
***Kaga Electronics Co., Ltd.
and Consolidated Subsidiaries***

*Consolidated Financial Statements for the
Year Ended March 31, 2025
and Independent Auditor's Report*

Kaga Electronics Co., Ltd. and Consolidated Subsidiaries
Consolidated Balance Sheet
At March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
<u>ASSETS</u>	<u>2024</u>	<u>2025</u>	<u>2025</u>
CURRENT ASSETS:			
Cash and bank deposits	¥ 66,596	¥ 80,188	\$ 536,308
Notes receivable-trade ※2	900	892	5,970
Electronically recorded monetary claims ※2	10,146	7,155	47,853
Accounts receivable-trade	101,528	106,091	709,549
Short-term investment securities	171	150	1,004
Merchandise and finished goods	37,999	35,906	240,147
Work in process	1,878	1,973	13,201
Raw materials and supplies	14,861	13,893	92,919
Others	10,770	11,148	74,562
Allowance for doubtful accounts	(223)	(236)	(1,584)
Total CURRENT ASSETS	<u>244,629</u>	<u>257,164</u>	<u>1,719,932</u>
NONCURRENT ASSETS:			
PROPERTY, PLANT AND EQUIPMENT			
Buildings and structures	17,045	20,588	137,696
Accumulated depreciation	(9,778)	(10,748)	(71,887)
Buildings and structures, net	<u>7,266</u>	<u>9,839</u>	<u>65,808</u>
Machinery, equipment and vehicles	19,458	24,933	166,753
Accumulated depreciation	(11,811)	(13,898)	(92,956)
Machinery, equipment and vehicles, net	<u>7,647</u>	<u>11,034</u>	<u>73,797</u>
Tools, furniture and fixtures	6,588	5,998	40,119
Accumulated depreciation	(5,226)	(4,780)	(31,974)
Tools, furniture and fixtures, net	<u>1,362</u>	<u>1,217</u>	<u>8,144</u>
Land	6,036	5,940	39,733
Construction in progress	<u>2,824</u>	<u>413</u>	<u>2,763</u>
Total PROPERTY, PLANT AND EQUIPMENT	<u>25,135</u>	<u>28,445</u>	<u>190,246</u>
INTANGIBLE ASSETS			
Goodwill	16	—	—
Software	2,021	1,694	11,332
Others	54	44	294
Total INTANGIBLE ASSETS	<u>2,092</u>	<u>1,738</u>	<u>11,626</u>
INVESTMENTS AND OTHER ASSETS:			
Investment securities ※1	10,472	12,556	83,979
Deferred tax assets	1,179	1,344	8,989
Distressed receivables	5,015	4,815	32,205
Others	3,340	4,481	29,972
Allowance for doubtful accounts	(5,073)	(4,873)	(32,597)
Total INVESTMENTS AND OTHER ASSETS	<u>14,934</u>	<u>18,323</u>	<u>122,548</u>
Total NONCURRENT ASSETS	<u>42,162</u>	<u>48,507</u>	<u>324,421</u>
Total ASSETS	<u>¥ 286,792</u>	<u>¥ 305,671</u>	<u>\$ 2,044,354</u>

Kaga Electronics Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheet

At March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES	2024	2025	2025
CURRENT LIABILITIES:			
Notes and accounts payable-trade ※2	¥ 71,392	¥ 73,340	\$ 490,503
Short-term loans payable	10,604	14,890	99,590
Current portion of bonds payable	—	5,000	33,440
Accrued expenses	8,419	8,145	54,475
Income taxes payable	2,238	4,018	26,878
Provision for directors' bonuses	437	428	2,867
Others ※2	11,709	11,881	79,461
Total CURRENT LIABILITIES	104,803	117,704	787,217
NONCURRENT LIABILITIES:			
Bonds payable	10,000	5,000	33,440
Long-term loans payable	10,500	5,500	36,784
Deferred tax liabilities	3,241	4,115	27,527
Provision for directors' retirement benefits	94	99	667
Net defined benefit liabilities	2,342	2,572	17,203
Asset retirement obligations	660	698	4,671
Others	3,918	3,601	24,085
Total NONCURRENT LIABILITIES	30,757	21,587	144,381
Total LIABILITIES	135,560	139,292	931,598
NET ASSETS:			
SHAREHOLDERS' EQUITY			
Share capital	12,133	12,133	81,149
Capital surplus	14,849	14,885	99,558
Retained earnings	110,250	121,553	812,957
Treasury shares	(5,603)	(5,579)	(37,318)
Total SHAREHOLDERS' EQUITY	131,629	142,993	956,348
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Changes in the fair value of available-for-sale securities	3,075	3,263	21,827
Deferred gains or losses on hedges	21	(28)	(190)
Foreign currency translation adjustment	15,803	18,959	126,799
Remeasurements of defined benefit obligations	303	1,031	6,899
Total ACCUMULATED OTHER COMPREHENSIVE INCOME	19,204	23,225	155,334
Non-controlling interests	396	160	1,073
Total NET ASSETS	151,231	166,379	1,112,756
Total LIABILITIES AND NET ASSETS	¥ 286,792	¥ 305,671	\$ 2,044,354

The accompanying notes are an integral part of these financial statements.

Kaga Electronics Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Income and Comprehensive Income For the Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2025	2025
Net sales ※1	¥ 542,697	¥ 547,779	\$ 3,663,588
Cost of sales ※2, 4	472,244	476,113	3,184,281
Gross profit	70,452	71,665	479,306
Selling, general and administrative expenses ※3, 4	44,607	48,064	321,458
Operating income	25,845	23,601	157,847
NON-OPERATING INCOME			
Interest income	891	1,300	8,695
Dividend income	253	249	1,665
Commission fee	136	120	806
House rent income	135	131	879
Others	992	768	5,136
Total NON-OPERATING INCOME	2,409	2,569	17,184
NON-OPERATING EXPENSES			
Interest expenses	890	769	5,148
Share of loss of entities accounted for using equity method	80	90	605
Foreign exchange losses	741	2,336	15,629
Others	565	379	2,538
Total NON-OPERATING EXPENSES	2,278	3,576	23,922
Ordinary income	25,976	22,593	151,109
EXTRAORDINARY INCOME			
Gain on sales of property, plant and equipment ※5	18	42	285
Gain on sales of investment securities	1,420	754	5,049
Gain on bargain purchase	481	—	—
Gain on liquidation of subsidiaries and associates	480	—	—
Gain on reversal of impairment loss ※7	—	642	4,293
Others	8	—	—
Total EXTRAORDINARY INCOME	2,408	1,439	9,630
EXTRAORDINARY LOSS			
Impairment loss ※8	16	—	—
Loss on disposal of property, plant and equipment ※6	14	42	287
Loss on sales of investment securities	0	4	30
Loss on valuation of investment securities	238	241	1,618
Others	13	35	234
Total EXTRAORDINARY LOSS	¥ 284	¥ 324	\$ 2,170

Kaga Electronics Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Income and Comprehensive Income For the Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2025	2025
Income before income taxes	¥ 28,099	¥ 23,709	\$ 158,569
Income taxes-current	6,292	6,778	45,333
Income taxes-deferred	1,483	209	1,403
Total income taxes	7,776	6,988	46,737
Net income	20,323	16,721	111,831
Profit attributable to owners of the parent	20,345	17,083	114,252
Profit attributable to non-controlling interests	(21)	(361)	(2,420)
OTHER COMPREHENSIVE INCOME			
Changes in the fair value of available-for-sale securities	537	183	1,226
Deferred gains or losses on hedges	40	(50)	(335)
Foreign currency translation adjustment	6,329	3,034	20,297
Remeasurements of defined benefit plans, net of tax	64	727	4,868
Share of other comprehensive income of entities accounted for using equity method	(82)	127	850
Total OTHER COMPREHENSIVE INCOME ※5	6,889	4,023	26,908
Comprehensive income	¥ 27,213	¥ 20,744	\$ 138,739
Comprehensive income attributable to:			
Owners of the parent	¥ 27,227	¥ 21,104	\$ 141,147
Non-controlling interests	(13)	(359)	(2,407)

The accompanying notes are an integral part of these financial statements.

Kaga Electronics Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Changes in Net Assets For the Year Ended March 31, 2025

Fiscal year ended March 31, 2024

	Millions of Yen				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	¥ 12,133	¥ 14,820	¥ 95,945	¥ (5,614)	¥ 117,285
Changes of items during period					
Dividends from surplus			(6,040)		(6,040)
Profit attributable to owners of the parent			20,345		20,345
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares		28		17	45
Net changes of items other than shareholders' equity					
Total changes of items during period	—	28	14,304	10	14,344
Total	¥ 12,133	¥ 14,849	¥ 110,250	¥ (5,603)	¥ 131,629

	Millions of Yen						
	Accumulated other comprehensive income						
	Changes in the fair value of available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurement of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of current period	¥ 2,534	¥ (18)	¥ 9,568	¥ 239	¥ 12,322	¥ 129	¥ 129,737
Changes of items during period							
Dividends from surplus							(6,040)
Profit attributable to owners of the parent							20,345
Purchase of treasury shares							(6)
Disposal of treasury shares							45
Net changes of items other than shareholders' equity	541	40	6,235	64	6,881	267	7,149
Total changes of items during period	541	40	6,235	64	6,881	267	21,493
Total	¥ 3,075	¥ 21	¥ 15,803	¥ 303	¥ 19,204	¥ 396	¥ 151,231

Kaga Electronics Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Changes in Net Assets For the Year Ended March 31, 2025

Fiscal year ended March 31, 2025

	Millions of Yen				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	¥ 12,133	¥ 14,849	¥ 110,250	¥ (5,603)	¥ 131,629
Changes of items during period					
Dividends from surplus			(5,780)		(5,780)
Profit attributable to owners of the parent			17,083		17,083
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		36		25	62
Net changes of items other than shareholders' equity					
Total changes of items during period	—	36	11,302	23	11,363
Total	¥ 12,133	¥ 14,855	¥ 121,553	¥ (5,579)	¥ 142,993

	Millions of Yen						
	Accumulated other comprehensive income						
	Changes in the fair value of available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurement of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of current period	¥ 3,075	¥ 21	¥ 15,803	¥ 303	¥ 19,204	¥ 396	¥ 151,231
Changes of items during period							
Dividends from surplus							(5,780)
Profit attributable to owners of the parent							17,083
Purchase of treasury shares							(1)
Disposal of treasury shares							62
Net changes of items other than shareholders' equity	187	(49)	3,155	727	4,021	(236)	3,784
Total changes of items during period	187	(49)	3,155	727	4,021	(236)	15,148
Total	¥ 3,263	¥ (28)	¥ 18,959	¥ 1,031	¥ 23,225	¥ 160	¥ 166,379

Kaga Electronics Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Changes in Net Assets For the Year Ended March 31, 2025

Fiscal year ended March 31, 2025

	Thousands of U.S. Dollars (Note 1)				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	\$ 81,149	\$ 99,311	\$ 737,362	\$ (37,474)	\$ 880,350
Changes of items during period					
Dividends from surplus			(38,660)		(38,660)
Profit attributable to owners of the parent			114,252		114,252
Purchase of treasury shares				(12)	(12)
Disposal of treasury shares		246		168	415
Net changes of items other than shareholders' equity					
Total changes of items during period	—	246	75,592	156	75,995
Total	\$ 80,137	\$ 99,558	\$ 812,957	\$ (37,318)	\$ 956,348

	Thousands of U.S. Dollars (Note 1)						
	Accumulated other comprehensive income						
	Changes in the fair value of available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurement of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of current period	\$ 20,572	\$ 142	\$ 105,693	\$ 2,030	\$ 128,439	\$ 2,654	\$1,011,444
Changes of items during period							
Dividends from surplus							(38,657)
Profit attributable to owners of the parent							114,252
Purchase of treasury shares							(12)
Disposal of treasury shares							415
Net changes of items other than shareholders' equity	3,579	(333)	21,105	4,869	26,895	(1,582)	25,314
Total changes of items during period	3,579	(333)	21,105	4,869	26,895	(1,582)	101,312
Total	\$ 20,315	\$ (190)	\$ 126,799	\$ 6,899	\$ 155,334	\$ 1,073	\$ 1,112,756

The accompanying notes are an integral part of these financial statements.

