

SMK Corporation

Consolidated Financial Statements

As of and for the year ended March 31, 2025

Financial Information

1. Basis for Preparation of the Consolidated and Non-Consolidated Financial Statements

- (1) The consolidated financial statements of the Company are prepared based on the “Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976).
- (2) The non-consolidated financial statements of the Company are prepared based on the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements” (Ministry of Finance Order No. 59 of 1963) (hereinafter referred to as the “Regulation on Financial Statements”).
The Company is qualified as a special company submitting financial statements and prepares the financial statements in accordance with the provisions of Article 127 of the Regulation on Financial Statements.

2. Audit Certification

In accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the consolidated financial statements and the non-consolidated financial statements of the Company for the fiscal year under review (from April 1, 2024 to March 31, 2025) were audited by Ernst & Young ShinNihon LLC.

3. Special Measures to Ensure the Appropriateness of the Consolidated Financial Statements, etc.

The Company takes special measures to ensure the appropriateness of its consolidated financial statements, etc. Specifically, the Company joined the Financial Accounting Standards Foundation and participates in its seminars in order to establish a structure that enables the Company to maintain an appropriate understanding of the contents of accounting standards, etc., and accurately respond to changes and other developments of accounting standards, etc.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	10,258	10,475
Notes receivable - trade	※5 50	4
Electronically recorded monetary claims - operating	3,132	2,710
Accounts receivable - trade	10,039	11,221
Merchandise and finished goods	3,424	2,909
Work in process	592	517
Raw materials and supplies	5,240	4,246
Other	1,150	1,151
Allowance for doubtful accounts	(64)	(85)
Total current assets	33,824	33,149
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,697	21,036
Accumulated depreciation and impairment	(16,451)	(16,885)
Buildings and structures, net	4,245	4,151
Machinery, equipment and vehicles	25,851	22,609
Accumulated depreciation and impairment	(23,020)	(19,960)
Machinery, equipment and vehicles, net	2,830	2,649
Tools, furniture and fixtures	18,966	17,031
Accumulated depreciation and impairment	(18,011)	(16,009)
Tools, furniture and fixtures, net	954	1,022
Land	5,819	5,819
Leased assets	39	3
Accumulated depreciation and impairment	(35)	(0)
Leased assets, net	3	3
Right of use assets	2,314	2,257
Accumulated depreciation and impairment loss	(880)	(1,308)
Right of use assets, net	1,434	948
Construction in progress	39	159
Total property, plant and equipment	※2,※3 15,328	※2,※3 14,754
Intangible assets		
Other	130	202
Total intangible assets	130	202
Investments and other assets		
Investment securities	※1 4,327	※1 4,205
Long-term loans receivable	90	87
Retirement benefit asset	3,788	4,247
Deferred tax assets	149	241
Other	900	890
Allowance for doubtful accounts	(94)	(94)
Total investments and other assets	9,160	9,578
Total non-current assets	24,619	24,535
Total assets	58,444	57,684

(Million yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,643	3,206
Electronically recorded obligations - operating	2,058	1,005
Short-term borrowings	※3,※6 5,840	※3,※6 7,040
Lease liabilities	504	462
Accounts payable - other	1,801	2,690
Income taxes payable	270	198
Provision for bonuses	572	581
Provision for bonuses for directors (and other officers)	1	3
Valuation reserve for inventory purchase commitments	107	6
Other	※4 1,571	※4 1,452
Total current liabilities	15,371	16,647
Non-current liabilities		
Long-term borrowings	※3 7,022	※3 7,282
Lease liabilities	997	830
Deferred tax liabilities	2,005	2,575
Provision for retirement benefits for directors (and other officers)	132	124
Retirement benefit liability	37	297
Provision for share awards for directors (and other officers)	27	24
Other	705	679
Total non-current liabilities	10,929	11,815
Total liabilities	26,300	28,462
Net assets		
Shareholders' equity		
Share capital	7,996	7,996
Capital surplus	12,057	12,057
Retained earnings	13,253	10,731
Treasury shares	(3,030)	(3,032)
Total shareholders' equity	30,276	27,752
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,159	969
Deferred gains or losses on hedges	(70)	16
Foreign currency translation adjustment	(497)	(812)
Remeasurements of defined benefit plans	1,274	1,296
Total accumulated other comprehensive income	1,866	1,469
Total net assets	32,143	29,221
Total liabilities and net assets	58,444	57,684

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	46,522	48,051
Cost of sales	※1,※2 39,094	※1,※2 38,800
Gross profit	7,427	9,250
Selling, general and administrative expenses	※2,※3 8,671	9,470
Operating loss	(1,243)	(220)
Non-operating income		
Interest income	102	172
Dividend income	64	52
Rental income from real estate	987	1,023
Foreign exchange gains	1,089	54
Other	201	362
Total non-operating income	2,445	1,665
Non-operating expenses		
Interest expenses	156	221
Rental costs on real estate	581	593
Loss on investments in investment partnerships	112	—
Provision of allowance for doubtful accounts	5	—
Other	119	80
Total non-operating expenses	975	895
Ordinary profit	226	549
Extraordinary income		
Gain on sale of non-current assets	※4 183	7
Gain on sale of investment securities	273	—
Other	1	—
Total extraordinary income	459	7
Extraordinary losses		
Loss on sale of non-current assets	—	※5 0
Loss on retirement of non-current assets	※6 72	※6 83
Impairment losses	※7 562	※7 497
Loss on valuation of investment securities	1	69
Extra retirement payments	※8 102	—
Business structure reform expenses	—	※9 869
Total extraordinary losses	739	1,520
Loss before income taxes	(53)	(963)
Income taxes - current	233	366
Income taxes for prior periods	—	65
Income taxes - deferred	201	489
Total income taxes	435	921
Loss	(489)	(1,884)
Loss attributable to owners of parent	(489)	(1,884)

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Loss	(489)	(1,884)
Other comprehensive income		
Valuation difference on available-for-sale securities	385	(190)
Deferred gains or losses on hedges	(70)	86
Foreign currency translation adjustment	652	(315)
Remeasurements of defined benefit plans, net of tax	876	21
Total other comprehensive income	※1 844	※1 (397)
Comprehensive income	1,355	(2,282)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,355	(2,282)

(3) Consolidated Statements of Changes in Equity
Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of period	7,996	12,057	14,730	(2,531)	32,252
Changes during period					
Dividends of surplus			(987)		(987)
Loss attributable to owners of parent			(489)		(489)
Purchase of treasury shares				(500)	(500)
Disposal of treasury shares				1	1
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(1,476)	(498)	(1,975)
Balance at end of period	7,996	12,057	13,253	(3,030)	30,276

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	773	–	(1,149)	397	21	32,274
Changes during period						
Dividends of surplus						(987)
Loss attributable to owners of parent						(489)
Purchase of treasury shares						(500)
Disposal of treasury shares						1
Net changes in items other than shareholders' equity	385	(70)	652	876	1,844	1,844
Total changes during period	385	(70)	652	876	1,844	(131)
Balance at end of period	1,159	(70)	(497)	1,274	1,866	32,143

Fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of period	7,996	12,057	13,253	(3,030)	30,276
Changes during period					
Dividends of surplus			(637)		(637)
Loss attributable to owners of parent			(1,884)		(1,884)
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares				2	2
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(2,522)	(1)	(2,524)
Balance at end of period	7,996	12,057	10,731	(3,032)	27,752

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,159	(70)	(497)	1,274	1,866	32,143
Changes during period						
Dividends of surplus						(637)
Loss attributable to owners of parent						(1,884)
Purchase of treasury shares						(3)
Disposal of treasury shares						2
Net changes in items other than shareholders' equity	(190)	86	(315)	21	(397)	(397)
Total changes during period	(190)	86	(315)	21	(397)	(2,921)
Balance at end of period	969	16	(812)	1,296	1,469	29,221

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Loss before income taxes	(53)	(963)
Depreciation	2,451	2,347
Impairment losses	562	497
Restructuring expenses	—	869
Increase (decrease) in provision for bonuses	(33)	10
Increase (decrease) in valuation reserve for inventory purchase commitments	103	(100)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	0	(8)
Increase (decrease) in provision for share awards for directors (and other officers)	(1)	(2)
Increase (decrease) in net defined benefit asset and liability	(187)	(133)
Interest and dividend income	(167)	(224)
Interest expenses	156	221
Loss (gain) on sale of investment securities	(273)	—
Loss (gain) on sale of non-current assets	(183)	(6)
Loss (gain) on valuation of investment securities	1	69
Loss on retirement of non-current assets	72	83
Loss (gain) on investments in investment partnerships	112	(112)
Extra retirement payments	102	—
Decrease (increase) in trade receivables	1,321	(932)
Decrease (increase) in inventories	1,440	1,599
Increase (decrease) in trade payables	(1,209)	(420)
Decrease (increase) in accounts receivable - other	78	4
Increase (decrease) in accounts payable - other	(20)	(4)
Other, net	(92)	43
Subtotal	4,180	2,835
Interest and dividends received	169	226
Interest paid	(169)	(228)
Income taxes paid	(387)	(387)
Income taxes refund	28	—
Extra retirement payments	(102)	—
Payment for business restructuring expenses	—	(7)
Net cash provided by (used in) operating activities	3,719	2,439
Cash flows from investing activities		
Payments into time deposits	(52)	(40)
Proceeds from withdrawal of time deposits	48	40
Purchase of property, plant and equipment	(2,379)	(2,080)
Proceeds from sale of property, plant and equipment	260	19
Purchase of intangible assets	(58)	(126)
Purchase of investment securities	(87)	(34)
Proceeds from sale of investment securities	634	—
Loan advances	(8)	(9)
Proceeds from collection of loans receivable	23	16
Other, net	2	0
Net cash provided by (used in) investing activities	(1,617)	(2,216)

(Million yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,200	800
Proceeds from long-term borrowings	3,300	2,000
Repayments of long-term borrowings	(3,991)	(1,340)
Repayments of lease liabilities	(504)	(535)
Purchase of treasury shares	(498)	(1)
Dividends paid	(984)	(636)
Net cash provided by (used in) financing activities	(478)	286
Effect of exchange rate change on cash and cash equivalents	(341)	(291)
Net increase (decrease) in cash and cash equivalents	1,282	217
Cash and cash equivalents at beginning of period	8,915	10,197
Cash and cash equivalents at end of period	※1 10,197	※1 10,415

(Notes)

(Basis for preparation of consolidated financial statements)

1. Scope of consolidation

Number of consolidated subsidiaries: 23

Names of major consolidated subsidiaries

Note is omitted because the same information is provided in “I. Company Overview, 4. Status of Affiliates.”

