119	854
Total	973	0	119	854

- (Notes)
1. The Company resolved at the Board of Directors meeting held on August 29, 2016 to introduce the “Board Benefit Trust (BBT)” and transferred 476 thousand shares of treasury shares to Trust Account E as of September 14, 2016, and 329 thousand shares of treasury shares as of March 12, 2020. The number of treasury shares at the beginning and the end of the current fiscal year includes 601 thousand shares and 587 thousand shares in the Company, respectively, held by Trust Account E.
 2. The Company introduced the “Stock Benefit Trust (Employee Stockholding Association Purchase-type)” pursuant to the resolution at the Board of Directors meeting held on May 24, 2017. However, the said trust was abolished in the current fiscal year, and the Company resolved at the Board of Directors meeting held on February 22, 2021 to introduce again a similar plan, and transferred 266 thousand shares of treasury shares to Trust Account E as of March 11, 2021. The number of treasury shares at the beginning and the end of the current fiscal year includes 372 thousand shares and 266 thousand shares in the Company, respectively, held by Trust Account E.
 3. The increase of 0 thousand shares of treasury shares of common stock is due to the purchase of shares less than one unit of 0 thousand shares.
 4. The decrease of 119 thousand shares of treasury shares of common stock is due to the sale of 105 thousand shares from Trust Account E to the Company's employee stockholding association and the payment of 13 thousand shares from Trust Account E in conjunction with the retirement of Directors and other officers.

2. Subscription rights to shares and treasury subscription rights to shares

Not applicable.

3. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary General Meeting of Shareholders held on June 17, 2022	Common stock	705,250	11	March 31, 2022	June 20, 2022

(Note) Total dividends include 10,710 thousand yen of dividends to the Company's own shares held in Trust Account E.

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Board of Directors meeting held on October 31, 2022	Common stock	577,021	9	September 30, 2022	November 29, 2022

(Note) Total dividends include 8,136 thousand yen of dividends to the Company's own shares held in Trust Account E.

(2) Dividends whose cut-off date is in the current fiscal year and whose effective date is in the following fiscal year

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Source of dividends	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary General Meeting of Shareholders held on June 16, 2023	Common stock	1,025,815	Retained earnings	16	March 31, 2023	June 19, 2023

(Note) Total dividends include 13,668 thousand yen of dividends to the Company's own shares held in Trust Account E.

Notes to Consolidated Statements of Cash Flows

*1. Reconciliation between "Cash and cash equivalents at end of period" in the consolidated statements of cash flows and "Cash and deposits" in the consolidated balance sheets

	(Thousands of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash and deposits	20,702,615	23,481,932
Time deposits with maturities over 3 months	(25,312)	(26,977)
Cash and cash equivalents	20,677,303	23,454,955

Lease Transactions

(As Lessee)

1. Finance lease transactions

Finance lease transactions that do not transfer ownership

(1) Details of leased assets

i) Property, plant and equipment

Mainly, production equipment and others in the compound business

ii) Intangible assets

Software

(2) Depreciation method for leased assets

The depreciation method for leased assets is as stated in "5. Accounting policies (2) Depreciation and amortization of significant assets" under "Significant Matters in Preparing Consolidated Financial Statements."

2. Operating lease transactions

Future lease payments under non-cancelable operating leases

	(Thousands of yen)	
	As of March 31, 2022	As of March 31, 2023
Within 1 year	40,155	66,498
Over 1 year	63,710	73,772
Total	103,866	140,270

Financial Instruments

1. Overview

(1) Policy for financial instruments

The Company and its group companies (the “Group”) procure necessary funds primarily through bank loans in light of its capital expenditure plan. The Group invests its excess funds in financial instruments with low risks, giving the highest priority to safety by reference to external ratings and others while considering liquidity. In addition, certain short-term operating funds are procured through bank loans. The Group, by policy, limits derivative transactions to hedging risks associated with substantial transactions and does not enter into them for speculative purposes.

(2) Description of financial instruments and related risks

Notes and accounts receivable - trade, etc., which are operating receivables, involve credit risk of each customer. Operating receivables denominated in foreign currencies are exposed to exchange rate fluctuation risk.

Investment securities are exposed to market price fluctuation risk.

Notes and accounts payable - trade, which are operating payables, are primarily due within three to five months. Borrowings and finance lease liabilities are primarily intended for raising funds for capital investment, and certain borrowings are for operating funds. These borrowings are exposed to interest rate fluctuation risk.

As for derivative transactions, the Group uses interest rate swap contracts to hedge interest rate fluctuation risk associated with borrowings. For hedging instruments and hedged items, hedging policy, assessment of hedge effectiveness and others related to hedge accounting, please refer to “5.

