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Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]



May 9, 2024

Company name: DAIHEN Corporation
 Stock exchange listing: Tokyo Stock Exchange, Fukuoka Stock Exchange
 Stock exchange code: 6622
 URL: <https://www.daihen.co.jp/>
 Representative: Shoichiro Minomo, President and Chief Executive Officer
 Contact: Shigeo Ozawa, Vice President, General Manager, Finance & Accounting Department, Planning Division
 Phone: +81-6-6390-5506
 Scheduled date of annual general meeting of shareholders: June 26, 2024
 Scheduled date of commencing dividend payments: June 27, 2024
 Scheduled date of filing securities report: June 26, 2024
 Availability of supplementary explanatory materials on financial results: Available
 Schedule of financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 -March 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2024	188,571	1.8	15,145	(8.6)	16,082	(8.9)	16,494	25.0
March 31, 2023	185,288	15.4	16,568	16.7	17,660	11.8	13,193	20.1

(Note) Comprehensive income: Fiscal year ended March 31, 2024: 25,608 million yen [49.8 %]

Fiscal year ended March 31, 2023: 17,099 million yen [37.8 %]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	673.20	—	13.3	6.6	8.0
March 31, 2023	537.67	—	12.4	8.7	8.9

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended March 31, 2024: 235 million yen

Fiscal year ended March 31, 2023: 182 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	276,624	148,595	48.5	5,493.67
As of March 31, 2023	212,690	119,905	53.5	4,637.52

(Reference) Equity: As of March 31, 2024: 134,136 million yen

As of March 31, 2023: 113,800 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2024	(8,993)	(10,564)	25,954	22,077
March 31, 2023	(7,233)	(4,717)	1,895	14,853

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2023	—	75.00	—	87.00	162.00	3,988	30.1	3.7
Fiscal year ended March 31, 2024	—	82.50	—	82.50	165.00	4,045	24.5	3.3
Fiscal year ending March 31, 2025 (Forecast)	—	82.50	—	82.50	165.00		33.6	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	90,000	14.0	4,500	(11.3)	5,000	(13.6)	3,500	(14.4)	143.35
Full year	205,000	8.7	16,000	5.6	16,800	4.5	12,000	(27.2)	491.47

* Notes:

(1) Changes in significant subsidiaries during the period under review

(Changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

(Note) DAIHEN Techno Support Corporation, which used to be a consolidated subsidiary, was excluded from the scope of consolidation from the fiscal year ended March 31, 2024 because it was dissolved as of April 1, 2023, due to an absorption-type merger, in which the Company was the surviving company.

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2024: 25,603,291 shares

March 31, 2023: 27,103,291 shares

2) Total number of treasury shares at the end of the period:

March 31, 2024: 1,186,740 shares

March 31, 2023: 2,564,265 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2024: 24,502,083 shares

Fiscal year ended March 31, 2023: 24,538,646 shares

(Reference) Summary of Non-consolidated Financial Results**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024)****(1) Non-consolidated Operating Results** (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	133,835	(4.7)	6,512	(41.7)	8,126	(38.1)	7,166	(31.7)
March 31, 2023	140,506	19.0	11,164	18.5	13,120	6.8	10,487	17.3

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	291.48	—
March 31, 2023	426.02	—

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2024	162,852	63,801	39.2	2,613.03
March 31, 2023	132,791	60,164	45.3	2,444.03

(Reference) Equity: As of March 31, 2024: 63,801 million yen
As of March 31, 2023: 60,164 million yen

<Reasons for the discrepancy between latest results and those of the previous fiscal year on a non-consolidated basis>
Net sales decreased mainly due to reduced demand for semiconductor manufacturing equipment. As a result, operating profit, ordinary profit, and profit also decreased year on year.

* These consolidated financial results are outside the scope of audits by certified public accountants or an audit firm.