SMK Manufacturing, Inc. has been excluded from the scope of consolidation due to the liquidation in the fiscal year ended March 31, 2025.

2. Application of equity method of accounting

(1) Number of affiliated companies accounted for using the equity method: 1

Names of companies, etc.

Note is omitted because the same information is provided in “I. Company Overview, 4. Status of Affiliates.”

(2) Particulars that are found to be particularly necessary to be provided with regard to the procedure for applying the equity method

Although the balance sheet date of Ibaraki plating Kogyo Co., Ltd. is April 30, it performs provisional settlement of accounts as of March 31 for the preparation of the consolidated financial statements.

3. Fiscal year, etc. of consolidated subsidiaries

The fiscal year end date for consolidated subsidiaries is the same as the consolidated balance sheet date, except for SMK Electronics (Dongguan) Co., Ltd., SMK Electronics (Shenzhen) Co., Ltd., SMK Electronics Technology Development (Shenzhen) Co., Ltd., SMK Electronics Trading (Shenzhen) Co., Ltd., SMK Electronics Trading (Shanghai) Co., Ltd., SMK Electronics Int'l Trading (Shanghai) Co., Ltd., SMK Electronica S.A. de C.V., and SMK Mexicana S.R.L. de C.V. Although the balance sheet date of these subsidiaries is December 31, these subsidiaries perform provisional settlement of accounts as of March 31 for the preparation of the consolidated financial statements.

4. Significant accounting policies

(1) Valuation basis and valuation method of significant assets

(i) Securities

Available-for-sale securities

Available-for-sale securities apart from stocks, etc. without quoted market prices

These securities are carried at fair value (with any changes in unrealized holding gain or loss, net of the applicable income taxes, are directly included in net assets, and the cost of securities sold is calculated by the moving-average method).

Stocks, etc. without quoted market prices

These securities are carried at cost determined by the moving average method.

(ii) Derivatives

Derivatives are stated at fair value.

(iii) Inventories

Inventories held for regular sale

Inventories are mainly stated at the lower of cost or market. The following inventories are measured principally by their respective methods:

a. Finished products: Retail cost method

b. Work in process: Mainly most recent purchase cost method

c. Raw materials: Most recent purchase cost method

Consolidated subsidiaries adopt mainly the moving average method.

(2) Depreciation methods of significant depreciable assets

(i) Property, plant and equipment (except for leased assets and right of use assets)

Depreciation of property, plant and equipment is calculated by the declining-balance method for the Company, and principally by the straight-line method for consolidated subsidiaries.

However, certain buildings (except for facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and other non-building structures acquired on or after April 1, 2016 are depreciated by the straight-line method.

The estimated useful lives of the assets of the Company and its domestic consolidated subsidiaries are as follows:

Buildings and structures: 10 to 50 years

Machinery, equipment and vehicles: 4 to 10 years

Tools, furniture and fixtures: 2 to 6 years

The residual values of the property, plant and equipment acquired on or before March 31, 2007 are depreciated equally over a period of five years starting from the year following the year in which they have been depreciated up to their depreciable limit.

(ii) Intangible assets (except for leased assets)

Amortization of intangible assets is calculated by the straight-line method.

Useful life of software for own use for the Company and its domestic consolidated subsidiaries is based on the utilizable period in the companies (five years).

(iii) Leased assets

Leased assets for finance lease transactions that do not transfer ownership

Calculated by the straight-line method based on the lease term as the useful life and the residual value is zero.

(iv) Right of use assets

Calculated by the straight-line method based on the lease term as the useful life and the residual value is zero.

(3) Basis for the provision of significant allowances and reserves

(i) Allowance for doubtful accounts

To prepare for losses from uncollectible receivables, allowance for doubtful accounts is provided at the estimated uncollectible amount by considering collectibility based on historical default rates for general receivables and on an individual basis for certain receivables including doubtful receivables.

(ii) Provision for bonuses

To allow for payment of bonuses to employees, provision for bonuses is provided for the Company and its domestic consolidated subsidiaries and certain overseas subsidiaries, at the estimated amount to be paid at or after the fiscal year end based on an accrual basis at the fiscal year end.

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

To allow for payment of bonuses to directors and other officers, provision for bonuses for directors (and other officers) is provided based on an estimate of the amounts to be paid for the fiscal year.

(iv) Valuation reserve for inventory purchase commitments

To prepare for losses from decreased profitability of inventories, valuation reserve for inventory purchase commitments is provided at an estimated uncollectible amount of inventories under inventory purchase commitments yet to be purchased.

(v) Provision for retirement benefits for directors (and other officers)

To prepare for payment of retirement benefit to directors and corporate executive officers, provision for retirement benefits for directors (and other officers) is provided at an amount which will be required to be paid at the end of the fiscal year based on the Company's bylaws.

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

To prepare for delivery of the Company's shares to directors and corporate executive officers, provision

for share awards for directors (and other officers) is provided based on an estimate of share award obligations at the fiscal year end based on the Company's bylaws.

(4) Accounting methods for retirement benefits

(i) Method of attributing estimated retirement benefits to accounting periods

In calculation of the retirement benefit obligations, estimated retirement benefits are attributed to the accounting period prior to the fiscal year end date in accordance with the benefit formula basis.

(ii) Method of amortization of actuarial gain or loss

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over a certain number of years (five years), which is within the estimated average remaining years of service of employees at the time when the actuarial gain or loss is recognized in each fiscal year.

(5) Basis for recognizing significant revenue and expenses

The main performance obligations in key businesses of the Company and its consolidated subsidiaries concerning revenue from contracts with customers is the sales of the parts for electro-communication devices and electronic equipment in Japan and abroad. For the sales of these products, revenue is recognized at the point in time when the products are delivered to the customer. However, for sales within Japan of these products, revenue is recognized at the time of shipment in accordance with the alternative treatment prescribed in Paragraph 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition."

(6) Translation of significant foreign currency-denominated assets and liabilities into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the foreign exchange spot rate at the consolidated balance sheet date, and differences arising from the translation are included in the Consolidated Statements of Income. Asset and liability accounts of foreign subsidiaries are translated into Japanese yen at the foreign exchange spot rate at the consolidated balance sheet date. Revenue and expense accounts of foreign subsidiaries are translated at the average rates of exchange prevailing during the year. Differences arising from the translation are included in foreign currency translation adjustments under net assets.

(7) Method of significant hedge accounting

(i) Method of hedge accounting

In principle, deferral hedge accounting is applied. The exceptional treatment is applied for interest rate swap transactions meeting certain conditions.

(ii) Hedging instruments and hedged items

Hedging instruments

Interest rate swaps

Hedged items

Interest on long-term borrowings subject to interest rate fluctuation risk

(iii) Hedging policy

The Company uses interest rate swaps to avoid interest rate fluctuation risk related to interest on borrowings, following the internal approval procedure determined by the Company.

(iv) Method of assessing effectiveness of hedging activities

The Company assesses the effectiveness of hedging activities by comparing accumulated fluctuations of cash flows on the hedging instrument with that of hedged item by quarter and based on the changes in both. When the exceptional treatment is applied for interest rate swaps, the assessment of effectiveness of hedging activities is omitted.

(8) Cash and cash equivalents in the Consolidated Statements of Cash Flows

Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less from the date of acquisition which can easily be converted to cash and are subject to little risk of change in value.

(9) Other significant matters for preparing consolidated financial statements

Accounting treatment of non-deductible consumption taxes on assets

Non-deductible consumption taxes and local consumption taxes on assets are expensed in the fiscal year in which they arise.

(Significant accounting estimates)

Impairment of non-current assets

(1) Amount recorded in the consolidated financial statements for the fiscal year

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Property, plant and equipment	¥15,328 million (Of which, CS Division of the Company: ¥643 million SMK Electronics (Phils.) Corporation: ¥417 million)	¥14,754 million (Of which, CS Division of the Company: ¥803 million)
Impairment losses	¥562 million (Of which, CS Division of the Company: ¥— million) SMK Electronics (Phils.) Corporation: ¥213 million)	¥497 million (Of which, CS Division of the Company: ¥— million)

(2) Other information that facilitates users' understanding of financial statements

(i) Calculation method

Assets or asset groups that have an indication of impairment due to decreased profitability are tested for impairment, and when it is determined that impairment losses should be recognized, the book value is reduced to the recoverable amount and impairment losses are recorded. The recoverable amount is measured at value in use or net realizable value. Value in use is calculated by discounting future net cash flows estimated for the future business plan and the period beyond the period covered by the business plan to the present value.

(ii) Key assumptions

The key assumptions used in estimating future cash flows and recoverable amounts are forecasts of sales volume, which serve the basis of the business plan. The forecast of sales volume is calculated based on the estimated future order documents and purchase orders prepared by the customers.

(iii) Effect on the consolidated financial statements for the next fiscal year

Sales volume, which is a key assumption, is highly subject to estimation uncertainty. If any assumption that was used for the estimation for the fiscal year changes due to changes in the business environment or other factors, impairment losses may be incurred in the next fiscal year.

(Changes in accounting policies)

The Company adopted the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard of 2022”) and other relevant standards from the beginning of the fiscal year ended March 31, 2025.

Regarding the revision concerning the accounting classification of current income taxes, the Company follows the transitional treatment prescribed in the proviso to Paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatments prescribed in the proviso to Paragraph 65-2 (2) of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Implementation Guidance of 2022”). This change in accounting policy has no impact on the consolidated financial statements.