Kaga Electronics Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows For the Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2025	2025
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES			
Income before income taxes	¥ 28,099	¥ 23,709	\$ 158,569
Depreciation and amortization	4,252	4,464	29,857
Impairment loss	16	—	—
Amortization of goodwill	32	16	108
Increase (Decrease) in provision for directors' bonuses	(27)	(8)	(59)
Increase in allowance for doubtful accounts	254	(183)	(1,229)
Interest and dividend income	(1,145)	(1,549)	(10,360)
Interest expenses	890	769	5,148
Share of loss (profit) of entities accounted for using equity method	80	90	605
Gain on sales of investment securities	(1,420)	(750)	(5,019)
Loss on valuation of investment securities	238	241	1,618
Gain on bargain purchase	(481)	—	—
Gain on liquidation of subsidiaries and associates	(480)	—	—
Gain on reversal of impairment loss	—	(642)	(4,293)
(Increase) Decrease in notes and accounts receivable-trade	21,260	(1,036)	(6,934)
Decrease in inventories	4,545	2,356	15,760
Decrease in notes and accounts payable-trade	(12,257)	2,040	13,645
(Increase) Decrease in accounts receivable-other	(1,223)	(283)	(1,896)
Increase (Decrease) in accrued expenses	(475)	(270)	(1,807)
(Increase) Decrease in advance payments	612	(128)	(856)
(Increase) Decrease in consumption taxes refund receivable	(1,257)	(1,354)	(9,060)
(Increase) Decrease in other current assets	354	241	1,614
Increase (Decrease) in other current liabilities	(2,385)	61	409
Others, net	1,373	17	115
Subtotal	40,857	27,800	185,932
Interest and dividend income received	1,143	1,555	10,402
Interest expenses paid	(879)	(784)	(5,248)
Income taxes paid	(11,736)	(3,523)	(23,564)
Net cash provided by operating activities	¥ 29,385	¥ 25,047	\$ 167,522

Kaga Electronics Co., Ltd. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows For the Year Ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2024</u>	<u>2025</u>	<u>2025</u>
NET CASH USED IN INVESTING ACTIVITIES			
Net decrease (increase) in time deposits	¥ (1,697)	¥ (3,232)	\$ (21,615)
Purchase of property, plant and equipment	(5,417)	(5,245)	(35,081)
Proceeds from sales of property, plant and equipment	31	105	707
Purchase of intangible assets	(336)	(425)	(2,846)
Purchase of investment securities	(547)	(2,553)	(17,079)
Proceeds from sales of investment securities	4,120	1,445	9,665
Purchase of shares of subsidiaries resulting in change in scope of consolidation	564	—	—
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(9)	—	—
Payments of short-term loans receivable	(30)	(30)	(200)
Payments of long-term loans receivable	(12)	(10)	(67)
Other payments	(217)	(359)	(2,407)
Other proceeds	582	338	2,265
Net cash used in investing activities	(2,968)	(9,967)	(66,663)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES			
Decrease in short-term loans payable	(5,230)	(629)	(4,208)
Repayment of long-term loans payable	(5,040)	(100)	(668)
Purchase of treasury shares	(6)	(1)	(12)
Cash dividends paid	(6,033)	(5,773)	(38,613)
Proceeds from share issuance to non-controlling shareholders	220	113	755
Others, net	(883)	(953)	(6,374)
Net cash provided by (used in) financing activities	(16,973)	(7,343)	(49,116)
Effect of exchange rate change on cash and cash equivalents	2,667	2,527	16,901
Net increase (decrease) in cash and cash equivalents	12,110	10,263	68,644
Cash and cash equivalents-beginning balance	50,307	62,417	417,454
Cash and cash equivalents-ending balance ※1	¥ 62,417	¥ 72,681	\$ 486,098

The accompanying note is an integral part of these financial statements.

Kaga Electronics Co., Ltd. and Consolidated Subsidiaries

Notes to Consolidated Financial Statements For the Year Ended March 31, 2025

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Kaga Electronics Co., Ltd. (the "Company") is incorporated and operates. Amounts less than ¥1 million have been omitted. As a result, the total shown in the consolidated financial statements and notes thereto do not necessarily agree with the sum of the individual account balances. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥149.52 to \$1, the rate of exchange at March 31, 2025. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation

The consolidated financial statements include accounts of the Company and all of its subsidiaries (60 in 2024 and 60 in 2025) (together, the "Group").

Under the control and influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.

There are four affiliates accounted for under the equity method. For those companies whose fiscal year end date differs from the consolidated fiscal year end date, the financial statements of those companies for their respective fiscal years are used.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits and losses included in assets resulting from transactions within the Group is eliminated.

The fiscal year end date of some of the Company's consolidated subsidiaries (20 in 2024 and 20 in 2025) is December 31. The consolidated financial statements incorporate accounts of these companies with adjustments for significant intercompany transactions arising during the period from January 1 to March 31.

b. Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits and short-term investments, all of which mature or become due within three months of the date of acquisition.

c. Inventories

The Company and its domestic subsidiaries state specific merchandise inventories ordered by customers at the lower of cost, determined by the specific identification method, or market value and that other merchandise inventories at the lower of cost, determined principally by the moving-average method, or market value.

d. Marketable and Investment Securities

Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (1) trading securities, which are held for the purpose of earning capital gains in the near term are measured at fair value, and the related unrealized gains and losses are included in earnings, and (2) available-for-sale securities, which are measured at fair value, with unrealized gains and losses, net of applicable taxes, reported in a component of other comprehensive income.

Non-marketable available-for-sale securities are stated at cost as determined by the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by charging to income.

e. Property, Plant and Equipment

Property, plant and equipment are stated at cost. Significant replacements and additions are capitalized; maintenance and repairs, and minor replacements and improvements are charged to the consolidated statement of income as incurred.

Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed substantially by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired after April 1, 1998, facilities attached to buildings and structures acquired after April 1, 2016, lease assets of the Company and its consolidated domestic subsidiaries, and all property, plant and equipment of foreign subsidiaries.

Buildings and structures	2 to 50 years
Machinery, equipment and vehicles	2 to 12 years
Tools, furniture and fixtures	2 to 20 years

f. Goodwill

Goodwill is amortized using the straight-line method principally over a period of 5 years.

g. Software

Software is amortized using the straight-line method over its estimated useful life.

Internal use software	5 years
Software for sale	3 years

h. Retirement and Pension Plans

To prepare for disbursement of employees' retirement benefits under the defined benefit plan, a defined benefit liability, which is the amount of defined benefit obligations less plan assets based on the expected benefit obligation at the end of the fiscal year, is recognized. The retirement benefit obligations are calculated by allocating the estimated retirement benefit amount until the end of the current fiscal year on the benefit formula basis. Past service cost is primarily amortized on a straight-line method over a fixed number of years (principally 10 years), which is shorter than the average remaining years of service of the eligible employees. Net actuarial gain or loss is primarily amortized from the following year on a straight-line method over a fixed number of years (principally 10 years), which is shorter than the average remaining years of service of the eligible employees. Actuarial gain and loss and past service costs that are yet to be recognized as gains or losses are recorded as remeasurements of defined benefit obligations presented in other comprehensive income, after being adjusted for tax effects.

Some of the consolidated subsidiaries apply the simplified method, by which they use the amount of retirement benefit which would be required to be paid for voluntary retirement at the end of the fiscal year as retirement benefit obligation, in order to calculate the retirement benefit liability and retirement benefit expenses.

i. Leases

The Company applies the lease accounting standard, which requires all finance lease transactions be capitalized in the balance sheet.

j. Allowance for doubtful accounts

The Company and its consolidated subsidiaries provide for doubtful accounts principally at an amount based on the historical bad debt ratio during a certain reference period in addition to an estimated

uncollectible amount based on the analysis of certain individual accounts.

k. Provision for directors' bonuses

Bonuses to directors and corporate auditors are accrued during the year in which such bonuses are attributable.

l. Provision for directors' retirement benefits

Certain domestic consolidated subsidiaries accrues liabilities related to retirement benefit obligations for directors and corporate auditors, which is, in general, based upon the amounts required by the internal rules.

m. Translation of Foreign Currencies

Receivables and payables denominated in foreign currencies are translated into yen at the exchange rates prevailing at the balance sheet date, and differences arising from the translation are debited or credited to the consolidated statement of income and comprehensive income.

Assets and liabilities of the foreign subsidiaries are translated into yen at the exchange rates prevailing at the balance sheet date, and revenue and expense accounts are translated at the average rates of exchange in effect during the year. Differences arising from the translation are presented as foreign currency translation adjustments after being adjusted for non-controlling interests and tax effects.

n. Derivatives and Hedging Activities

(1) Hedge accounting method

The Company applies the deferred hedge method. The Company, however, adopts the allocation method to account for forward exchange contracts if the requirements for the allocation method are met. The Company also adopts the special method to account for interest rate swaps, which meet the requirements for specific matching criteria.

(2) Hedging instruments and hedged items

(Hedging instruments)

Foreign currency forward contract transactions

Non-Deliverable Forward ("NDF") transactions

Interest rate swaps

(Hedged items)

Assets and liabilities denominated in foreign currencies

Interest rates on long-term loans payable

(3) Hedging policy

The Company determines the hedging policy based on the internal rules. Foreign currency forward contracts where there is expected risk such as fluctuation in foreign exchange are used interest rate swaps where there is expected risk such as fluctuation in interest rates on long-term loans payable are used.