Accounting policies, (6) Significant hedge accounting” under “Significant Matters in Preparing Consolidated Financial Statements” described above.

(3) Risk management system related to financial instruments

i) Management of credit risk (default risk of business partners)

The Group reduces customer credit risk associated with notes and accounts receivable - trade, which are operating receivables, by monitoring customer credit in conformity with standards such as credit control regulations and by periodic review.

As for credit risk associated with issues involving transactions with repurchase/resale agreements, the Company invests in low-risk issues in conformity with its asset management regulations by reference to external ratings and others. The consolidated subsidiaries establish management systems pursuant to the system of the Company.

ii) Management of market risk (exchange rate and interest rate fluctuation risks)

The Group enters into derivative transactions to control interest rate fluctuation risk associated with borrowings.

As for investment securities, the Group holds listed stocks mainly for the purpose of holding them for the long term, and evaluates them on a fair value basis each quarterly period and obtains the financial information of the issuers (business partners). For those other than held-to-maturity bonds, the Group consistently reviews the holding status taking into account the market conditions and relationships with business partners.

iii) Management of liquidity risk associated with funds procurement (risk of failure to pay on due dates)

The departments in charge appropriately distribute funds by periodically collecting information about their account activity in an integrated manner and understanding the situation while holding some as funds on hand taking into account the necessary liquidity.

(4) Supplemental remarks on fair values of financial instruments

As the calculation of those values includes variable factors, the values may vary if different assumptions and others are applied. The contract amount related to derivative transactions in “Derivative Transactions” under “Notes to Consolidated Financial Statements” does not represent market risk associated with the derivative transactions.

2. Fair values of financial instruments

The carrying amounts in the consolidated balance sheets and the fair values, and difference between them are shown below.

As of March 31, 2022

(Thousands of yen)

	Carrying amount in consolidated balance sheets	Fair value	Difference
(1) Investment securities			
Available-for-sale securities	7,785,037	7,785,037	–
(2) Long-term loans receivable	2,526	2,526	0
Total assets	7,787,563	7,787,563	0
(1) Short-term borrowings	6,769,296	6,769,296	0
(2) Current portion of long-term borrowings	488,174	520,546	32,371
(3) Lease liabilities (Current liabilities)	14,444	14,444	0
(4) Long-term borrowings	2,566,512	2,543,446	(23,065)
(5) Lease liabilities (Non-current liabilities)	20,774	20,774	0
Total liabilities	9,859,201	9,868,508	9,306
Derivative transactions (*3)	–	–	–

(*1) Cash and deposits, notes receivable - trade, accounts receivable - trade, electronically recorded monetary claims - operating, notes and accounts payable - trade, electronically recorded obligations - operating, and income taxes payable are omitted from the table above as they are cash-based, they are settled in a short period of time and their fair values therefore approximate their book values.

(*2) Shares, etc. without market prices are not included in “(1) Investment securities.” The carrying amount of these financial instruments on the consolidated balance sheets is shown below.

(Thousands of yen)

Category	As of March 31, 2022
Unlisted stocks	120,334

(*3) Please refer to “Derivative Transactions” under “Notes to Consolidated Financial Statements.”

As of March 31, 2023

(Thousands of yen)

	Carrying amount in consolidated balance sheets	Fair value	Difference
(1) Investment securities Available-for-sale securities	8,650,570	8,650,570	–
(2) Long-term loans receivable	1,905	1,905	0
Total assets	8,652,476	8,652,476	0
(1) Short-term borrowings	7,718,267	7,718,267	0
(2) Current portion of long-term borrowings	552,457	551,935	(522)
(3) Lease liabilities (Current liabilities)	16,456	16,456	0
(4) Long-term borrowings	2,260,070	2,189,460	(70,609)
(5) Lease liabilities (Non-current liabilities)	30,639	30,639	0
Total liabilities	10,577,890	10,506,759	(71,131)
Derivative transactions (*3)	–	–	–

(*1) Cash and deposits, notes receivable - trade, accounts receivable - trade, electronically recorded monetary claims - operating, notes and accounts payable - trade, electronically recorded obligations - operating, and income taxes payable are omitted from the table above as they are cash-based, they are settled in a short period of time and their fair values therefore approximate their book values.

(*2) Shares, etc. without market prices are not included in “(1) Investment securities.” The carrying amount of these financial instruments on the consolidated balance sheets is shown below.

(Thousands of yen)

Category	As of March 31, 2023
Unlisted stocks	126,958

(*3) Please refer to “Derivative Transactions” under “Notes to Consolidated Financial Statements.”