As for the revision related to the change in the treatment in consolidated financial statements of tax deferral of gain on sale of shares of subsidiaries, etc. between consolidated companies, the Company adopted the Revised Implementation Guidance of 2022 from the beginning of the fiscal year ended March 31, 2025. This change in accounting policy, which is applied retrospectively, has no impact on the consolidated financial statements.

(Unapplied accounting standards, etc.)

- “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024)
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33; September 13, 2024)

and other related revisions of ASBJ Statements, ASBJ Implementation Guidance, Practical Solutions and Transferred Guidance

(1) Outline

These accounting standards, etc. prescribe the accounting treatment such as recognition of assets and liabilities for all leases of a lessee, similarly to international accounting standards.

(2) Scheduled date of application

These accounting standards, etc. are to be applied from the beginning of the fiscal year ending March 31, 2028.

(3) Effects of application of this accounting standard, etc.

Impact of the application of the “Accounting Standard for Leases” and other accounting standards, etc. on the consolidated financial statements is currently under evaluation.

(Changes in presentation)

(Consolidated Balance Sheets)

“Electronically recorded obligations - operating,” which were included in “notes and accounts payable - trade” under “current liabilities” in the fiscal year ended March 31, 2024, are separately presented in the fiscal year ended March 31, 2025, due to increased materiality of the amount. To reflect this change in presentation, Consolidated Financial Statements for the fiscal year ended March 31, 2024 have been reclassified.

As a result, the amount presented in “notes and accounts payable - trade” under “current liabilities” in the Consolidated Balance Sheets for the fiscal year ended March 31, 2024 of ¥4,702 million has been reclassified into the amount in “notes and accounts payable - trade” of ¥2,643 million and the amount in “electronically recorded obligations - operating” of ¥2,058 million.

(Additional information)

(Introduction of Board Benefit Trust (BBT))

The Company introduced a share-based compensation plan, a “Board Benefit Trust (BBT)” (hereinafter referred to as the “Plan”) for directors (excluding outside directors; the same applies hereinafter unless otherwise specified) and corporate executive officers (hereinafter referred to as “Directors”) based on the resolution at the 96th Annual General Meeting of Shareholders held on June 22, 2018 for the purpose of raising awareness of contributing to the improvement of medium- to long-term business results and enhancement of the corporate value.

Regarding the accounting treatment for the Plan, the gross method is adopted based on the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc. through Trusts” (ASBJ Practical Issue Task Force No. 30, March 26, 2015).

(1) Outline of the transaction

The Plan is a share-based compensation plan under which the Company’s shares are acquired through a trust (hereinafter, the trust established under the Plan is referred to as the “Trust”) by using the funds contributed by the Company. Directors will receive the Company’s shares through the Trust in accordance with the officer stock award rules prescribed by the Company. In principle, Directors will receive benefits, such as the Company’s shares, on their retirement.

(2) The Company's shares remaining in the Trust

The Company's shares remaining in the Trust are recorded by the Company as treasury shares under net assets at their book value in the Trust (excluding the amount of ancillary expenses). As of March 31, 2025, the book value of the said treasury shares was ¥147 million, and the number of shares was 40,100.

(Notes to Consolidated Balance Sheets)

*1 Investment securities in unconsolidated subsidiaries and affiliates were as follows:

	As of March 31, 2024	As of March 31, 2025
Investment securities (Stocks)	¥475 million	¥545 million

*2 Reduction entries

The amounts of reduction entries deducted from the acquisition costs of property, plant and equipment due to acceptance of national subsidies and other grants and their components were as follows:

	As of March 31, 2024	As of March 31, 2025
Reduction entries	¥101 million	¥101 million
(Of which, land)	¥101 million	¥101 million

*3 Pledged assets and secured liabilities

Assets pledged as collateral and secured liabilities were as follows:

	As of March 31, 2024	As of March 31, 2025
(1) Factory foundation		
Buildings and structures	¥1,037 million	¥999 million
Machinery, equipment and vehicles	¥172 million	¥152 million
Tools, furniture and fixtures	¥69 million	¥156 million
Land	¥256 million	¥256 million
Total	¥1,536 million	¥1,564 million
(2) Other		
Buildings and structures	¥171 million	¥154 million
Tools, furniture and fixtures	¥1 million	¥1 million
Land	¥39 million	¥39 million
Total	¥211 million	¥195 million
	As of March 31, 2024	As of March 31, 2025
Short-term borrowings	¥2,183 million	¥3,293 million
Long-term borrowings	¥2,866 million	¥3,370 million
Total	¥5,050 million	¥6,663 million

*4 Of "other," the amount of contract liabilities was as follows:

	As of March 31, 2024	As of March 31, 2025
Contract liabilities	¥61 million	¥29 million

- *5 Notes receivable maturing on the balance sheet date are treated as if they were settled at the cleaning date of notes.

As the fiscal year end date for the fiscal year ended March 31, 2024 was a non-business day of financial institutions, the following notes receivable maturing on the fiscal year end date were included in the amount of balance at March 31, 2024.

	As of March 31, 2024	As of March 31, 2025
Notes receivable - trade	0 million yen	– million yen

*6 Commitment lines

To efficiently manage operating cash flows, the Company has entered into commitment line agreements with major financial institutions. The unexecuted balance granted under these agreements is as follows.

These agreements have certain restrictive financial covenants.

	As of March 31, 2024	As of March 31, 2025
Total amount of the commitment lines	¥6,000 million	¥7,000 million
Balance of exercised borrowings	¥4,700 million	¥5,500 million
Unexecuted balance	¥1,300 million	¥1,500 million

(Notes to Consolidated Statements of Income)

- *1 The write-downs of inventories held for regular sales resulting from decreased profitability were as follows:

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cost of sales	¥932 million	¥585 million

- *2 Research and development costs included in general and administrative expenses and manufacturing costs for the year were as follows:

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
	¥2,557 million	¥2,779 million

- *3 Major elements and amounts of selling, general and administrative expenses were as follows:

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Salaries and wages of employees	¥4,294 million	¥4,693 million
Provision for bonuses	¥247 million	¥333 million
Provision for bonuses for directors (and other officers)	¥1 million	¥3 million
Retirement benefit expenses	¥39 million	¥(58) million
Provision for retirement benefits for directors (and other officers)	¥2 million	¥6 million
Provision for share awards for directors (and other officers)	¥(0) million	¥(0) million
Provision of allowance for doubtful accounts	¥11 million	¥17 million

*4 Components of gain on sale of non-current assets were as follows:

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Buildings and structures	¥42 million	¥— million
Machinery, equipment and vehicles	¥3 million	¥6 million
Tools, furniture and fixtures	¥2 million	¥1 million
Land	¥135 million	¥— million
Total	¥183 million	¥7 million

*5 Components of loss on sale of non-current assets were as follows:

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Machinery, equipment and vehicles	¥— million	¥0 million
Total	¥— million	¥0 million

*6 Components of loss on retirement of non-current assets were as follows:

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Buildings and structures	¥0 million	¥2 million
Machinery, equipment and vehicles	¥50 million	¥63 million
Tools, furniture and fixtures	¥21 million	¥17 million
Total	¥72 million	¥83 million

*7 Impairment losses

The Group recorded impairment losses on the following asset groups:

For the fiscal year ended March 31, 2024

Location	Use	Type of assets
SCI Division (Shinagawa-ku, Tokyo, Toyama-shi, Toyama and Hitachi-shi, Ibaraki)	Production facilities for remote control units, switches, camera modules and touch sensors	Buildings and structures, Machinery, equipment and vehicles, Tools, furniture and fixtures, Leased assets, Other intangible assets (software) and Long- term prepaid expenses
Innovation Center (Shinagawa-ku, Tokyo)	Wireless module production facilities	Tools, furniture and fixtures, Other intangible assets (software) and Long- term prepaid expenses
SMK Manufacturing, Inc. (Chula Vista, California, U.S.A.)	Production facilities for remote control units and other units	Buildings and structures, Machinery, equipment and vehicles, Tools, furniture and fixtures, Construction in progress and Other intangible assets (software)
SMK Electronica S.A. de C.V. (Baja California, Mexico)	Production facilities for remote control units and other units	Buildings and structures, Machinery, equipment and vehicles and Tools, furniture and fixtures
SMK Electronics (Phils.) Corporation (Clark Field, Pampanga, Philippines)	Connectors, remote control units and touch sensors production facilities	Buildings and structures, Machinery, equipment and vehicles and Tools, furniture and fixtures

At the Group, the Company's assets for business operations are categorized into groups on a division-by-division basis and the Company's rental property and idle assets on an individual property basis, whereas consolidated subsidiaries' assets for business operations are categorized into groups on a subsidiary-by-subsidiary basis and their rental property and idle assets on an individual property basis.

Of the above asset groups, SCI Division, Research & Development Center, SMK Manufacturing, Inc., SMK Electronica S.A. de C.V. and SMK Electronics (Phils.) Corporation suffered declining trends in net sales and income due to a decline in demand from major customers and intense competition with competing manufacturers. The future cash flows from their asset groups were estimated and it was found that they could not generate sufficient profitability to recover the carrying value of the asset groups, and therefore their book value was reduced to the recoverable amounts.

As a result, the reduced amount was recorded as impairment losses (¥562 million) in extraordinary losses.

The components of this amount were as follows: ¥215 million for SCI Division (of which, ¥7 million for buildings and structures, ¥77 million for machinery, equipment and vehicles, ¥43 million for tools, furniture and fixtures, ¥40 million for leased assets, ¥1 million for other intangible assets (software) and ¥44 million for long-term prepaid expenses); ¥9 million for Research & Development Center (of which, ¥0 million for tools, furniture and fixtures, ¥0 million for other intangible assets (software) and ¥8 million for long-term prepaid expenses); ¥31 million for SMK Manufacturing, Inc. (of which, ¥5 million for buildings and structures, ¥1 million for machinery, equipment and vehicles, ¥0 million for tools, furniture and fixtures, ¥23 million for construction in progress and ¥0 million for other intangible assets); ¥92 million for SMK Electronica S.A. de C.V. (of which, ¥73 million for buildings and structures, ¥16 million for machinery, equipment and vehicles and ¥2 million for tools, furniture and fixtures) and ¥213 million for SMK Electronics (Phils.) Corporation (of which, ¥17 million for buildings and structures, ¥170 million for machinery, equipment and vehicles and ¥26 million for tools, furniture and fixtures).