(4) Assessment of hedge effectiveness

Hedge effectiveness is assessed by comparing the changing ratio of cash flows arising from the hedged items to the hedging instruments during the periods from the respective start dates of the hedges to the assessment dates. In addition, regarding interest rate swaps, the Company omits assessment of hedge effectiveness based upon the fulfillment of the requirements for specific matching criteria.

o. Recognition of significant revenue and expense

The Group consists of four segments, Electronic Components, Information Equipment, Software and other. The Company and its subsidiaries recognize their revenue basically when goods are transferred to customers since the title, significant risks of ownership and economic value of the goods are transferred when goods are transferred, and reflects when performance obligations are satisfied. For the sales of some goods, revenue is recognized when the goods are shipped. For those sales of goods for which the Company or its subsidiaries are determined to have acted as an agent, the net amount after deducting costs is recognized as revenue. In contracts with some customers in Information Equipment segment that

include rebates and other variable consideration, revenue is recognized in the net amount, with the rebate and other variable consideration amount deducted from the consideration agreed with customers. The estimation of rebates is based on past transactions. The consideration of transactions is received within one year after satisfaction of performance obligations and any significant financing components are not included.

p. Significant Accounting Estimates

1. Valuation of unlisted securities, including investments in startup companies

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

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Investment securities	¥ 830	¥ 622	\$ 4,161
Loss on valuation of investment securities	238	219	1,465

(2) Information on the nature of significant accounting estimates for identified items

With respect to unlisted securities, the Company calculates the actual value based on the net asset value per share, based on the latest financial statements available from the investees, and recognizes a valuation loss when the net asset value has declined significantly. In particular, investments in startup companies are sometimes acquired at a higher price than the net asset value, reflecting the impact of excess earning capacity. If those projected excess earning capacity is no longer expected or are no longer considered reasonable based on the investee's recent performance compared to the medium-to-long term business plan obtained at the time of acquisition, a valuation loss is recognized to reflect any significant decline in net asset value which is reflected excess earning capacity. Due to uncertainties around future changes in the corporate environment, etc., which may negatively impact on the net asset value reflected the projected excess earning capacity, reassessment may be required which may result in additional losses in the subsequent consolidated fiscal year.

q. Changes in Accounting Policies

Effective from the beginning of the current consolidated fiscal year, the Company adopted the Accounting Standard for Corporate Income Taxes, Inhabitant Taxes, and Enterprise Taxes (ASBJ Statement No. 27, revised October 28, 2022; the "2022 Revised Accounting Standard") and the related Implementation Guidance (ASBJ Guidance No. 28, revised October 28, 2022; the "2022 Revised Implementation Guidance").

For the amendments related to the classification of income taxes related to other comprehensive income, the Company applied the transitional provisions set forth in the proviso to paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso to paragraph 65-2(2) of the 2022 Revised Implementation Guidance. This change in accounting policy had no impact on the consolidated financial statements.

In addition, with respect to the amendments related to the accounting treatment in the consolidated financial statements of gains and losses arising from the sale of shares of subsidiaries within the consolidated group that are deferred for tax purposes, the Company applied the 2022 Revised Implementation Guidance from the beginning of the current consolidated fiscal year. This change in accounting policy had no impact on the consolidated financial statements for the prior consolidated fiscal year.

r. Standards and Guidance not yet adopted

The following standards and guidance were issued but not yet adopted.

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

(1) Overview

As part of efforts by the Accounting Standards Board of Japan (ASBJ) to align Japanese accounting standards with international practices, the ASBJ has developed a new accounting standard for leases

that requires lessees to recognize right-of-use assets and corresponding lease liabilities for all leases. This development was based on a review of international accounting standards, particularly IFRS 16.

While the fundamental policy adopts a single accounting model similar to IFRS 16, the new standard does not incorporate all provisions of IFRS 16. Instead, it selectively adopts key provisions to ensure simplicity and usability. The aim is to enable entities to apply the requirements of IFRS 16 in their separate financial statements with minimal adjustments.

Under this model and consistent with IFRS 16, lessees recognize depreciation of right-of-use assets and interest expense on lease liabilities for all leases, irrespective of prior finance or operating lease classifications.

(2) Effective date

To be applied from the beginning of the fiscal year ending March 31, 2028

(3) The impact of the adoption of the standard

The Group are currently in the process of determining the impact of this new standard on the consolidated financial statements.

3. NOTES TO CONSOLIDATED BALANCE SHEET

※1. *Investment securities*

Investment securities include the following accounts of affiliated companies.

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2025</u>	<u>2025</u>
Investment securities	¥ 822	¥ 858	\$ 5,744

※2. *Notes receivable and payable*

The Company and its domestic consolidated subsidiaries recognize actual cash settlement of the notes on the date of clearance. Since the closing date of March 31, 2025 was not a business day for financial institutions, the following notes due to mature on the closing date are included in the year-end balances.

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2025</u>	<u>2025</u>
Notes receivable - trade	¥ 57	¥ —	\$ —
Electronically recorded monetary claims	622	—	—
Notes payable - trade	87	—	—

※3. *Contingent liabilities*

Contingent liabilities for guaranteed employees' loans amounted to ¥6 million and ¥3 million (US\$ 20 thousands) as of March 31, 2024 and 2025, respectively.

※4. *Commitment line contract*

The Company has entered into commitment line contracts with four banks for effective fund-raising:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2025</u>	<u>2025</u>
Total limit of contract	¥ 15,000	¥ 15,000	\$ 100,321
Loan balances	—	—	—
Available amounts	<u>15,000</u>	<u>15,000</u>	<u>100,321</u>

4. NOTES TO CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

※1. *Revenue recognized from contracts with customers*

In terms of net sales, revenue recognized from contracts with customers and other revenue are not stated separately. Disaggregated information of revenue recognized from contracts with customers is described in Note 14.1.

※2. Until the previous consolidated fiscal year, the Company disclosed the amount of inventory valuation losses included in cost of sales. As the amount is immaterial in the current consolidated fiscal year, this disclosure has been omitted. The amount included in cost of sales in the prior consolidated fiscal year was ¥341 million.

※3. *Selling, general and administrative expenses*

Major items and the amounts under “Selling, general and administrative expenses” are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2025</u>	<u>2025</u>
Salaries and bonuses	¥ 20,007	¥ 20,730	\$ 138,648
Retirement benefit expenses	953	964	6,451
Provision for directors’ bonuses	447	440	2,943
Provision for doubtful accounts	279	(5)	(35)

※4. *Research and development costs*

Research and development costs charged to expenses are ¥589 million and ¥779million (US\$5,212 thousands) for the years ended March 31, 2024 and 2025, respectively.

※5. *Gain on sales of property, plant and equipment*

Details of gain on sales of property, plant and equipment are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2025</u>	<u>2025</u>
Buildings and structures	¥ —	¥ 1	\$ 8
Machinery, equipment and vehicles	14	8	53
Tools, furniture and fixtures	3	1	9
Land	—	32	214
Total	<u>¥ 18</u>	<u>¥ 42</u>	<u>\$ 285</u>

※6. *Loss on disposal of property, plant and equipment*

Details of loss on disposal of property, plant and equipment are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2025</u>	<u>2025</u>
Buildings and structures	¥ 2	¥ 28	\$ 188
Machinery, equipment and vehicles	1	7	48
Tools, furniture and fixtures	2	5	37
Others (Intangible assets)	<u>8</u>	<u>1</u>	<u>13</u>
Total	<u>¥ 14</u>	<u>¥ 42</u>	<u>\$ 287</u>

※7. *Reversal of Impairment loss*

For the year ended March 31, 2024

No applicable items.

For the year ended March 31, 2025

This represents a reversal of impairment losses on fixed assets recognized by our consolidated subsidiary, TAXAN MEXICO S. A. DE C. V. in accordance with International Financial Reporting Standards (IFRS).

※8. *Impairment loss*

For the year ended March 31, 2024

This information is not presented due to its insignificance.

For the year ended March 31, 2025

No applicable items.

※9. *Amount of reclassification and income tax effect associated with other comprehensive income*

	Millions of Yen		Thousands of U.S. Dollars
	<u>2024</u>	<u>2025</u>	<u>2025</u>
Net unrealized gain or loss on available-for-sale securities			
Amount arising during the period	¥ 2,129	¥ 996	\$ 6,663
Amount of reclassification	<u>(1,351)</u>	<u>(622)</u>	<u>(4,164)</u>
Net gain before income tax effect	777	373	2,499
Income tax effect	<u>(240)</u>	<u>(190)</u>	<u>(1,271)</u>
Net unrealized gain or loss on available-for-sale securities, net of Tax	537	183	1,228
Deferred gains or losses on hedges			
Amount arising during the period	31	(41)	(277)
Amount of reclassification	<u>27</u>	<u>(31)</u>	<u>(207)</u>
Net gain before income tax effect	58	(72)	(484)
Income tax effect	<u>(18)</u>	<u>22</u>	<u>149</u>
Deferred gains or losses on hedges	40	(50)	(335)
Foreign currency translation adjustment			
Amount arising during the period	6,662	3,034	20,297
Amount of reclassification	<u>(332)</u>	<u>—</u>	<u>—</u>
Foreign currency translation adjustment	6,329	3,034	20,297
Remeasurements of defined benefit obligations			
Amount arising during the period	110	1,159	7,753
Amount of reclassification	<u>(22)</u>	<u>(86)</u>	<u>(576)</u>
Net gain before income tax effect	88	1,073	7,176
Income tax effect	<u>(24)</u>	<u>(345)</u>	<u>(2,308)</u>
Remeasurements of defined benefit obligations	<u>64</u>	<u>727</u>	<u>4,868</u>
Share of other comprehensive income of entities accounted for using equity method			
Amount arising during the period	<u>(82)</u>	<u>127</u>	<u>850</u>
Total other comprehensive income	<u>¥ 6,889</u>	<u>¥ 4,023</u>	<u>\$ 26,909</u>

5. NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2024

1. Type and number of issued shares of common stock and treasury shares

	Number of shares as of April 1, 2023	Increase in the number of shares	Decrease in the number of shares	Number of shares as of March 31, 2024
Number of outstanding shares				
Common shares	28,702,118	—	—	28,702,118
Number of treasury shares				
Common shares (Note)	2,440,983	1,036	7,475	2,434,544

Note:

Increase as a result of fractional share repurchases: 1,036 shares

Decrease as a result of the payment of restricted stock to the directors and executive officers: 7,475 shares

2. Dividends

(1) Dividends paid

Resolution	Type of share	Amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General shareholders' meeting held on June 27, 2023	Common shares	3,151 (US\$20,815 thousands)	120 (US\$0.79)	March 31, 2023	June 28, 2023
Board of Directors' meeting held on November 8, 2023	Common shares	2,889 (US\$19,085 thousands)	110 (US\$0.72)	September 30, 2023	December 1, 2023

(2) Dividends whose effective date is after March 31, 2024 with record date during the year ended March 31, 2025.