*** Explanation of the proper use of financial results forecast and other notes**

The earnings forecasts and other forward-looking statements contained in this report are based on information available to the Company on the date of this report's release and certain premises that the Company deems to be reasonable. Actual financial results, etc. may differ significantly due to a wide range of factors. For details on the earnings forecasts of the Company, please see "1. Overview of Operating Results, etc. (4) Future Outlook" on page 4 of the attachments.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

The business environment for DAIHEN Corporation (the “Company”) and its subsidiaries (collectively, the “DAIHEN Group”) for the fiscal year ended March 31, 2024 (the “fiscal year under review”) was severe, with semiconductor-related investment continuing to undergo an adjustment phase. Meanwhile, as Tohoku Electric Manufacturing Co., Ltd. and SHIHEN TECHNICAL Corporation became consolidated subsidiaries, the performance of the DAIHEN Group was net sales of 188,571 million yen (up 1.8% year-on-year), the same level as the previous year. In income results, the significant impact of a decrease in net sales of semiconductor manufacturing equipment resulted in operating profit of 15,145 million yen (down 1,422 million yen year-on-year), ordinary profit of 16,082 million yen (down 1,577 million yen year-on-year), while profit attributable to owners of parent was 16,494 million yen (up 3,300 million yen year-on-year) due to recording of gain on bargain purchase associated with the above-mentioned acquisition of shares of subsidiaries.

The performance of each segment is as follows.

Effective from the fiscal year under review, business segments to be stated as reportable segments have been changed, and comparison with the previous fiscal year and analysis of performance of each segment are based on the new categories.

1) Energy Management

Investment in the replacement of power distribution products and power-receiving facilities for plants in Japan has been generally strong, and owing to an increase in decarbonization-related investments in private companies, sales of solar power packages for captive consumption and EV charging systems also increased. In addition, as Tohoku Electric Manufacturing Co., Ltd. and SHIHEN TECHNICAL Corporation have been added to the scope of consolidation, net sales were 97,602 million yen (up 29.5% year-on-year) and operating profit was 8,343 million yen (up 4,679 million yen year-on-year).

2) Factory Automation

Although investment in production automation and EV-related investment increased in Japan and abroad, with domestic demand-related investment in China remained sluggish, net sales were 34,868 million yen (up 3.7% year-on-year). Meanwhile operating profit was 4,103 million yen (down 219 million yen year-on-year) partly due to the advanced expenses.

3) Material Processing

Although sales of welding and joining machines remained strong mainly for construction industry in Japan, the impact of the postponement of investment by semiconductor manufacturers was significant against a backdrop of declining demand for smartphones and PCs. As a result, net sales were 55,937 million yen (down 26.6% year-on-year) and operating profit was 6,324 million yen (down 6,047 million yen year-on-year).

4) Other

Net sales were 185 million yen and operating profit was 28 million yen. There were no significant changes from the previous fiscal year.

(Reference) Performance by Segment

(Million yen)

Segment	Orders Received		Order Backlog		Net Sales		Operating Profit	
	Amount	% change	Amount	% change	Amount	% change	Amount	% change
Energy Management	128,788	+52.4%	79,659	+64.3%	97,602	+29.5%	8,343	+127.7%
Factory Automation	30,636	-11.3%	3,708	-53.2%	34,868	+3.7%	4,103	-5.1%
Material Processing	53,900	-15.4%	11,143	-15.4%	55,937	-26.6%	6,324	-48.9%
Other	185	+2.8%	—	—	185	+2.8%	28	-48.0%
Company Total	213,510	+16.7%	94,511	+35.8%	188,571	+1.8%	15,145	-8.6%

(2) Overview of Financial Position for the Fiscal Year under Review

Total assets at the end of the fiscal year under review increased by 63,933 million yen from the end of the previous fiscal year to 276,624 million yen. This is primarily attributable to an increase in inventories due to a decrease in net sales of semiconductor manufacturing equipment and an increase in retirement benefit assets due to the rise in stock valuation, etc., in addition to the consolidation of Tohoku Electric Manufacturing Co., Ltd., SHIHEN TECHNICAL Corporation, and Lorch Schweißtechnik GmbH as subsidiaries.