The recoverable amount of SCI Division, Research & Development Center, SMK Manufacturing, Inc. and SMK Electronica S.A. de C.V. were measured at value in use, and since no future cash flows were expected, the full amount of the book value of the non-current assets regarding these businesses was recorded as impairment losses. The recoverable amount of SMK Electronics (Phils.) Corporation was measured at value in use, which was calculated by discounting future cash flows at 14.5%

For the fiscal year ended March 31, 2025

Location	Use	Type of assets
SCI Division (Shinagawa-ku, Tokyo, Toyama-shi, Toyama and Hitachi-shi, Ibaraki)	Production facilities for remote control units, switches, camera modules and touch sensors	Buildings and structures, Machinery, equipment and vehicles, Tools, furniture and fixtures and Other intangible assets (software)
Innovation Center (Shinagawa-ku, Tokyo)	Wireless module production facilities	Machinery, equipment and vehicles, Tools, furniture and fixtures and Other intangible assets (software)
SMK Electronics (Phils.) Corporation (Clark Field, Pampanga, Philippines)	Right of use assets, solar power generation system, etc.	Buildings and structures, Machinery, Equipment and vehicles, Tools, furniture and fixtures and Right of use assets

At the Group, the Company's assets for business operations are categorized into groups on a division-by-division basis and the Company's rental property and idle assets on an individual property basis, whereas consolidated subsidiaries' assets for business operations are categorized into groups on a subsidiary-by-subsidiary basis and their rental property and idle assets on an individual property basis.

Of the above asset groups, SCI Division, Innovation Center and SMK Electronics (Phils.) Corporation suffered declining trends in net sales and income due to a decline in demand from major customers and intense competition with competing manufacturers. The future cash flows from their asset groups were estimated and it was found that they could not generate sufficient profitability to recover the carrying value of the asset groups, and therefore their book value was reduced to the recoverable amounts.

As a result, the reduced amount was recorded as impairment losses (¥497 million) in extraordinary losses.

The components of this amount were as follows: ¥80 million for SCI Division (of which, ¥0 million for buildings and structures, ¥19 million for machinery, equipment and vehicles, ¥39 million for tools, furniture and fixtures, and ¥21 million for other intangible assets (software)); ¥6 million for Innovation Center (of which, ¥3 million for machinery, equipment and vehicles, ¥0 million for tools, furniture and fixtures and ¥1 million for other intangible assets (software)) and ¥410 million for SMK Electronics (Phils.) Corporation (of which, ¥9 million for buildings and structures, ¥175 million for machinery, equipment and vehicles, ¥4 million for tools, furniture and fixtures and ¥221 million for right of use assets).

The recoverable amount of SCI Division, Innovation Center and SMK Electronics (Phils.) Corporation were measured at value in use, and since no future cash flows were expected, the full amount of the book value of the non-current assets regarding these businesses was recorded as impairment losses.

*8 Extra retirement payments

For the fiscal year ended March 31, 2024

Extra retirement payments are due to reorganization of the subsidiaries of the Company's North American group.

*9 Business structure reform expenses

For the fiscal year ended March 31, 2025

Business structure reform expenses are mainly due to extra retirement payments and second career support payments related to optimization of the number of employees in Japan under the "structural reform program."

(Notes to Consolidated Statements of Comprehensive Income)

*1 Reclassification adjustments and tax effects allocated to each component of other comprehensive income

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Valuation difference on available-for-sale securities		
Amount arising during the year	¥826 million	¥(253) million
Adjustment	¥(273) million	¥0 million
Amount before tax effect	¥552 million	¥(253) million
Tax effect	¥(167) million	¥63 million
Valuation difference on available-for-sale securities	¥385 million	¥(190) million
Deferred gains or losses on hedges		
Amount arising during the year	¥(70) million	¥23 million
Adjustment	¥— million	¥70 million
Amount before tax effect	¥(70) million	¥94 million
Tax effect	¥— million	¥(7) million
Deferred gains or losses on hedges	¥(70) million	¥86 million
Foreign currency translation adjustment		
Amount arising during the year	¥652 million	¥(315) million
Adjustment	¥— million	¥— million
Amount before tax effect	¥652 million	¥(315) million
Tax effect	¥— million	¥— million
Foreign currency translation adjustment	¥652 million	¥(315) million
Remeasurements of defined benefit plans, net of tax		
Amount arising during the year	¥1,364 million	¥515 million
Adjustment	¥(115) million	¥(462) million
Amount before tax effect	¥1,249 million	¥53 million
Tax effect	¥(372) million	¥(31) million
Remeasurements of defined benefit plans, net of tax	¥876 million	¥21 million
Total other comprehensive income	¥1,844 million	¥(397) million

(Notes to Consolidated Statements of Changes in Equity)

For the fiscal year ended March 31, 2024

1. Issued shares

Type of shares	Number of shares at April 1, 2023	Increase	Decrease	Number of shares at March 31, 2024
Common stock (shares)	7,200,000	—	—	7,200,000

2. Treasury stock

Type of shares	Number of shares at April 1, 2023	Increase	Decrease	Number of shares at March 31, 2024
Common stock (shares) (Note)	657,252	203,444	400	860,296

(Note) The Company's shares remaining in the Board Benefit Trust (BBT) are included in treasury stock (40,800 shares at March 31, 2024).

(Details of the increase/decrease of shares)

Increase due to purchase of shares of less than standard unit: 770 shares

Increase in the Company's interest in the treasury shares (the Company's shares) acquired by affiliates accounted for by the equity method: 874 shares

Increase due to acquisition of shares based on the resolution at the Board of Directors meeting: 200,000 shares

Increase due to free acquisition of shares as restricted stock: 1,800 shares

Decrease due to payment of executive compensation based on the Board Benefit Trust: 400 shares

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (Million yen)	Dividends per share (Yen)	Cut-off date	Effective date
Annual General Meeting of Shareholders held on June 27, 2023	Common stock	659	100	March 31, 2023	June 28, 2023
Board of Directors meeting held on October 25, 2023	Common stock	329	50	September 30, 2023	November 28, 2023

(Notes) 1. Dividends of the Company's shares remaining in the Board Benefit Trust (BBT) of ¥4 million are included in total dividends based on the resolution at the Annual General Meeting of Shareholders on June 27, 2023.

2. Dividends of the Company's shares remaining in the Board Benefit Trust (BBT) of ¥2 million are included in total dividends based on the resolution at the Board of Directors meeting on October 25, 2023.

(2) Dividends with the cut-off date in the fiscal year and the effective date in the next fiscal year

Resolution	Type of shares	Source of dividends	Total dividends (Million yen)	Dividends per share (Yen)	Cut-off date	Effective date
Annual General Meeting of Shareholders held on June 25, 2024	Common stock	Retained earnings	319	50	March 31, 2024	June 26, 2024

(Note) Dividends of the Company's shares remaining in the Board Benefit Trust (BBT) of ¥2 million are included in total dividends based on the resolution at the Annual General Meeting of Shareholders on June 25, 2024.

For the fiscal year ended March 31, 2025

1. Issued shares

Type of shares	Number of shares at April 1, 2024	Increase	Decrease	Number of shares at March 31, 2025
Common stock (shares)	7,200,000	—	—	7,200,000

2. Treasury stock

Type of shares	Number of shares at April 1, 2024	Increase	Decrease	Number of shares at March 31, 2025
Common stock (shares) (Note)	860,296	4,358	700	863,954

(Note) The Company's shares remaining in the Board Benefit Trust (BBT) are included in treasury stock (40,100 shares at March 31, 2025).

(Details of the increase/decrease of shares)

Increase due to purchase of shares of less than standard unit: 770 shares

Increase in the Company's interest in the treasury shares (the Company's shares) acquired by affiliates accounted for by the equity method: 788 shares

Increase due to free acquisition of shares as restricted stock: 2,800 shares

Decrease due to payment of executive compensation based on the Board Benefit Trust: 700 shares

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (Million yen)	Dividends per share (Yen)	Cut-off date	Effective date
Annual General Meeting of Shareholders held on June 25, 2024	Common stock	319	50	March 31, 2024	June 26, 2024
Board of Directors meeting held on October 29, 2024	Common stock	319	50	September 30, 2024	November 20, 2024

(Notes) 1. Dividends of the Company's shares remaining in the Board Benefit Trust (BBT) of ¥2 million are included in total dividends based on the resolution at the Annual General Meeting of Shareholders on June 25, 2024.

2. Dividends of the Company's shares remaining in the Board Benefit Trust (BBT) of ¥2 million are included in total dividends based on the resolution at the Board of Directors meeting on October 29, 2024.

(2) Dividends with the cut-off date in the fiscal year and the effective date in the next fiscal year

The Company plans to propose as follows at the Annual General Meeting of Shareholders to be held on June 24, 2025:

Resolution	Type of shares	Source of dividends	Total dividends (Million yen)	Dividends per share (Yen)	Cut-off date	Effective date
Annual General Meeting of Shareholders held on June 24, 2025	Common stock	Retained earnings	575	90	March 31, 2025	June 25, 2025

(Note) Dividends of the Company's shares remaining in the Board Benefit Trust (BBT) of ¥3 million are included in total dividends based on the resolution at the Annual General Meeting of Shareholders on June 24, 2025.

(Notes to Consolidated Statements of Cash Flows)

*1 Reconciliation of ending balance of cash and cash equivalents at end of period and the amount in the account presented in Consolidated Balance Sheets is as follows:

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash and deposits at end of period	¥10,258 million	¥10,475 million
Time deposits with a deposit term exceeding three months	¥(61) million	¥(59) million
Cash and cash equivalents at end of period	¥10,197 million	¥10,415 million

(Notes on financial instruments)

1. Status of financial instruments

(1) Policy for financial instruments

As a matter of policy, the Group manages temporary cash surpluses mainly through low-risk financial assets and raises funds through bank borrowings. The Company and consolidated subsidiaries use derivatives for the purpose of reducing risk and do not enter into derivative transactions for speculative purposes.