- (Notes) 1. Expected redemption amounts of monetary receivables and securities with maturity dates subsequent to the consolidated balance sheet date

As of March 31, 2022

(Thousands of yen)				
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
(1) Cash and deposits	20,696,005	–	–	–
(2) Notes receivable - trade	1,785,477	–	–	–
(3) Accounts receivable - trade	21,413,866	–	–	–
(4) Electronically recorded monetary claims - operating	3,145,045	–	–	–
(5) Long-term loans receivable	–	1,693	608	223
Total	47,040,395	1,693	608	223

As of March 31, 2023

(Thousands of yen)				
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
(1) Cash and deposits	23,021,436	–	–	–
(2) Notes receivable - trade	1,306,391	–	–	–
(3) Accounts receivable - trade	22,180,311	–	–	–
(4) Electronically recorded monetary claims - operating	5,008,505	–	–	–
(5) Long-term loans receivable	–	1,188	626	90
Total	51,516,645	1,188	626	90

2. Projected repayment amounts of borrowings, bonds payable and lease liabilities subsequent to the consolidated balance sheet date

As of March 31, 2022

(Thousands of yen)						
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years
(1) Short-term borrowings	6,769,296	–	–	–	–	–
(2) Long-term borrowings	488,174	544,014	532,414	282,373	–	1,207,710
(3) Lease liabilities	14,444	9,825	7,072	3,420	455	–
Total	7,271,915	553,840	539,487	285,793	455	1,207,710

As of March 31, 2023

(Thousands of yen)						
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years
(1) Short-term borrowings	7,718,267	–	–	–	–	–
(2) Long-term borrowings	552,457	610,506	322,563	–	729,850	597,150
(3) Lease liabilities	16,456	18,986	9,276	1,811	564	–
Total	8,287,181	629,493	331,840	1,811	730,414	597,150

3. Breakdown of financial instruments by level of fair value

The fair value of financial instruments is classified into the following three levels on the basis of the observability and significance of the inputs used to calculate fair value:

Level 1 fair value: Fair value calculated using observable inputs that are market prices formed in active markets for the assets or liabilities for which fair value is to be calculated

Level 2 fair value: Fair value calculated using observable inputs other than those used to calculate Level 1 fair value

Level 3 fair value: Fair value calculated using unobservable inputs

When multiple inputs that may have a material impact on the calculation of fair value are used, the calculated fair value is classified at the lowest level of the inputs used.

(1) Financial instruments carried on the consolidated balance sheets at fair value

As of March 31, 2022

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	7,785,037	–	–	7,785,037
Total assets	7,785,037	–	–	7,785,037

As of March 31, 2023

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	8,650,570	–	–	8,650,570
Total assets	8,650,570	–	–	8,650,570

(2) Financial instruments other than those carried on the consolidated balance sheets at fair value

As of March 31, 2022

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	–	2,526	–	2,526
Total assets	–	2,526	–	2,526
Short-term borrowings	–	6,769,296	–	6,769,296
Current portion of long-term borrowings	–	520,546	–	520,546
Lease liabilities (Current liabilities)	–	14,444	–	14,444
Long-term borrowings	–	2,543,446	–	2,543,446
Lease liabilities (Non-current liabilities)	–	20,774	–	20,774
Total liabilities	–	9,868,508	–	9,868,508

As of March 31, 2023

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	–	1,905	–	1,905
Total assets	–	1,905	–	1,905
Short-term borrowings	–	7,718,267	–	7,718,267
Current portion of long-term borrowings	–	551,935	–	551,935
Lease liabilities (Current liabilities)	–	16,456	–	16,456
Long-term borrowings	–	2,189,460	–	2,189,460
Lease liabilities (Non-current liabilities)	–	30,639	–	30,639
Total liabilities	–	10,506,759	–	10,506,759

(Note) Explanation of the valuation techniques and inputs used to calculate fair value

Investment securities

Listed shares are valued with quoted prices. Because listed shares are traded in active markets, their fair value is classified as Level 1 fair value.

Long-term loans receivable

The fair value of long-term loans receivable is calculated as the present value of the sum of principal and interest amounts, discounted using the estimated rates applicable for new loans, and is classified as Level 2 fair value.

Short-term borrowings and lease liabilities

Fair value is calculated as the present value of the sum of principal and interest amounts, discounted using the estimated rates applicable for similar new borrowings or lease transactions, and is classified as Level 2 fair value.

Long-term borrowings

The fair value of long-term borrowings is calculated as the present value of the sum of principal and interest amounts, discounted using an interest rate that reflects the remaining term of the liability and credit risk, and is classified as Level 2 fair value. Long-term borrowings using floating interest rates are subject to the special accounting treatment for interest rate swaps. Fair value is calculated as the present value of the sum of principal and interest amounts treated as a single item together with the relevant interest rate swap, discounted using an interest rate that reflects the remaining term of the liability and credit risk, and is classified as Level 2 fair value.