Resolution	Type of share	Amount of dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
General shareholders' meeting held on June 26, 2024	Common shares	2,889 (US\$19,085 thousands)	Retained earnings	110 (US\$0.72)	March 31, 2024	June 27, 2024

For the year ended March 31, 2025

1. Type and number of issued shares of common stock and treasury shares

	Number of shares as of April 1, 2024	Increase in the number of shares	Decrease in the number of shares	Number of shares as of March 31, 2025
Number of outstanding shares				
Common shares	28,702,118	28,702,118	—	57,404,236
Number of treasury shares				
Common shares (Note)	2,434,544	2,424,255	10,957	4,847,842

※The Company has conducted a 2-for-1 stock split of its common shares effective October 1, 2024.

Note:

Increase as a result of stock split: 28,702,118 outstanding shares, 2,423,856 treasury shares

Increase as a result of fractional share repurchases: 399 treasury shares (Before stock split 269 shares, After stock split 130 shares)

Decrease as a result of the payment of restricted stock to the directors: 10,957 treasury shares

2. Dividends

(1) Dividends paid

Resolution	Type of share	Amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General shareholders' meeting held on June 26, 2024	Common shares	2,889 (US\$19,326 thousands)	110 (US\$0.73)	March 31, 2024	June 27, 2024
Board of Directors' meeting held on November 6, 2024	Common shares	2,890 (US\$19,334 thousands)	110 (US\$0.73)	September 30, 2024	December 6, 2024

Note:

The Company has conducted a 2-for-1 stock split of its common shares effective October 1, 2024. The amount of "dividends per share" is presented based on the figures prior to the stock split.

(2) Dividends whose effective date is after March 31, 2025 with a record date during the year ended March 31, 2026.

Resolution	Type of share	Amount of dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
General shareholders' meeting held on June 26, 2025	Common shares	2,890 (US\$19,334 thousands)	Retained earnings	55 (US\$0.36)	March 31, 2025	June 27, 2025

6. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

※1. Cash and cash equivalents at March 31, 2024 and 2025 are reconciled to the accounts reported in the consolidated balance sheet as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Cash and bank deposits	¥ 66,596	¥ 80,188	\$ 536,308
Time deposits with a deposit period of more than 3 months	(4,178)	(7,507)	(50,209)
Cash and cash equivalents	¥ 62,417	¥ 72,681	\$ 486,098

7. LEASES

Finance leases that do not transfer ownership of the leased assets to lessees.

Leased assets:

The Group leases buildings, machinery, equipment and vehicles and other assets.

As described in Note 2.i, the lease accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet.

As of March 31, 2024 and 2025, future lease payments under non-cancelable operating leases have been omitted due to immateriality.

8. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group has financial instruments, mainly debt from financial institutions, consistent with its capital financing plan. Cash surpluses, if any, are invested in low risk financial assets. Derivatives are not used for speculative purposes, but rather to manage exposure to foreign exchange risks.

(2) *Nature and Extent of Risks Arising from Financial Instruments*

Receivables and Payables in foreign currencies are exposed to the risk of fluctuation in foreign currency exchange rates.

(3) *Risk Management for Financial Instruments*

Credit risk management

The Company manages its credit risk from receivables on the basis of internal guidelines, which include monitoring the payment terms and balances of major customers by each business administration department to identify the default risk of customers in an early stage.

Market risk management (foreign exchange risk)

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged principally by forward foreign currency contracts.

Marketable and investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

(4) **Supplementary Explanation for Fair Values of Financial Instruments**

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used. Please see Note 10 for the detail of fair value for derivatives.

(a) Fair Value of Financial Instruments

March 31, 2024	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Loss
Short-term investment securities	171	171	—
Investment securities ※2 ※3	8,754	8,754	—
Total	¥8,925	¥ 8,925	¥ —
Bonds payable	10,000	9,952	47
Long-term loans payable	10,500	10,402	97
Total	¥20,500	¥ 20,355	¥ 144
Derivatives ※4	¥ (29)	¥ (29)	¥ —

March 31, 2025	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Loss
Short-term investment securities	150	150	—
Investment securities ※2 ※3	10,582	10,582	—
Total	¥10,732	¥ 10,732	¥ —
Bonds payable	5,000	4,901	98
Long-term loans payable	5,500	5,373	126
Total	¥10,500	¥ 10,274	¥ 225
Derivatives ※4	¥ (62)	¥ (62)	¥ —

March 31, 2025	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Loss
Short-term investment securities	1,004	1,004	—
Investment securities ※2	70,777	70,777	—
Total	\$ 71,782	\$ 71,782	\$ —
Bonds payable	33,440	32,781	658
Long-term loans payable	36,784	35,936	847
Total	\$ 70,224	\$ 68,718	\$ 1,506
Derivatives ※4	\$ (415)	\$ (415)	\$ —

※1 "Cash and bank deposits", "Accounts receivable-trade", "Notes receivable-trade", "Electronically recorded monetary claims", "Short-term loans payable", "Accrued expenses", "Income taxes payable", "Current portion of bonds payable" are settled in cash and others are settled in a short period of time. Therefore, since the market price is close to the book value, the description is omitted.

※2 Stocks which do not have quoted market price are not included in "Investment securities". The amount recorded on the consolidated balance sheet of the relevant financial instrument is as follows.

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Shares of related companies	¥ 822	¥ 858	\$ 5,744
Non-marketable equity securities	830	622	4,161

※3 The description of investments in partnerships and other similar entities for which the amount equivalent to the Company's equity is presented on a net basis in the consolidated balance sheet is omitted. The amount recorded on the consolidated balance sheet of the investment is ¥64 million and ¥492 million (US\$ 3,294 thousands) for the years ended March 31, 2024 and 2025 respectively.

※4 The value of assets and liabilities arising from derivatives is shown at net value.

Note 1. Redemption Schedule of Monetary Assets and Securities with Contractual Maturities

March 31, 2024

	Millions of Yen			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and bank deposits	¥ 66,596	¥ —	¥ —	¥ —
Notes receivable-trade	900	—	—	—
Accounts receivable-trade	101,528	—	—	—
Electronically recorded monetary claims	10,146	—	—	—
Investment securities with maturities	49	—	—	—
Total	¥ 179,221	¥ —	¥ —	¥ —

March 31, 2025

	Millions of Yen			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and bank deposits	¥ 80,188	¥ —	¥ —	¥ —
Notes receivable-trade	892	—	—	—
Accounts receivable-trade	106,091	—	—	—
Electronically recorded monetary claims	7,155	—	—	—
Investment securities with maturities	—	—	—	—
Total	¥ 194,328	¥ —	¥ —	¥ —

	Thousands of U.S. Dollars			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and bank deposits	\$ 536,308	\$ —	\$ —	\$ —
Notes receivable-trade	5,970	—	—	—
Accounts receivable-trade	709,549	—	—	—
Electronically recorded monetary claims	47,853	—	—	—
Investment securities with maturities	—	—	—	—
Total	\$ 1,299,681	\$ —	\$ —	\$ —

Note 2. The payment schedule for bonds payable, long-term loans, lease obligations and other interest-bearing liabilities by payment due date at March 31, 2024 and 2025 is as follows:

March 31, 2024

	Millions of Yen					
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Short-term loans	¥ 10,504	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term loans						
Including current portion of long-term loans payable	100	5,000	1,000	4,500	—	—
Bonds payable	—	5,000	—	5,000	—	—
Total	¥ 10,604	¥ 10,000	¥ 1,000	¥ 9,500	¥ —	¥ —

March 31, 2025

	Millions of Yen					
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Short-term loans	¥ 9,890	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term loans						
Including current portion of long-term loans payable	5,000	1,000	4,500	—	—	—
Bonds payable	5,000	—	5,000	—	—	—
Total	¥ 19,890	¥ 1,000	¥ 9,500	¥ —	¥ —	¥ —

March 31, 2025

	Thousands of U.S. Dollars					
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Short-term loans	\$ 66,150	\$ —	\$ —	\$ —	\$ —	\$ —
Long-term loans						
Including current portion of long-term loans payable	33,440	6,688	30,096	—	—	—
Bonds payable	33,440	—	33,440	—	—	—
Total	\$133,031	\$ 6,688	\$ 63,536	\$ —	\$ —	\$ —

(b) Matters concerning the breakdown of financial products by market price level

The market price of financial instruments is classified into the following three levels according to the

observability and importance of the input related to the calculation of the market price.

Level 1 market price: The market price calculated based on the market price of the asset or liability formed in the active market and subject to the calculation of the market price among the inputs related to the calculation of the observable market price.

Level 2 market price: The market price calculated using the inputs related to the calculation of market price other than the level 1 input among the inputs related to the calculation of the observable market price.

Level 3 market price: Market price calculated using inputs related to the calculation of unobservable market price.

When multiple inputs that have a significant influence on the market price calculation are used, the market price is classified into the lowest priority level in the market price calculation among the levels to which those inputs belong.

(1) Financial instruments recognized on the consolidated balance sheet at market price

March 31, 2024

	Market price (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Short-term investment securities				
Marketable equity securities	¥ 171	—	—	¥ 171
Investment securities				
Marketable equity securities	7,122	—	—	7,122
Investment trusts	1,581	—	—	1,581
Corporate bonds	—	49	—	49
Total	¥ 8,875	¥ 49	—	¥ 8,925
Derivatives				
Currency related transactions	—	¥ 29	—	¥ 29
Total	—	¥ 29	—	¥ 29

March 31, 2025

	Market price (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Short-term investment securities				
Marketable equity securities	¥ 150	—	—	¥ 150
Investment securities				
Marketable equity securities	9,020	—	—	9,020
Investment trusts	1,561	—	—	1,561
Corporate bonds	—	—	—	—
Total	¥ 10,732	¥ —	—	¥ 10,732
Derivatives				
Currency related transactions	—	¥ 62	—	¥ 62
Total	—	¥ 62	—	¥ 62

March 31, 2025

	Market price (Thousands of U.S. Dollars)			
	Level 1	Level 2	Level 3	Total
Short-term investment securities				
Marketable equity securities	\$ 1,004	—	—	\$ 1,004
Investment securities				
Marketable equity securities	60,332	—	—	60,332
Investment trusts	10,445	—	—	10,445
Corporate bonds	—	—	—	—
Total	\$ 71,782	\$ —	—	\$ 71,782
Derivatives				
Currency related transactions	—	\$ 415	—	\$ 415
Total	—	\$ 415	—	\$ 415

(2) Financial instruments other than those recorded on the consolidated balance sheet at market price
March 31, 2024

	Market price (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable	—	9,952	—	9,952
Long-term loans payable	—	10,402	—	10,520
Total	—	¥ 20,355	—	¥ 20,355

March 31, 2025

	Market price (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable	—	4,901	—	4,901
Long-term loans payable	—	5,373	—	5,373
Total	—	¥ 10,274	—	¥ 10,274

March 31, 2025

	Market price (Thousands of U.S. Dollars)			
	Level 1	Level 2	Level 3	Total
Bonds payable	—	32,781	—	32,781
Long-term loans payable	—	35,936	—	35,936
Total	—	\$ 68,718	—	\$ 68,718

Note. Explanation of the valuation technique used to calculate the market price and the inputs related to the calculation of the market price

Short-term investment securities, investment securities

Listed stocks are evaluated using market prices and are traded in active markets. Therefore their market price is classified as Level 1 market price.

