Annual Report 2024

Year Ended March 31, 2024

Financial Section

Contents

Fujikura

Consolidated Financial Highlights

Fujikura Ltd. and its Consolidated Subsidiaries (hereinafter referred to as "the Companies")
For the Five Years Ended March 31

	Millions of yen					Thousands of U.S. dollars
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2023
For the Year:						
Net sales	¥672,314	¥643,736	¥670,350	¥806,453	¥799,760	$5,284,872
Operating profit	3,346	24,422	38,288	70,163	69,483	459,150
Profit (loss) attributable to owners of parent	(38,510)	(5,369)	39,101	40,891	51,011	337,087
Capital expenditures	30,141	17,736	16,214	15,720	20,820	137,578
R&D expenditures	17,297	16,496	16,413	15,030	17,102	113,014
At Year-end:						
Total assets	576,090	569,124	611,526	656,785	723,867	4,783,367
Total net assets	172,115	184,483	243,657	294,384	366,582	2,422,400
Number of employees	55,936	53,717	52,434	54,762	50,254	

	Yen					U.S. dollars
Per share data:						
Net profit (loss) - basic	(¥136.58)	(¥19.50)	¥141.85	¥148.27	¥184.96	$1.22
Net profit (loss) - fully diluted (*1)	-	-	-	-	-	-
Cash dividends	5.00	0.00	10.00	30.00	55.00	0.36

(*1) As the Companies do not have any instruments that have a dilutive effect, the Companies have not included net profit (loss) - fully diluted per share data.
(*2) The Companies began applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, revised March 31, 2020) and related guidance from the beginning of fiscal year ended March 31, 2022. Consolidated Financial Highlights after FY2021 shown above include the effect of application of this accounting standard.

Notes: All dollar figures herein refer to U.S. currency, which has been translated from yen amounts, for convenience only, at the rate of ¥151.33=US$1.00, the rate of exchange on March 31, 2024.

Consolidated Balance Sheets

Fujikura Ltd. and its Consolidated Subsidiaries
At March 31, 2023 and 2024

Assets	Millions of yen		Thousands of U.S. dollars (Notes 7)
	2023	2024	2024
Current assets:			
Cash and deposits	¥107,228	¥147,760	$976,407
Notes receivable - trade (Notes 8)	17,476	17,872	118,099
Accounts receivable - trade	129,188	136,169	899,817
Contract assets	8,691	10,157	67,116
Merchandise and finished goods (Notes 15)	40,332	38,587	254,987
Work in process (Notes 15)	33,487	33,062	218,479
Raw materials and supplies (Notes 15)	57,173	59,878	395,679
Other	25,231	24,668	163,005
Allowance for doubtful accounts	(378)	(855)	(5,653)
Total current assets	418,427	467,297	3,087,935
Non-current assets:			
Property, plant and equipment			
Buildings and structures, net	76,970	76,058	502,596
Machinery, equipment and vehicles, net	38,569	38,605	255,104
Land (Notes 9)	15,046	15,323	101,256
Leased assets, net	19,678	19,518	128,976
Construction in progress	8,085	11,126	73,523
Other, net	4,809	5,067	33,480
Total property, plant and equipment	163,156	165,696	1,094,935
Intangible assets			
Goodwill	6,335	10,095	66,708
Other	8,756	10,317	68,177
Total intangible assets	15,090	20,412	134,886
Investments and other assets			
Investment securities (Notes 24)	30,372	35,207	232,648
Retirement benefit asset (Notes 27)	480	1,357	8,964
Deferred tax assets (Notes 28)	11,837	16,739	110,610
Other (Notes 24)	17,547	17,294	114,280
Allowance for doubtful accounts	(124)	(135)	(890)
Total investments and other assets	60,111	70,461	465,612
Total non-current assets	238,358	256,570	1,695,432
Total assets	¥656,785	¥723,867	$4,783,367

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

Liabilities	Millions of yen 2023	2024	Thousands of U.S. dollars 2024
Current liabilities:			
Notes and accounts payable - trade (Notes 8)	¥74,650	¥78,019	$515,557
Short-term borrowings (Notes 25)	41,376	49,558	327,485
Current portion of bonds payable (Notes 25)	10,000	10,000	66,081
Income taxes payable (Notes 28)	4,736	5,355	35,385
Contract liabilities	3,242	4,416	29,178
Provision for loss on business of subsidiaries and associates	2,128	702	4,642
Other provisions	1,142	2,080	13,745
Other	44,745	50,152	331,410
Total current liabilities	182,019	200,283	1,323,482
Non-current liabilities:			
Bonds payable (Notes 25)	20,000	10,000	66,081
Long-term borrowings (Notes 25)	121,531	108,008	713,726
Other provisions	226	330	2,183
Lease liabilities	15,493	14,635	96,712
Retirement benefit liability (Notes 27)	11,941	10,661	70,446
Other (Notes 9)	11,190	13,368	88,337
Total non-current liabilities	180,382	157,003	1,037,486
Total liabilities	362,401	357,285	2,360,968

Contingent liabilities (Notes 11)

Net assets	2023	2024	Thousands of U.S. dollars 2024
Shareholders' equity:			
Share capital	53,076	53,076	350,729
Capital surplus	26,514	26,110	172,536
Retained earnings	161,721	201,814	1,333,605
Treasury shares	(10,470)	(10,472)	(69,198)
Total shareholders' equity (Notes 20)	230,842	270,528	1,787,672
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	2,075	4,844	32,008
Deferred gains on hedges	38	203	1,344
Foreign currency translation adjustments	39,277	63,879	422,115
Remeasurements of defined benefit plans	(1,694)	1,638	10,821
Total accumulated other comprehensive income	39,695	70,563	466,289
Non-controlling interests	23,847	25,490	168,439
Total net assets	294,384	366,582	2,422,400
Total liabilities and net assets	¥656,785	¥723,867	$4,783,367

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

Consolidated Statements of Income

Fujikura Ltd. and its Consolidated Subsidiaries
For the Years Ended March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Net sales (Notes 12)	¥806,453	¥799,760	$5,284,872
Cost of sales (Notes 14 and 15)	635,434	629,053	4,156,830
Gross profit	171,019	170,707	1,128,042
Selling, general and administrative expenses (Notes 13 and 14):			
Packing and transportation costs	23,416	19,489	128,782
Personnel expenses	42,858	45,044	297,656
Other	34,582	36,690	242,453
Total selling, general and administrative expenses	100,856	101,223	668,892
Operating profit	70,163	69,483	459,150
Non-operating income:			
Interest income	676	765	5,058
Dividend income	749	662	4,373
Share of profit of entities accounted for using equity method	2,055	2,662	17,588
Foreign exchange gains	-	3,213	21,232
Other	1,313	1,022	6,751
Total non-operating income	4,793	8,324	55,002
Non-operating expenses:			
Interest expenses	3,056	3,821	25,249
Foreign exchange losses	264	-	-
Other	3,738	4,253	28,102
Total non-operating expenses	7,058	8,074	53,351
Ordinary profit	67,897	69,733	460,801
Extraordinary income:			
Gain on sale of investment securities	351	668	4,416
Gain on sale of shares of subsidiaries and associates	4,218	-	-
Other	236	9	60
Total extraordinary income	4,805	677	4,476
Extraordinary losses:			
Impairment losses (Notes 16)	19,289	3,317	21,917
Business restructuring expenses (Notes 17)	1,040	2,288	15,119
Loss on liquidation of subsidiaries (Notes 18)	1,247	-	-
Other	383	591	3,905
Total extraordinary losses	21,960	6,196	40,941
Profit before income taxes	50,742	64,215	424,337
Income taxes (Notes 28):			
Current	12,408	14,495	95,782
Deferred	(4,235)	(3,392)	(22,411)
Total income taxes	8,174	11,103	73,370
Profit	42,568	53,112	350,966
Profit attributable to non-controlling interests	1,678	2,100	13,880
Profit attributable to owners of parent	¥40,891	¥51,011	$337,087

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

Consolidated Statements of Comprehensive Income

Fujikura Ltd. and its Consolidated Subsidiaries
For the Years Ended March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Profit	¥42,568	¥53,112	$350,966
Other comprehensive income			
Valuation difference on available-for-sale securities	892	2,621	17,318
Deferred gains on hedges	752	166	1,094
Foreign currency translation adjustments	12,785	24,202	159,926
Remeasurements of defined benefit plans, net of taxes	595	3,419	22,593
Share of other comprehensive income of entities accounted for using equity method	1,351	1,206	7,969
Total other comprehensive income (Notes 19)	16,376	31,613	208,901
Comprehensive income	58,944	84,725	559,867
(Breakdown)			
Comprehensive income attributable to owners of parent	57,179	81,879	541,065
Comprehensive income attributable to non-controlling interests	¥1,766	¥2,845	$18,802

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

Consolidated Statements of Changes in Net Assets

Fujikura Ltd. and its Consolidated Subsidiaries
For the Years Ended March 31, 2023 and 2024

		Millions of yen				
		Shareholders' equity				
	Number of shares issued	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at March 31, 2022	295,863,421	¥53,076	¥28,054	¥126,530	(¥10,575)	¥197,085
Dividends paid		-	-	(6,357)	-	(6,357)
Profit attributable to owners of parent		-	-	40,891	-	40,891
Purchase of treasury shares		-	-	-	(2)	(2)
Disposal of treasury shares		-	-	-	108	108
Change in ownership interest of parent due to transactions with non-controlling interests		-	(1,548)	-	-	(1,548)
Purchase of shares of consolidated subsidiaries		-	854	-	-	854
Change in scope of consolidation		-	(846)	658	-	(189)
Net changes in items other than shareholders' equity		-	-	-	-	-
Total changes of items during period		-	(1,540)	35,191	106	33,757
Balance at March 31, 2023	295,863,421	¥53,076	¥26,514	¥161,721	(¥10,470)	¥230,842
Dividends paid		-	-	(10,918)	-	(10,918)
Profit attributable to owners of parent		-	-	51,011	-	51,011
Purchase of treasury shares		-	-	-	(2)	(2)
Change in ownership interest of parent due to transactions with non-controlling interests		-	(2)	-	-	(2)
Purchase of shares of consolidated subsidiaries		-	(363)	-	-	(363)
Purchase of treasury shares by consolidated subsidiaries		-	(40)	-	-	(40)
Net changes in items other than shareholders' equity		-	-	-	-	-
Total changes of items during period		-	(404)	40,093	(2)	39,687
Balance at March 31, 2024	295,863,421	¥53,076	¥26,110	¥201,814	(¥10,472)	¥270,528

	Millions of yen						
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2022	¥1,118	(¥714)	¥25,385	(¥2,381)	¥23,407	¥23,165	¥243,657
Dividends paid	-	-	-	-	-	-	(6,357)
Profit attributable to owners of parent	-	-	-	-	-	-	40,891
Purchase of treasury shares	-	-	-	-	-	-	(2)
Disposal of treasury shares	-	-	-	-	-	-	108
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-	-	(1,548)
Purchase of shares of consolidated subsidiaries	-	-	-	-	-	-	854
Change in scope of consolidation	-	-	-	-	-	-	(189)
Net changes in items other than shareholders' equity	957	752	13,892	686	16,288	682	16,970
Total changes of items during period	957	752	13,892	686	16,288	682	50,727
Balance at March 31, 2023	¥2,075	¥38	¥39,277	(¥1,694)	¥39,695	¥23,847	¥294,384
Dividends paid	-	-	-	-	-	-	(10,918)
Profit attributable to owners of parent	-	-	-	-	-	-	51,011
Purchase of treasury shares	-	-	-	-	-	-	(2)
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-	-	(2)
Purchase of shares of consolidated subsidiaries	-	-	-	-	-	-	(363)
Purchase of treasury shares by consolidated subsidiaries	-	-	-	-	-	-	(40)
Net changes in items other than shareholders' equity	2,769	166	24,602	3,332	30,868	1,643	32,511
Total changes of items during period	2,769	166	24,602	3,332	30,868	1,643	72,198
Balance at March 31, 2024	¥4,844	¥203	¥63,879	¥1,638	¥70,563	¥25,490	¥366,582

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

		Thousands of U.S. dollars				
		Shareholders' equity				
	Number of shares issued	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at March 31, 2023	295,863,421	$350,729	$175,209	$1,068,666	($69,183)	$1,525,420
Dividends paid		-	-	(72,147)	-	(72,147)
Profit attributable to owners of parent		-	-	337,087	-	337,087
Purchase of treasury shares		-	-	-	(14)	(14)
Change in ownership interest of parent due to transactions with non-controlling interests		-	(11)	-	-	(11)
Purchase of shares of consolidated subsidiaries		-	(2,397)	-	-	(2,397)
Purchase of treasury shares by consolidated subsidiaries		-	(265)	-	-	(265)
Net changes in items other than shareholders' equity		-	-	-	-	-
Total changes of items during period		-	(2,673)	264,940	(14)	262,252
Balance at March 31, 2024	295,863,421	350,729	172,536	1,333,605	(69,198)	1,787,672

	Thousands of U.S. dollars						
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2023	$13,711	$250	$259,546	($11,197)	$262,310	$157,580	$1,945,311
Dividends paid	-	-	-	-	-	-	(72,147)
Profit attributable to owners of parent	-	-	-	-	-	-	337,087
Purchase of treasury shares	-	-	-	-	-	-	(14)
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-	-	(11)
Purchase of shares of consolidated subsidiaries	-	-	-	-	-	-	(2,397)
Purchase of treasury shares by consolidated subsidiaries	-	-	-	-	-	-	(265)
Net changes in items other than shareholders' equity	18,298	1,094	162,569	22,018	203,979	10,858	214,837
Total changes of items during period	18,298	1,094	162,569	22,018	203,979	10,858	477,089
Balance at March 31, 2024	$32,008	$1,344	$422,115	$10,821	$466,289	$168,439	$2,422,400