Total liabilities at the end of the fiscal year under review increased by 35,243 million yen from the end of the previous fiscal year to 128,028 million yen. This is primarily attributable to an increase in the number of subsidiaries and an increase in borrowings.

Total net assets at the end of the fiscal year under review increased by 28,690 million yen from the end of the previous fiscal year to 148,595 million yen. This is primarily attributable to increases in retained earnings and foreign currency translation adjustment. The equity ratio decreased by 5.0 percentage points from 53.5% to 48.5%.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the fiscal year under review increased by 7,224 million yen from the end of the previous fiscal year to 22,077 million yen.

(Cash flows from operating activities)

Cash flows from operating activities resulted in a cash outflow of 8,993 million yen primarily due to an increase in inventories and a decrease in trade payables, etc., a decrease of 1,760 million yen compared with the previous fiscal year.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a cash outflow of 10,564 million yen primarily due to purchase of shares of subsidiaries and equity of subsidiaries, etc., a decrease of 5,847 million yen compared with the previous fiscal year.

(Cash flows from financing activities)

Cash flows from financing activities resulted in a cash inflow of 25,954 million yen primarily due to proceeds from borrowings, an increase of 24,059 million yen compared with the previous fiscal year.

(Reference) changes in cash flow-related indicators

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Equity ratio (%)	49.3	52.1	51.2	53.5	48.5
Equity ratio based on market value (%)	44.2	68.6	53.3	51.1	82.0
Ratio of interest- bearing liabilities to cash flows (year)	2.0	2.1	2.2	—	—
Interest coverage ratio (times)	68.2	71.4	45.9	—	—

(Note) Equity ratio: equity/total assets
Equity ratio based on market value: market capitalization/total assets
Ratio of interest-bearing liabilities to cash flows: interest-bearing liabilities/cash flows
Interest coverage ratio: cash flows/interest payments

- * Each indicator is calculated based on consolidated financial figures.
- * Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year by the total number of issued shares at the end of the fiscal year (after excluding treasury shares).
- * Cash flows are the cash flows from operating activities in the consolidated statements of cash flows. Interest-bearing liabilities are all liabilities on the consolidated balance sheets for which interest is being paid. For interest payments, the amount of interest paid in the consolidated statements of cash flows is used.
- * The ratio of interest-bearing liabilities to cash flows and the interest coverage ratio are not shown for the fiscal year ended March 31, 2023 and for the fiscal year ended March 31, 2024, because the cash flows from operating activities were negative.

(4) Future Outlook

Concerning the outlook for the future, the recovery in semiconductor-related investment owing to an increase in demand for generative AI and investments in production automation and decarbonization-related investments are expected to be strong, while there are some concerns including that geopolitical risks could lead to higher prices.

Under this business environment, the Company will be committed to strengthening each business and improving its performance by continuously promoting initiatives for cost reductions for the appropriation for investment in the development that contributes to solving social issues in a focused manner, as well as by generating synergies with new consolidated subsidiaries.

The consolidated financial results forecast for the fiscal year ending March 31, 2025 at this point is as follows.

	(Million yen)	(YoY change, %)
Net sales	205,000	+8.7
Operating profit	16,000	+5.6
Ordinary profit	16,800	+4.5
Profit attributable to owners of parent	12,000	-27.2

(Note) The Company assumes an average exchange rate of 145 yen per US dollar for the period from April 1, 2024 to March 31, 2025.

(5) Basic Policy on Profit Distribution and Dividends for Current and Next Fiscal Years

The Company has set a policy of returning profits to our stakeholders, with a dividend payout ratio of 30% or more as a basic policy.

The Company plans to pay an annual dividend of 165 yen per common share of the Company (year-end dividend of 82.5 yen per share) for the fiscal year under review, resulting in a dividend payout ratio of 36.2% when calculated excluding the gain on bargain purchase without cash income.

Regarding the forecast for dividends for the next fiscal year, after comprehensively taking into account the above policy and the financial situation, the Company plans to pay an annual dividend of 165 yen per share, including an interim dividend of 82.5 yen.

2. Basic Stance on the Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements by term and the comparability among companies, the Group's policy is to prepare its consolidated financial statements in accordance with Japanese GAAP.