Derivative

The market price of exchange contracts is calculated by the discounted present value method using observable inputs such as exchange rates, and is classified as Level 2 market price. Since the allocation of forward exchange contracts is treated together with the receivables and payables (accounts receivable-trade, notes and accounts payable-trade) that are hedged items the market price is included in the market price of the receivables and payables.

Bonds payable

The market price of bonds payable is calculated by the discounted present value method based on

the total amount of principal and interest, the remaining period of the debt and the interest rate that takes credit risks into account, and is classified as Level 2 market price.

Long-term loans payable

The market price of long-term loans payable is calculated by the discounted present value method based on the total amount of principal and interest, the remaining period of the debt and the interest rate that takes credit risks into account, and is classified as Level 2 market price.

9. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2024 and 2025 consisted of the following:

(1) Current-Marketable equity securities

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Unrealized gains included in net income for the year	¥ (24)	¥ (21)	\$ (141)

(2) Held-to-maturity debt securities

For the year ended March 31, 2024

No significant items to be reported.

For the year ended March 31, 2025

No significant items to be reported.

(3) Investment securities with a readily determinable fair value

March 31, 2024

	Millions of Yen		
	Carrying amount	Acquisition cost	Difference
Securities for which the carrying amount exceeds the acquisition costs			
Non-current:			
Marketable equity securities	¥6,802	¥2,893	¥3,909
Government and corporate bonds	—	—	—
Others	1,517	893	623
Subtotal	¥8,319	¥3,786	¥4,533
Securities for which the carrying amount does not exceed the acquisition costs			
Non-current:			
Marketable equity securities	320	374	(54)
Government and corporate bonds	49	50	(0)
Others	64	76	(11)
Subtotal	¥ 434	¥ 500	¥ (66)
Total	¥8,754	¥4,287	¥4,467

Note:

Non-marketable equity securities of ¥830 million (US\$ 5,486 thousands) and Shares of subsidiaries and related companies of ¥ 822 million (US\$ 5,434 thousands) are not included in the above due to stocks with no market price. In addition, investments in partnerships and other similar business entities for which the amount equivalent to the Company's equity is presented on a net basis in the amount of ¥64 million (US\$ 427 thousands) in the consolidated balance sheet is omitted.

March 31, 2025

	Millions of Yen		
	Carrying amount	Acquisition cost	Difference
Securities for which the carrying amount exceeds the acquisition costs			
Non-current:			
Marketable equity securities	¥7,386	¥2,934	¥4,452
Government and corporate bonds	—	—	—
Others	1,286	747	538
Subtotal	¥8,672	¥3,681	¥4,990
Securities for which the carrying amount does not exceed the acquisition costs			
Non-current:			
Marketable equity securities	1,634	1,767	(132)
Government and corporate bonds	—	—	—
Others	275	296	(21)
Subtotal	¥1,910	¥2,064	¥ (153)
Total	¥10,582	¥5,746	¥4,836
	Thousands of U.S. Dollars		
	Carrying Amount	Acquisition cost	Difference
Securities for which the carrying amount exceeds the acquisition costs			
Non-current:			
Marketable equity securities	\$ 49,398	\$ 19,623	\$29,775
Government and corporate bonds	—	—	—
Others	8,602	5,001	3,600
Subtotal	\$ 58,001	\$ 24,625	\$33,375
Securities for which the carrying amount does not exceed the acquisition costs			
Non-current:			
Marketable equity securities	10,933	11,818	(885)
Government and corporate bonds	—	—	—
Others	1,842	1,986	(143)
Subtotal	\$ 12,776	\$ 13,805	\$(1,028)
Total	\$ 70,777	\$ 38,430	\$ 32,347

Note:

Non-marketable equity securities of ¥622 million (US\$ 4,161 thousands) and Shares of subsidiaries and related companies of ¥ 858 million (US\$ 5,744 thousands) are not included in the above due to stocks with no market price. In addition, investments in unions and other similar business entities that record the amount equivalent to their equity in the consolidated balance sheet in net amount of ¥492 million (US\$ 3,294 thousands) is omitted.

(4) Investment securities sold during 2024 and 2025

March 31, 2024

		Millions of Yen		
		Amounts sold	Gains on sales	Loss on sales
Investment securities		¥ 3,710	¥ 1,420	¥ —
Government and corporate bonds		—	—	—
Others		102	0	0
Total		¥ 3,813	¥ 1,420	¥ 0

March 31, 2025

		Millions of Yen		
		Amounts sold	Gains on sales	Loss on sales
Investment securities		¥ 1,451	¥ 753	¥ 4
Government and corporate bonds		—	—	—
Others		4	1	0
Total		¥ 1,456	¥ 754	¥ 4

		Thousands of U.S. Dollars		
		Amounts sold	Gains on sales	Loss on sales
Investment securities		\$ 9,710	\$ 5,042	\$ 30
Government and corporate bonds		—	—	—
Others		31	6	—
Total		\$ 9,742	\$ 5,049	\$ 30

(5) Impairment losses recognized on Investment securities are as follows:

		Millions of Yen		Thousands of U.S. Dollars
		2024	2025	2025
		¥ 238	¥ 241	\$ 1,618

Note:

The Company recognizes an impairment loss when the book value decreases by more than 50% from its acquisition cost.

10. DERIVATIVES

Derivative Transactions to Which Hedge Accounting Is Applied

(1) Currency related transactions

		Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2024	Hedged Item	Contract Amount	Due after One Year	Value
General processing method:				
Foreign currency forward contracts:				
Selling USD	Receivables	¥ 7,135	¥ —	¥ (76)
Selling CNY	Receivables	2	—	(0)
Buying USD	Payables	2,653	—	(79)
Buying EUR	Payables	0	—	0
Total		¥ 9,791	¥ —	¥ 3

Allocation processing of foreign exchange contracts:

Foreign currency forward contracts:

Selling USD	Receivables	¥ 6,727	¥ —	(Note)
Selling CNY	Receivables	33	—	
Buying USD	Payables	5,109	—	
Buying EUR	Payables	4	—	
Total		¥ 11,875	¥ —	¥ —

		Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2025	Hedged Item	Contract Amount		
General processing method:				
Foreign currency forward contracts:				
Selling USD	Receivables	¥ 4,949	¥ —	¥ 24
Selling CNY	Receivables	26	—	0
Buying USD	Payables	5,328	—	(65)
Buying EUR	Payables	1	—	0
Buying HKD	Payables	13	—	(0)
Total		¥ 10,320	¥ —	¥ (41)

Allocation processing of foreign exchange contracts:

Foreign currency forward contracts:

Selling USD	Receivables	¥ 7,055	¥ —	(Note)
Selling CNY	Receivables	71	—	
Buying USD	Payables	6,633	—	
Buying EUR	Payables	0	—	
Buying HKD	Payables	6	—	
Total		¥ 13,767	¥ —	¥ —

		Thousands of U.S. Dollars		
March 31, 2025	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
General processing method:				
Foreign currency forward contracts:				
Selling USD	Receivables	\$ 33,104	\$ —	\$ 160
Selling CNY	Receivables	180	—	0
Buying USD	Payables	35,635	—	(438)
Buying EUR	Payables	8	—	0
Buying HKD	Payables	92	—	(0)
Total		\$ 69,021	\$ —	\$ (277)
Allocation processing of foreign exchange contracts:				
Foreign currency forward contracts:				
Selling USD	Receivables	\$ 47,188	\$ —	(Note)
Selling CNY	Receivables	480	—	
Buying USD	Payables	44,363	—	
Buying EUR	Payables	0	—	
Buying HKD	Payables	46	—	
Total		\$ 92,079	\$ —	\$ —

Note:

Allocation of forward exchange contracts is accounted for as an integral part of monetary receivables and payables denominated in foreign currencies that are hedged items. Therefore, their fair value is included in the fair value of the foreign currency-denominated receivables and payables that are hedged items.

(2) Interest related transactions

For the year ended March 31, 2024

			Millions of Yen		
Hedge Accounting Method	Type of Transaction	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Special treatment for interest rate swap	Interest rate swap Receive floating, pay fixed	Long-term loans payable	¥ 4,300	¥ 4,300	(Note)

Note:

Interest rate swap matching specific criteria is accounted for together with long-term loans payable designated as the hedge item. Therefore, their fair values are included in the fair value of the long-term loans payable.

For the year ended March 31, 2025

No significant items to be reported.

11. RETIREMENT BENEFITS

(1) Outline of retirement benefits plans

Under the pension plans, employees terminating their employment are, in most circumstances, entitled to pension payments based on their average pay during their employment, length of service and certain other factors. The defined benefit plans and lump-sum payment plans of some of the consolidated subsidiaries are calculated using simplified methods. In addition, some of the consolidated subsidiaries have transferred from defined benefit pension plans to defined contribution pension plans on April 1, 2022.