Securities

1. Available-for-sale securities

As of March 31, 2022

(Thousands of yen)

	Carrying amount on the consolidated balance sheets	Acquisition cost	Unrealized gain (loss)
Securities whose carrying amount on the consolidated balance sheets exceeds their acquisition cost			
Stocks	7,562,409	1,594,730	5,967,678
Subtotal	7,562,409	1,594,730	5,967,678
Securities whose carrying amount on the consolidated balance sheets does not exceed their acquisition cost			
Stocks	222,627	276,183	(53,555)
Subtotal	222,627	276,183	(53,555)
Total	7,785,037	1,870,914	5,914,122

(Note) As unlisted stocks (120,334 thousand yen reported on the consolidated balance sheets) have no market prices, they are not included in the table above.

As of March 31, 2023

(Thousands of yen)

	Carrying amount on the consolidated balance sheets	Acquisition cost	Unrealized gain (loss)
Securities whose carrying amount on the consolidated balance sheets exceeds their acquisition cost			
Stocks	8,397,812	1,540,154	6,857,657
Subtotal	8,397,812	1,540,154	6,857,657
Securities whose carrying amount on the consolidated balance sheets does not exceed their acquisition cost			
Stocks	252,758	279,512	(26,753)
Subtotal	252,758	279,512	(26,753)
Total	8,650,570	1,819,666	6,830,903

(Note) As unlisted stocks (126,958 thousand yen reported on the consolidated balance sheets) have no market prices, they are not included in the table above.

2. Available-for-sale securities that were sold during the fiscal year

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Thousands of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Stocks	317,674	106,010	3,409

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

(Thousands of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Stocks	46,880	8,720	—

3. Impairment loss on securities

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

Not applicable.

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

Not applicable.

Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

Not applicable.

2. Derivative transactions to which hedge accounting is applied

(1) Currency-related transactions

As of March 31, 2022

Not applicable.

As of March 31, 2023

Not applicable.

(2) Interest rate-related transactions

As of March 31, 2022

(Thousands of yen)

Hedge accounting method	Type of derivative transaction	Principal hedged item	Contract amount	Contract amount due after 1 year	Fair value
Exceptional accrual method for interest rate swaps	Interest rate swap contracts Receive floating / Pay fixed	Long-term borrowings	1,008,801	728,826	(Note)

(Note) Since items subject to the exceptional accrual method for interest rate swaps are accounted for together with the long-term borrowings that are the hedged items, the fair values thereof are included in the fair values of the corresponding long-term borrowings.

As of March 31, 2023

(Thousands of yen)

Hedge accounting method	Type of derivative transaction	Principal hedged item	Contract amount	Contract amount due after 1 year	Fair value
Exceptional accrual method for interest rate swaps	Interest rate swap contracts Receive floating / Pay fixed	Long-term borrowings	838,221	525,966	(Note)

(Note) Since items subject to the exceptional accrual method for interest rate swaps are accounted for together with the long-term borrowings that are the hedged items, the fair values thereof are included in the fair values of the corresponding long-term borrowings.

Retirement Benefits

1. Summary of retirement benefit plans adopted

To cover retirement benefits to employees, the Company and its consolidated subsidiaries have adopted funded and unfunded defined-benefit plans.

Under the defined-benefit corporate pension plans, all of which are funded plans, lump-sum benefits or pensions are paid based on salary and service period.

Under the retirement lump-sum payment plans, all of which are unfunded plans, lump-sum benefits are paid as retirement benefits based on salary and service period. A retirement benefit trust has been established for the retirement lump-sum payment plans, all of which are unfunded plans, since May 2015.

For defined-benefit corporate pension plans and retirement lump-sum payment plans held by some consolidated subsidiaries, retirement benefit liability and retirement benefit expenses are calculated by a simplified method.

2. Defined-benefit plans

(1) Reconciliation between balance of retirement benefit obligations at the beginning of period and that at the end of period

	(Thousands of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Retirement benefit obligations at the beginning of period	5,891,642	6,020,580
Service cost	396,831	249,207
Interest cost	35,778	29,170
Actuarial differences	(2,272)	90,528
Retirement benefits paid	(292,624)	(389,315)
Other	(8,776)	45,913
Retirement benefit obligations at the end of period	6,020,580	6,046,084

(2) Reconciliation between balance of plan assets at the beginning of period and that at the end of period

	(Thousands of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Plan assets at the beginning of period	5,722,787	5,845,998
Expected return on plan assets	108,359	112,377
Actuarial differences	23,962	(178,099)
Contribution by employer	103,615	101,890
Retirement benefits paid	(112,726)	(182,077)
Other	-	-
Plan assets at the end of period	5,845,998	5,700,089

- (3) Reconciliation between balance of retirement benefit obligations and plan assets at the end of period and that of retirement benefit liability and retirement benefit asset recorded in the consolidated balance sheets