(2) Types of financial instruments, related risk and management thereof

Notes receivable - trade, electronically recorded monetary claims - operating and accounts receivable - trade, which are trade receivables, are exposed to credit risk in relation to customers. This risk is controlled by managing due dates and balances for each customer in accordance with the Group's credit management standard and monitoring the credit status of customers every year to review their credit lines. Stocks, which are investment securities, are exposed to market value fluctuation risk. The fair value of these securities is monitored periodically and reported in a board meeting.

Substantially all notes and accounts payable - trade and electronically recorded obligations - operating, which are trade payables, have payment due dates within one year. In addition, although the Company uses forward foreign exchange contracts in order to alleviate the exchange rate fluctuation risk on receivables and payables denominated in foreign currencies that arise from the Company's global business development, these contracts are used within the range of the receivables and payables denominated in foreign currencies. Short-term borrowings are raised mainly in connection with operating activities, and long-term borrowings (due within five years, in principle) and lease liabilities are raised mainly in connection with capital investment. Borrowings with variable interest rates are exposed to interest rate fluctuation risk. To avoid such risk for certain long-term borrowings with variable interest rates, the Company utilizes derivative transactions (interest rate swap transactions) as a hedging instrument. Information regarding hedge accounting, including the hedging instruments and hedged items, hedging policy and the method of assessing effectiveness of hedging activities, is found in "Basis for preparation of consolidated financial statements, 4. Significant accounting policies, (vii) Method of significant hedge accounting."

Execution and management of derivative transactions are carried out in accordance with the Company rules prescribing the transaction authority. In addition, in order to alleviate credit risk, derivative transactions are only dealt with banks with high credit ratings. Although trade payables and borrowings are exposed to liquidity risk, the Group's companies are able to manage them by using methods such as preparing monthly cash management plans.

(3) Additional information regarding fair value of financial instruments

The contract amounts, etc. relating to derivative transactions are presented in "Notes on derivative transactions." These amounts themselves do not serve as indicators of market risk involved in derivative transactions.

2. Fair value of financial instruments

Information regarding book value and fair value and the difference between them of financial instruments was summarized as follows:

As of March 31, 2024

	Book value (Million yen)	Fair value (Million yen)	Difference (Million yen)
Investment securities (*3)			
Available-for-sale securities	2,869	2,869	—
Total assets	2,869	2,869	—
(1) Long-term borrowings (*4)	8,163	8,303	140
(2) Lease liabilities	1,502	1,501	(0)
Total liabilities	9,665	9,805	140
Derivative transactions (*5)	(99)	(99)	—

(*1) “Cash and deposits,” “notes receivable - trade,” “electronically recorded monetary claims - operating,” “accounts receivable - trade,” “notes and accounts payable - trade,” “electronically recorded obligations - operating” “short-term borrowings,” and “accounts payable - other” are omitted because these are cash items and their fair values approximate their carrying values due to their short maturities.

(*2) Investments in partnerships and other similar entities for which equity interests are recorded on a net basis on the Consolidated Balance Sheets are omitted. The book value of such investments is ¥949 million.

(*3) Stocks, etc. without quoted market prices are not included in “investment securities.” The book value of such financial instruments is as follows:

Category	As of March 31, 2024 (Million yen)
Unlisted stocks	508

(*4) Long-term borrowings presented above include current portion of long-term borrowings recorded as short-term borrowings in the Consolidated Balance Sheets.

(*5) The assets and liabilities arising from derivative transactions are shown on a net basis.

As of March 31, 2025

	Book value (Million yen)	Fair value (Million yen)	Difference (Million yen)
Investment securities (*3)			
Available-for-sale securities	2,541	2,541	—
Total assets	2,541	2,541	—
(1) Long-term borrowings (*4)	8,822	8,919	96
(2) Lease liabilities	1,293	1,293	(0)
Total liabilities	10,116	10,212	96
Derivative transactions (*5)	22	22	—

(*1) “Cash and deposits,” “notes receivable - trade,” “electronically recorded monetary claims - operating,” “accounts receivable - trade,” “notes and accounts payable - trade,” “electronically recorded obligations - operating” “short-term borrowings,” and “accounts payable - other” are omitted because these are cash items and their fair values approximate their carrying values due to their short maturities.

(*2) Investments in partnerships and other similar entities for which equity interests are recorded on a net basis on the Consolidated Balance Sheets are omitted. The book value of such investments is ¥1,080 million.

(*3) Stocks, etc. without quoted market prices are not included in “investment securities.” The book value of such financial instruments is as follows:

Category	As of March 31, 2025 (Million yen)
Unlisted stocks	583

(*4) Long-term borrowings presented above include current portion of long-term borrowings recorded as short-term borrowings in the Consolidated Balance Sheets.

(*5) The assets and liabilities arising from derivative transactions are shown on a net basis.

(Note 1) Redemption schedule after the consolidated balance sheet date for monetary receivables and securities with maturities

As of March 31, 2024

	Due in one year or less (Million yen)	Due after one year through five years (Million yen)	Due after five years through ten years (Million yen)	Due after ten years (Million yen)
Cash and deposits	10,251	—	—	—
Notes receivable - trade	50	—	—	—
Electronically recorded monetary claims - operating	3,132	—	—	—
Accounts receivable - trade	10,039	—	—	—
Total	23,474	—	—	—

As of March 31, 2025

	Due in one year or less (Million yen)	Due after one year through five years (Million yen)	Due after five years through ten years (Million yen)	Due after ten years (Million yen)
Cash and deposits	10,462	—	—	—
Notes receivable - trade	4	—	—	—
Electronically recorded monetary claims - operating	2,710	—	—	—
Accounts receivable - trade	11,221	—	—	—
Total	24,398	—	—	—

(Note 2) Redemption schedule after the consolidated balance sheet date for long-term borrowings, lease liabilities and other interest-bearing debts

As of March 31, 2024

	Due in one year or less (Million yen)	Due after one year through two years (Million yen)	Due after two years through three years (Million yen)	Due after three years through four years (Million yen)	Due after four years through five years (Million yen)	Due after five years (Million yen)
Short-term borrowings	4,700	—	—	—	—	—
Long-term borrowings	1,140	1,140	1,140	1,324	416	3,000
Lease liabilities	504	369	299	55	24	248
Total	6,345	1,509	1,439	1,380	441	3,248

As of March 31, 2025

	Due in one year or less (Million yen)	Due after one year through two years (Million yen)	Due after two years through three years (Million yen)	Due after three years through four years (Million yen)	Due after four years through five years (Million yen)	Due after five years (Million yen)
Short-term borrowings	5,500	—	—	—	—	—
Long-term borrowings	1,540	1,540	1,724	816	200	3,000
Lease liabilities	462	431	113	27	28	230
Total	7,503	1,972	1,837	843	228	3,230

3. Fair value information by level within the fair value hierarchy

Fair values of financial instruments are categorized into the following three levels as described below on the basis of the observability and the materiality of the inputs used in the fair value measurement.

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.

When several inputs that have significant impact on fair value measurement are used and those inputs are categorized into different levels, the fair value is categorized into the lowest hierarchy level for fair value measurement among those in which each of the inputs belongs.

(1) Financial instruments measured at fair value

As of March 31, 2024

Category	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	2,794	—	—	2,794
Other	—	—	75	75
Total assets	2,794	—	75	2,869
Derivative transactions				
Currency-related	—	(28)	—	(28)
Interest-related	—	(70)	—	(70)
Total liabilities	—	(99)	—	(99)

As of March 31, 2025

Category	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	2,541	—	—	2,541
Total assets	2,541	—	—	2,541
Derivative transactions				
Currency-related	—	(1)	—	(1)
Interest-related	—	23	—	23
Total liabilities	—	22	—	22

(2) Financial instruments other than those measured at fair value

As of March 31, 2024

Category	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Long-term borrowings	—	8,303	—	8,303
Lease liabilities	—	1,501	—	1,501
Total liabilities	—	9,805	—	9,805

As of March 31, 2025

Category	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Long-term borrowings	—	8,919	—	8,919
Lease liabilities	—	1,293	—	1,293
Total liabilities	—	10,212	—	10,212

(Note 1) Description of valuation techniques used to measure fair value and inputs related to fair value measurement

Investment securities

Listed stocks are determined by using quoted prices. Fair values of listed stocks are categorized as Level 1 since they are traded in active markets.

“Other” is Simple Agreement for Future Equity (SAFE) investments and categorized as Level 3. Their latest fair value is estimated with the consideration of events that affect the value of financial instruments.

Derivative transactions

Fair values of interest rate swaps and foreign exchange forward contracts are categorized as Level 2 because they are measured using the discounted present value method with observable inputs such as interest rates and exchange rates.

Long-term borrowings and lease liabilities

Fair values of long-term borrowings and lease liabilities are measured using the discounted present value method based on the total amount of principal and interest, remaining maturity, and interest rates taking into account credit risk, and are categorized as Level 2.

(Note 2) Information about financial instruments of Level 3 measured at fair value

- (1) Reconciliation of beginning and ending balance and unrealized gain (loss) recognized in the Consolidated Statement of Income for the fiscal year

(Million yen)

Category	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Balance at beginning of period	—	75
Profit or loss or other comprehensive income	2	—
Recognized in other comprehensive income (*)	2	—
Purchase, sale, issuance and settlement	73	—
Other	—	(75)
Balance at end of period	75	—

- (*) Included in “valuation difference on available-for-sale securities” under “other comprehensive income” in the Consolidated Statement of Comprehensive Income.

- (2) Explanation of the fair value assessment process.

The fair value of financial instruments that are categorized as Level 3 is calculated based on the accounting policy for fair value measurement and other relevant standards. Fair value is determined by considering the appropriateness of the categorization into a fair value level and valuation techniques used to measure fair value based on the nature, characteristics and risks of the assets.