(2) Defined benefit pension plans

(a) Changes in the retirement benefit obligation for the years ended March 31, 2024 and 2025 (excluding plans applying the simplified method) are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Retirement benefit obligation at the beginning of the year	¥ 5,252	¥ 5,316	\$ 35,558
Service cost	334	341	2,286
Interest cost	54	64	429
Actuarial gains (losses)	(140)	(304)	(2,036)
Benefits paid	(225)	(349)	(2,340)
Decrease due to transfer to defined contribution pension plans	—	(932)	(6,236)
Others	41	8	57
Retirement benefit obligation at the end of the year	¥ 5,316	¥ 4,144	\$ 27,718

(b) Changes in the plan assets for the years ended March 31, 2024 and 2025 (excluding plans applying the simplified method) are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Plan assets at fair value at the beginning of the year	¥ 5,106	¥ 5,233	\$ 34,999
Expected return on plan assets	90	93	623
Actuarial gains (losses)	(30)	(77)	(519)
Contributions by the employer	278	281	1,811
Benefits paid	(212)	(321)	(2,149)
Plan assets at fair value at the end of the year	¥ 5,233	¥ 5,208	\$ 34,835

(c) Changes in net defined benefit liabilities for plans which applied the simplified method for the years ended March 31, 2024 and 2025 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Net defined benefit liabilities at the beginning of the year	¥ 1,771	¥ 1,917	\$ 12,823
Retirement benefit expenses	431	529	3,540
Retirement benefits paid	(97)	(134)	(896)
Contributions to plan	(168)	(172)	(1,151)
Others	(19)	(66)	(447)
Net defined benefit liabilities at the end of the year	¥ 1,917	¥ 2,073	\$ 13,869

- (d) Reconciliation between the funded status of the plans (retirement benefit obligation and plan assets) and the amounts recognized in the consolidated balance sheet (net defined benefit liabilities and net defined benefit assets) as of March 31, 2024 and 2025 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Retirement benefit obligation of funded plans	¥ 5,316	¥ 4,144	\$ 27,718
Plan assets	(5,233)	(5,208)	(34,835)
	83	(1,064)	(7,116)
Retirement benefit obligation of unfunded plans	1,917	2,073	13,869
Net liabilities recorded in the consolidated balance sheet	¥ 2,001	¥ 1,009	\$ 6,752
Net defined benefit liabilities	2,342	2,572	17,203
Net defined benefit assets	(341)	(1,562)	(10,451)
Net liabilities recorded in the consolidated balance sheet	¥ 2,001	¥ 1,009	\$ 6,752

- (e) Components of retirement benefit expenses for the years ended March 31, 2024 and 2025 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Service cost	¥ 325	¥ 341	\$ 2,286
Interest cost	54	64	429
Expected return on plan assets	(90)	(93)	(623)
Actuarial loss charged (credited)	(20)	(9)	(65)
Prior service cost	(2)	(64)	(431)
Redundancy pay	11	11	75
Retirement benefit expenses calculated based on the simplified method	431	529	3,540
Others	23	(42)	(285)
Retirement benefit expenses for defined benefit pension plans	¥ 733	¥ 736	\$ 4,925

- (f) Remeasurements of defined benefit plans, net of tax for the years ended March 31, 2024 and 2025 are as follows:

Components of remeasurements of defined benefit obligations, net of tax before income tax effect adjustment

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Prior service cost	¥ (2)	¥ 868	\$ 5,805
Actuarial gains and losses	90	203	1,360
Total	¥ 88	¥ 1,071	\$ 7,166

- (g) Remeasurements of defined benefit obligations as of March 31, 2024 and 2025 are as follows:

Components of remeasurements of accumulated defined benefit obligations before income tax effect adjustment

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Unrecognized prior service cost	¥ 11	¥ 879	\$ 5,884
Unrecognized actuarial gains or losses	428	632	4,228
Total	¥ 440	¥ 1,512	\$ 10,113

(h) Items for plan assets

Components of plan assets

Ratio of primary components to total plan assets

	2024	2025
General accounts	100.00%	100.00%

Determining expected long-term rate of return

In determining the long-term rate of return for plan assets, the Company considers the current and projected asset allocations, as well as the current and expected long-term investment returns from the various assets that constitute the plan assets.

(i) Items related to the basis of actuarial calculation

Items that form the primary basis for actuarial calculations using the weighted average method

	2024	2025
Discount rate	0.67~0.95%	0.67~1.13%
Expected long-term rate of return	1.70~2.50%	1.70~2.50%

(3) Defined contribution pension plans

Contributions to defined contribution pension plans by the Company and its consolidated subsidiaries

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
	¥ 425	¥ 448	\$ 2,996

12. STOCK OPTIONS

No significant items to be reported.

13. INCOME TAXES

- (1) The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2024 and 2025 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Deferred tax assets:			
Loss on revaluation of investment securities	¥ 851	¥ 872	\$ 5,835
Retirement benefits for directors and corporate auditors	30	32	219
Retirement benefits for directors (and other officers)	358	368	2,465
Allowance for doubtful accounts	1,589	1,556	10,409
Accrued bonuses	1,141	974	6,514
Net defined benefit liability	581	768	5,141
Tax loss carryforwards	984	1,449	9,696
Devaluation of inventories	301	222	1,487
Impairment loss	860	354	2,372
Others	2,318	2,326	15,556
Sub-total	9,017	8,926	59,699
Valuation allowance on tax loss carryforwards	(481)	(542)	(3,629)
Valuation allowance on deductible temporary differences	(4,506)	(3,975)	(26,590)
Less valuation allowance—total	(4,987)	(4,518)	(30,220)
Deferred tax assets—total	4,030	4,407	29,479
Deferred tax liabilities:			
Undistributed earnings of overseas subsidiaries	(4,106)	(4,507)	(30,147)
Unrealized gain on property and equipment	(83)	(79)	(534)
Unrealized gain on available-for-sale securities	(1,398)	(1,604)	(10,731)
Advanced depreciation on fixed assets	(157)	(156)	(1,045)
Retirement benefit assets	—	(482)	(3,227)
Others	(346)	(348)	(2,332)
Deferred tax liabilities—total	(6,091)	(7,179)	(48,018)
Net deferred tax assets	¥ (2,061)	¥ (2,771)	\$ (18,538)

(Note)

Tax loss carryforwards and the amount of deferred tax assets by carry forward

March 31, 2024

	Millions of Yen						
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Tax loss carryforwards ※	¥ 16	¥ 118	¥ 35	¥ 18	¥ 59	¥ 735	¥ 984
Less valuation allowance	(13)	(69)	(35)	(13)	(50)	(298)	(481)
Deferred tax assets	3	49	—	4	9	436	503

March 31, 2025

		Millions of Yen						
		Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Tax loss carryforwards	※	¥ 96	¥ 34	¥ 6	¥ 106	¥ 194	¥ 1,011	¥ 1,449
Less valuation allowance		(96)	(34)	(6)	(27)	(106)	(271)	(542)
Deferred tax assets		—	—	—	78	88	740	907
		Thousands of U.S. Dollars						
		Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Tax loss carryforwards	※	\$ 644	\$ 228	\$ 43	\$ 714	\$ 1,302	\$ 6,764	\$ 9,696
Less valuation allowance		(644)	(228)	(43)	(186)	(712)	(1,814)	(3,629)
Deferred tax assets		—	—	—	527	589	4,949	6,067

※Tax loss carryforwards are multiplied by the effective statutory tax rate.

(2) A reconciliation between the effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of operations for the years ended March 31, 2024 and 2025 is as follows:

	2024	2025
Effective statutory tax rate	30.6%	30.6%
Expenses not deductible for income tax purposes	0.5	0.5
Tax benefits not recognized on operating losses of subsidiaries	(0.2)	1.6
Difference in tax rates of foreign subsidiaries	(4.2)	(4.6)
Corporate residence tax on a per capita basis	0.3	0.3
Effects of reducing deferred tax assets	(0.5)	(2.4)
Dividends from overseas subsidiaries and deferred income taxes on retained profits of overseas subsidiaries	2.9	2.0
Share of loss of entities accounted for using equity method	0.1	0.1
Others, net	(1.9)	1.4
Actual effective tax rate	27.7	29.5

(3) The Company and some of its domestic subsidiaries apply the Group Tax Sharing System. In addition, The Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ Guidance No.42 August 12, 2021), which defines the accounting and disclosure treatment of income taxes, local income taxes, and tax effect accounting, is also applied.

(4) Following the enactment of the “Act Partially Amending the Income Tax Act, etc.” (Act No. 13 of 2025) by the National Diet on March 31, 2025, the “Special Corporate Tax for Defense Enhancement” will be imposed for consolidated fiscal years beginning on or after April 1, 2026

As a result, for temporary differences expected to be reversed in consolidated fiscal years beginning on or after April 1, 2026, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities has been changed from 30.6% to 31.5%.

Due to this change, the amount of deferred tax assets (net of deferred tax liabilities) decreased by ¥58 million, (US\$ 392 thousands) valuation difference on available-for-sale securities decreased by ¥44 million (US\$ 300 thousands), deferred hedge gains/losses decreased by ¥0 million (US\$ 0 thousands), and the accumulated adjustments related to retirement benefits decreased by ¥4 million (US\$ 28 thousands). In addition, income taxes—deferred increased by ¥9 million (US\$ 63 thousands) in the current consolidated fiscal year.

14. REVENUE RECOGNITION

1. Disaggregated information of revenue recognized from contracts with customers

For the year ended March 31, 2024

	Millions of Yen				
	Reportable Segment				
	Electronic Components	Information Equipment	Soft-Ware	Other	Total
Sales					
Japan	¥ 252,505	¥ 44,281	¥ 2,567	¥ 20,183	¥ 319,537
North America	44,738	—	—	1,198	45,936
Europe	26,088	—	—	79	26,168
Asia	149,194	—	—	1,236	150,431
Revenue recognized from contracts with customer	472,526	44,281	2,567	22,698	542,074
Other Revenue	56	24	—	542	623
Sales to external customers	472,583	44,305	2,567	23,241	542,697

For the year ended March 31, 2025

	Millions of Yen				
	Reportable Segment				
	Electronic Components	Information Equipment	Soft-Ware	Other	Total
Sales					
Japan	¥ 240,471	¥ 42,631	¥ 3,387	¥ 22,270	¥ 308,760
North America	46,549	—	—	4,313	50,862
Europe	28,966	—	—	26	28,993
Asia	156,871	—	—	1,610	158,481
Revenue recognized from contracts with customer	472,858	42,631	3,387	28,220	547,097
Other Revenue	51	21	—	608	682
Sales to external customers	472,910	42,652	3,387	28,829	547,779

	Thousands of U.S. Dollars				
	Reportable Segment				
	Electronic Components	Information Equipment	Soft-Ware	Other	Total
Sales					
Japan	\$ 1,608,290	\$ 285,121	\$ 22,653	\$ 148,943	\$ 2,065,008
North America	311,324	—	—	28,849	340,173
Europe	193,730	—	—	179	193,910
Asia	1,049,166	—	—	10,767	1,059,934
Revenue recognized from contracts with customer	3,162,511	285,121	22,653	188,741	3,659,026
Other Revenue	344	144	—	4,072	4,561
Sales to external customers	3,162,855	285,265	22,653	192,813	3,663,588

2. Basic information to understand revenue recognized from contracts with customers

Basic information is written in 2."SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES o. Recognition of significant revenue and expense".

3. Information about the relationship between satisfaction of performance obligation and cash flow occurred from the contracts and information about revenue that will be recognized in the next fiscal year or after based on the contracts at the end of this fiscal year.

(a) The balances of receivables from contracts with customers and contract liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Receivables from contracts with customers (At the beginning of this fiscal year)	¥ 129,007	¥ 111,967	\$ 748,845
Receivables from contracts with customers (At the end of this fiscal year)	111,967	114,047	762,760
Contract liabilities (At the beginning of this fiscal year)	4,066	2,903	19,419
Contract liabilities (At the end of this fiscal year)	2,903	2,623	17,546

Contract liabilities mainly consists of amounts received from customers based on payment terms whereby consideration is received prior to goods or services being transferred to customers and reverse when the relevant revenue recognition criteria are met. Contract liabilities are included in "Others" in current liabilities. Revenue that the Company recognized during this fiscal year which was included in contract liabilities at the beginning of this fiscal year totaled ¥1,557 million (\$10,417 thousand).