	(Thousands of yen)	
	As of March 31, 2022	As of March 31, 2023
Retirement benefit obligations from funded plans	2,861,980	2,853,410
Plan assets	(3,760,494)	(3,665,357)
	(898,514)	(811,947)
Retirement benefit obligations on unfunded plans	1,073,095	1,157,941
Net amount of liability and asset recorded in consolidated balance sheets	174,581	345,994
Retirement benefit asset	(962,148)	(811,947)
Retirement benefit liability	1,136,730	1,157,941
Net amount of liability and asset recorded in consolidated balance sheets	174,581	345,994

- (4) Retirement benefit expenses

	(Thousands of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Service cost	396,831	249,207
Interest cost	35,778	29,170
Expected return on plan assets	(108,359)	(112,377)
Amortization of actuarial differences	47,442	73,982
Other	(13,457)	(18,454)
Retirement benefit expenses on defined-benefit plans	358,235	221,528

- (5) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans (before deducting tax effect) are as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Actuarial differences	(73,677)	194,645

- (6) Remeasurements of defined benefit plans (Accumulated other comprehensive income)

The components of remeasurements of defined benefit plans (before deducting tax effect) are as follows:

	(Thousands of yen)	
	As of March 31, 2022	As of March 31, 2023
Unrecognized actuarial differences	(140,010)	54,634

(7) Plan assets

i) Main components of plan assets

The ratios of components to total plan assets by major category are as follows:

	As of March 31, 2022	As of March 31, 2023
Bonds	10.4%	10.6%
Stocks	18.7%	18.5%
Cash and deposits	5.3%	5.1%
Insurance assets (general accounts)	7.3%	7.5%
Investment trust	35.7%	35.7%
Shared operating assets	22.7%	22.5%
Total	100.0%	100.0%

(Note) Total plan assets includes the retirement benefit trust established for the retirement lump-sum payment plans, which accounts for 35.7% and 35.7% of the total amount as of March 31, 2022 and March 31, 2023, respectively.

ii) Method for establishing long-term expected rate of return on plan assets

To establish the long-term expected rate of return on plan assets, the current and forecasted allocation of plan assets and the current and expected future long-term rate of return from the various assets constituting the plan assets are taken into consideration.

(8) Calculation basis for actuarial assumptions

The main calculation basis for actuarial assumptions are as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Discount rate	0.19%	0.33%
Long-term expected rate of return	2.60%	2.70%
Expected rate of salary increase	7.20%	7.20%

Income Taxes

1. Significant components of deferred tax assets and liabilities

	As of March 31, 2022	(Thousands of yen) As of March 31, 2023
Deferred tax assets		
Allowance for doubtful accounts	26,346	26,240
Retirement benefit liability	857,368	860,042
Impairment loss	407,849	328,987
Provision for bonuses	198,324	215,856
Loss on valuation of investment securities	173,607	176,471
Asset retirement obligations	98,743	100,231
Net operating losses carryforward (Note)	142,443	58,250
Other	660,770	633,091
Subtotal of deferred tax assets	2,565,454	2,399,172
Valuation allowance related to net operating losses carryforward (Note)	(140,874)	(58,250)
Valuation allowance related to total deductible temporary difference, etc.	(451,254)	(443,478)
Subtotal of valuation allowance	(592,129)	(501,729)
Total deferred tax assets	1,973,325	1,897,443
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(1,677,344)	(1,946,421)
Retirement benefit asset	(275,124)	(236,371)
Property, plant and equipment (asset retirement obligations)	(38,989)	(34,506)
Reserved profit of overseas consolidated subsidiaries	(495,856)	(547,410)
Other	(526,784)	(568,759)
Total deferred tax liabilities	(3,014,101)	(3,333,468)
Net deferred tax assets (liabilities)	(1,040,775)	(1,436,024)

(Note) Amounts of tax loss carryforward and related deferred tax assets by carryforward period
As of March 31, 2022

	(Thousands of yen)						
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Tax loss carryforward (a)	42,101	23,727	12,454	8,836	4,221	51,103	142,443
Valuation allowance	(42,101)	(23,727)	(12,454)	(8,836)	(4,221)	(49,534)	(140,874)
Deferred tax assets	-	-	-	-	-	1,568	(b) 1,568

(a) Figures for tax loss carryforward are the amounts multiplied by effective statutory tax rate.

(b) For the tax loss carryforward of 142,443 thousand yen (amount multiplied by effective statutory tax rate), deferred tax assets of 1,568 thousand yen have been recorded. The deferred tax assets of 1,568 thousand yen have been recognized primarily for a portion of the balance of tax loss carryforward in the amount of 1,129 thousand yen (amount multiplied by effective statutory tax rate) of RIMTEC CORPORATION, a consolidated subsidiary. For the said tax loss carryforward that was determined to be recoverable as future taxable income was anticipated, valuation allowance has not been recognized.