(Notes on securities)

1. Available-for-sale securities

As of March 31, 2024

Category	Book value (Million yen)	Acquisition cost (Million yen)	Difference (Million yen)
Securities whose book value exceeds their acquisition cost			
Stocks	2,777	1,121	1,656
Other	75	73	2
Subtotal	2,852	1,194	1,658
Securities whose book value does not exceed their acquisition cost			
Stocks	17	22	(5)
Subtotal	17	22	(5)
Total	2,869	1,216	1,653

(Note) Unlisted stocks (¥981 million in the Consolidated Balance Sheets) are not included in “available-for-sale securities” in the above table because they are stocks, etc. without quoted market prices.

As of March 31, 2025

Category	Book value (Million yen)	Acquisition cost (Million yen)	Difference (Million yen)
Securities whose book value exceeds their acquisition cost			
Stocks	2,525	1,124	1,401
Subtotal	2,525	1,124	1,401
Securities whose book value does not exceed their acquisition cost			
Stocks	15	19	(3)
Subtotal	15	19	(3)
Total	2,541	1,143	1,397

(Note) Unlisted stocks (¥1,118 million in the Consolidated Balance Sheets) are not included in “available-for-sale securities” in the above table because they are stocks, etc. without quoted market prices.

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

For the fiscal year ended March 31, 2024

Category	Proceeds from sale (Million yen)	Total gains on sale (Million yen)	Total losses on sale (Million yen)
Stocks	634	273	—
Total	634	273	—

For the fiscal year ended March 31, 2025

No available-for-sale securities were sold off during the fiscal year ended March 31, 2025.

3. Securities for which impairment was recorded

In the fiscal year ended March 31, 2024, the Company recorded ¥1 million as impairment of value with respect to available-for-sale securities.

In the fiscal year ended March 31, 2025, the Company recorded ¥69 million as impairment of value with respect to available-for-sale securities.

(Notes on derivative transactions)

1. Derivative transactions to which hedge accounting is not applied

Currency-related

As of March 31, 2024

Category	Type	Contract amount, etc. (Million yen)	Portion of contract amount, etc. exceeding one year (Million yen)	Fair value (Million yen)	Unrealized gain (loss) (Million yen)
Transactions other than market transactions	Forward foreign exchange contracts Sell: US\$ / Buy: Yen	754	—	(28)	(28)
Total		754	—	(28)	(28)

As of March 31, 2025

Category	Type	Contract amount, etc. (Million yen)	Portion of contract amount, etc. exceeding one year (Million yen)	Fair value (Million yen)	Unrealized gain (loss) (Million yen)
Transactions other than market transactions	Forward foreign exchange contracts Sell: US\$ / Buy: Yen	522	—	(1)	(1)
Total		522	—	(1)	(1)

2. Derivative transactions to which hedge accounting is applied

Interest-related

As of March 31, 2024

Method of hedge accounting	Type of derivative transaction, etc.	Principle hedged items	Contract amount, etc. (Million yen)	Portion of contract amount exceeding one year (Million yen)	Fair value (Million yen)
Principle method	Interest rate swap transaction Pay-fixed, receive-variable	Long-term borrowings	3,000	3,000	(70)

As of March 31, 2025

Method of hedge accounting	Type of derivative transaction, etc.	Principle hedged items	Contract amount, etc. (Million yen)	Portion of contract amount exceeding one year (Million yen)	Fair value (Million yen)
Principle method	Interest rate swap transaction Pay-fixed, receive-variable	Long-term borrowings	3,000	3,000	23

(Notes on retirement benefits)

1. Outline of retirement benefits plans adopted

The Company and its consolidated subsidiaries have either funded or unfunded defined benefit plans and defined contribution plans to allow for payment of retirement benefits to employees.

The Company has funded defined benefit corporate pension plans and defined contribution plans. As a defined benefit corporate pension plan, the Company has adopted a cash balance plan. Under the cash balance plan, the plan sponsor contributes money into a plan participant's account based on the points according to the employee's years of service and job performance and the interest points that are calculated with a re-evaluation rate that reflects changes in market interest rates. In addition, retirement benefit trusts are established for the defined benefit corporate pension plans.

Certain consolidated subsidiaries have funded and unfunded lump-sum retirement benefit plans and defined contribution plans.

The simplified method is applied to lump-sum retirement benefit plans of certain consolidated subsidiaries for the calculation of retirement benefit liability and retirement benefit expenses.

2. Defined benefit plans

(1) Changes in the retirement benefit obligations during the fiscal year

	(Million yen)	
	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Balance of retirement benefit obligations at beginning of period	5,070	4,661
Service cost	225	432
Interest cost	36	53
Amount of actuarial gain and loss arisen	(124)	87
Retirement benefit paid	(557)	(707)
Other	10	7
Balance of retirement benefit obligations at end of period	4,661	4,534

(2) Changes in the plan assets during the fiscal year

	(Million yen)	
	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Balance of plan assets at beginning of period	7,390	8,412
Expected return on plan assets	123	130
Amount of actuarial gain and loss arisen	1,234	485
Contributions by the employer	212	153
Retirement benefit paid	(549)	(696)
Balance of plan assets at end of period	8,412	8,484

(3) Reconciliation of ending balance of retirement benefit obligations and plan assets with retirement benefit asset and retirement benefit liability in the Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of March 31, 2025
Retirement benefit obligations for funded plans	4,624	4,497
Plan assets	(8,412)	(8,484)
	(3,788)	(3,987)
Retirement benefit obligations for unfunded plans	37	37
Net asset (liability) for retirement benefits in the Consolidated Balance Sheets	(3,750)	(3,950)
Retirement benefit liability	37	297
Retirement benefit asset	(3,788)	(4,247)
Net asset (liability) for retirement benefits in the Consolidated Balance Sheets	(3,750)	(3,950)

(Note) The principle method is applied to SMK Electronica S.A. de C.V. for calculation and recording of retirement benefit liability from the fiscal year ended March 31, 2025.

(4) Components of retirement benefit expenses

(Million yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Service cost	219	432
Interest cost	36	53
Expected return on plan assets	(123)	(130)
Amortization of actuarial gain and loss	(115)	(452)
Retirement benefit expenses for defined benefit plans	17	(96)

(Note) The principle method is applied to SMK Electronica S.A. de C.V. for calculation and recording of retirement benefit expenses from the fiscal year ended March 31, 2025. Apart from retirement benefit expenses above, extra retirement payments of ¥801 million were recorded as business structure reform expenses under extraordinary losses.

(5) Remeasurements of defined benefit plans, net of tax included in other comprehensive income

The components of remeasurements of defined benefit plans, net of tax included in other comprehensive income (before tax effect) were as follows:

(Million yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Actuarial gain and loss	1,249	53
Total	1,249	53

(6) Remeasurements of defined benefit plans included in accumulated other comprehensive income

The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) were as follows:

	(Million yen)	
	As of March 31, 2024	As of March 31, 2025
Unrecognized actuarial gain and loss	1,806	1,859
Total	1,806	1,859

(7) Plan assets

(i) Major components of plan assets

Major components of plan assets and their percentage of total plan assets were as follows:

	As of March 31, 2024	As of March 31, 2025
Bonds	6.8%	6.8%
Stocks	44.6%	52.8%
Life insurance general accounts	25.6%	23.1%
Funds	9.2%	9.5%
Other	13.8%	7.8%
Total	100.0%	100.0%

(Note) The total plan assets included retirement benefit trusts established for corporate pension plans, which constituted 27.5% for the fiscal year ended March 31, 2024 and 33.7% for the fiscal year ended March 31, 2025.

(ii) Method of determining the expected long-term rates of return on plan assets

The expected long-term rates of return on plan assets are estimated based on the current and anticipated portfolio of plan assets and the long-term rates of current and expected returns from various assets included in plan assets.

(8) Assumptions used in actuarial calculation

Key assumptions used in actuarial calculation

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Discount rate	Principally 0.6%	Principally 0.6%
Re-evaluation rate	0.55%	0.65%
Expected long-term rates of return on plan assets	Principally 2.0%	Principally 2.0%

3. Defined contribution plans

The required contributions to the defined contribution plans by the Company and its consolidated subsidiaries for the fiscal years ended March 31, 2024 and 2025 amounted to ¥85 million and ¥88 million, respectively.

(Notes on tax effect accounting)

1. Breakdown of deferred tax assets and liabilities by major cause

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets		
Inventory write-downs	¥277 million	¥164 million
Provision for bonuses	¥123 million	¥116 million
Intercompany profit on inventory	¥66 million	¥73 million
Retirement benefit liability	¥9 million	¥113 million
Allowance for doubtful accounts	¥38 million	¥44 million
Impairment losses	¥605 million	¥495 million
Net operating loss carryforwards for tax purposes (Note 2)	¥2,424 million	¥2,683 million
Other	¥682 million	¥1,118 million
Total gross deferred tax assets	¥4,227 million	¥4,810 million
Valuation allowance for net operating loss carryforwards for tax purposes (Note 2)	¥(2,347) million	¥(2,579) million
Valuation allowance for deductible temporary differences	¥(1,564) million	¥(1,869) million
Total valuation allowance (Note 1)	¥(3,912) million	¥(4,449) million
Total deferred tax assets	¥314 million	¥361 million
Deferred tax liabilities		
Retirement benefit asset	¥(1,137) million	¥(1,349) million
Reserve for tax purpose reduction entry of land	¥(36) million	¥(37) million
Reserve for reduction entry of buildings and other	¥(4) million	¥(4) million
Valuation difference on available-for-sale securities	¥(497) million	¥(433) million
Accumulated surplus of foreign subsidiaries	¥(136) million	¥(526) million
Valuation difference on subsidiaries	¥(304) million	¥(310) million
Other	¥(53) million	¥(33) million
Total deferred tax liabilities	¥(2,170) million	¥(2,695) million
Net deferred tax assets (liabilities)	¥(1,855) million	¥(2,334) million

(Notes) 1. Valuation allowance has increased by ¥537 million. This increase is mainly due to the additional recognition of valuation allowance for net operating loss carryforwards for tax purposes in the Company and its consolidated subsidiaries.