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

Consolidated Statements of Cash Flows

Fujikura Ltd. and its Consolidated Subsidiaries
For the Years Ended March 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Cash flows from operating activities:			
Profit before income taxes	¥50,742	¥64,215	$424,337
Depreciation and amortization	29,112	22,850	150,995
Impairment losses	19,289	3,317	21,917
Amortization of goodwill	1,127	1,309	8,651
Interest and dividend income	(1,425)	(1,427)	(9,432)
Interest expenses	3,056	3,821	25,249
Share of profit of entities accounted for using equity method	(2,055)	(2,662)	(17,588)
Gain on sale of shares of subsidiaries and associates	(4,218)	-	-
Loss on liquidation of subsidiaries	1,247	-	-
Business restructuring expenses	193	1,574	10,399
Decrease (increase) in trade receivables	(2,214)	3,583	23,678
Decrease (increase) in inventories	(13,256)	9,393	62,071
Decrease in trade payables	(3,357)	(1,886)	(12,463)
Other, net	(11,618)	2,557	16,895
Sub-total	66,624	106,644	704,709
Interest and dividends received	2,740	3,286	21,711
Interest paid	(2,339)	(3,544)	(23,420)
Income taxes paid	(8,886)	(11,943)	(78,922)
Net cash provided by operating activities	58,140	94,442	624,078
Cash flows from investing activities:			
Purchase of property, plant and equipment and intangible assets	(15,428)	(20,827)	(137,623)
Proceeds from sale of property, plant and equipment and intangible assets	1,827	882	5,825
Proceeds from sale of investment securities	956	2,284	15,093
Purchase of investment securities	(10)	(501)	(3,311)
Purchase of shares of subsidiaries and associates	(1,093)	-	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(2,248)	(14,854)
Proceeds from liquidation of subsidiaries and associates	344	-	-
Proceeds from sale of shares of subsidiaries and associates	4,744	-	-
Payments for investments in capital of subsidiaries and associates	-	(1,889)	(12,480)
Other, net	(1,075)	811	5,358
Net cash used in investing activities	(9,733)	(21,488)	(141,993)
Cash flows from financing activities:			
Net decrease in short-term borrowings	(17,120)	(6,254)	(41,330)
Proceeds from long-term borrowings	15,000	2,100	13,877
Repayments of long-term borrowings	(19,430)	(4,643)	(30,679)
Repayments of lease liabilities	(3,739)	(3,859)	(25,500)
Redemption of bonds	-	(10,000)	(66,081)
Dividends paid	(6,357)	(10,918)	(72,147)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,811)	(3)	(22)
Dividends paid to non-controlling interests	(417)	(1,916)	(12,660)
Other, net	(45)	(542)	(3,583)
Net cash used in financing activities	(33,919)	(36,035)	(238,124)
Effect of exchange rate change on cash and cash equivalents	1,645	3,524	23,288
Net increase in cash and cash equivalents	16,132	40,443	267,249
Cash and cash equivalents at beginning of period	90,428	106,560	704,158
Cash and cash equivalents at end of period (Notes 21)	¥106,560	¥147,003	$971,407

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

Notes to the Consolidated Financial Statements

Fujikura Ltd. and its Consolidated Subsidiaries

For the years ended March 31, 2023 and 2024

1. Basis of Presentation

Accounting principles

The accompanying Consolidated Financial Statements of Fujikura Ltd. (the "Company") and its consolidated subsidiaries (together, the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects, application and disclosure requirements, from International Financial Reporting Standards, and are prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Board of Japan ("ASBJ") PITF No. 18, Jun 28, 2019) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (PITF No. 24, Sep 14, 2018) and made necessary adjustments for the preparation of the Consolidated Financial Statements.

In preparing the Consolidated Financial Statements, certain reclassification and presentation adjustments have been made to the Consolidated Financial Statements filed with the Director of the Kanto Local Finance Bureau in Japan in order to present these Consolidated Financial Statements in a form which is more familiar to readers of these Consolidated Financial Statements outside Japan.

2. Summary of Significant Accounting Policies

(a) Consolidation and investments in affiliates

The Consolidated Financial Statements include the accounts of the Company and all significant subsidiaries (92 subsidiaries at March 31, 2023 and 95 subsidiaries at March 31, 2024). All significant intercompany transactions, accounts and unrealized intercompany profits are eliminated in consolidation. The difference between the cost and the underlying net equity of the investment in consolidated subsidiaries at the time of acquisition is deferred and amortized over a ten-year period. Investments of 50% or less in companies over which the parent company does not have control but has the ability to exercise significant influence, and investments in unconsolidated subsidiaries are generally accounted by the equity method (10 companies at March 31, 2023 and 2024) and included in Investment securities in the Consolidated Balance Sheets.

When the accounts of subsidiaries and affiliates are not significant in relation to the Consolidated Financial Statements, they are carried at cost. The excess of the cost over the underlying net equity of investments in unconsolidated subsidiaries and affiliates accounted on an equity basis is deferred and amortized over a ten-year period. Consolidated net income includes the Company's Equity in earnings of affiliates after elimination of unrealized intercompany profits.

(b) Translation of foreign currency transactions and accounts

Foreign currency transactions are translated using the foreign exchange rates prevailing at the transaction dates. Receivables and payables denominated in foreign currencies are translated at the balance sheet date using current exchange rates. All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese Yen at current exchange rates at the respective balance sheet dates and all income and expense accounts of those subsidiaries are translated at the average exchange rate for the respective fiscal year then ended.

Foreign currency financial statement translation differences are reported as a separate component of Net Assets in the Consolidated Balance Sheets.

(c) Valuation of Investment securities

Other securities:

These securities are investment securities expected to be held in the long term. Securities for which fair values are readily determinable are carried at fair value with unrealized gains and losses, net of applicable income taxes, being recorded in net assets.

Securities for which fair values are not readily determinable are recorded using the moving average cost.

(d) Derivatives

Derivative financial instruments are measured at fair value.

(e) Inventories

Inventories are valued at the lower of cost or market, cost being determined mainly using the weighted average method.

(f) Property, plant and equipment, Intangible assets

Property, plant and equipment are depreciated using the straight-line method over estimated useful lives.
Intangible assets are amortized in line with the same method.
The estimated useful lives are as follows:

Buildings: mainly 50 years
Machinery and equipment: mainly 7 to 10 years
Intangible assets: mainly 5 years

(g) Leased assets

Finance leases are depreciated using the straight-line method over their respective lease terms with no residual values.

(h) Allowance for doubtful accounts

Allowance for doubtful accounts provides for estimated uncollectible accounts at amounts either specifically assessed or an amount computed based on historical loss experience.

(i) Provision for loss on business of subsidiaries and associates

Provision for loss on business of subsidiaries and associates provides the estimated amount in preparation for the losses related to the business of the affiliated companies, which exceed the amount of investment and claims, etc. to the affiliated companies and will be borne by the Company or subsidiaries.

(j) Accounting method for retirement benefits

I. Attribution method for the estimated amount of retirement benefits

In calculating retirement benefits obligations, the method to attribute the estimated amount of retirement benefits to a period until the end of the consolidated fiscal year is based on the plan’s benefit formula.

II. Accounting methods for actuarial differences and prior service cost

Prior service cost is accounted for according to the straight-line method as it is incurred for a certain number of years (principally 15 years) within the average remaining years of service of employees as it is incurred.

Actuarial differences are charged to expenses from the fiscal year subsequent to the fiscal year when incurred using a straight-line method mainly based on determined years (principally 15 years) within the average remaining years of service of employees when incurred.

After adjustment for tax effects, unrecognized actuarial differences and unrecognized prior service cost are recorded as remeasurements of defined benefit plans under accumulated other comprehensive income in net assets.

(k) Basis for recording significant revenues and expenses

The Companies regard the supply of finished products to customers in Telecommunication Systems Business Division, Electronics Business Division, Automotive Products Business Division and Power Systems Business Division as our main performance obligation.

The Companies recognize revenue for the amount we expect to receive in exchange for goods and services when control over the promised goods and services is transferred to the customer. Revenue is recognized at the time of shipment on domestic sales because the time period from shipment to when control of the product is transferred to the customer is short and consistent.

In Real Estate Business Division, the Company recognizes revenue for the amount we expect to receive in exchange for goods and services when control over the promised goods and services is transferred to the customer.

(l) Hedge accounting

The Companies apply hedge accounting for certain derivative financial instruments, which include foreign currency forward exchange contracts and interest rate swap agreements. The companies utilize these hedging instruments to hedge risks of future changes in foreign exchange rates and interest rates within the normal course of the Companies' operations.

Foreign currency exchange forward contracts:

The Companies utilize foreign currency forward exchange contracts to limit exposure to changes in foreign currency exchange rates on accounts receivable and payable and cash flows generated from anticipated transactions denominated in foreign currencies.

For foreign currency forward exchange contracts, which are designated as hedges, the Companies have adopted the accounting method where foreign currency denominated assets and liabilities are measured at the contract rate of the respective foreign currency forward exchange contract. With respect to such contracts for anticipated transactions, the contracts are marked-to-market and the resulting unrealized gains/losses are deferred and recorded in the income statement when the exchange gains/losses on the hedged items or transactions are recognized.

Interest rate swap agreements:

The Companies utilize interest rate swap agreements in order to limit the Companies' exposure with respect to adverse fluctuations in interest rates underlying the debt instruments.

The related interest differentials paid or received under the interest rate swap agreements are recognized in interest expense over the term of the agreements.

(m) Goodwill

Goodwill is amortized using the straight-line method mainly 10 years.

(n) Scope of cash in the Consolidated Statements of Cash Flows

The cash (cash and cash equivalents) in the Consolidated Statements of Cash Flows consists of cash on hand, bank deposits that can readily be withdrawn, and short-term investments with original maturities of three months or less, that are readily convertible to cash with little risk of change in value.

(o) Appropriations of retained earnings

Appropriations of retained earnings reflected in the accompanying Consolidated Financial Statements are recorded upon approval by the shareholders.

3. Significant Accounting Estimates

Information on significant accounting estimates recognized in the consolidated financial statements is as follows.

・Impairment analysis of fixed assets of optical fiber business in China

The optical fiber business in China is considered a separate cash-generating unit and its results included within Telecommunication Systems Business Division.
The optical fiber business in China recorded operating profit in the consolidated fiscal year under review. However, a decline in demand in the optical fiber market in China is now being seen and Fujikura FiberHome Opto-Electronics Material Technology Co., Ltd. (hereinafter referred to as "FFOE") is experiencing a decline in shipment volume. The business environment has deteriorated markedly and the Company determined there to be indicators of impairment due to the uncertainty in customer purchasing plans and the risk of a decline in selling price.
The result of the impairment assessment concluded that no impairment loss was required to be recognized in the consolidated fiscal year ended March 31, 2024 since the value-in-use of the business exceeded its book value of ¥11,836 million (US$78,213 thousand).
The value-in-use utilized for the impairment assessment was based on the future plans of the China optical fiber business. In estimating the selling price of finished goods included in future plans, it is assumed that the selling price of optical base materials will fluctuate in line with the movement in selling prices as forecasted by market research companies. The number of years of estimated future cash flows are based on the remaining amortization period of major fixed assets and are discounted to present value using a pre-tax weighted average cost of capital of 13.5%.
These key assumptions are subject to uncertainty and if, for example, the selling price of optical base materials sold by FFOE does not increase in line with management's estimate, this may reduce the value in use of the China optical fiber business, and accordingly may be required to be reassessed for impairment in the future.

・Impairment analysis of fixed assets in the FPC business

The FPC business is the major business of Electronics Business Division, and this business is the smallest identifiable unit that generates cash flows that are independent of the cash flows from other units.
As the profitability of the FPC business in Electronics Business Division is expected to decline due to the deterioration of the business environment and the product composition, the Company performed an impairment assessment and recorded a loss of ¥8,904 million for the fixed assets attributable to the FPC business in the consolidated fiscal year ended March 31, 2023.
The Company reflected the continued intensely competitive environment and the risk of not being able to increase sales to new customers in the mid-term management plan. As a result, concerns over a marked deterioration in the business environment cannot be eliminated and we additionally determined there to be indicators of impairment in the consolidated fiscal year ended March 31, 2024.
The result of the impairment assessment concluded that no impairment loss was required to be recognized, since the total undiscounted future cash flows of the FPC business exceeded the ¥21,091 million (US$139,371 thousand) carrying cost of property, plant and equipment attributable to the business.
The undiscounted future cash flows used in determining the recognition and measurement of impairment losses are estimated based on the future plan of the FPC business. These future plans incorporate assumptions about forecasted sales and gross profit on sales to key customers, and cost reductions as a result of planned restructuring, among other assumptions.
The Company used the remaining useful lives of the machinery and equipment held by Fujikura Electronics (Thailand) Ltd. as the time period for estimating future cash flows since it is the main manufacturing location in the FPC business.
These key assumptions are subject to uncertainty and if, for example, sales and gross profit on sales to key customers are less than forecast due to further intensification of the competitive environment, or if cost reductions are unrealized due to the restructuring delay, this may reduce the total undiscounted future cash flows of the FPC business, and accordingly the carrying value of fixed assets may be required to be reassessed for impairment in the future.

・Recoverability of deferred tax assets

The amount of deferred tax assets in the consolidated financial statements for the fiscal year ended March 31, 2024 was ¥16,739 million (US$110,613 thousand).

Each Group company records deferred tax assets within an amount reflecting their expected utility in the reduction of future tax liabilities, based on the projected future taxable income of each Group company and other factors. Because the recoverability of deferred tax assets depends on estimates of projected future taxable income and other factors, any changes in the conditions and assumptions premised on such estimates could significantly affect the amount of deferred tax assets in the consolidated financial statements in the future.