As of March 31, 2023

	(Thousands of yen)						
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Tax loss carryforward (a)	25,158	17,532	5,760	5,553	2,553	1,691	58,250
Valuation allowance	(25,158)	(17,532)	(5,760)	(5,553)	(2,553)	(1,691)	(58,250)
Deferred tax assets	-	-	-	-	-	-	-

(a) Figures for tax loss carryforward are the amounts multiplied by effective statutory tax rate.

2. Reconciliation between the effective statutory tax rate and the effective tax rate

	As of March 31, 2022	As of March 31, 2023
Effective statutory tax rate	30.6%	30.6%
Adjustments		
Expenses not deductible permanently such as entertainment expenses	0.5	0.5
Income not taxable permanently such as dividends income	(0.9)	(0.9)
Foreign withholding taxes	0.3	0.4
Change in valuation allowance	(0.7)	(1.1)
Tax rate differences from overseas consolidated subsidiaries	(2.5)	(4.2)
Other	1.3	0.3
Effective tax rate	28.5	25.7

Asset retirement obligations

This information has been omitted due to its insignificance.

Rental properties and other real estate

This information has been omitted due to its insignificance.

Revenue recognition

1. Information on the breakdown of revenue generated from contracts with customers
Information on the breakdown of revenue generated from contracts with customers is as stated in “Segment Information and Others.”
2. Information fundamental to an understanding of revenue generated from contracts with customers
Information fundamental to an understanding of revenue generated from contracts with customers is as stated in “5. Accounting policies (5) Significant standards for the recognition of revenue and expenses” under “Significant Matters in Preparing Consolidated Financial Statements.”

Segment Information and Others

Segment Information

1. Summary of reportable segments

(1) Method of determining reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and that are evaluated regularly by the Board of Directors to determine allocation of management resources and assess performance.

The Company has business units primarily by market at the head office. Each business unit supervises and plans its own domestic and overseas strategies by market and conducts global business activities.

Accordingly, the Group has classified the reportable segments based on markets and has four reportable segments, "transportation," "daily life & healthcare," "electronics," and "building & construction."

(2) The name, abbreviation, and main markets of each respective reportable segment

The name, abbreviation, and main markets of each respective reportable segment are as follows:

Transportation (TR): automobile, railroad, and shipping markets, etc.

Daily Life & Healthcare (DH): healthcare, materials for daily life, and food wrapping film markets, etc.

Electronics (EL): energy, communications, and IT equipment markets, etc.

Building & Construction (BC): housing, buildings, construction materials, and civil engineering markets

(Note) The terms in parentheses are abbreviations for the reportable segments.

2. Method for calculating net sales, profit or loss, assets, liabilities and other items by reportable segment

Accounting policies of reported business segments are mostly consistent with those disclosed in "Significant Matters in Preparing Consolidated Financial Statements."

Segment profit is calculated on an operating profit basis.

Intersegment sales and transfers are based on actual market prices.

3. Information about net sales, profit or loss, assets, liabilities and other items by reportable segment, and revenue breakdown

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded on the consolidated statements of income (Note 3)
	TR	DH	EL	BC	Total				
Net sales									
Revenue generated from contracts with customers	32,457,128	30,688,631	21,493,631	25,154,398	109,793,790	129,915	109,923,705	—	109,923,705
Sales to external customers	32,457,128	30,688,631	21,493,631	25,154,398	109,793,790	129,915	109,923,705	—	109,923,705
Intersegment sales or transfers	—	117	—	1,515	1,632	295,412	297,045	(297,045)	—
Total	32,457,128	30,688,748	21,493,631	25,155,914	109,795,423	425,328	110,220,751	(297,045)	109,923,705
Segment profit	2,737,512	1,856,535	439,229	1,131,128	6,164,406	23,776	6,188,183	103,859	6,292,043
Segment assets	8,862,537	11,283,041	10,932,274	7,394,848	38,472,701	266,176	38,738,877	63,902,606	102,641,484
Others									
Depreciation	1,332,080	583,736	833,104	756,956	3,505,876	215	3,506,091	—	3,506,091
Amortization of goodwill	—	—	138,750	1,455	140,205	—	140,205	—	140,205
Impairment loss	—	—	319,144	—	319,144	—	319,144	—	319,144
Increase in property, plant and equipment and intangible assets	—	271,653	19,250	—	290,904	—	290,904	2,209,079	2,499,984

- (Notes) 1. The “Other” category is the business segment that is not included in the reportable segments, and represents the purchase and sales of raw materials, etc.
2. The adjustment to segment profit represents 103,859 thousand yen in inter-segment eliminations.
The adjustment to segment assets represents – thousand yen in inter-segment eliminations and 64,750,958 thousand yen in corporate assets. The corporate assets mainly include funds to manage surplus assets (cash and deposits), long-term investment funds (investment securities) and assets related to the administration division.
3. Segment profit is adjusted to operating profit in the consolidated statements of income.