2. Breakdown of net operating loss carryforwards for tax purposes and related deferred tax assets by expiry date

As of March 31, 2024

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Net operating loss carryforwards for tax purposes (a)	4	10	9	166	124	2,109	¥2,424 million
Valuation allowance	(4)	(10)	(9)	(166)	(124)	(2,033)	¥(2,347) million
Deferred tax assets	—	—	—	—	—	76	¥76 million

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

As of March 31, 2025

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Net operating loss carryforwards for tax purposes (a)	9	9	150	18	45	2,450	¥2,683 million
Valuation allowance	(9)	(9)	(150)	(18)	(45)	(2,346)	¥(2,579) million
Deferred tax assets	—	—	—	—	—	103	¥103 million

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

2. Breakdown of the difference between the effective statutory tax rate and the effective tax rate after application of tax effect accounting by major items responsible for the difference

Note is omitted because a loss before income taxes was recorded for the fiscal years ended March 31, 2024 and 2025.

3. Revision of deferred tax assets and deferred tax liabilities due to the change in corporate tax rate, etc.

As the “Act for Partial Amendment of the Income Tax Act” (Act No. 13 of 2025) was enacted in the Diet session on March 31, 2025, imposition of the “Defense Special Corporate Tax” will start in the fiscal year beginning on or after April 1, 2026.

Accordingly, the effective statutory tax rate to be used for calculation of deferred tax assets and deferred tax liabilities will be revised from the current 30.55% to 31.44% for temporary differences expected to be reversed in the fiscal years beginning on or after April 1, 2026.

As a result, the amounts of deferred tax liabilities (net of the amount of deferred tax assets), and income taxes - deferred (debtor account) increased by ¥48 million and ¥33 million, respectively, and the amounts of remeasurements of defined benefit plans and valuation difference on available-for-sale securities decreased by ¥11 million and ¥4 million, respectively.

4. Accounting treatment for national and local corporate taxes or tax effect accounting relating to these taxes

The Company and its domestic consolidated subsidiaries have adopted the group tax sharing system. In accordance with this, the accounting treatment and disclosure of national and local corporate taxes or the related tax effect accounting are based on the “Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System” (ASBJ Practical Issue Task Force No. 42, August 12, 2021).

(Notes on investment and rental property)

The Company and certain of its subsidiaries own rental property such as office buildings (including land), plants and warehouses in Tokyo and other regions.

The rental profit (loss) from the rental property for the fiscal year ended March 31, 2024 amounted to ¥406 million (rental income and rental expenses are recorded in non-operating income and non-operating expenses, respectively).

The rental profit (loss) from the rental property for the fiscal year ended March 31, 2025 amounted to ¥429 million (rental income and rental expenses are recorded in non-operating income and non-operating expenses, respectively).

Information on the book value, net change during the fiscal year, and fair value of rental property was summarized as follows:

(Million yen)

		For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Book value	Balance at beginning of period	6,559	6,555
	Net change during the fiscal year	(4)	72
	Balance at end of period	6,555	6,627
Fair value at end of period		13,302	13,443

(Notes) 1. The book value represents the acquisition cost less accumulated depreciation.

2. The components of net change in book value for the fiscal year ended March 31, 2024 included increases mainly due to acquisitions in the amount of ¥168 million, and decreases mainly due to depreciation of ¥157 million and sale of non-current assets of ¥16 million. The components of net change in book value for the fiscal year ended March 31, 2025 included increases mainly due to acquisitions in the amount of ¥233 million, and decreases mainly due to depreciation of ¥161 million.

3. Method of fair value measurement

The fair value is mainly based upon the amount appraised by outside independent real estate appraisers.

(Notes on revenue recognition)

1. Information on disaggregated revenue from contracts with customers

For the fiscal year ended March 31, 2024

(Million yen)

	Reportable segment				Amount recorded in Consolidated Statements of Income
	CS Division	SCI Division	Innovation Center	Total	
Japan	4,552	10,365	394	15,313	15,313
China	7,723	2,106	0	9,830	9,830
Other Asia	3,288	4,125	—	7,414	7,414
U.S.A.	4,296	7,279	—	11,576	11,576
Other North America	—	108	—	108	108
Europe	725	1,554	—	2,279	2,279
Revenue from contracts with customers	20,586	25,540	395	46,522	46,522
Net sales to outside customers	20,586	25,540	395	46,522	46,522

(Note) Net sales by region are based on customers' locations and are classified by county or region.

For the fiscal year ended March 31, 2025

(Million yen)

	Reportable segment				Amount recorded in Consolidated Statements of Income
	CS Division	SCI Division	Innovation Center	Total	
Japan	5,040	11,477	251	16,769	16,769
China	7,820	2,154	—	9,974	9,974
Other Asia	3,634	4,564	—	8,199	8,199
U.S.A.	4,846	6,156	—	11,003	11,003
Europe	814	1,289	—	2,104	2,104
Revenue from contracts with customers	22,156	25,643	251	48,051	48,051
Net sales to outside customers	22,156	25,643	251	48,051	48,051

(Note) Net sales by region are based on customers' locations and are classified by county or region.

2. Information providing a basis for understanding revenue from contracts with customers

The Company and its consolidated subsidiaries sell the parts for electro-communication devices and electronic equipment to customers in Japan and abroad. The satisfied point of performance obligations is the point in time when the products are delivered to the customer because it can be judged that the customer obtains control of the product at the time. However, for sales within Japan of these products, revenue is recognized at the time of shipment in accordance with the alternative treatment prescribed in Paragraph 98 of the “Implementation Guidance on Accounting Standard for Revenue Recognition.” The consideration for transactions is generally received within three months after delivery of the products. Furthermore, there is no adjustment for the significant financing component concerning receivables arising from contracts with customers.

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from these contracts, and the amount and timing of revenue from contracts with existing customers at the end of the fiscal year that are expected to be recognized in the following fiscal year or beyond

For the fiscal year ended March 31, 2024

(1) Balance of contract liabilities, etc.

(Million yen)

	Fiscal year ended March 31, 2024
Receivables arising from contracts with customers (balance at beginning of period)	13,176
Receivables arising from contracts with customers (balance at end of period)	13,222
Contract liabilities (balance at beginning of period)	224
Contract liabilities (balance at end of period)	61

Contract liabilities mainly relate to advance payments received from customers based on payment terms under contracts for sale of tooling with customers. Contract liabilities are reversed as revenue is recognized.

The revenue recognized during the fiscal year ended March 31, 2024 that was included in the balance of contract liabilities at the beginning of the year was ¥181 million. The main reason for the decrease of ¥163 million in contract liabilities in the fiscal year ended March 31, 2024 was reversal as revenue is recognized.

(2) Transaction price allocated to remaining performance obligations

At the end of the fiscal year ended March 31, 2024, there are no unsatisfied performance obligations which need to be noted.

Furthermore, the Company and its consolidated subsidiaries have adopted the treatment prescribed in Paragraph 80-22 (1) of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and the contracts which are initially expected to terminate within one year are not included in this note.

For the fiscal year ended March 31, 2025

(1) Balance of contract liabilities, etc.

(Million yen)

	Fiscal year ended March 31, 2025
Receivables arising from contracts with customers (balance at beginning of period)	13,222
Receivables arising from contracts with customers (balance at end of period)	13,935
Contract liabilities (balance at beginning of period)	61
Contract liabilities (balance at end of period)	29

Contract liabilities mainly relate to advance payments received from customers based on payment terms under contracts for sale of tooling with customers. Contract liabilities are reversed as revenue is recognized.

The revenue recognized during the fiscal year ended March 31, 2025 that was included in the balance of contract liabilities at the beginning of the year was ¥61 million. The main reason for the decrease of ¥32 million in contract liabilities in the fiscal year ended March 31, 2025 was reversal as revenue is recognized.

(2) Transaction price allocated to remaining performance obligations

At the end of the fiscal year ended March 31, 2025, there are no unsatisfied performance obligations which need to be noted.

Furthermore, the Company and its consolidated subsidiaries have adopted the treatment prescribed in Paragraph 80-22 (1) of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and the contracts which are initially expected to terminate within one year are not included in this note.

(Segment information, etc.)

(Segment information)

1. Overview of reportable segments

(1) Basis of determining reportable segments

The Group’s reportable segments are units composing the Company for which separate financial information is available and are the subject of regular review by managers to determine the allocation of management resources and evaluate performance.

The Group has established business divisions by product, and each division formulates comprehensive domestic and overseas strategies for the products it handles and develops business activities.

Therefore, the Group consists of segments based on the business divisions.

(CS (Connection System) Division)

Manufacture and sale of connectors (coaxial, board-to-board, FPC) and jacks

(SCI (Sensing, Communications and Interface) Division)

Manufacture and sale of remote control units, switches, and camera modules

(Innovation Center)

Manufacture and sale of wireless modules, and development of new businesses

(2) Information on changes in reportable segments, etc.

In accordance with the reorganization as of April 1, 2024, the Company integrated Sales Division (Head Quarter) into Product Divisions and Research & Development Center, as well as integrated New Business Creation Unit in Marketing Department into Research & Development Center, reorganizing Innovation Center. Accordingly, from the fiscal year ended March 31, 2025, the name of the reportable segment previously indicated as “Research & Development Center” has been changed to “Innovation Center,” and other parts business included in “Others” is now included in “SCI Division” and “Innovation Center.” The segment

information for the fiscal year ended March 31, 2024 has also been prepared based on the name and classification of the reportable segment after the change.

Regarding the integration of Product Divisions, Research & Development Center, and Sales Division (Head Quarter), it is practically difficult to prepare the segment information for the fiscal year ended March 31, 2024 under the same conditions as that for the fiscal year under review, and therefore reclassified information is not disclosed.

2. Method of calculating amounts of net sales, profit (loss), assets, liabilities and other items by reportable segment

The accounting method of the reported business segments is largely the same as the method described in “Basis for preparation of consolidated financial statements.”

Profit by reportable segment is based on operating profit.