・Contingent liabilities related to claims for loss and damage

The Company was sued by one of its business partners for ¥6.1 billion (US$40 million) in damages for allegedly defective products delivered by the Company, and received the complaint for the lawsuit on November 13, 2020. Further, we received a petition to change the amount of damages claimed in said lawsuit to ¥8.2 billion yen (US$54 million) due to an expansion of the claim on June 30, 2023.

The Company's position is that the delivered products met the customer's specifications and as such the Company does not accept the basis for the claim, nor any obligation to pay damages.

In case new facts are revealed as the legal proceedings unfold, the Company may record a loss in the following consolidated fiscal year.

4. Unapplied Accounting Standard

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

(1) Summary

Accounting Standards Board of Japan (ASBJ) published the accounting standard for tax effect accounting in February, 2018 and the transferring of the guidance on tax effect accounting completed from Japanese Institute of Certified Public Accountants (JICPA) to Accounting Standards Board of Japan (ASBJ). The following two issues, which were to be considered again after the release of ASBJ Statement No. 28, etc., were discussed and released.
・Recorded category of tax expenses (taxation on other comprehensive income)
・The tax effect on the sale of shares of subsidiaries, etc. (shares of subsidiaries or affiliates) in the case where the group taxation regime is applied

(2) Expected date of application

These standards will be applied from the beginning of fiscal year ending March 31, 2025 (from April 1, 2024).

(3) Impact from Application of the Accounting Standard Update

The impact on the consolidated financial statements adopting Accounting Standard for Current Income Taxes, etc. is still being assessed at present.

5 Reclassification

Certain accounts in the Consolidated Financial Statements for the year ended March 31, 2023 have been reclassified to conform to the 2024 presentation.

6. Additional Information

(Stock-based compensation plan for the Company's directors)

In accordance with a resolution passed at the 169th Annual General Shareholders' Meeting held on June 29, 2017, the Company introduced a stock-based compensation plan for Company's Directors (limited to directors not serving as Audit and Supervisory Committee Members and excluding Outside Directors; hereinafter the same shall apply) and Executive Officers (hereinafter collectively referred to as "Directors"). The purpose of the plan is to clarify the correlation between the Company's share price and Director compensation and to boost awareness of contribution to the improvement of corporate value by having the Directors share the benefits and risks of stock price fluctuation with shareholders—i.e. not only benefit when the share price rises but also shoulder the risk of a decline in share price.

The accounting procedures for this system conform with the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts (PITF No. 30, March 26, 2015).

I. Transaction summary

The Company will set up a monetary trust. This trust will be used to acquire common shares of the Company. A director shall be granted points in each fiscal year according to the Stock Distribution Regulations set forth by the Board of Directors. The stock-based compensation will be delivered to the Directors via the trust. Note that in principle the Directors will receive delivery of said shares at the time of retirement.

II. Shares remaining in the trust

The shares of the Company that remain in the trust are recorded as treasury stock under net assets at book value (excluding associated costs). The book value of these treasury stock shares at the years ended March 31, 2023 and 2024 in the amounts of ¥486 million (US$3,212 thousand) and 495 thousand shares.

7. United States Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of exchange on March 31, 2024 (¥151.33=US$1.00), has been used for translation purposes. The inclusion of such amounts is not intended to imply that Japanese Yen has been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.

8. Matured bills at the consolidated fiscal year end

The Companies had notes receivable and payable which had a maturity date at March 31, 2024 but were not settled until April 1, 2024 due to a bank holiday. For accounting purposes, these notes have been treated as settled. The amount of notes receivables were ¥1,908 million (US$12,606 thousand) and notes payable were ¥361 million (US$2,387 thousand) at March 31, 2024.

9. Assets and debts pledged as collateral for other interest-bearing debts

The Companies' assets pledged as collateral for other interest-bearing debts at March 31, 2023 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Carrying values of property, plant and equipment:			
Land	¥7	¥7	$49

The Companies' debts pledged as collateral for other interest-bearing debts at March 31, 2023 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Carrying values of liabilities:			
Non-current liabilities other	¥1,517	¥1,517	$10,024

10. Commitment Line Agreements

The Company enters into commitment line agreements with five banks as a means of stable and flexible funding. The Company has entered into one-year commitment line agreements before, but it entered into long-term (three-years) commitment line agreements in October 2023. The unexecuted balance of borrowings under these agreements is as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Total amount of commitment line	¥60,000	¥60,000	$396,485
The executed balance of borrowings	-	-	-
The unexecuted balance of borrowings	¥60,000	¥60,000	$396,485

11. Contingent Liabilities

(1) Guarantees	Millions of yen		Thousands of U.S. dollars
Guarantees for loans borrowed / notes issued by:	2023	2024	2024
Fujikura (Malaysia) Sdn. Bhd.	¥336	¥339	$2,237
VISCAS Corporation	9	-	-
Employee	42	31	208
Total	¥387	¥370	$2,445

(2) Contingent liabilities

The Company was sued by one of its business partners for ¥6.1 billion (US$40 million) in damages for allegedly defective products delivered by the Company, and received the complaint for the lawsuit on November 13, 2020. Further, we received a petition to change the amount of damages claimed in said lawsuit to ¥8.2 billion yen (US$54 million) due to an expansion of the claim on June 30, 2023.

The Company's position is that the delivered products met the customer's specifications and as such the Company does not accept the basis for the claim, nor any obligation to pay damages.

12. Revenue other than that from contracts with customers included in net sales
Revenue other than that from contracts with customers included in net sales on the consolidated statements of income for the year ended March 31, 2023 and 2024, amounted to ¥10,663 million and ¥8,460 million (US$55,906 thousand), respectively.

13. Selling, general and administrative expenses
Main components of selling, general and administrative expenses for the years ended March 31, 2023 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Retirement benefit cost	1,765	1,495	9,882

14. Research and Development Costs
Research and development costs included in Selling, general and administrative expenses and Cost of sales, in aggregate, for the years ended March 31, 2023 and 2024, amounted to ¥15,030 million and ¥17,102 million (US$113,014 thousand), respectively.

15. Inventories
Inventories are valued at the lower of cost or market and the associated losses on inventory devaluation have been included in "Cost of sales" for the years ended March 31, 2023 and 2024 in the amounts of ¥7,309 million and ¥7,585 million (US$50,125 thousand), respectively.

16. Impairment losses
Grouping method:
The Companies grouped long-lived assets into asset groups by merchandise category.
Idle assets are grouped on an individual asset basis.

For the year ended March 31, 2023, the Companies have recorded impairment losses against the following asset groups:

Location: Fujikura Electronics (Thailand) Ltd. (Thailand)
Use: FPC manufacturing assets, etc.
Type: Machinery and equipment, etc.
Amount of impairment losses: ¥8,904 million

Location: Fujikura Automotive America LLC (USA) , etc.
Use: Wire harness manufacturing assets, etc.
Type: Machinery and equipment, etc.
Amount of impairment losses: ¥7,392 million

Location: Fujikura Automotive Asia Ltd. (Yonezawa City, Yamagata, Japan), etc.
Use: Wire harness manufacturing assets, etc.
Type: Machinery and equipment, etc.
Amount of impairment losses: ¥2,911 million

The Company determined there to be indicators of impairment for FPC manufacturing and other equipment owing to deterioration in the business environment and therefore evaluated whether to recognize an impairment loss. As a result, because the total undiscounted future cash flows of the FPC business were less than the ¥27,002 million carrying cost of property, plant and equipment attributable to the business, the Company recognized an impairment loss of ¥8,904 million, which is the difference between the utility value of ¥18,098 million and the ¥27,002 million carrying cost of property, plant and equipment prior to recognition of an impairment loss on the property, plant and equipment attributable to the business.
The wire harness business is part of the Automotive Products Business Division. The business is the smallest identifiable unit that generates cash flows that are independent of the cash flows from other units in the Asian, European, and North and South American geographical businesses. In Asia, the business environment deteriorated due to the impact from fluctuations in the foreign exchange market during the first half of the year, in addition to the resurgence of COVID-19, the continuing impact from the global semiconductor shortage, and other factors. In North and South America, the business has struggled with a rapid rise in transportation costs, along with a steep rise in personnel expenses and increased costs from challenges with the launch of new vehicle models in North America. This resulted in continuous generation of losses from operating activities, which the Company determined to be an indicator of impairment. As a result, because the total undiscounted future cash flows for Asia and North and South America were less than the carrying value of property, plant and equipment for each region (Asia, ¥5,831 million; North and South America, ¥7,392 million), the Companies reduced the carrying cost to the recoverable value and recognized an impairment loss of ¥2,911 million for Asia and ¥7,392 million for North and South America as extraordinary losses. Because the net sales value for property, plant and equipment exceeded the utility value in each geographical business, the recoverable value used in measuring the impairment loss was calculated from the net sales value. The estimated future cash flows used in determining the recognition of impairment losses were estimated based on the future plans of the wire harness business in Asia and North and South America. Those future plans were formulated based on demand forecasts from customers and other factors, and contain assumptions such as cost reductions from consolidation and elimination of locations and withdrawal from unprofitable products. The Company used the useful lives of the main fixed assets in Asia and North and South America as the time period for estimating future cash flows. The net sales value of the real estate component of property, plant and equipment attributable to the wire harness business in Asia was calculated based on the results of the real estate appraisal obtained from an independent professional.

For the year ended March 31, 2024, the Companies have recorded impairment losses against the following asset groups:

Location: Fujikura Ltd. (Sakura City, Chiba and Suzuka City, Mie, Japan)
Use: Optical fiber manufacturing assets
Type: Machinery and equipment, etc.
Amount of impairment losses: ¥1,452 million (US$9,593 thousand)

Location: America Fujikura Ltd. (USA)
Use: Trademark rights
Type:Trademark rights
Amount of impairment losses: ¥872 million (US$5,765 thousand)

Location: Fujikura Automotive Asia Ltd. (Yonezawa City, Yamagata, Japan), etc.
Use: Wire harness manufacturing assets, etc.
Type: Machinery and equipment, etc.
Amount of impairment losses: ¥686 million (US$4,531 thousand)

The book value of optical fiber manufacturing equipment was tested after deterioration in the business environment was considered to be an indicator of potential impairment. The recoverable amount based on the value of undiscounted future cash flows was found to have fallen below book value, and the amount written down was recognized as impairment losses under extraordinary losses. The recoverable amount is measured by the net realizable value.
Regarding trademark rights, the trademark recognized at the time of the acquisition of AFL Telecommunications Holdings UK Limited was revalued taking into account changes in our brand strategy after the acquisition, such as the creation of new brands, and the entire book value for the trademark rights was recognized as impairment losses under extraordinary losses.
The book value of automotive wire harness manufacturing equipment and other assets was written down to the recoverable amount based on the result of an impairment assessment performed with continuing losses from operating activities, which indicated undiscounted future cash flows had fallen below book value. The amount written down was recognized as impairment losses under extraordinary losses. The recoverable amount is measured by the net realizable value.

17. Business Restructuring Expenses

For the Year Ended March 31, 2023
This was mainly due to special retirement benefits, etc. accompanying business restructuring in the Company and its subsidiaries.

For the Year Ended March 31, 2024
This was mainly due to special retirement benefits and expenses related to the closure of plant, etc. accompanying business restructuring in the Company and its subsidiaries.

18. Loss on liquidation of subsidiaries

The loss resulted mainly from the reversal of foreign currency translation adjustments due to the removal of a Company subsidiary from the consolidation.

19. Consolidated Statements of Comprehensive Income

For the Years Ended March 31, 2023 and 2024

Amount of reclassification and tax effect related to other comprehensive income are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
Valuation difference on available-for-sale securities	2023	2024	2024
Amount arising during the year	¥994	¥3,921	$25,913
Reclassification adjustment	38	(519)	(3,432)
Before tax effect adjustment	1,032	3,402	22,481
Tax effect	(140)	(781)	(5,162)
Valuation difference on available-for-sale securities	892	2,621	17,318
Deferred gains on hedges			
Amount arising during the year	781	70	465
Before tax effect adjustment	781	70	465
Tax effect	(29)	95	629
Deferred gains on hedges	752	166	1,094
Foreign currency translation adjustments			
Amount arising during the year	11,420	24,202	159,926
Reclassification adjustment	1,366	-	-
Before tax effect adjustment	12,785	24,202	159,926
Foreign currency translation adjustments	12,785	24,202	159,926
Remeasurements of defined benefit plans, net of taxes			
Amount arising during the year	(428)	3,810	25,178
Reclassification adjustment	1,158	347	2,295
Before tax effect adjustment	730	4,157	27,473
Tax effect	(135)	(738)	(4,879)
Remeasurements of defined benefit plans, net of taxes	595	3,419	22,593
Share of other comprehensive income of associates accounted for using equity method			
Amount arising during the year	1,363	1,200	7,930
Reclassification adjustment	(12)	6	39
Share of other comprehensive income of associates accounted for using equity method	1,351	1,206	7,969
Other comprehensive income	¥16,376	¥31,613	$208,901

20. Supplementary Information for the Consolidated Statements of Changes in Net Assets

For the Year Ended March 31, 2023

(a) Type and number of outstanding shares

	Thousands of shares			
Type of shares	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Share capital	295,863	-	-	295,863
Total	295,863	-	-	295,863
Treasury stock:				
Share capital (*1)(*2)(*3)	20,167	4	110	20,061
Total	20,167	4	110	20,061

(*1) The 4 thousand shares increase in common shares of treasury stock is mainly attributable to the acquisition of treasury stock.

(*2) The 110 thousand shares decrease in common shares of treasury stock reflects the delivery of shares to the Company' s directors from the trust account for the stock-based compensation plan.

(*3) The number of common shares of treasury stock at the end of the fiscal year under review are included in 495 thousand shares of Fujikura stock held in the trust account for the stock-based compensation plan for directors.