With regard to International Financial Reporting Standards (IFRS), the Group's policy is to respond appropriately based on consideration of the situation in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	15,265	23,327
Notes and accounts receivable - trade	44,801	57,746
Merchandise and finished goods	24,430	30,679
Work in process	14,840	16,793
Raw materials and supplies	39,364	51,540
Other	5,702	7,666
Allowance for doubtful accounts	(481)	(785)
Total current assets	143,924	186,968
Non-current assets		
Property, plant and equipment		
Buildings and structures	48,601	56,870
Accumulated depreciation	(29,466)	(36,229)
Buildings and structures, net	19,134	20,640
Machinery, equipment and vehicles	45,908	55,956
Accumulated depreciation	(39,473)	(47,705)
Machinery, equipment and vehicles, net	6,435	8,251
Tools, furniture and fixtures	14,728	17,329
Accumulated depreciation	(12,831)	(15,279)
Tools, furniture and fixtures, net	1,897	2,049
Land	8,921	13,161
Leased assets	1,469	1,476
Accumulated depreciation	(1,067)	(1,130)
Leased assets, net	402	345
Construction in progress	1,264	4,437
Total property, plant and equipment	38,055	48,886
Intangible assets		
Goodwill	—	2,040
Software	1,898	2,055
Leased assets	6	0
Other	213	309
Total intangible assets	2,118	4,406
Investments and other assets		
Investment securities	15,086	14,536
Investments in capital	419	700
Long-term prepaid expenses	82	393
Retirement benefit asset	11,155	17,649
Deferred tax assets	1,286	1,370
Other	612	1,758
Allowance for doubtful accounts	(50)	(45)
Total investments and other assets	28,592	36,362
Total non-current assets	68,766	89,655
Total assets	212,690	276,624

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,786	20,040
Electronically recorded obligations - operating	19,470	15,410
Short-term borrowings	8,103	30,192
Current portion of long-term borrowings	4,784	5,121
Lease liabilities	117	90
Income taxes payable	2,935	2,184
Provision for bonuses	3,928	3,285
Provision for bonuses for directors (and other officers)	124	78
Provision for loss on construction contracts	112	122
Other	7,739	10,111
Total current liabilities	67,102	86,638
Non-current liabilities		
Long-term borrowings	20,002	30,850
Lease liabilities	200	197
Deferred tax liabilities	941	4,279
Provision for retirement benefits for directors (and other officers)	60	109
Provision for loss on guarantees	652	765
Provision for construction expenses related to earthquake resistance renovation	622	578
Provision for product safety measures	5	3
Retirement benefit liability	1,875	2,954
Asset retirement obligations	72	108
Other	1,251	1,542
Total non-current liabilities	25,683	41,389
Total liabilities	92,785	128,028
Net assets		
Shareholders' equity		
Share capital	10,596	10,596
Capital surplus	10,042	10,010
Retained earnings	85,393	94,767
Treasury shares	(4,822)	(2,349)
Total shareholders' equity	101,208	113,025
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,820	6,208
Deferred gains or losses on hedges	—	(0)
Foreign currency translation adjustment	6,321	9,104
Remeasurements of defined benefit plans	2,448	5,798
Total accumulated other comprehensive income	12,591	21,110
Non-controlling interests	6,104	14,459
Total net assets	119,905	148,595
Total liabilities and net assets	212,690	276,624

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

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	185,288	188,571
Cost of sales	132,101	135,166
Gross profit	53,187	53,404
Selling, general and administrative expenses		
Freight and packing costs	4,796	5,116
Travel, transportation and communication expenses	932	1,217
Salaries and allowances and welfare expenses	11,524	12,654
Provision for bonuses	2,111	1,537
Provision for bonuses for directors (and other officers)	124	78
Provision for retirement benefits for directors (and other officers)	10	16
Retirement benefit expenses	325	18
Depreciation	1,416	1,475
Research and development expenses	5,605	5,356
Other	9,772	10,787
Total selling, general and administrative expenses	36,619	38,259
Operating profit	16,568	15,145
Non-operating income		
Interest income	114	169
Dividend income	284	303
Share of profit of entities accounted for using equity method	182	235
Foreign exchange gains	209	443
Rental income from land and buildings	200	215
Gain on sale of scraps	256	253
Technical advisory fee income	51	22
Other	536	568
Total non-operating income	1,836	2,211
Non-operating expenses		
Interest expenses	313	523
Loss on retirement of non-current assets	79	52
Other	350	698
Total non-operating expenses	743	1,274
Ordinary profit	17,660	16,082