3. Information on amounts of net sales, profit (loss), assets, liabilities and other items by reportable segment
For the fiscal year ended March 31, 2024

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Statements of Income
	CS Division	SCI Division	Innovation Center	Total				
Net sales								
Net sales to outside customers	20,586	25,541	394	46,522	—	46,522	—	46,522
Inter-segment net sales or transfers	—	—	—	—	—	—	—	—
Total	20,586	25,541	394	46,522	—	46,522	—	46,522
Segment profit (loss) (Operating profit)	1,095	(2,145)	(193)	(1,243)	—	(1,243)	—	(1,243)
Segment assets	12,447	18,335	387	31,171	6,628	37,799	20,644	58,444
Others								
Depreciation	1,478	786	11	2,276	174	2,451	—	2,451
Increase of Property, plant and equipment, and Intangible assets	1,035	1,082	9	2,127	163	2,290	—	2,290

(Notes) 1. The “Others” are business segments not included in the reportable segments. It includes leasing, property rental, and worker dispatch businesses.

2. Adjustment of segment assets of ¥20,644 million is corporate assets that are not allocated to each reportable segment.

For the fiscal year ended March 31, 2025

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Statements of Income
	CS Division	SCI Division	Innovation Center	Total				
Net sales								
Net sales to outside customers	22,156	25,643	251	48,051	—	48,051	—	48,051
Inter-segment net sales or transfers	—	—	—	—	—	—	—	—
Total	22,156	25,643	251	48,051	—	48,051	—	48,051
Segment profit (loss) (Operating profit)	1,534	(1,308)	(446)	(220)	—	(220)	—	(220)
Segment assets	12,972	16,332	306	29,611	6,794	36,405	21,279	57,684
Others								
Depreciation	1,487	668	13	2,169	177	2,347	—	2,347
Increase of Property, plant and equipment, and Intangible assets	1,363	483	3	1,850	237	2,088	—	2,088

(Notes) 1. The “Others” are business segments not included in the reportable segments. It includes leasing, property rental, and worker dispatch businesses.

2. Adjustment of segment assets of ¥21,279 million is corporate assets that are not allocated to each reportable segment.

(Related information)

For the fiscal year ended March 31, 2024

1. Information about products and services

The information is omitted as the same information is disclosed in “Segment information.”

2. Geographical information

(1) Net sales

(Million yen)

Japan	Asia		North America		Europe	Total
	China	Other Asia	U.S.A.	Other North America		
15,313	9,830	7,414	11,576	108	2,279	46,522

(Note) Net sales are based on customers' locations and are classified by country or region.

(2) Property, plant and equipment

(Million yen)

Japan	Asia		North America	Europe	Total
	China	Other Asia			
10,811	3,438	803	219	54	15,328

3. Information about major customers

Information is omitted as the Company and consolidated subsidiaries have no outside customers which account for 10% or more of net sales in the Consolidated Statements of Income.

For the fiscal year ended March 31, 2025

1. Information about products and services

The information is omitted as the same information is disclosed in “Segment information.”

2. Geographical information

(1) Net sales

(Million yen)

Japan	Asia		U.S.A.	Europe	Total
	China	Other Asia			
16,769	9,974	8,199	11,003	2,104	48,051

(Note) Net sales are based on customers' locations and are classified by country or region.

(2) Property, plant and equipment

(Million yen)

Japan	Asia		North America	Europe	Total
	China	Other Asia			
11,003	3,198	332	187	31	14,754

3. Information about major customers

Information is omitted as the Company and consolidated subsidiaries have no outside customers which account for 10% or more of net sales in the Consolidated Statements of Income.

(Information about the loss on impairment of non-current assets by reportable segment)

For the fiscal year ended March 31, 2024

(Million yen)

	Reportable segment				Others	Adjustments and eliminations	Total
	CS Division	SCI Division	Innovation Center	Total			
Impairment losses	23	529	9	562	—	—	562

For the fiscal year ended March 31, 2025

(Million yen)

	Reportable segment				Others	Adjustments and eliminations	Total
	CS Division	SCI Division	Innovation Center	Total			
Impairment losses	73	417	6	497	—	—	497

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

Not applicable.

(Information about gain on bargain purchase by reporting segment)

Not applicable.

(Information about related parties)

Related party transactions

(1) Transactions of the Company submitting the consolidated financial statements with related parties

Not applicable.

(2) Transactions of the consolidated subsidiaries of the Company submitting the consolidated financial statements with related parties

For the fiscal year ended March 31, 2024

Officers and major shareholders (limited to individuals), etc. of the Company submitting the consolidated financial statements

Attribute	Name of company, etc. or individual	Location	Share capital or investment (Million yen)	Business activities or occupation	Percentage of voting rights owning (or owned) (%)	Relationship with related party	Transactions	Annual transaction amount (Million yen)	Account title	Balance at end of period (Million yen)
Close relative of officer	Terutaka Ikeda (Note 1)	-	-	Supreme corporate adviser of the Company	(Owned) Direct, 2.1	Leasing of real estate	Payment of rent (Note 2)	14	"Other" under "investments and other assets"	14
									"Other" under "current assets"	1
Officer	Paul Evans	-	-	Director of the Company	(Owned) Direct, 0.1	Lending of loans	Collection of loans receivable (Note 3)	4	"Other" under "current assets"	2
							Receiving of interests (Note 3)	0	"Long-term loans receivable"	26

(Notes) 1. Terutaka Ikeda is the parent of Yasumitsu Ikeda, President, Chief Executive Officer and Chief Operating Officer of the Company.

2. Rent for the leased real estate is determined on substantially the same terms as those for general transactions.

3. The interest rates for lending of loans are reasonably determined in reference to market interest rates.

For the fiscal year ended March 31, 2025

Officers and major shareholders (limited to individuals), etc. of the Company submitting the consolidated financial statements

Attribute	Name of company, etc. or individual	Location	Share capital or investment (Million yen)	Business activities or occupation	Percentage of voting rights owning (or owned) (%)	Relationship with related party	Transactions	Annual transaction amount (Million yen)	Account title	Balance at end of period (Million yen)
Close relative of officer	Terutaka Ikeda (Note 1)	-	-	Supreme corporate adviser of the Company	(Owned) Direct, 2.2	Leasing of real estate	Payment of rent (Note 2)	14	"Other" under "investments and other assets"	14
									"Other" under "current assets"	1
Officer	Paul Evans	-	-	Director of the Company	(Owned) Direct, 0.1	Lending of loans	Collection of loans receivable (Note 3)	2	"Other" under "current assets"	2
							Receiving of interests (Note 3)	0	"Long-term loans receivable"	23

(Notes) 1. Terutaka Ikeda is the parent of Yasumitsu Ikeda, President, Chief Executive Officer and Chief Operating Officer of the Company.

2. Rent for the leased real estate is determined on substantially the same terms as those for general transactions.

3. The interest rates for lending of loans are reasonably determined in reference to market interest rates.

(Per share information)

Item	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net assets per share	¥5,070.15	¥4,612.02
Basic earnings (loss) per share	¥(75.00)	¥(297.39)

(Notes) 1. The company's own shares in the Board Benefit Trust (BBT) recorded as treasury shares under shareholders' equity are included in treasury stock excluded from the total number of shares issued and outstanding at the end of period used for calculating net assets per share and are also included in treasury stock excluded from the calculation of the average number of shares outstanding during the period used for calculating profit per share. The number of shares of treasury shares at the end of period excluded from the calculation of net assets per share was 40,800 shares for the fiscal year ended March 31, 2024 and 40,100 shares for the fiscal year ended March 31, 2025. The average number of shares of treasury shares during the period excluded from the calculation of profit per share was 40,917 shares for the fiscal year ended March 31, 2024 and 40,304 shares for the fiscal year ended March 31, 2025.

2. Diluted earnings per share is not provided as there were no potential shares.

3. The basis of calculation of basic earnings per share is as follows:

Item	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Loss attributable to owners of parent (Million yen)	(489)	(1,884)
Amount not attributable to common shareholders (Million yen)	—	—
Loss attributable to owners of parent relating to common shares (Million yen)	(489)	(1,884)
Average number of common shares outstanding during the period (Thousand shares)	6,525	6,337

(Significant subsequent event)

Not applicable.

- (v) Consolidated supplementary schedules
 (Schedule of corporate bonds)
 Not applicable.

(Schedule of borrowings, etc.)

Category	Balance at beginning of period (Million yen)	Balance at end of period (Million yen)	Average interest rate (%)	Repayment term
Short-term borrowings	4,700	5,500	1.50	—
Current portion of long-term borrowings	1,140	1,540	1.40	—
Current portion of lease liabilities	504	462	—	—
Long-term borrowings (except current portion)	7,022	7,282	1.53	From February 2027 to September 2030
Lease liabilities (except current portion)	997	830	4.78	From April 2026 to December 2037
Other interest-bearing debts	—	—	—	—
Total	14,365	15,616	—	—

- (Notes) 1. The “average interest rate” is the weighted average interest rate on the ending balance of borrowings.
 2. Certain of lease liabilities are recorded in the Consolidated Balance Sheets at the amounts before the deduction of amounts equivalent to interest expenses included in total lease payments. Such lease liabilities are not included in calculation of the “average interest rate.”
 3. The total amount to be repaid for long-term borrowings and lease liabilities (both except current portion) for every year within five years after the consolidated balance sheet date is as follows:

Category	Due after one year through two years (Million yen)	Due after two years through three years (Million yen)	Due after three years through four years (Million yen)	Due after four years through five years (Million yen)
Long-term borrowings	1,540	1,724	816	200
Lease liabilities	431	113	27	28

(Schedule of asset retirement obligations)

The presentation of the schedule of these obligations is omitted because the amount of asset retirement obligations at the beginning and the end of the fiscal year ended March 31, 2025 was not more than one percent of the combined total of liabilities and net assets at the beginning and the end of the fiscal year ended March 31, 2025.

(2) (Other)

Semiannual information for the fiscal year ended March 31, 2025

		Six months ended September 30, 2024	Fiscal year ended March 31, 2025
Net sales	(Million yen)	23,614	48,051
Loss before income taxes	(Million yen)	(7)	(963)
Loss attributable to owners of parent	(Million yen)	(287)	(1,884)
Basic earnings (loss) per share	(Yen)	(45.35)	(297.39)