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

(Thousands of yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded on the consolidated statements of income (Note 3)
	TR	DH	EL	BC	Total				
Net sales									
Revenue generated from contracts with customers	38,090,253	33,492,275	24,626,546	27,186,503	123,395,578	102,412	123,497,991	—	123,497,991
Sales to external customers	38,090,253	33,492,275	24,626,546	27,186,503	123,395,578	102,412	123,497,991	—	123,497,991
Intersegment sales or transfers	—	—	1	1	2	384,290	384,293	(384,293)	—
Total	38,090,253	33,492,275	24,626,547	27,186,504	123,395,581	486,703	123,882,284	(384,293)	123,497,991
Segment profit	3,858,284	1,477,868	996,951	1,050,595	7,383,699	32,062	7,415,761	90,500	7,506,262
Segment assets	10,940,632	11,176,030	11,529,461	7,480,331	41,126,455	328,956	41,455,411	70,547,345	112,002,757
Others									
Depreciation	1,423,312	575,522	797,466	801,142	3,597,444	89	3,597,533	—	3,597,533
Amortization of goodwill	—	—	—	1,455	1,455	—	1,455	—	1,455
Impairment loss	—	—	—	—	—	—	—	—	—
Increase in property, plant and equipment and intangible assets	—	222,645	23,192	—	245,837	—	245,837	3,664,012	3,909,850

- (Notes) 1. The “Other” category is the business segment that is not included in the reportable segments, and represents the purchase and sales of raw materials, etc.
2. The adjustment to segment profit represents 90,500 thousand yen in inter-segment eliminations.
The adjustment to segment assets represents – thousand yen in inter-segment eliminations and 70,547,345 thousand yen in corporate assets. The corporate assets mainly include funds to manage surplus assets (cash and deposits), long-term investment funds (investment securities) and assets related to the administration division.
3. Segment profit is adjusted to operating profit in the consolidated statements of income.

Related Information

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

1. Information by product and service

(Thousands of yen)

	TR	DH	EL	BC	Other	Total
Sales to external customers	32,457,128	30,688,631	21,493,631	25,154,398	129,915	109,923,705

2. Information by geographical area

(1) Net sales

(Thousands of yen)

Japan	Thailand	U.S.	China	Europe	Other regions	Total
57,425,206	12,719,592	14,377,497	8,861,802	144,451	16,395,155	109,923,705

(Note) Net sales are segmented by country or region based on customer location.

(2) Property, plant and equipment

(Thousands of yen)

Japan	Thailand	U.S.	China	Europe	Other regions	Total
13,241,665	2,839,504	4,904,541	1,404,035	–	2,747,123	25,136,870

3. Information by major customer

This information has been omitted as there is no major external customer that accounts for 10% or more of the net sales recorded on the consolidated statements of income.

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

1. Information by product and service

(Thousands of yen)

	TR	DH	EL	BC	Other	Total
Sales to external customers	38,090,253	33,492,275	24,626,546	27,186,503	102,412	123,497,991

2. Information by geographical area

(1) Net sales

(Thousands of yen)

Japan	Thailand	U.S.	China	Europe	Other regions	Total
60,072,003	15,022,522	18,271,013	9,080,816	219,229	20,832,405	123,497,991

(Note) Net sales are segmented by country or region based on customer location.

(2) Property, plant and equipment

(Thousands of yen)

Japan	Thailand	U.S.	China	Europe	Other regions	Total
13,570,450	3,668,063	5,389,996	1,512,409	–	2,936,788	27,077,707

3. Information by major customer

This information has been omitted as there is no major external customer that accounts for 10% or more of the net sales recorded on the consolidated statements of income.

Information about Impairment Loss on Non-current Assets by Reportable Segment

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

This information has been omitted as identical information is disclosed in segment information.

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

Not applicable.

Information about Amortization of Goodwill and Balance of Unamortized Goodwill by Reportable Segment

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Reportable segment					Other	Total	Adjustment	Amount recorded on the consolidated financial statements
	TR	DH	EL	BC	Total				
Balance as of March 31, 2022	-	-	-	7,275	7,275	-	7,275	-	7,275

(Notes) 1. Amortization of goodwill has been omitted, as identical information is disclosed in segment information.
2. Impairment loss on goodwill of 231,250 thousand yen was recorded in the EL segment.