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Extraordinary income		
Gain on bargain purchase	—	9,919
Gain on sale of investment securities	413	264
Total extraordinary income	413	10,184
Extraordinary losses		
Loss on step acquisitions	—	4,600
Provision of allowance for doubtful accounts	48	277
Provision for loss on guarantees	135	113
Loss on valuation of investment securities	6	—
Other	—	98
Total extraordinary losses	190	5,089
Profit before income taxes	17,884	21,178
Income taxes- current	5,043	3,899
Income taxes - deferred	(590)	384
Total income taxes	4,453	4,284
Profit	13,430	16,893
Profit attributable to non-controlling interests	237	399
Profit attributable to owners of parent	13,193	16,494

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	13,430	16,893
Other comprehensive income		
Valuation difference on available-for-sale securities	(48)	2,385
Deferred gains or losses on hedges	—	(0)
Foreign currency translation adjustment	2,993	2,789
Remeasurements of defined benefit plans, net of tax	730	3,479
Share of other comprehensive income of entities accounted for using equity method	(6)	60
Total other comprehensive income	3,668	8,714
Comprehensive income	17,099	25,608
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,878	24,946
Comprehensive income attributable to non-controlling interests	221	661

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2023

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,596	10,034	74,980	(4,825)	90,786
Changes during period					
Dividends of surplus			(3,323)		(3,323)
Profit attributable to owners of parent			13,193		13,193
Adjustments due to change in the fiscal period of consolidated subsidiaries			541		541
Effect of fiscal year change of equity method			(0)		(0)
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares		9		8	17
Cancellation of treasury shares					—
Additional purchase of shares of consolidated subsidiaries		(1)			(1)
Increase interests of parent company stock held by consolidated subsidiaries					—
Changes in equity of parent from transaction of non controlling interest					—
Transfer to capital surplus from retained earnings					—
Net changes in items other than shareholders' equity					
Total changes during period	—	8	10,412	2	10,422
Balance at end of period	10,596	10,042	85,393	(4,822)	101,208

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,876	—	3,331	1,698	8,906	5,943	105,636
Changes during period							
Dividends of surplus							(3,323)
Profit attributable to owners of parent							13,193
Adjustments due to change in the fiscal period of consolidated subsidiaries							541
Effect of fiscal year change of equity method							(0)
Purchase of treasury shares							(6)
Disposal of treasury shares							17
Cancellation of treasury shares							—
Additional purchase of shares of consolidated subsidiaries							(1)
Increase interests of parent company stock held by consolidated subsidiaries							—
Changes in equity of parent from transaction of non controlling interest							—
Transfer to capital surplus from retained earnings							—
Net changes in items other than shareholders' equity	(55)	—	2,990	749	3,684	161	3,846
Total changes during period	(55)	—	2,990	749	3,684	161	14,269
Balance at end of period	3,820	—	6,321	2,448	12,591	6,104	119,905

For the fiscal year ended March 31, 2024

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,596	10,042	85,393	(4,822)	101,208
Changes during period					
Dividends of surplus			(4,172)		(4,172)
Profit attributable to owners of parent			16,494		16,494
Adjustments due to change in the fiscal period of consolidated subsidiaries					—
Effect of fiscal year change of equity method					—
Purchase of treasury shares				(11)	(11)
Disposal of treasury shares		12		6	18
Cancellation of treasury shares		(3,002)		3,002	—
Additional purchase of shares of consolidated subsidiaries					—
Increase interests of parent company stock held by consolidated subsidiaries				(524)	(524)
Changes in equity of parent from transaction of non controlling interest		11			11
Transfer to capital surplus from retained earnings		2,947	(2,947)		—
Net changes in items other than shareholders' equity					
Total changes during period	—	(31)	9,374	2,473	11,816
Balance at end of period	10,596	10,010	94,767	(2,349)	113,025