(b) Dividends

(1) Dividends paid to shareholders:

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
June 29, 2022	Annual general meeting of shareholders	Common stock	¥2,764	¥10.0	March 31, 2022	June 30, 2022
November 9, 2022	Board of directors	Common stock	¥3,593	¥13.0	September 30, 2022	December 5, 2022

Notes: The total dividend payout approved by the Annual general meeting of shareholders at June 29, 2022 includes ¥6 million in dividends for the shares in the trust account for the stock-based compensation plan for directors.

The total dividend payout approved by the Board of directors meeting at November 9, 2022 includes ¥6 million in dividends for the shares in the trust account for the stock-based compensation plan for directors.

(2) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year-end:

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Paid from	Amount per share (Yen)	Shareholders' cut-off date	Effective date
June 29, 2023	Annual general meeting of shareholders	Common stock	¥4,699	Retained earnings	¥17.0	March 31, 2023	June 30, 2023

Note: The total dividend payout approved by Annual general meeting of shareholders at June 29, 2023 includes ¥8 million yen in dividends for the shares in the trust account for the stock-based compensation plan for directors.

For the Year Ended March 31, 2024
(a) Type and number of outstanding shares

	Thousands of shares			
Type of shares	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Share capital	295,863	-	-	295,863
Total	295,863	-	-	295,863
Treasury stock:				
Share capital (*1)(*2)	20,061	2	-	20,063
Total	20,061	2	-	20,063

(*1) The 2 thousand shares increase in common shares of treasury stock is mainly attributable to the acquisition of treasury stock.
(*2) The number of common shares of treasury stock at the end of the fiscal year under review are included in 495 thousand shares of Fujikura stock held in the trust account for the stock-based compensation plan for directors.

(b) Dividends
(1) Dividends paid to shareholders:

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
June 29, 2023	Annual general meeting of shareholders	Common stock	¥4,699	¥17.0	March 31, 2023	June 30, 2023
November 8, 2023	Board of directors	Common stock	¥6,219	¥22.5	September 30, 2023	December 4, 2023

Notes: The total dividend payout approved by the Annual general meeting of shareholders at June 29, 2023 includes ¥8 million in dividends for the shares in the trust account for the stock-based compensation plan for directors.
The total dividend payout approved by the Board of directors meeting at November 8, 2023 includes ¥11 million in dividends for the shares in the trust account for the stock-based compensation plan for directors.

(2) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year-end:

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Paid from	Amount per share (Yen)	Shareholders' cut-off date	Effective date
June 27, 2024	Annual general meeting of shareholders	Common stock	¥8,983	Retained earnings	¥32.5	March 31, 2024	June 28, 2024

Notes: The total dividend payout approved by Annual general meeting of shareholders at June 27, 2024 includes ¥16 million yen in dividends for the shares in the trust account for the stock-based compensation plan for directors.

21. Supplementary Cash Flow Information

A reconciliation of cash and cash equivalents in the Consolidated Statement of Cash Flows and account balances in the Consolidated Balance Sheets at March 31, 2023 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Cash and deposits	¥107,228	¥147,760	$976,409
Deposits with original maturities of over three months	(668)	(757)	(5,002)
Cash and cash equivalents	¥106,560	¥147,003	$971,407

22. Leases

1. Finance leases other than those that are deemed to transfer ownership of the leased property to the lessee and leases in subsidiaries of the Company that apply IFRS 16 "Leases" and Leases (FASB Accounting Standards Update (ASU) 2016-02 (Topic 842)).

(1) Details of leased assets
Mainly consists of "Machinery, equipment and vehicles".

(2) Depreciation method for leased assets
As stated "Notes to the Consolidated Financial Statements, (f) Property, plant and equipment, Intangible assets and (g) Leased assets".

2. Operating lease
Future lease payments on non-cancelable operating leases

	Millions of yen		Thousands of U.S. dollars
Lessee	2023	2024	2024
Within 1 year	¥10	¥9	$57
More than 1 year	15	6	41
Total	¥25	¥15	$99

Lessor	2023	2024	2024
Within 1 year	¥1,182	¥1,168	$7,718
More than 1 year	2,837	1,831	12,100
Total	¥4,020	¥2,999	$19,818

23. Financial Instruments

(a) Information on financial instruments policies

The Companies enter into financing arrangements (primarily through bank loans or corporate bonds) based on the planned capital expenditures of their businesses. The Companies invest in low risk financial assets using available cash, finance their short-term working capital needs through bank loans and commercial papers. The Companies use derivative transactions within predetermined transaction volumes to limit the risk of significant fluctuations in foreign currency exchange rates, interest rates, and copper and aluminum prices.
The Companies do not enter into derivative transactions for speculative purposes.

Details of financial instruments and related risks

Notes receivable, accounts receivable and contract assets are exposed to customer credit risk. Also, trade receivables denominated in foreign currencies, which are derived from the Company's global business expansion, are exposed to fluctuations in foreign currency exchange rates, however, the exposure is mitigated by entering into foreign exchange forward contracts.

Investment securities consist mainly of equity securities, which are exposed to market price fluctuation risks.

Trade notes and accounts payable have payment terms within one year. Also, within these accounts there are foreign currency denominated balances generated from the import of raw materials and therefore the balances are exposed to fluctuations in foreign currency exchange rates. However, such balances are typically less than accounts receivable balances denominated in the same currencies.
Borrowings and corporate bonds are used primarily for capital expenditures and have maturity dates within mainly seven years subsequent to the balance sheet date. Certain borrowing contracts are based on variable, or floating, interest rates, which are exposed to fluctuation risk and are hedged via interest rate swap agreements.

Derivative transactions are comprised primarily of foreign exchange forward contracts hedging foreign currency exchange rate fluctuation risk in trade receivables/payables denominated in foreign currencies, of interest rate swap agreements hedging interest rate fluctuation risk in bank loans, and commodity forward contracts hedging the risk of copper and aluminum price fluctuation.

Risk management over financial instruments

(1) Credit risk management (risk of customers' default risk, etc.)

The Company periodically monitors major customers' financial conditions and performs customer specific aging analyses. In addition, the Company monitors doubtful accounts due to the current economic difficulties in accordance with the credit management policy. The consolidated subsidiaries and affiliates are also required to conform with the credit management policy of the Company.

In order to mitigate credit risks to the greatest extent possible with regards to derivative transactions, the Companies' counterparties are financial institutions that maintain high credit ratings.

The financial assets exposed to credit risks recorded in the Consolidated Balance Sheets represent the maximum exposure to credit risk as of March 31, 2023 and March 31, 2024.

(2) Market risk management (risk of fluctuations in foreign currency rates, interest rates, etc.)

The Company and certain consolidated subsidiaries generally use foreign exchange forward contracts to limit foreign currency exchange rate fluctuation risk in trade receivables/payables denominated in foreign currencies. Depending on the foreign currency market condition, the Companies use foreign exchange forward contracts for trade receivables denominated in foreign currencies generated from highly probable forecasted export transactions. Also, the Company and certain consolidated subsidiaries use interest rate swap agreements to limit interest rate fluctuation risk associated with bank loans.

In relation to investment securities, the Companies continuously monitor the related market values and financial condition of the issuers while also taking into consideration their business relationships with the issuers.

In executing and managing the daily operations of derivative transactions, the Companies regularly monitor transaction balances/volumes and profit/loss status. Such information is periodically reported to the responsible management team and is audited by certain administration divisions. Prior approval by an Executive Officer of the Company is generally required to enter into significant transactions, transaction modifications or applications for the use of new financial instruments.

(3) Liquidity risk management for financing activities (risk of inability to repay on the due date)

The Company manages liquidity risk by preparing cash flow forecasts, led by the finance division, based on relevant information reported from the respective divisions.

Supplementary information on the fair value of financial instruments

The fair value of financial instruments is based on market values as well as reasonably determined values in situations where the market fair value is unavailable. The determination of such values is based on certain assumptions, which may result in different outcomes if other assumptions are applied.

(b) Fair values of financial instruments

The book value of financial instruments in the Consolidated Financial Statements, their fair value and net difference at March 31, 2023 and 2024, respectively, are shown below:

2023	Millions of yen		
	Book value	Fair value	Difference
(1) Investment securities (*2)			
Shares of subsidiaries and associates	¥14,653	¥9,147	(¥5,506)
Available-for-sale securities	6,790	6,790	-
(2) Bonds payable (*3)	30,000	29,899	(101)
(3) Long-term borrowings (*4)	125,875	124,587	(1,288)
(4) Derivative Instruments (*5)			
Non-hedge derivative instruments	809	809	-
Designated hedge instruments	55	55	-

2024	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Investment securities (*2)						
Shares of subsidiaries and associates	¥15,869	¥10,954	(¥4,915)	$104,863	$72,383	($32,480)
Available-for-sale securities	9,828	9,828	-	64,942	64,942	-
(2) Bonds payable (*3)	20,000	19,873	(127)	132,162	131,322	(839)
(3) Long-term borrowings (*4)	123,968	121,555	(2,413)	819,191	803,243	(15,948)
(4) Derivative Instruments (*5)						
Non-hedge derivative instruments	942	942	-	6,227	6,227	-
Designated hedge instruments	407	407	-	2,691	2,691	-

(*1) “Cash” is omitted in the notes and “Deposits,” “Notes receivable - trade,” “Accounts receivable - trade,” “Notes and accounts payable - trade,” “Short-term borrowings,” and “Income taxes payable” are omitted in the notes because they are paid within a short period of time and their fair value closely resemble book value.

(*2) Equity securities, etc. without a market price are not included in “(1) Investment securities.” The amounts of such financial instruments recorded in the Consolidated Balance Sheets are listed below.

2023	Millions of yen
Description	Amount recorded in consolidated balance sheets
Non-public companies	¥8,929

2024	Millions of yen	Thousands of U.S. dollars
Description	Amount recorded in consolidated balance sheets	Amount recorded in consolidated balance sheets
Non-public companies	¥9,510	$62,843

(*3) Bonds payable due for redemption in one year《amount on the balance sheet: ¥10,000 million (US$66,081 thousand)》are included in "(2) Bonds payable."

(*4) ¥4,344 million and ¥15,960 million (US$ 105,465 thousand) as of March 31, 2023 and March 31, 2024 of the Long-term borrowings which mature within 1 year and are recorded in "Short-term borrowings" in the Consolidated Balance Sheets are included in "(3) Long-term borrowings" above.

Notes 1: The aggregate annual maturities of cash and deposits, and receivables at March 31, 2023 and 2024 are as follows:

	Millions of yen			
At March 31, 2023	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	¥107,228	¥ -	¥ -	¥ -
Notes receivable - trade	17,476	-	-	-
Accounts receivable - trade	129,084	104	-	-
Total	¥253,788	¥104	¥ -	¥ -

	Millions of yen			
At March 31, 2024	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	¥147,760	¥ -	¥ -	¥ -
Notes receivable - trade	17,872	-	-	-
Accounts receivable - trade	136,050	119	-	-
Total	¥301,682	¥119	¥ -	¥ -

	Thousands of U.S. dollars			
At March 31, 2024	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	$976,407	$ -	$ -	$ -
Notes receivable - trade	118,099	-	-	-
Accounts receivable - trade	899,030	787	-	-
Total	$1,993,535	$787	$ -	$ -

Notes 2: The annual maturities of bonds payable and long-term borrowings at March 31, 2023 and 2024 are as follows:

At March 31, 2023

Bonds payable

	Millions of yen
Year ending March 31, 2024	¥10,000
2025	10,000
2026	-
2027	10,000
2028	-
2029 and thereafter	-

Long-term borrowings

	Millions of yen
Year ending March 31, 2024	¥4,344
2025	15,730
2026	20,801
2027	10,000
2028	13,300
2029 and thereafter	61,700

At March 31, 2024

Bonds payable

	Millions of yen	Thousands of U.S. dollars
Year ending March 31, 2025	¥10,000	$66,081
2026	-	-
2027	10,000	66,081
2028	-	-
2029	-	-
2030 and thereafter	-	-

Long-term borrowings

	Millions of yen	Thousands of U.S. dollars
Year ending March 31, 2025	¥15,960	$105,465
2026	20,908	138,163
2027	10,000	66,081
2028	13,300	87,887
2029	12,100	79,958
2030 and thereafter	51,700	341,637

(c) Breakdown of the fair value of financial instruments by asset level

The fair value of financial instruments is categorized into the following three levels, according to the observability and significance of inputs relating to the calculation of fair value.

Level 1 Fair Value: The fair value determined by the market price of assets or liabilities for which the fair value is formed by an active market, of the inputs for determining observable fair value
Level 2 Fair Value: The fair value determined using inputs relating to the fair value determined by inputs other than Level 1 inputs, of the inputs for determining observable fair value
Level 3 Fair Value: Fair value determined using inputs relating to determination of fair value that is not observable

(1) Financial instruments recorded at fair value on the Consolidated Balance Sheets

at March 31, 2023

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	6,790	-	-	6,790
Derivative Instruments				
Non-hedge derivative instruments	-	809	-	809
Designated hedge instruments	-	55	-	55

at March 31, 2024

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	9,828	-	-	9,828
Derivative Instruments				
Non-hedge derivative instruments	-	942	-	942
Designated hedge instruments	-	407	-	407

Classification	Fair value (Thousands of US$)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	64,942	-	-	64,942
Derivative Instruments				
Non-hedge derivative instruments	-	6,227	-	6,227
Designated hedge instruments	-	2,691	-	2,691

(2) Financial instruments other than financial instruments recorded at fair value on the Consolidated Balance Sheets

at March 31, 2023

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares of subsidiaries and associates	9,147	-	-	9,147
Bonds payable	-	29,899	-	29,899
Long-term borrowings	-	124,587	-	124,587

at March 31, 2024

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares of subsidiaries and associates	10,954	-	-	10,954
Bonds payable	-	19,873	-	19,873
Long-term borrowings	-	121,555	-	121,555

Classification	Fair value (Thousands of US$)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares of subsidiaries and associates	72,383	-	-	72,383
Bonds payable	-	131,322	-	131,322
Long-term borrowings	-	803,243	-	803,243

Notes: Explanation of valuation method used to determine fair value and inputs relating to determination of fair value

(Investment securities)
The fair value of such equity securities is classified as Level 1 fair value because they are traded on active markets.