(b) Transaction price allocated to the remaining performance obligations

The Company and its subsidiaries apply a simplified method in respect of transaction price allocated to the remaining performance obligations, whereby contracts that have an original expected duration of one year or less are not included. Those performance obligations all relate to business manufacturing and sales. The total transaction price allocated to the remaining performance obligations and the expected periods of revenue recognition are as follows.

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Within 1 year	¥ 846	¥ 340	\$ 2,278
More than 1 year and Within 2 year	189	212	1,423
More than 2 year and Within 3 year	168	176	1,179
More than 3 year	291	202	1,354
Total	1,496	932	6,236

15. SEGMENT INFORMATION

(1) Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. The Group has four reporting segments that are made of different categories of products and services: electronic components, information equipment, software and other. The electronic components segment includes the development, manufacture and sales of semiconductors, general electronic components and other products, the electronics manufacturing service (EMS), and other activities. The information equipment segment includes sales of PCs, PC

peripherals, photograph and imaging products, original brand products, and other products. The software segment includes the production of computer graphics, planning and development of amusement products, and other activities.

The other segment includes the fix and support of electronic components, the manufacture and sale of amusement equipment, sales of sports goods and other activities.

(2) Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent to those disclosed in Note 2., "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES".

(3) Information about sales, profit (loss), assets and other items is as follows:

Millions of Yen							
2024							
Reportable Segment						Recon- ciliations (Note 1)	Consoli- dated (Note 2)
	Electronic Components	Information Equipment	Soft- ware	Other	Total		
Sales:							
Sales to external customers	¥ 472,583	¥ 44,305	¥ 2,567	¥ 23,241	¥ 542,697	¥ —	¥ 542,697
Inter segment sales or transfers	4,101	9,874	1,567	5,796	21,340	(21,340)	—
Total sales	¥ 476,684	¥ 54,179	¥ 4,135	¥ 29,038	¥ 564,037	¥ (21,340)	¥ 542,697
Segment profit (loss)	¥ 20,887	¥ 2,924	¥ 370	¥ 1,555	¥ 25,737	¥ 108	¥ 25,845
Segment assets	264,058	24,116	2,061	14,853	305,089	(18,297)	286,792
Others:							
Depreciation	3,689	112	77	388	4,268	(16)	4,252
Increase in-property, plant and equipment and intangible assets	5,441	33	67	256	5,799	(45)	5,753
Millions of Yen							
2025							
Reportable Segment						Recon- ciliations (Note 1)	Consoli- dated (Note 2)
	Electronic Components	Information Equipment	Soft- ware	Other	Total		
Sales:							
Sales to external customers	¥ 472,910	¥ 42,652	¥ 3,387	¥ 28,829	¥ 547,779	¥ —	¥ 547,779
Inter segment sales or transfers	3,717	11,050	1,271	5,876	21,915	(21,915)	—
Total sales	¥ 476,627	¥ 53,703	¥ 4,658	¥ 34,706	¥ 569,695	¥ (21,915)	¥ 547,779
Segment profit (loss)	¥ 16,927	¥ 3,307	¥ 509	¥ 2,707	¥ 23,451	¥ 149	¥ 23,601
Segment assets	281,610	26,091	2,310	16,522	326,534	(20,862)	305,671
Others:							
Depreciation	3,831	81	87	482	4,482	(18)	4,464
Increase in-property, plant and equipment and intangible assets	5,044	35	71	547	5,698	(27)	5,671

	Thousands of U.S. Dollars						
	2025						
	Reportable Segment					Recon- Ciliations (Note 1)	Consoli- dated (Note 2)
	Electronic Components	Information Equipment	Soft- ware	Other	Total		
Sales:							
Sales:							
Sales to external customers	\$ 3,162,855	\$ 285,265	\$ 22,653	\$ 192,813	\$3,663,588	\$ —	\$ 3,663,588
Inter segment sales or transfers	24,864	73,904	8,500	39,304	146,573	(146,573)	—
Total sales	\$ 3,187,719	\$ 359,169	\$ 31,154	\$ 232,118	\$ 3,810,162	\$ (146,573)	\$ 3,663,588
Segment profit (loss)	\$ 113,210	\$ 22,119	\$ 3,409	\$ 18,107	\$ 156,847	\$ 1,000	\$ 157,847
Segment assets	1,883,432	174,498	15,451	110,502	2,183,884	(139,529)	2,044,354
Others:							
Depreciation	25,626	543	586	3,224	29,980	(123)	29,857
Increase in-property, plant and equipment	33,740	236	479	3,659	38,115	(187)	37,928

Note: 1. The adjustment for segment operating income is as follows:

(1) Segment income

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Elimination of inter-segment trade	¥ 108	¥ 149	\$ 1,000
Total	¥ 108	¥ 149	\$ 1,000

(2) Segment assets

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Elimination of inter-segment trade	¥ (20,637)	¥ (23,268)	\$ (155,623)
Total corporate assets	2,340	2,406	16,093
Total	¥ (18,297)	¥ (20,862)	\$ (139,529)

Note: Total corporate assets principally consist of surplus funds of the Companies under management (cash and securities).

(3) Depreciation and amortization

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Elimination of inter-segment trade	¥ (16)	¥ (18)	\$ (123)
Total	¥ (16)	¥ (18)	\$ (123)

(4) Increase amount of tangible and intangible fixed assets

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Elimination of inter-segment trade	¥ (45)	¥ (27)	\$ (187)
Total	¥ (45)	¥ (27)	\$ (187)

2. Segment income is adjusted for operating income in the consolidated statement of income and comprehensive income.

Associated Information

For the year ended March 31, 2024

(1) *Information about individual products and services*

This information is not presented because the Group prepares reports in accordance with a management approach based on individual products and services.

(2) *Geographic information*

(a) Sales

Millions of Yen					
2024					
Japan	North America	Europe	Asia (except China)	China	Total
¥ 320,028	¥ 45,936	¥ 26,168	¥ 98,695	¥ 51,867	¥ 542,697

Note: Sales are classified in countries or regions based on the location of customers.

(b) Property, plant and equipment

Millions of Yen					
2024					
Japan	North America	Europe	Asia (except Thailand)	Thailand	Total
¥11,880	¥ 4,149	¥ 640	¥ 6,119	¥ 2,344	¥ 25,135

(3) *Information about major customers*

This information is not presented because no sales to any individual customer were more than 10% of consolidated sales.

For the year ended March 31, 2025

(1) *Information about individual products and services*

This information is not presented because the Group prepares reports in accordance with a management approach based on individual products and services.

(2) *Geographic information*

(a) Sales

Millions of Yen					
2025					
Japan	North America	Europe	Asia (except China)	China	Total
¥ 309,158	¥ 50,862	¥ 28,993	¥ 101,758	¥ 57,006	¥ 547,779
Thousands of U.S. Dollars					
2025					
Japan	North America	Europe	Asia (except China)	China	Total
\$ 2,067,676	\$ 340,173	\$ 193,910	\$ 680,567	\$ 381,260	\$ 3,663,588

Note: Sales are classified in countries or regions based on the location of customers.

(b) Property, plant and equipment

Millions of Yen						
2025						
Japan	North America (except Mexico)	Mexico	Europe	Asia (except Thailand)	Thailand	Total
¥12,222	¥ 50	¥ 6,793	¥ 598	¥ 5,844	¥ 2,935	¥ 28,445
Thousands of U.S. Dollars						
2025						
Japan	North America (except Mexico)	Mexico	Europe	Asia (except Thailand)	Thailand	Total
\$ 81,742	\$ 340	\$ 45,435	¥ 4,002	\$ 39,088	\$ 19,635	\$ 190,246

(3) *Information about major customers*

This information is not presented because no sales to any individual customer were more than 10% of consolidated sales.

Information of impairment loss on fixed assets of reportable segments

For the year ended March 31, 2024

Millions of Yen					
2024					
Reportable Segment					
	Electronic Components	Information Equipment	Soft- ware	Other	Total
Impairment loss	¥ 16	¥ —	¥ —	¥ —	¥ 16

For the year ended March 31, 2025

		Millions of Yen				
		2025				
		Reportable Segment				
		Electronic Components	Information Equipment	Soft-ware	Other	Total
Impairment loss		¥ —	¥ —	¥ —	¥ —	¥ —
		Thousands of U.S. Dollars				
		2025				
		Reportable Segment				
		Electronic Components	Information Equipment	Soft-ware	Other	Total
Impairment loss		\$ —	\$ —	\$ —	\$ —	\$ —

Information of amortization of goodwill and balance of goodwill of reportable segments

For the year ended March 31, 2024

		Millions of Yen				
		Reportable Segment				
		Electronic Components	Information Equipment	Soft-ware	Other	Total
Amortization of goodwill for fiscal year		¥ 32	¥ —	¥ —	¥ —	¥ 32
Balance of goodwill at the end of fiscal year		16	—	—	—	16

For the year ended March 31, 2025

		Millions of Yen				
		Reportable Segment				
		Electronic Components	Information Equipment	Soft-Ware	Other	Total
Amortization of goodwill for fiscal year		¥ 16	¥ —	¥ —	¥ —	¥ 16
Balance of goodwill at the end of fiscal year		—	—	—	—	—
		Thousands of U.S. Dollars				
		Reportable Segment				
		Electronic Components	Information Equipment	Soft-ware	Other	Total
Amortization of goodwill for fiscal year		\$ 108	\$ —	\$ —	\$ —	\$ 108
Balance of goodwill at the end of fiscal year		—	—	—	—	—

Information of gain on negative goodwill by reportable segments

For the year ended March 31, 2024

The Company recognized a gain on bargain purchase of ¥481 million (US\$3,177 thousands) in the Electric Components segment, mainly when the Company acquired of Candera GmbH share by KAGA FEI Co., Ltd.

For the year ended March 31, 2025
No significant items to be reported.

16. RELATED PARTY TRANSACTIONS

(1) Principal transactions between the Company and its related party

For the year ended March 31, 2024

This information is not presented due to its insignificance.

For the year ended March 31, 2025

This information is not presented due to its insignificance.

(2) Principal transactions between the Company's director and its related party

For the year ended March 31, 2024

Principal transactions between the Company's director and its related party for the year ended March 31, 2024 are summarized as follows:

(Amount unit: Millions of yen)

Type	Company Name or Director Name	Head Office	Capital Stock	Business Activities or Occupation	Percentage for Possession of Voting Rights	Relationship With Related Party	Content of Transaction	Amount for Transaction	Title of Account	Amount as of March 31, 2024
Majority owned company by a director and the director's relatives	KGF CO., LTD.	Chiyoda -ku, Tokyo	¥10	Management of restaurant and convenience store	—	Interlocking directorate	Purchasing goods, Purchasing gifts (Note)	¥18	—	—

Note: Trade condition and policy

Purchase contracts are entered into between KGF and the Company, and the purchase price of goods is determined based on the discussions between the two parties.