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,820	—	6,321	2,448	12,591	6,104	119,905
Changes during period							
Dividends of surplus							(4,172)
Profit attributable to owners of parent							16,494
Adjustments due to change in the fiscal period of consolidated subsidiaries							—
Effect of fiscal year change of equity method							—
Purchase of treasury shares							(11)
Disposal of treasury shares							18
Cancellation of treasury shares							—
Additional purchase of shares of consolidated subsidiaries							—
Increase interests of parent company stock held by consolidated subsidiaries							(524)
Changes in equity of parent from transaction of non controlling interest							11
Transfer to capital surplus from retained earnings							—
Net changes in items other than shareholders' equity	2,387	(0)	2,782	3,350	8,519	8,354	16,874
Total changes during period	2,387	(0)	2,782	3,350	8,519	8,354	28,690
Balance at end of period	6,208	(0)	9,104	5,798	21,110	14,459	148,595

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	17,884	21,178
Depreciation	5,069	5,324
Gain on bargain purchase	—	(9,919)
Loss on step acquisitions	—	4,600
Increase (decrease) in allowance for doubtful accounts	26	257
Increase (decrease) in provision for bonuses	367	(1,182)
Increase (decrease) in provision for loss on construction contracts	32	9
Increase (decrease) in provision for loss on guarantees	135	113
Increase (decrease) in provision for construction expenses related to earthquake resistance renovation	(2)	(43)
Increase (decrease) in provision for product safety measures	(9)	(1)
Increase (decrease) in retirement benefit liability	(65)	810
Decrease (increase) in retirement benefit asset	(443)	(234)
Interest and dividend income	(399)	(472)
Interest expenses	313	523
Share of loss (profit) of entities accounted for using equity method	(182)	(235)
Loss (gain) on valuation of investment securities	6	—
Loss (gain) on sale of investment securities	(413)	(264)
Decrease (increase) in trade receivables	(8,797)	(2,889)
Decrease (increase) in inventories	(14,359)	(10,459)
Increase (decrease) in trade payables	(203)	(9,744)
Other, net	(1,204)	(1,108)
Subtotal	(2,246)	(3,738)
Interest and dividends received	413	493
Interest paid	(318)	(526)
Income taxes paid	(5,081)	(5,222)
Net cash provided by (used in) operating activities	(7,233)	(8,993)
Cash flows from investing activities		
Net decrease (increase) in time deposits	—	(400)
Purchase of property, plant and equipment	(4,470)	(6,912)
Proceeds from sale of property, plant and equipment	43	39
Purchase of intangible assets	(723)	(569)
Purchase of investment securities	(16)	(7)
Proceeds from sale of investment securities	618	305
Net decrease (increase) in short-term loans receivable	—	(277)
Payments for investments in capital of subsidiaries	(213)	—
Proceeds from divestments	9	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,647)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	2,406
Purchase of equity of subsidiaries resulting in change in scope of consolidation	—	(2,631)
Other, net	35	(870)
Net cash provided by (used in) investing activities	(4,717)	(10,564)

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,307	20,240
Proceeds from long-term borrowings	7,500	15,000
Repayments of long-term borrowings	(4,384)	(4,884)
Repayments of lease liabilities	(133)	(156)
Purchase of treasury shares	(6)	(11)
Dividends paid	(3,327)	(4,166)
Other, net	(61)	(66)
Net cash provided by (used in) financing activities	1,895	25,954
Effect of exchange rate change on cash and cash equivalents	297	827
Net increase (decrease) in cash and cash equivalents	(9,757)	7,224
Cash and cash equivalents at beginning of period	24,409	14,853
Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	201	—
Cash and cash equivalents at end of period	14,853	22,077

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Business combination)

Transaction under common control

Absorption-type merger of consolidated subsidiary

(1) Outline of the transaction

1) Name of the parties to the combination and description of their business

Name of surviving company	DAIHEN Corporation
Description of business	Manufacture and sale of a variety of transformer, power distribution equipment, control and telecommunications equipment, dispersed power equipment, welding machines, cutting machines, industrial robots, RF generator for plasma applications, etc.
Name of merged company	DAIHEN Techno Support Corporation
Description of business	Sale, maintenance, and inspection of welding machines, cutting machines, industrial robots, etc.