(Bonds payable)
The fair value of bonds issued by the Company is determined using market prices based on data obtained from the Japan Securities Dealers Association. The fair value of such bonds is classified as Level 2 fair value.

(Derivative Instruments)
The fair value of foreign exchange forward contracts is calculated by using forward exchange rates and classified as Level 2 fair value. The fair value of commodity futures contracts is calculated based on the London Metal Exchange (LME) official price and the current exchange rate at the end of the period and classified as Level 2 fair value. Foreign exchange forward contracts are accounted for combined with the accounts receivable designated as hedged items, and their fair values are included in the related accounts receivable. Interest rate swaps for which a simplified method allowed under JGAAP is applied are combined with the long-term borrowings designated as hedged items, and their fair values are included in long-term borrowings (see “Long-term borrowings” below).

(Long-term borrowings)
The fair value of long-term borrowings is determined based on the present value of the principal and interest discounted at the current interest rate charged for a similar borrowing. This is classified as Level 2 fair value. For long-term borrowings with a floating interest rate, the Company enters into interest rate swaps and applies a simplified method allowed under JGAAP to such swaps. Such long-term borrowings are combined with the related interest swaps and their fair values are determined based on the present value of the principal and interest reflecting the swap discounted at the current interest rate charged for a similar borrowing.

24. Investment Securities

The aggregate cost, gross unrealized gains, gross unrealized losses and fair value of available-for-sale securities at March 31, 2023 and 2024 consisting primarily of equity securities are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Cost	¥4,571	¥4,159	$27,484
Gross unrealized gains	2,254	5,669	37,462
Gross unrealized losses	(35)	(1)	(4)
Fair value	¥6,790	¥9,828	$64,942

Available-for-sale securities sold during the year ended March 31, 2023 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Investment securities			
Sales amount	¥956	¥2,284	$15,092
Gain on sales of investment securities	352	668	4,416
Loss on sales of investment securities	(53)	(21)	(138)

Investments in unconsolidated subsidiaries and associates at March 31, 2023 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Investments securities	¥21,083	¥23,391	$154,567
Investments and other assets, other	7,139	7,866	51,976
	¥28,222	¥31,256	$206,543

25. Borrowings and Other Financial Liabilities

Borrowings and other financial liabilities at March 31, 2023 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Short-term loans, principally from banks, with weighted-average interest rate of 3.7% to the ending balance on March 31, 2024	¥37,032	¥33,598	$222,019
Current portion of unsecured long-term loans from banks and other financial institutions with weighted-average interest rate of 0.8% to the ending balance on March 31, 2024	4,344	15,960	105,465
Current portion of lease obligations	4,822	5,547	36,656
Non-current portion of unsecured long-term loans from banks and other financial institutions with maturity dates from 2025 to 2050 with weighted-average interest rate of 1.4% to the ending balance on March 31, 2024	121,531	108,008	713,726
Non-current portion of lease obligations with maturity dates from 2025 to 2033	15,493	14,635	96,712
Current portion of bonds payable with interest rate of 0.2%	10,000	10,000	66,081
Bonds with maturities through 2026 with weighted-average interest rate of 0.3%	20,000	10,000	66,081
	¥213,222	¥197,749	$1,306,741

The annual maturities of long-term borrowings are as follows:

Long term borrowings	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2026	¥20,908	$138,163
2027	10,000	66,081
2028	13,300	87,887
2029	12,100	79,958

Lease obligations	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2026	¥4,115	$27,190
2027	3,236	21,386
2028	2,678	17,696
2029	1,498	9,900

26. Derivative Instruments

(a) Derivative instruments not accounted for under hedge accounting

(1) Foreign forward exchange contracts

At March 31, 2023

2023	Millions of yen			
	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)
Sell				
USD	¥5,286	¥ -	(¥26)	(¥26)
JPY	353	-	2	2
Buy				
USD	215	-	(2)	(2)
CAD	1,490	-	(2)	(2)
Other	460	-	(5)	(5)
Total	¥7,805	¥ -	(¥33)	(¥33)

At March 31, 2024

2024	Millions of yen				Thousands of U.S. dollars			
	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)
Sell								
USD	¥6,839	¥ -	(¥129)	(¥129)	$45,190	$ -	($852)	($852)
SEK	328	62	3	3	2,164	412	20	20
JPY	147	-	(1)	(1)	970	-	(6)	(6)
Other	105	-	0	0	693	-	1	1
Buy								
USD	351	-	(2)	(2)	2,322	-	(13)	(13)
EUR	13	-	(0)	(0)	84	-	(1)	(1)
Total	¥7,782	¥62	(¥129)	(¥129)	$51,422	$412	($851)	($851)

(2) Interest Rate Swaps

At March 31, 2023 N/A

At March 31, 2024 N/A

(3) Commodity Futures Contracts

At March 31, 2023

2023	Millions of yen			
	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)
Sell	¥4,107	¥ -	(¥99)	(¥99)
Buy	11,689	919	941	941
Total	¥15,795	¥919	¥841	¥841

At March 31, 2024

2024	Millions of yen				Thousands of U.S. dollars			
	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)
Sell	¥4,205	¥ -	(¥88)	(¥88)	$27,790	$ -	($579)	($579)
Buy	10,661	865	1,159	1,159	70,446	5,713	7,657	7,657
Total	¥14,866	¥865	¥1,071	¥1,071	$98,236	$5,713	$7,078	$7,078

(b) Derivative instruments accounted for under hedge accounting

(1) Foreign forward exchange contracts

At March 31, 2023

2023	Millions of yen		
	Notional amount	Notional amount to be settled in more than one year	Fair value
Accounted for combined with the accounts designated as hedged items (allowed under JGAAP)			
Accounts receivable - trade			
Sell			
USD	¥9,183	¥ -	(*) ¥ -
Accounted for by the method in the principle			
Accounts receivable - trade			
Sell			
USD	609	-	(3)
Other	69	-	(0)
Accounts payable - trade			
Buy			
USD	20	-	0
Total	¥9,880	¥ -	(¥3)

(*) Designated hedge accounting on forward exchange contracts etc. are treated as one with the accounts receivables to be hedged.
The fair value is included in the fair value of the trade receivables.

At March 31, 2024	Millions of yen			Thousands of U.S. dollars		
2024	Notional amount	Notional amount to be settled in more than one year	Fair value	Notional amount	Notional amount to be settled in more than one year	Fair value
Accounted for by the method in the principle						
Accounts receivable - trade						
Sell						
USD	¥473	¥ -	¥6	$3,126	$ -	$38
Accounts payable - trade						
Buy						
MXN	9,080	-	326	60,001	-	2,152
Total	¥9,553	¥ -	¥331	$63,127	$ -	$2,190

(2) Interest Rate Swaps

At March 31, 2023	Millions of yen		
2023	Notional amount	Notional amount to be settled in more than one year	Fair value
Accounted for by the simplified method allowed under JGAAP			
Interest Rate Swaps			
Long-term borrowings			
Pay Fixed interest / Rec. Floating interest	¥22,000	¥22,000	(*) ¥ -
Accounted for by the method in the principle			
Interest Rate Swaps			
Long-term borrowings			
Pay Fixed interest / Rec. Floating interest	¥40,000	¥40,000	¥58
Total	¥62,000	¥62,000	¥58

(*) The special treatment of interest rate swaps is treated as one with the long-term debt being hedged. Therefore, the fair price is included in the fair value of the long-term debt.

At March 31, 2024	Millions of yen			Thousands of U.S. dollars		
2024	Notional amount	Notional amount to be settled in more than one year	Fair value	Notional amount	Notional amount to be settled in more than one year	Fair value
Accounted for by the simplified method allowed under JGAAP						
Interest Rate Swaps						
Long-term borrowings						
Pay Fixed interest / Rec. Floating interest	¥22,000	¥12,000	(*) ¥ -	$145,378	$79,297	$ -
Accounted for by the method in the principle						
Interest Rate Swaps						
Long-term borrowings						
Pay Fixed interest / Rec. Floating interest	¥40,000	¥40,000	¥76	$264,323	$264,323	$502
Total	¥62,000	¥52,000	¥76	$409,701	$343,620	$502

(*) The special treatment of interest rate swaps is treated as one with the long-term debt being hedged. Therefore, the fair price is included in the fair value of the long-term debt.

(3) Commodity Futures Contracts

At March 31, 2023 N/A

At March 31, 2024 N/A

27. Severance Indemnities and Pension Plans

(a) Outline of retirement and severance benefits plans adopted by the Companies

The Company and its consolidated subsidiaries sponsor various defined benefit plans such as corporate pension plans and lump sum retirement plans for their employees, and the Company and certain consolidated subsidiaries participate in multi-employer corporate pension plans. The amount of pension assets is included in the notes to the defined benefit plan because the Companies can reasonably calculate it corresponding to the Companies' contribution. Some of the consolidated subsidiaries apply a simplified method that the amount to be paid at the end of the fiscal year based on each company's retirement benefit regulations is regarded as the retirement benefit obligation, when calculating retirement benefit liabilities and retirement benefit expenses. The Company sponsors a retirement benefit trust.

Also, certain consolidated subsidiaries sponsor defined contribution plans.

(b) Defined benefit plan

The following tables present summaries of the benefit obligations for defined pension plans, plan assets and the associated funded status recorded in the Consolidated Balance Sheets.

(1) Benefit obligations at the beginning of the period and the end of the period (excluding those plans that adopt the simplified method as discussed in (3) below)

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Balance at the beginning of the period	¥46,972	¥44,412	$293,476
Service cost	2,524	2,263	14,953
Interest cost	282	403	2,666
Actuarial (gains) or losses	(1,094)	(1,264)	(8,351)
Prior service cost accrual	(131)	(194)	(1,280)
Retirement benefits paid	(4,522)	(3,002)	(19,839)
Other	380	433	2,862
Balance at the end of the period	¥44,412	¥43,051	$284,487

(2) Plan assets at the beginning of the period and the end of the period (excluding those plans that adopt the simplified method as discussed in (3) below)

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Balance at the beginning of the period	¥39,557	¥35,358	$233,647
Expected return on plan assets	539	489	3,234
Actuarial (gains) or losses	(1,385)	2,384	15,751
Employer's contributions	271	272	1,796
Retirement benefits paid	(3,601)	(2,503)	(16,539)
Other	(23)	-	-
Balance at the end of the period	¥35,358	¥36,000	$237,890

(3) Defined benefit liability at the beginning of the period and the end of the period for consolidated subsidiaries adopting the simplified method

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Balance at the beginning of the period	¥2,232	¥2,407	$15,908
Retirement benefit cost	451	188	1,241
Retirement benefits paid	(55)	(61)	(406)
Annual contribution	(227)	(289)	(1,911)
Other	7	8	52
Balance at the end of the period	¥2,407	¥2,253	$14,885

(4) Reconciliation between the liabilities (assets) recorded in the Consolidated Balance Sheets and the balances of defined benefit obligations and plan assets

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Retirement benefit obligations of the savings plans	¥39,964	¥37,934	$250,669
Plan assets	(30,377)	(32,599)	(215,416)
Retirement benefits trusts	(6,085)	(4,648)	(30,712)
	3,502	687	4,541
Retirement benefit obligations of the non-savings plans	7,959	8,617	56,941
Net liabilities (assets) recorded on the Consolidated Balance Sheets	11,461	9,304	61,482
Gross defined benefit liability	11,941	10,661	70,446
Gross defined benefit asset	(480)	(1,357)	(8,964)
Net liabilities (assets) recorded on the Consolidated Balance Sheets	¥11,461	¥9,304	$61,482

(5) Components of net periodic retirement benefits costs

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Service cost	¥2,524	¥2,263	$14,953
Interest cost	282	403	2,666
Expected return on plan assets	(539)	(489)	(3,234)
Recognized actuarial (gains) or losses	1,533	788	5,210
Amortization of prior service cost	(375)	(441)	(2,915)
Net retirement benefit costs of the plans adopting the simplified method	451	188	1,242
Retirement benefit costs related to the defined benefit plans	¥3,876	¥2,712	$17,922

Notes: Extra retirement payments for the years ended March 31, 2023 and 2024 in the amount of ¥901 million and ¥1,346 million (US$8,894 thousand) respectively, are accounted for as "business restructuring expenses" of extraordinary loss.

(6) Remeasurements of defined benefit plans before deduction of deferred tax

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Prior service cost	¥244	¥248	$1,636
Actuarial (gains) or losses	(1,241)	(4,436)	(29,313)
Other	267	31	204
Total	(¥730)	(¥4,157)	($27,472)

(7) Accumulated other comprehensive income before deduction of deferred tax on defined retirement benefit plans

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Unrecognized prior service cost	(¥2,366)	(¥2,118)	($13,997)
Unrecognized actuarial (gains) or losses	4,037	(368)	(2,432)
Total	¥1,671	(¥2,486)	($16,429)

(8) Plan assets consisted of the following :

	2023	2024	
Bonds payable	33	38	%
Equity securities	21	26	
Cash and deposits	19	13	
General accounts	1	1	
Others	26	23	
Total	100	100	%

Note. Employee retirement benefits trusts contributed to the company pension plan as of March 31, 2023 and 2024 represent approximately 17% and 12% of "Plan assets total" respectively.

(9) Method to establish a long-term expected return on plan assets

To determine the long-term expected return on plan assets, the present and expected allocation of plan assets and the present and expected future returns from a variety of plan assets have been taken into account.