The Company concluded the contract purchasing gifts at a price equivalent to market price.

For the year ended March 31, 2025

Principal transactions between the Company's director and its related party for the year ended March 31, 2025 are summarized as follows:

(Amount unit: Millions of yen, Thousands of U.S. dollars)

Type	Company Name or Director Name	Head Office	Capital Stock	Business Activities or Occupation	Percentage for Possession of Voting Rights	Relationship With Related Party	Content of Transaction	Amount for Transaction	Title of Account	Amount as of March 31, 2025
Majority owned company by a director and the director's relatives	KGF CO., LTD.	Chiyoda -ku, Tokyo	¥10 (\$66)	Management of restaurant and convenience store	—	Interlocking directorate	Purchasing goods, Purchasing gifts (Note)	¥15 (\$102)	—	—

Note: Trade condition and policy

Purchase contracts are entered into between KGF and the Company, and the purchase price of goods is determined based on the discussions between the two parties.

The Company concluded the contract purchasing gifts at a price equivalent to market price.

17. PER SHARE INFORMATION

	Yen		U.S. Dollars
	2024	2025	2025
Net assets per share	¥ 2,871.11	¥ 3,162.68	\$ 21.15
Net income per share	387.30	325.08	2.17

Notes 1. The Company has conducted a 2-for-1 stock split of its common shares effective October 1, 2024. Net assets per share and net income per share have been calculated on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year. Diluted net income per share has not been disclosed because there were no potentially dilutive shares.

Notes 2. The basis for computation of net income per share is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Net income per share			
Profit attributable to owners of the parent	¥ 20,345	¥ 17,083	\$ 114,252
Net income unallocated to common stock	—	—	—
Profit attributable to owners of the parent allocated to common stock	20,345	17,083	114,252
Average number of common stock outstanding during the fiscal year (Share)	52,531,560	52,549,881	
Outline of the residual securities which were not included in the calculation of the diluted net income per share because there was no dilutive effect.	—	—	

3. The basis for computation of net assets per share is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2025	2025
Net assets per share			
Total net assets	¥ 151,231	¥ 166,379	\$ 1,112,756
Amount deducted from total net assets	396	160	1,073
(Non-controlling interests)	(396)	(160)	(1,073)
Net assets corresponding to common stock at the end of the fiscal year	150,834	166,218	1,111,682
Number of common stock shares used for the calculation of net assets per share (Share)	52,535,148	52,556,394	

18. SIGNIFICANT SUBSEQUENT EVENTS

(Tender Offer for the Common Shares of Kyoei Sangyo Co., Ltd.)

The Company, at a meeting of the Board of Directors held on May 30, 2025, resolved to acquire the common shares (the “Target Company Shares”) of Kyoei Sangyo Co., Ltd. (Securities Code: 6973, Standard Market of the Tokyo Stock Exchange, Inc. , hereinafter the “Target Company”) through a tender offer (the “Tender Offer”) pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “Act”). The Tender Offer commenced on June 2, 2025, and was completed on July 11, 2025.

1. Rationale for the Tender Offer

Since its establishment, the Company has expanded its operations by responding to diverse customer needs under the corporate philosophy, “Everything we do is for our customers.” since its foundation. As an independent general trading company specializing in electronics, the Company conducts a wide range of activities in Japan and overseas, including: (i) the Electronic Parts and Semiconductors business, in which it distributes electronic components and semiconductors by leveraging its expertise; (ii) the EMS business (contract manufacturing of electronic substrates), where it has a competitive advantage in high-mix, low-volume production; and (iii) the Information Equipment and New Business fields, in which it provides customers with support for product planning, development and design, software development, video content production, network solutions, and other systems support services.

The business environment for distributors of electronic components and semiconductors—an industry with

many competing participants—has been changing rapidly, driven by accelerated consolidation among suppliers, including semiconductor and device manufacturers. The Company expects competition to intensify further due to changes in suppliers' distribution policies, the increasing shift of customers' final assembly overseas, volatility in supply, demand and pricing in both domestic and international markets, and shorter product life cycles resulting from ongoing technological innovation.

In response, the Company formulated its Medium-Term Management Plan 2027 (announced in November 2024), which identifies the following growth drivers under the basic policy of enhancing corporate value through management focused on profitability and capital efficiency: increasing sales of electronic devices to key customers in the electronic components business, expanding the EMS business with an emphasis on overseas markets, and generating new revenue through mergers and acquisitions. The Tender Offer for the shares of Kyoei Sangyo forms part of this growth strategy as described in the Medium-Term Management Plan.

2. Outline of the Target Company

(i) Name	Kyoei Sangyo Co., Ltd.		
(ii) Address of Head Office	4-12-6 Higashi Shinagawa, Shinagawa-ku, Tokyo, Japan		
(iii) Representative's title and name	President JUN HIRASAWA		
(iv) Description of business	Sales of semiconductor and device products, metal materials, industrial equipment, printed circuit boards, etc., and software development		
(v) Capital	3,161 million yen (as of March 31, 2025) (21,146 thousand of U.S. Dollars)		
(vi) Date of establishment	October 6, 1947		
(vii) Consolidated business performance and financial position (FYE March 2025)		Millions of Yen	Thousands of U.S. Dollars
	Consolidated net assets	¥ 18,995	\$ 127,044
	Consolidated total assets	37,864	253,239
	Consolidated net sales	57,709	385,963
	Consolidated operating income	974	6,515
	Consolidated ordinary income	1,165	7,792
	Net income attributable to owners of parent	1,719	11,498

3. Result of the Tender Offer

As the Company's objective was to make the Target Company a wholly owned subsidiary through the transactions, including the Tender Offer, no maximum number of shares to be purchased was set.

The Tender Offer was subject to a minimum acceptance condition: if the total number of share certificates, etc. tendered (the "Tendered Share Certificates, etc.") had been less than 1,187,442 shares (the "Minimum Number of Shares to Be Purchased"), none of the Tendered Share Certificates, etc. would have been purchased. As the total number of Tendered Shares exceeded the Minimum Number of Shares to Be Purchased, the Company purchased all Tendered Shares.

- (1) Number of share certificates, etc., purchased
1,375,287 shares
- (2) Ownership ratio of share certificates, etc., after the purchase, etc.
54.48%
- (3) Acquisition price
5,432 million yen (US\$ 36,332 thousands)
- (4) Financing
The Company financed the settlement of the acquisition price by borrowing funds from MUFG Bank, Ltd.
- (5) Future outlook
As a result of the Tender Offer, the Target Company became a consolidated

subsidiary of the Company as of July 18, 2025 (the commencement date of settlement of the Tender Offer), and is now a specified subsidiary. The deemed acquisition date is July 1, 2025.

(Acquisition and cancellation of treasury shares)

At a meeting of the Board of Directors held on August 7, 2025, the Company resolved to acquire its treasury shares and to establish a specific method of acquiring treasury shares, pursuant to the Company's Articles of Incorporation complying with Article 459, Paragraph 1, of the Companies Act and to cancel its treasury shares pursuant to Article 178 of the Companies Act. Details are as follows.

1. Reason for acquisition and cancellation of treasury shares

The Company acquired its treasury shares to improve capital efficiency and further enhance shareholder returns, and canceled its treasury shares to eliminate concerns about future dilution of shares.

2. Details of acquisition of treasury shares

(1) Class of shares to be acquired

Common shares of the Company

(2) Total number of shares to be acquired

4,917,400 shares

(3) Aggregate acquisition amount

14.4 billion yen(US\$ 96,624 thousands)

(4) Date of acquisition

August 8, 2025

(5) Method of acquisition

Purchase through the Tokyo Stock Exchange Trading Network Off Auction
Own Share Repurchase Trading System (ToSTNeT-3)

3. Details of cancellation of treasury shares

(1) Class of shares to be canceled

Common shares of the Company

(2) Total number of shares to be canceled

All treasury shares acquired in accordance with 2. above

(3) Date of cancellation

August 18, 2025

19. CONSOLIDATED SUPPLEMENTARY SCHEDULE

(1) Schedule of bonds payable

(Amount unit: Millions of yen, Thousands of U.S. dollars)

Company	Type of bonds payable	At the beginning of FY	At the end of FY	At the end of FY	Interest rate (%)	Security	Maturity
KAGA ELECTRONICS CO.,LTD.	Unsecured corporate bonds payable (first) on June 23, 2022	¥ 5,000	¥ 5,000 (¥ 5,000)	\$ 33,440 (\$ 33,440)	0.40%	Unsecured	June 23, 2025
	Unsecured corporate bonds payable(second) on June 23, 2022	5,000	5,000	33,440	0.50%	Unsecured	June 23, 2027
	TOTAL	—	¥ 10,000 (¥ 10,000)	\$ 66,880 (\$ 33,440)	—	—	—

Notes:

The amount in parentheses is the scheduled repayment amount within one year.

The repayment schedule of bonds payable per year for 5 years subsequent to March 31, 2025 is summarized as follow:

Millions of Yen				
Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years
¥ 5,000	—	¥ 5,000	—	—
Thousands of U.S. Dollars				
Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years
\$ 33,440	—	\$ 33,440	—	—

(2) Schedule of loans

Category	Millions of Yen		Thousands of U.S. Dollars	Interest rate (%)	Maturity
	2024	2025	2025		
Short-term loans payable	¥ 10,504	¥ 9,890	\$ 66,150	4.5%	—
Current portion of long-term loans payable	100	5,000	33,440	0.6%	—
Current portion of lease obligations	990	944	6,319	4.3%	—
Long-term loans payable (excluding current portion)	10,500	5,500	36,784	0.5%	2026 to 2028
Lease obligations (excluding current portion)	2,175	2,160	14,451	4.9%	2026 to 2030
Other interest-bearing debt	—	—	—	—	—
Total	¥ 24,270	¥ 23,496	\$ 157,146		

Notes:

- Interest rates are stated at weighted average interest rates based on the average balance of borrowings for the year.
- The repayment schedule of long-term loans payable and lease obligations (excluding current portion) per year for 5 years subsequent to March 31, 2025 is summarized as follow

Category	Millions of Yen			
	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years
Long-term loans payable	¥ 1,000	¥ 4,500	—	—
Lease obligations	816	677	476	190
Total	¥ 1,816	¥ 5,177	¥ 476	¥ 190

Category	Thousands of U.S. Dollars			
	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years
Long-term loans payable	\$ 6,688	\$ 30,096	—	—
Lease obligations	5,458	4,533	3,188	1,271
Total	\$ 12,146	\$ 34,629	\$ 3,188	\$ 1,271

(3) Schedule of asset retirement obligations

According to the Article 92-2 of the “Regulations for Consolidated Financial Statements”, schedule of asset retirement obligations is not presented, as the amount of asset retirement obligations is less than 1 percent of the total amount of liabilities and net assets.