2) Date of the business combination

April 1, 2023

3) Legal format of the business combination

An absorption-type merger with the Company as the surviving company, and DAIHEN Techno Support Corporation has been dissolved.

4) Name of the combined enterprise

DAIHEN Corporation

5) Other matters related to the outline of the transaction

The Company determined to merge with DAIHEN Techno Support Corporation, a domestic sales subsidiary for the Welding & Mechatronics Business, and integrate its sales functions into the Company for the purpose of strengthening the business.

(2) Outline of the implemented accounting methods

The Company has treated the transaction as a transaction under common control in accordance with the Accounting Standards for Business Combinations and Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.

Business combination through acquisition

(1) Outline of the business combination

1) Name of acquired company and description of its business

Name of acquired company	Tohoku Electric Manufacturing Co., Ltd.
Description of business	Manufacture, repair, sales, and installation of transformers for power distribution, distribution panels, etc.

2) Main purpose of the business combination

The Company acquired the shares for the purpose of expanding sales in the Tohoku region and strengthening the production system through synergies with Tohoku Electric Manufacturing Co., Ltd. by making Tohoku Electric Manufacturing Co., Ltd. a subsidiary.

3) Date of the business combination

October 1, 2023

4) Legal format of the business combination

Acquisition of shares for consideration in cash

- 5) Name of the combined enterprise
No change in the company name
- 6) Ratio of voting rights acquired
70%
- 7) Major grounds for deciding on the acquiring company
The Company acquired 70% of voting rights of Tohoku Electric Manufacturing Co., Ltd. through the acquisition of shares for consideration in cash.

- (2) Period of performance of the acquired company included in the consolidated statements
From October 1, 2023 to March 31, 2024

- (3) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition	Cash	3,470 million yen
Acquisition cost		3,470 million yen

- (4) Principal acquisition related expenses
Advisory fees, etc.: 14 million yen

- (5) Amount of gain on bargain purchase accrued and the cause of the accrual

- 1) Amount of gain on bargain purchase accrued
1,971 million yen

- 2) Cause of the accrual

Since the market value of net assets at the time of business combination exceeded the acquisition cost, the difference is recorded as a gain on bargain purchase.

- (6) Amount and details of the assets acquired and liabilities assumed on the date of business combination

Current assets	5,563 million yen
Non-current assets	4,494 million yen
<u>Total assets</u>	<u>10,057 million yen</u>
Current liabilities	1,406 million yen
Non-current liabilities	877 million yen
<u>Total liabilities</u>	<u>2,283 million yen</u>

- (7) Estimated impact on the consolidated statement of income for the fiscal year under review, with the method of its calculation, assuming that the business combination was completed on the date of commencement of the consolidated fiscal year

Net sales	3,500 million yen
Ordinary profit	42 million yen
Profit before income taxes	42 million yen

- (Calculation method of the estimated amount)

The difference between net sales and profit and loss information, calculated on the assumption that the business combination was completed on the date of commencement of the consolidated fiscal year, and net sales and profit and loss information in the consolidated statement of income of the acquiring company is used as the estimated impact.

These notes are not subject to audit certification.

Business combination through acquisition

(1) Outline of the business combination

1) Name of acquired company and description of its business

Name of acquired company	SHIHEN TECHNICAL Corporation
Description of business	Manufacture, sales, and repair of transformers, distribution panels, generators, etc.