(10) The actuarial assumptions used

	2023	2024
Discount rates	Mainly 0.6%	Mainly 0.9%
Expected long-term expected return on plan assets	Mainly 1.5%	Mainly 1.5%
Lump sum election rate	Mainly 66.4%	Mainly 83.6%
Re-evaluation rate	Mainly 0.1%	Mainly 0.1%

(c) Defined contribution plan

Total annual contributions to the defined contribution plans for the years ended March 31, 2023 and 2024 are ¥768 million and ¥886 million (US$5,857 thousand), respectively.

28. Income Taxes

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

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Deferred tax assets:			
Net operating losses carried forward (*2)	¥18,273	¥18,945	$125,187
Impairment losses	8,180	5,572	36,817
Loss on valuation of investments in capital of subsidiaries and associates	4,793	5,369	35,480
Foreign tax credit carried forward	3,804	3,324	21,967
Bonus accrual	2,964	3,174	20,976
Net defined benefit liability	4,318	2,953	19,514
Allowance for doubtful accounts	2,612	2,697	17,820
Inventory devaluations	1,713	1,887	12,468
Elimination of intercompany profits on inventories	1,007	1,376	9,096
Depreciation	1,494	1,205	7,965
Loss on valuation of investment securities	1,415	935	6,177
Elimination of intercompany profits on fixed assets	780	777	5,132
Enterprise taxes	300	379	2,501
Other	6,797	9,465	62,543
Gross deferred tax assets	58,449	58,057	383,642
Valuation allowance related to net operating losses carried forward (*2)	(17,179)	(18,018)	(119,065)
Valuation allowance related to total deductible temporary difference, etc.	(26,574)	(20,034)	(132,384)
Subtotal of valuation allowance (*1)	(43,753)	(38,052)	(251,450)
Total deferred tax assets	14,697	20,005	132,193
Deferred tax liabilities:			
Retained earnings of equity-method affiliated company	2,000	1,706	11,271
Unrealized gains on investment securities	187	968	6,395
Special tax-purpose reserve for deferred gain on sale of property	622	618	4,085
Asset retirement obligations	87	66	438
Other	159	285	1,880
Total deferred tax liabilities	3,055	3,642	24,069
Net deferred tax assets	¥11,642	¥16,362	$108,124

Notes:

1. Subtotal of valuation allowance decreased by ¥5,701 million (US$37,673 thousand). The decrease is mainly due to a review of the recoverability of deferred tax assets.

2. Net operating losses carried forward for tax purposes and correlating deferred tax assets by carry forward period.

FY2022 (consolidated fiscal year ended March 31, 2023)

Millions of yen

	Within 1 year	More than 1 year, less than 2 years	More than 2 years, less than 3 years	More than 3 years, less than 4 years	More than 4 years, less than 5 years	More than 5 years	Total
Net operating losses carried forward*1	760	437	1,891	2,583	615	11,986	18,273
Valuation allowance	(512)	(437)	(1,815)	(2,548)	(615)	(11,251)	(17,179)
Deferred tax assets	248	-	77	35	-	734	*2 1,094

*1: Figures for net operating losses carried forward are the amounts multiplied by effective statutory tax rate.
*2: For the net operating losses carried forward of ¥18,273 million (amount multiplied by effective statutory tax rate), deferred tax assets of ¥1,094 million have been recorded.
The net operating losses carried forward was determined to be recoverable as future taxable income is anticipated, and therefore valuation allowance has not been recognized based on "Implementation Guidance on Recoverability of Deferred Tax Assets", ASBJ Guidance No. 26.

FY2023 (consolidated fiscal year ended March 31, 2024)

Millions of yen

	Within 1 year	More than 1 year, less than 2 years	More than 2 years, less than 3 years	More than 3 years, less than 4 years	More than 4 years, less than 5 years	More than 5 years	Total
Net operating losses carried forward*3	457	2,031	2,623	456	1,287	12,091	18,945
Valuation allowance	(307)	(1,971)	(2,596)	(456)	(1,287)	(11,401)	(18,018)
Deferred tax assets	150	60	26	0	0	689	*4 926

Thousands of U.S. dollars

	Within 1 year	More than 1 year, less than 2 years	More than 2 years, less than 3 years	More than 3 years, less than 4 years	More than 4 years, less than 5 years	More than 5 years	Total
Net operating losses carried forward*3	3,019	13,421	17,331	3,013	8,508	79,895	125,187
Valuation allowance	(2,027)	(13,022)	(17,156)	(3,013)	(8,508)	(75,340)	(119,065)
Deferred tax assets	992	399	175	-	-	4,555	*4 6,121

*3: Figures for net operating losses carried forward are the amounts multiplied by effective statutory tax rate.
*4: For the net operating losses carried forward of ¥18,945 million (US$125,187 thousand) (amount multiplied by effective statutory tax rate), deferred tax assets of ¥926 million (US$6,121 thousand) have been recorded.
The net operating losses carried forward are determined to be recoverable as future taxable income is anticipated, and therefore valuation allowance has not been recognized based on "Implementation Guidance on Recoverability of Deferred Tax Assets", ASBJ Guidance No. 26.

(b) Normal statutory tax rate

The Company and its domestic subsidiaries are subject to a number of different income taxes which, in aggregate, indicate a normal statutory tax rate in Japan of approximately 30.5% for the years ended March 31, 2023 and 2024.
A reconciliation between the normal statutory income tax rate and the effective income tax rate in the accompanying Consolidated Statements of Income for the years ended March 31, 2023 and 2024 are as follows:

	2023	2024	
Normal statutory tax rate	30.5	30.5	%
Permanently non-deductible expenses such as entertainment expenses	0.0	0.0	
Permanently non-taxable income such as dividend income	(0.1)	(0.1)	
Withholding tax on dividends from foreign subsidiaries	0.5	1.3	
Per capita rate of local tax	0.2	0.1	
Elimination of intercompany dividend income	0.4	0.5	
Special tax credit	(1.1)	(1.8)	
Equity in losses of affiliates	(1.4)	(1.4)	
Tax exemption in foreign tax jurisdiction	(0.1)	(0.1)	
Valuation allowance	(12.6)	(8.2)	
Effect of lower tax rates at overseas subsidiaries	(4.5)	(4.5)	
Amortization of Goodwill	(0.5)	(0.4)	
Retained earnings of overseas subsidiaries	1.3	(0.5)	
Income taxes for prior periods	(0.4)	1.3	
Expiration of loss carryforwards	0.2	0.2	
Foreign tax amount carried forward etc.	2.5	1.5	
Other	1.1	(1.3)	
Effective income tax rate	16.1	17.3	%

(c) Accounting treatment of national and local corporate taxes and of tax effect accounting for such taxes

The Company and some of its domestic subsidiaries adopt the Japanese group relief system and disclose accounting treatment of national and local corporate taxes and the tax effect accounting for such taxes, in accordance with Practical Solution on the Accounting and Disclosure Under the Japanese group relief system (Practical Solution No. 42, August 12, 2021).

29. Investment and Rental Property

The Companies own office buildings including land for rent in Tokyo and other districts. Profits generated from these investments and rental properties were ¥5,062 million and ¥4,924 million (US$32,537 thousand) for the fiscal years ended March 31, 2023 and 2024, respectively.
The majority of rental revenues were recorded in Net sales and majority of rental costs were recorded in Cost of sales in the Consolidated Statements of Income.
Book value, increase and decrease during the year and fair value of the investment and rental property at March 31, 2023 and 2024 are as follows:

For the Year Ended March 31, 2023

Millions of yen			
Amounts in the Consolidated Balance Sheets (*1)			
Balance at beginning of the year	Increase and decrease in property during the year (*2)	Balance at end of the year	Fair value at end of the year (*3)
¥39,248	(¥377)	¥38,871	¥114,250

(*1) Amounts in the Consolidated Balance Sheets are computed based on acquisition costs after deducting accumulated depreciation and impairment charges.
(*2) The primary decrease in property during the year is the depreciation in the amount of ¥1,802 million.
(*3) Fair value at end of year is primarily based on "Real Estate Appraisal Standards".
However, the fair value is based on the most recent valuation when there have been no significant fluctuations in the valuation or in the indicators that reflect market value appropriately.

For the Year Ended March 31, 2024

Millions of yen			
Amounts in the Consolidated Balance Sheets (*1)			
Balance at beginning of the year	Increase and decrease in property during the year (*2)	Balance at end of the year	Fair value at end of the year (*3)
¥38,871	(¥25)	¥38,847	¥116,441

Thousands of U.S. dollars			
Amounts in the Consolidated Balance Sheets (*1)			
Balance at beginning of the year	Increase and decrease in property during the year (*2)	Balance at end of the year	Fair value at end of the year (*3)
$256,866	($165)	$256,701	$769,452

(*1) Amounts in the Consolidated Balance Sheets are computed based on acquisition costs after deducting accumulated depreciation and impairment charges.
(*2) The primary decrease in property during the year is the depreciation in the amount of ¥1,669 million (US$11,030 thousand).
(*3) Fair value at end of the year is primarily based on "Real Estate Appraisal Standards".
However, the fair value is based on the most recent valuation when there have been no significant fluctuations in the valuation or in the indicators that reflect market value appropriately.

30. Revenue Recognition

(a) Information on revenue by goods or services and by main regional markets is provided below.

The reporting segments were revised from the consolidated fiscal year ended March 31, 2024 and the segment information for the consolidated fiscal year ended March 31, 2023 was produced based on the new reporting segments.

	For the year ended March 31, 2023						
	Millions of yen						
Main regional markets	Telecommunication Systems Business Division	Electronics Business Division	Automotive Products Business Division	Power Systems Business Division	Real Estate Business Division (*1)	Other (*2)	Total
Japan	¥17,575	¥34,592	¥29,234	¥136,956	¥10,772	¥7,272	¥236,402
Asia (excluding Japan)	17,254	95,083	13,602	809	-	553	127,300
North America	214,952	58,353	33,008	254	-	2,055	308,622
Europe	32,739	7,668	58,234	302	-	2,456	101,399
Other	8,741	1,592	21,781	24	-	592	32,730
Revenue from contracts with customers	¥291,261	¥197,287	¥155,860	¥138,345	¥10,772	¥12,928	¥806,453

	For the year ended March 31, 2024						
	Millions of yen						
Main regional markets	Telecommunication Systems Business Division	Electronics Business Division	Automotive Products Business Division	Power Systems Business Division	Real Estate Business Division (*1)	Other (*2)	Total
Japan	¥15,862	¥30,558	¥26,970	¥138,266	¥10,520	¥4,848	¥227,025
Asia (excluding Japan)	16,231	74,769	9,314	491	-	1,005	101,810
North America	222,841	49,653	54,451	175	-	1,600	328,720
Europe	32,078	8,370	67,652	162	-	1,188	109,450
Other	10,217	1,327	21,138	21	-	51	32,755
Revenue from contracts with customers	¥297,229	¥164,676	¥179,526	¥139,116	¥10,520	¥8,692	¥799,760

	Thousands of U.S. dollars						
Main Regional Markets	Telecommunication Systems Business Division	Electronics Business Division	Automotive Products Business Division	Power Systems Business Division	Real Estate Business Division (*1)	Other (*2)	Total
Japan	$104,817	$201,932	$178,219	$913,675	$69,519	$32,038	$1,500,200
Asia (excluding Japan)	107,253	494,077	61,548	3,247	-	6,639	672,765
North America	1,472,549	328,108	359,817	1,160	-	10,575	2,172,208
Europe	211,972	55,309	447,053	1,068	-	7,851	723,254
Other	67,518	8,767	139,684	141	-	335	216,445
Revenue from contracts with customers	$1,964,109	$1,088,193	$1,186,321	$919,291	$69,519	$57,439	$5,284,872

Notes:

(*1) Revenue in Real Estate Business Division include revenue, etc. based on the Accounting Standard for Lease Transactions (ASBJ Statement No. 13, March 30, 2007) in addition to revenue from contracts with customers.

(*2) "Other" includes new businesses to launch which are excluded from the aforementioned 5 segments.

(*3) Shows the amount after elimination of intersegment sales and transfers.

(b) Basic information for understanding revenue from contracts with customers

The Company and its consolidated subsidiaries recognize revenue based on the following five-step approach.

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the Companies fulfill the performance obligations.

The Companies manufacture and sell products, perform services, and engage in other business activities through Telecommunication Systems Business Division, Electronics Business Division, Automotive Products Business Division and Power Systems Business Division.
Real Estate Business Division recognizes revenue based on the expected amount to be received in exchange for goods or services when control over the promised goods or services is transferred to the customer.
The Companies regard the supply of finished products to customers as their main performance obligation.
The Companies recognize revenue based on the amount the companies expect to receive in exchange for the promised goods or services when control over the goods or services is transferred to the customer, in principle. However, the Companies recognize revenue at the time of shipment for domestic sales since the time period from shipment to when control is transferred to the customer is short and consistent.
Also, the Companies have set warranty periods for products delivered by the Companies, and have obligations to return or exchange products.
Moreover, the Companies recognize revenue in proportion to the progress of the obligation for performance obligations fulfilled over a certain period of time.
The Companies calculate the transaction price by deducting the amount of discounts and other variable elements from the amount promised as compensation in the contract with the customer.
The compensation for these performance obligations is generally received within 1 year after fulfillment, according to separately stipulated payment conditions.
Compensation does not include significant financing components.
The Companies recognize revenue based on the net amount of compensation after the procurement cost of raw materials, etc. is deducted for fee-based transactions in which payment is received for sales to a customer after procuring raw materials, etc. from the customer and processing them.
Power Systems Business Division also engages in transactions in equal volumes of copper material among multiple companies (so-called barter transactions) to reduce transport costs and ensure a stable supply of copper material.
The Companies recognize revenue based on the net amount.
For fee-based transactions applicable to repurchase agreements, the Companies recognize inventories for the remaining goods supplied to fee payers and recognize “Liabilities for fee-based transactions” in amounts equivalent to the end-of-period inventory balances for the remaining goods supplied to fee payers.
Revenue on fee-based transactions is recognized only on the net amount equivalent to the processing fee.
Moreover, performance obligations fulfilled over a certain period of time are recognized as “Contract assets.”
When compensation is received from the customer before transfer of the goods or services to the customer, “Contract liabilities” are recognized on the compensation received from the customer at the time compensation is received or when the payment deadline has arrived, whichever is sooner.