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

(Thousands of yen)

	Reportable segment					Other	Total	Adjustment	Amount recorded on the consolidated financial statements
	TR	DH	EL	BC	Total				
Balance as of March 31, 2023	-	-	-	5,820	5,820	-	5,820	-	5,820

(Note) Amortization of goodwill has been omitted, as identical information is disclosed in segment information.

Information about Gain on Bargain Purchase by Reportable Segment

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

Not applicable.

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

Not applicable.

Information on Related Parties

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

Not applicable.

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

Not applicable.

Per Share Information

(Yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share	914.83	999.00
Basic earnings per share	62.47	72.11

(Notes) 1. Diluted earnings per share is not presented because there are no potential shares.

2. The basis used for calculating basic earnings per share is as follows.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit attributable to owners of parent (Thousands of yen)	3,941,418	4,557,523
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent regarding common stock (Thousands of yen)	3,941,418	4,557,523
Average number of shares of common stock outstanding during the period (Shares)	63,090,216	63,204,889

(Note) Shares in the Company remaining at the trust that were recorded as treasury shares under shareholders' equity have been included in the treasury shares that should be deducted in calculating the average number of shares outstanding during the period for the purpose of calculating basic earnings per share.

The average number of treasury shares during the period that were deducted for the purpose of calculating basic earnings per share was 1,023 thousand shares for the fiscal year ended March 31, 2022 and 908 thousand shares for the fiscal year ended March 31, 2023.

3. The basis used for calculating net assets per share is as follows.

	As of March 31, 2022	As of March 31, 2023
Total net assets (Thousands of yen)	65,448,500	72,165,232
Deduction from total net assets (Thousands of yen)	7,686,429	8,969,215
[Of the above, non-controlling interests (Thousands of yen)]	[7,686,429]	[8,969,215]
Net assets related to common stock (Thousands of yen)	57,762,070	63,196,017
Number of treasury shares of common stock (Shares)	973,846	854,648
Number of shares of common stock outstanding used for calculation of net assets per share (Shares)	63,139,973	63,259,171

(Note) Shares in the Company remaining at the trust that were recorded as treasury shares under shareholders' equity have been included in the treasury shares that should be deducted from the total number of shares outstanding at the fiscal year-end for the purpose of calculating net assets per share.

The number of treasury shares at the fiscal year-end that were deducted for the purpose of calculating net assets per share was 973 thousand shares for the fiscal year ended March 31, 2022, and 854 thousand shares for the fiscal year ended March 31, 2023.

Significant Subsequent Events

Not applicable.

e. Consolidated Supporting Schedules

Detailed Statement of Bonds

Not applicable.

Detailed Statement of Borrowings

Category	Balance as of March 31, 2022 (Thousands of yen)	Balance as of March 31, 2023 (Thousands of yen)	Average interest rate (%)	Repayment period
Short-term borrowings	6,769,296	7,718,267	1.3	–
Current portion of long-term borrowings	488,174	552,457	3.0	–
Current portion of lease liabilities	14,444	16,456	–	–
Long-term borrowings (excluding current portion)	2,566,512	2,260,070	2.0	2024 – 2033
Lease liabilities (excluding current portion)	20,774	30,639	–	2024 – 2027
Other interest-bearing debt	–	–	–	–
Total	9,859,201	10,577,890	–	–

(Notes) 1. Method of calculating average interest rates

Average interest rates are calculated using the average outstanding balance during the period.

2. The amount of lease liabilities in the consolidated balance sheets includes the interest equivalent.

3. Repayment of long-term borrowings and lease liabilities scheduled within five years after the balance sheet date are as follows:

Category	(Thousands of yen)			
	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
Long-term borrowings	610,506	322,563	–	729,850
Lease liabilities	18,986	9,276	1,811	564

Detailed Statement of Asset Retirement Obligations

As the amount of asset retirement obligations as of April 1, 2022 and March 31, 2023 is not more than 1% of the total amount of liabilities and net assets as of the same dates, this information is omitted pursuant to the provisions of Article 92-2 of the Ordinance on Consolidated Financial Statements.

(2) Others

Quarterly information for the fiscal year ended March 31, 2023

(Year-to-date period)	1st quarter	2nd quarter	3rd quarter	Fiscal year ended March 31, 2023
Net sales (Thousands of yen)	29,721,050	59,527,087	92,246,423	123,497,991
Profit before income taxes (Thousands of yen)	2,461,993	4,044,223	6,056,514	7,962,615
Profit attributable to owners of parent (Thousands of yen)	1,511,086	2,377,774	3,560,432	4,557,523
Basic earnings per share (Yen)	23.93	37.64	56.34	72.11

(Three-month period)	1st quarter	2nd quarter	3rd quarter	4th quarter
Basic earnings per share (Yen)	23.93	13.71	18.71	15.76