(c) Information on the relationship between the fulfillment of obligations based on contracts with customers and the cash flows that arise from such contracts, and the amount and timing of revenue the Companies expect to recognize in the next fiscal year onward from contracts with customers that exist at the end of the current fiscal year

(1) Balance of contract assets and contract liabilities, etc.
Notes on the balances for contract assets and contract liabilities of the Companies have been omitted because the balances are presented in the Consolidated Balance Sheets. The revenue recognized in fiscal year ended March 31, 2024 from performance obligations fulfilled (or partially fulfilled) in past fiscal years is not material in amount.

(2) Transaction price allocated to remaining unfulfilled performance obligations
The Companies do not have material contracts for which the initially expected contract term exceeds one year.
The allocation of the transaction price to remaining unfulfilled performance obligations has therefore been omitted for practical expediency.

31. Segment Information
(Segment Information)
(a) Summary of reporting segments
The Group's reporting segments are components of the Group for which separate financial statements are available that are regularly monitored by the management in deciding how to allocate resources and in assessing performance.
Along with the management restructuring performed to align with the business strategy in 2025 Mid-term Management Plan, the Company has reclassified its 4 reporting segments to 5 reporting segments from the consolidated fiscal year ended March 31, 2024. There were 4 reporting segments for the consolidated fiscal year ended March 31, 2023: Power & Telecommunication Systems Division, Electronics Business Division, Automotive Products Business Division, and Real Estate Business Division.
These were revised to 5 reporting segments from the fiscal year ended March 31, 2024 onward: Telecommunication Systems Business Division, Electronics Business Division, Automotive Products Business Division, Power Systems Business Division, and Real Estate Business Division. A business which had been included in Telecommunication Systems Business Division is now included in the Other division.
Segment information for the consolidated fiscal year ended March 31, 2023 was produced based on the new reporting segments.

Definitions of the 5 segments are as follows:
Telecommunication Systems Business Division deals with Optical fibers, Optical fiber cables, Telecommunication components, Optical components, Fiber optic equipment, Network equipment, Installation, etc.
Electronics Business Division deals with Flexible printed circuits, Electronic wiring, HDD components, Various kinds of connectors, etc.
Automotive Products Business Division deals with Automotive wire harnesses, Accessories & Installation, etc.
Power Systems Business Division deals with Power cables, Telecommunication cables, Aluminum wires, Enameled wires, etc.
Real Estate Business Division deals with Real estate rental, etc.

(b) Basis of calculation for sales, profits or losses, assets, liabilities and other items by reporting segments
Accounting policy and method used for segment information by reporting segments are identical to those as described in "2. Summary of Significant Accounting Policies" above.
Profits by reporting segment are based on operating profit as stated in the Consolidated Statements of Income.

(c) Information on sales, profit or loss, assets, liabilities, and other items by reporting segment

	For the year ended March 31, 2023								
	Millions of yen								
Reporting segments	Telecommuni-cation Systems Business Division	Electronics Business Division	Automotive Products Business Division	Power Systems Business Division	Real Estate Business Division	Other (*1)	Total	Adjustment (* 2,3,4)	Consolidated total
Sales to outside customers	¥291,261	¥197,287	¥155,860	¥138,345	¥10,772	¥12,928	¥806,453	¥ -	¥806,453
Inter-segment sales	104	1,030	-	765	-	354	2,253	(2,253)	-
Total sales	291,365	198,318	155,860	139,110	10,772	13,281	808,705	(2,253)	806,453
Segment profit (loss)	40,600	27,589	(6,597)	4,295	4,990	(714)	70,163	-	70,163
Segment total assets	206,850	137,093	76,023	73,035	37,609	14,288	544,898	111,887	656,785
Depreciation and amortization	8,685	10,918	4,693	2,266	2,002	549	29,112	-	29,112
Impairment losses	-	8,948	10,303	-	-	38	19,289	-	19,289
Increase in property, plant and equipment and intangible assets	¥6,005	¥3,382	¥1,994	¥1,064	¥1,197	¥825	¥14,466	¥1,254	¥15,720

Notes:
(*1) "Other" includes new businesses to launch which are excluded from the aforementioned 5 segments.
(*2) Adjustment of ¥111,887 million in "Segment total assets" represents common assets not allocated to each reporting segment in the amount of ¥113,662 million and elimination of inter-segment transactions in the amount of ¥(1,775) million.
Common assets mainly consist of assets related to investment securities, research and development and administrative divisions of the Company.
(*3) The standard for allocation of property, plant and equipment to each segment and the standard for allocation of depreciation and amortization expenses differ.
(*4) Adjustment of ¥1,254 million of "Increase in property, plant and equipment and intangible assets" represents an increase in common assets not allocated to each reporting segment.

For the year ended March 31, 2024

Millions of yen

Reporting segments	Telecommunication Systems Business Division	Electronics Business Division	Automotive Products Business Division	Power Systems Business Division	Real Estate Business Division	Other (*1)	Total	Adjustment (* 2,3,4)	Consolidated total
Sales to outside customers	¥297,229	¥164,676	¥179,526	¥139,116	¥10,520	¥8,692	¥799,760	¥ -	¥799,760
Inter-segment sales	452	325	0	1,034	-	-	1,812	(1,812)	-
Total sales	297,681	165,002	179,526	140,150	10,520	8,692	801,571	(1,812)	799,760
Segment profit (loss)	39,191	16,627	1,175	8,705	4,855	(1,069)	69,483	-	69,483
Segment total assets	234,624	133,439	93,594	79,841	37,059	14,404	592,961	130,906	723,867
Depreciation and amortization	9,381	6,449	2,454	2,170	1,852	545	22,850	-	22,850
Impairment losses	2,324	-	992	-	-	-	3,317	-	3,317
Increase in property, plant and equipment and intangible assets	¥8,910	¥5,722	¥1,716	¥1,696	¥552	¥193	¥18,789	¥2,031	¥20,820

Reporting segments	Telecommunication Systems Business Division	Electronics Business Division	Automotive Products Business Division	Power Systems Business Division	Real Estate Business Division	Other (*1)	Total	Adjustment (* 2,3,4)	Consolidated total
Sales to outside customers	$1,964,109	$1,088,193	$1,186,321	$919,291	$69,519	$57,439	$5,284,872	$ -	$5,284,872
Inter-segment sales	2,989	2,150	0	6,831	-	-	11,971	(11,971)	-
Total sales	1,967,098	1,090,343	1,186,321	926,122	69,519	57,439	5,296,843	(11,971)	5,284,872
Segment profit (loss)	258,977	109,872	7,762	57,520	32,080	(7,061)	459,150	-	459,150
Segment total assets	1,550,414	881,774	618,479	527,594	244,887	95,181	3,918,330	865,037	4,783,367
Depreciation and amortization	61,991	42,612	16,215	14,342	12,235	3,599	150,995	-	150,995
Impairment losses	15,358	-	6,558	-	-	-	21,917	-	21,917
Increase in property, plant and equipment and intangible assets	$58,880	$37,812	$11,337	$11,205	$3,645	$1,278	$124,158	$13,420	$137,578

Notes:

(*1) "Other" includes new businesses to launch which are excluded from the aforementioned 5 segments.

(*2) Adjustment of ¥130,906 million (US$865,037 thousand) in "Segment total assets" represents common assets not allocated to each reporting segment in the amount of ¥132,498 million (US$875,557 thousand) and elimination of inter-segment transactions in the amount of ¥(1,592) million (US$(10,520) thousand). Common assets mainly consist of assets related to investment securities, research and development and administrative divisions of the Company.

(*3) The standard for allocation of property, plant and equipment to each segment and the standard for allocation of depreciation and amortization expenses differ.

(*4) Adjustment of ¥2,031 million (US$13,421 thousand) of "Increase in property, plant and equipment and intangible assets" represents an increase in common assets not allocated to each reporting segment.

(Related information)

(a) Information by products and services

Omitted in the notes because the same information is disclosed in segment information.

(b) Geographical segment information

Sales

	Millions of yen				
2023	Japan	U.S.	China	Others	Total
Sales to external customers	¥236,402	¥306,856	¥73,905	¥189,289	¥806,453

Property, plant and equipment

	Millions of yen					
2023	Japan	U.S.	Thailand	China	Others	Total
Property, plant and equipment	¥88,310	¥25,468	¥23,901	¥15,560	¥9,916	¥163,156

Sales

	Millions of yen				
2024	Japan	U.S.	China	Others	Total
Sales to external customers	¥227,025	¥298,073	¥56,430	¥218,231	¥799,760

Property, plant and equipment

	Millions of yen					
2024	Japan	U.S.	Thailand	China	Others	Total
Property, plant and equipment	¥87,566	¥28,465	¥26,437	¥14,289	¥8,940	¥165,696

Sales

	Thousands of U.S. dollars				
2024	Japan	U.S.	China	Others	Total
Sales to external customers	$1,500,200	$1,969,690	$372,893	$1,442,088	$5,284,872

Property, plant and equipment

	Thousands of U.S. dollars					
2024	Japan	U.S.	Thailand	China	Others	Total
Property, plant and equipment	$578,642	$188,097	$174,697	$94,421	$59,076	$1,094,933

(c) Major customer information

This information has been omitted as there were no customers to whom the Group individually recorded external sales representing 10% or more of consolidated net sales for the years ended March 31, 2023 and 2024.

(d) Impairment loss information

Omitted in the notes because the same information is disclosed in segment information.

(e) Goodwill information

For the year ended March 31, 2023

Reporting segments	Telecommunication Systems Business Division	Electronics Business Division	Automotive Products Business Division	Power Systems Business Division	Real Estate Business Division	Total
	Millions of yen					
Amortization	¥1,127	¥ -	¥ -	¥ -	¥ -	¥1,127
Unamortized goodwill	6,335	-	-	-	-	6,335

For the year ended March 31, 2024

Reporting segments	Telecommunication Systems Business Division	Electronics Business Division	Automotive Products Business Division	Power Systems Business Division	Real Estate Business Division	Total
	Millions of yen					
Amortization	¥1,309	¥ -	¥ -	¥ -	¥ -	¥1,309
Unamortized goodwill	10,095	-	-	-	-	10,095

Reporting segments	Telecommunication Systems Business Division	Electronics Business Division	Automotive Products Business Division	Power Systems Business Division	Real Estate Business Division	Total
	Thousands of U.S. dollars					
Amortization	$8,651	$ -	$ -	$ -	$ -	$8,651
Unamortized goodwill	66,708	-	-	-	-	66,708

(f) Information about gain on negative goodwill

None.

32. Related Parties

(Related party transactions)

The tables below summarize the related party transactions with unconsolidated subsidiaries and affiliated companies accounted for using the equity method for the year ended March 31:

2023 (Millions of yen)

Relationship	Name of company	Location	Paid-in-Capital	Description of business	Share of voting rights (%)	Transactions with related parties	Description of transaction	Amount of transactions (*3)	Financial statement line-item	The fiscal year-end balance (*3)
Affiliated companies	VISCAS Corporation	Ota, Tokyo	¥10	Power Systems Business Division	Directly owned (50.0%)	Financial assistance	Loan (*1)	¥675	Long-term loans receivable(*4)	¥8,596
							Guarantee (*2)	9	-	-

2024 (Millions of yen)

Relationship	Name of company	Location	Paid-in-Capital	Description of business	Share of voting rights (%)	Transactions with related parties	Description of transaction	Amount of transactions (*3)	Financial statement line-item	The fiscal year-end balance (*3)
Affiliated companies	VISCAS Corporation	Ota, Tokyo	¥10	Power Systems Business Division	Directly owned (50.0%)	Financial assistance	Loan (*1)	¥175	Long-term loans receivable(*4)	¥8,771

2024 (Thousands of U.S. dollars)

Relationship	Name of company	Location	Paid-in-Capital	Description of business	Share of voting rights (%)	Transactions with related parties	Description of transaction	Amount of transactions (*3)	Financial statement line-item	The fiscal year-end balance (*3)
Affiliated companies	VISCAS Corporation	Ota, Tokyo	$66	Power Systems Business Division	Directly owned (50.0%)	Financial assistance	Loan (*1)	$1,156	Long-term loans receivable(*4)	$57,959

Terms and conditions of the above transactions and the policy to determine the terms and conditions:

(Notes) 1. Interest rates are determined by taking market rates into account.

2. The Company guarantees the forward exchange contracts of VISCAS Corporation.
3. Consumption taxes are not included in the amount of transactions but are included in the fiscal year-end balance.
4. The Company recorded an allowance for doubtful accounts totaling ¥8,284 million and ¥8,462 million (US$55,916 thousand) for the balance of long-term loans receivable from affiliated companies and recorded the provision of allowance for doubtful accounts totaling ¥163 million and ¥178 million (US$1,176 thousand), for the years ended March 31, 2023 and 2024.

33. Per Share Information

Per share:	Yen 2023	Yen 2024	U.S. dollars 2024
Net assets per share	¥980.91	¥1,236.73	$8.17
Net income per share- basic	¥148.27	¥184.96	$1.22

Notes:
1. As the Company does not have any instruments that have dilutive effect, the Company has not disclosed net income per share-fully diluted data.

2. In calculating “Net assets per share”, the Company's shares held by the trust account related to the share delivery trust established for the share-based payment system for directors etc. are included in treasury stock deducted from the total number of issued shares at the end of the fiscal year 495 thousand shares at the end of the previous and the current consolidated fiscal years.
   Also, in calculating "Net income per share", they are included in treasury stock deducted from the average number of shares during the term 521 thousand shares in the previous consolidated fiscal year, 495 thousand shares in the current consolidated fiscal year.

Basis for computation of per share data:	Millions of yen 2023	Millions of yen 2024	Thousands of U.S. dollars 2024
Profit attributable to owners of parent	¥40,891	¥51,011	$337,087
Profit attributable to common shareholders	¥40,891	¥51,011	$337,087

	Thousands of shares 2023	Thousands of shares 2024
Number of weighted average shares	275,776	275,801

34. Subsequent Events
None.

Independent Auditor's Report

To the Board of Directors of Fujikura Ltd.

THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Fujikura Ltd. ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.

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

Basis for Opinion

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

Key Audit Matters

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

In the audit of consolidated financial statements in the previous year, we determined that following matters are key audit matters.

- The personal misappropriation of the assets in the subsidiary in the U.S.
- Impairment analysis of the FPC business
- Impairment analysis of the wire harness business in Asia
- Impairment analysis of the wire harness business in North and South America

From the matters communicated with those charged with governance in the current fiscal year, we verified which matters will be key audit matters considering the changes of assessment of significant risk and or risk of material misstatement, significant judgments in our audit, the impact of material events or transactions that occurred in the current fiscal year, relative importance in our audit and company-specific matters.

Therefore, since the understanding of the remediation process of entity level controls in America Fujikura Ltd. group, consisting of the Company's subsidiaries, significantly impacts our assessment of

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the risk of material misstatement in our audit of the consolidated financial statements of the current period and the performance of further audit procedures responsive to, “Evaluation of the risk of material misstatement and implementation of auditor's responses to the assessed risks taking into consideration the status of the remediation of material weaknesses in internal controls over financial reporting” has been newly added as a key audit matter in our audit of the consolidated financial statements of the current period.

In addition, for the optical fiber business in China, the market conditions of optical fibers have significantly deteriorated starting from October 2023. As a consequence, the importance of auditing recognition of impairment loss has increased and therefore we determined that this matter is a key audit matter.

"The personal misappropriation of the assets in the subsidiary in the U.S.” has been removed as a key audit matter, as the Company's investigation was completed in the previous fiscal year and the settlement of accounts in accordance with the results of the investigation have been reflected in the consolidated financial statements of the previous fiscal year appropriately.

In addition, for “Impairment losses on fixed assets of wire harness business in Asia” and “Impairment losses on fixed assets of wire harness business in North and South America”, were removed as key audit matters in the current fiscal year since the risk of material statements and significance of fixed assets book values of those businesses as of March 31, 2024 have declined as a result of recognition of impairment losses recognized in prior year.

As a result, during the audit of consolidated financial statements in the current fiscal year, we determined that the following matters are key audit matters.

- Evaluation of the risk of material misstatement and implementation of auditor's responses to the assessed risks taking into consideration the status of the remediation of material weaknesses in internal controls over financial reporting
- Impairment analysis of the optical fiber business in China
- Impairment analysis of the FPC business

<table>
<tr><th colspan="2">Evaluation of the risk of material misstatement and implementation of auditor's responses to the assessed risks taking into consideration the status of the remediation of material weaknesses in internal controls over financial reporting</th></tr>
<tr><th>Key audit matter description</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>During the fiscal year ended March 31, 2023, a former Company director (hereinafter referred to as "the former director"), who also served as the Chief Executive Officer of America Fujikura Ltd. (hereinafter referred to as "AFL"), the U.S. consolidated subsidiary, was suspected of personal misappropriation of real estate assets through AFL Telecommunications LLC (hereinafter referred to as "AFLT"), a subsidiary of AFL. The Company appointed independent external law firms in Japan and the U.S. and started the internal investigation on March 14, 2023, and received the result on June 30, 2023. As a result of the internal investigation, it was confirmed that there were improper misappropriations of assets for personal use.

As a result of the internal investigation for the fiscal year ended March 31, 2023,the Company identified that the following internal control matters in AFL and its subsidiaries (hereinafter referred to as "AFL group")caused the incident:
(1) Deficiencies in AFL group's control environment
(2) Deficiencies in corporate governance within AFL group
(3) Deficiencies in the qualifications of the AFL group's Chief Financial Officer (‘CFO’)

The Company concluded that deficiencies in AFL group's control environment, corporate governance, and qualifications of CFO were control deficiencies of the AFL group’s entity level controls. Since these deficiencies had a material impact on financial reporting, the Company determined that there were material weaknesses.

For the current fiscal year, AFL is implementing the following remediation actions to these deficiencies:
• Review of authority concentration for specific officers (decentralization of authority)</td><td>In order to evaluate the assessment of risks of material misstatement and responses to assessed risks, which are affected by AFL group’s entity level control deficiencies identified for the fiscal year ended March 31, 2023, we performed the following principal audit procedures which included the procedure performed by the component auditor of AFL.

(1) Understanding AFL management’s process to remediate these control deficiencies.

We understood AFL management’s process to remediate these control deficiencies by inquiring AFL management and inspecting related documents.

(2) Evaluated the effect on the assessment of risks of material misstatement and responses to assessed risks based on the status of the remediation of control deficiencies.

We performed the following principal audit procedures which included the procedure performed by the component auditor of AFL under the condition that we could not rely on AFL group's entity level controls throughout the current fiscal year.

• Discussed the assessment of the risks of material misstatement on AFL group’s financial statements due to fraud between us and the component auditor of AFL.

• Inquired regarding fraud risk factors with the Company’s management, AFL management and the Company's Audit & Supervisory Committee.

• Incorporated an element of unpredictability in the selection of the nature, timing and extent of audit procedures.</td></tr>
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• Development of governance systems and internal rules • Appointment of a new financial reporting controller and strengthening of the inspection of the accounting process by the person in charge thereof • Education of executives and regular employees If the remediation actions are not implemented according to its remediation plan, risks of material misstatement of the Company's consolidated financial statements may be higher. A high degree of audit judgment is required to evaluate the effect on the assessment of risks of material misstatement and responses to assessed risks based on the status of the remediation of these deficiencies. Therefore, we determined that this is a key audit matter.	• Inquired with the Company's management, AFL management and the Company's Audit & Supervisory Committee, inspected meeting materials of AFL Board of Directors, Executive Committee and tested selected journal entries and other adjustments to identify significant transactions that were outside the normal course of business for AFL, or that otherwise appear to be unusual given the auditor's understanding of AFL and its environment and other information obtained during the audit.

<table>
<tr><td colspan="2">Impairment analysis of the optical fiber business in China
(Notes on consolidated financial statements, 3. Significant Accounting Estimates, Impairment losses of fixed assets of optical fiber business in China)</td></tr>
<tr><td>Key audit matter description</td><td>How our audit addressed the key audit matter</td></tr>
<tr><td>As of March 31, 2024, the Company has recorded property, plant and equipment of 165,696 million yen (22.9% of total consolidated assets) on its consolidated balance sheet. Of that total, property, plant and equipment of 11,836 million yen (1.6% of consolidated assets) relates to the Chinese optical fiber business owned by Fujikura FiberHome Opto-Electronics Material Technology Co., Ltd. (hereinafter referred to as "FFOE") located in China.

The optical fiber business in China is included in the Power & Telecommunication Systems Company segment, and China optical fiber business is identified as the cash-generating unit.

Although in this fiscal year, the Company has recorded an operating profit in relation to the optical fiber business in China, the market conditions of optical fibers is significantly deteriorating in the meantime, resulting in concerns about significant deterioration in the business environment, such as uncertain purchasing plans of major customers and declining selling price. Therefore, the Company identified an indicator of potential impairment related to the China optical fiber business.

As a result of the management’s impairment assessment, it was determined that no impairment losses were required for the current fiscal year, as the value in use of the optical fiber business in China exceeded the carrying value of property, plant and equipment attributable to this business.

Based on PITF No.18 “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements”, the Company used consolidated financial information prepared by FFOE in accordance with International Financial Reporting Standards for the purposes of their assessment.</td><td>In order to evaluate the impairment analysis of the optical fiber business in China, we performed the following principal audit procedures, including the work performed by the auditors of FFOE, which was based on instructions provided by us.

We understood and evaluated the design and implementation and operating effectiveness of internal controls related to the process of developing and approving future plans for the optical fiber business in China.

We verified the consistency of the future plans approved by management and the future cash flows used in the impairment analysis of the optical fiber business in China.

We performed the following procedures to examine the reasonableness of the future plans for the optical fiber business in China.

• Obtained an understanding of the Chinese optical fiber business strategy through discussions with management.

• Inquired with the officers and employees of the optical fiber business in China regarding assumptions used in developing future plans and evaluated the reasonableness of those assumptions.

• Compared the Company's forecasted optical fiber market price in China with the market price forecasts in available market research firm reports.

• Evaluated the reasonableness of the discount rate with the assistance of valuation specialists.

We evaluated the adequacy of the work performed by the auditors of FFOE and the evidence obtained through communication with them, and examination of the documents prepared by them.</td></tr>
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The value in use was estimated based on the present value of the future cash flows based on the future plans of the China optical fiber business which were developed and approved by management. The future plans of the China optical fiber business depend on the assumption that the selling price of optical base materials will fluctuate in line with the movement in selling prices as forecasted by market research companies. Also, the discount rate of 13.5% used in calculating the value in use is the pre-tax weighted average cost of capital. These assumptions involve management's subjective judgment and because of the high degree of estimation uncertainty, the quantitative significance of the property, plant and equipment balance of China optical fiber business, a high degree of audit judgment is required for the evaluation. Therefore, we determined that the matter is a key audit matter.	

Impairment analysis of the FPC business (Notes to the consolidated financial statements, 3. Significant Accounting Estimates, Impairment analysis of fixed assets in the FPC business)	
Key audit matter description	How our audit addressed the key audit matter
As of March 31, 2024, the Company recorded property, plant and equipment of 165,696 million yen 22.9% (of total consolidated assets) on the consolidated balance sheets. Of this balance, property, plant and equipment of 21,091 million yen (2.9% of consolidated assets) belong to the Flexible Printed Circuits (FPC) business. The FPC business is the major business of the Electronics Business Division, and this business is the lowest level of operations which generates largely independent cash flows. As the profitability of the FPC business in the Electronics Business Division is expected to decline due to the deterioration of the business environment and the product composition, the Company performed an impairment assessment and recorded a loss of 15,283 million yen for the fixed assets attributable to the FPC business in the fiscal year ended March 31, 2021.The competitive environment has continued with the entrance of new competitors and other factors in the current fiscal year. Management has therefore revised the assumptions for forecast sales to key customers and reflected the risk of not being able to increase sales to new customers to cover that decrease in the mid-term plan. As a result, the Company identified an indicator of potential impairment and recorded an impairment loss of 8,904 million yen. In the current fiscal year, the Company continued to adopt the mid-term management plan which reflects the intensely competitive environment and the risk of not being able to increase sales to new customers, which is consistent with the previous fiscal year. Therefore, the Company identified an indicator of potential impairment related to the FPC business. As a result of the management's impairment assessment, it was determined that no impairment losses were required for the current fiscal year, as the undiscounted future cash	In order to evaluate the impairment analysis of the FPC business, we performed the following principal audit procedures. We understood and evaluated the design and implementation and operating effectiveness of internal controls related to the process of developing and approving the mid-term plan of the FPC business. We verified the consistency between the mid-term plan approved by management and the undiscounted future cash flows used to determine whether impairment losses existed in the FPC business. We performed the following procedures to examine the reasonableness of the mid-term plan of the FPC business. • Obtained an understanding of the FPC business strategy through discussions with management. • Inquired with the officers and employees of the FPC business regarding assumptions used in developing the mid-term plan and evaluated the reasonableness and achievability of those assumptions, and inspected related documents. • Compared the current year forecast to actual results in the previous fiscal year, and analyzed the factors causing any differences, including consideration of whether those factors have been appropriately reflected in the sales and gross profit forecasts to major customers in the current mid-term plan. • Inspected the Company's meeting materials and inquired of officers and employees of the FPC business to evaluate whether the consolidation and elimination of business locations plan exists and is reasonable.

flows of the FPC business exceeded the carrying value of property, plant and equipment attributable to this business. The undiscounted future cash flows used in determining the recognition of impairment losses are estimated based on the mid-term plan of the FPC business developed and approved by management. Estimates of future cash flows include assumptions such as sales projections to major customers and cost reductions due to the consolidation and elimination of business locations, and are calculated over the estimated useful life of the primary assets, machinery and equipment, of the Fujikura Electronics (Thailand) Ltd., which is the main manufacturing base of the FPC business. These assumptions involve management's subjective judgment and because of the high degree of estimation uncertainty, the quantitative significance of the property, plant and equipment balance of the FPC business, a high degree of audit judgment is required for the evaluation. Therefore, we determined that this matter is a key audit matter.	• Performed a sensitivity analysis over key assumptions by assessing fluctuations in the calculated value in use with changes in key assumptions.

Other Information

Other information comprises information included in a document containing audited financial statements, but does not include the financial statements and our auditor's report thereon. We have determined that there is no other information and thus have not performed any work on other information.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 7 to the consolidated financial statements.

FEE-RELATED INFORMATION

In connection with our audit of the consolidated financial statements for the year ended March 31, 2024, the amounts of fees for the audit and the other services charged to Fujikura Ltd. and its controlled entities by PricewaterhouseCoopers Japan LLC and other PwC Network firms are ¥649 million and ¥119 million, respectively.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

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

DocuSigned by:
Tsuyoshi Saito
062627BB30D94C6...

Tsuyoshi Saito

Designated Engagement Partner
Certified Public Accountant

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Takahiro Oikawa
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Takahiro Oikawa

Designated Engagement Partner
Certified Public Accountant

June 27, 2024