2) Main purpose of the business combination

The Company acquired additional shares of SHIHEN TECHNICAL Corporation, an equity method affiliate, and made it a consolidated subsidiary for the purpose of implementing the division of labor for the production of electronic equipment products within the Group more flexibly than ever before.

3) Date of the business combination

October 1, 2023

4) Legal format of the business combination

Acquisition of shares for consideration in cash

5) Name of the combined enterprise

No change in the company name

6) Ratio of voting rights acquired

Ratio of voting rights held immediately prior to the business combination	38.6%
Ratio of voting rights additionally acquired on the date of the business combination	26.7%
<hr/>	
Ratio of voting rights after acquisition	65.3%

7) Major grounds for deciding on the acquiring company

The Company acquired 65.3% of voting rights of SHIHEN TECHNICAL Corporation through the acquisition of shares for consideration in cash.

(2) Period of performance of the acquired company included in the consolidated statements

From October 1, 2023 to March 31, 2024

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Market value of shares held immediately prior to the business combination on the date of the business combination	982 million yen
Consideration for additional acquisition	Cash 679 million yen
<hr/>	
Acquisition cost	1,662 million yen

(4) Difference between the acquisition cost of the acquired company and the total acquisition cost for each transaction that led to the acquisition

Loss on step acquisitions	4,600 million yen
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(5) Principal acquisition related expenses

Advisory fees, etc.: 9 million yen

(6) Amount of gain on bargain purchase accrued and the cause of the accrual

1) Amount of gain on bargain purchase accrued
7,948 million yen

2) Cause of the accrual

Since the market value of net assets at the time of business combination exceeded the acquisition cost, the difference is recorded as a gain on bargain purchase.

(7) Amount and details of the assets acquired and liabilities assumed on the date of business combination

Current assets	15,581 million yen
Non-current assets	4,882 million yen
<u>Total assets</u>	<u>20,464 million yen</u>
Current liabilities	4,711 million yen
Non-current liabilities	1,034 million yen
<u>Total liabilities</u>	<u>5,745 million yen</u>

(8) Estimated impact on the consolidated statement of income for the fiscal year under review, with the method of its calculation, assuming that the business combination was completed on the date of commencement of the consolidated fiscal year

Net sales	6,413 million yen
Ordinary profit	482 million yen
Profit before income taxes	482 million yen

(Calculation method of the estimated amount)

The difference between net sales and profit and loss information, calculated on the assumption that the business combination was completed on the date of commencement of the consolidated fiscal year, and net sales and profit and loss information in the consolidated statement of income of the acquiring company is used as the estimated impact.

These notes are not subject to audit certification.

Business combination through acquisition

(1) Outline of the business combination

1) Name of acquired company and description of its business

Name of acquired company	Lorch Schweißtechnik GmbH
Description of business	Development, manufacture, and sales of welding machines and sales of industrial robots, etc.

2) Main purpose of the business combination

The Company acquired the shares for the purpose of expanding worldwide sales in new areas including EV, wind power, and other industries by taking the heightened recognition of its business in European markets as an opportunity, with the aim to be the No. 1 manufacturer in European markets in the areas of the welding machine and arc welding robot industries, by making Lorch Schweißtechnik GmbH a subsidiary.

3) Date of the business combination

April 1, 2024

4) Legal format of the business combination

Acquisition of shares for consideration in cash

5) Name of the combined enterprise

No change in the company name

6) Ratio of voting rights acquired

100%

7) Major grounds for deciding on the acquiring company

The Company acquired 100% of voting rights of Lorch Schweißtechnik GmbH through the acquisition of shares for consideration in cash.

(2) Period of performance of the acquired company included in the consolidated statements

Even though the closing date of the acquired company is December 31, the financial statements of the acquired company as of that date are used in preparing the consolidated financial statements, as the difference in the company's closing date and the consolidated closing date does not exceed three (3) months. Given that the projected date of acquisition for the business combination is January 1, 2024, and that only the balance sheet is consolidated,

the performance of the acquired company is not included in the consolidated statement of income.

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition	Cash	21,000 thousand euro
Acquisition cost		21,000 thousand euro

(Note) The consideration for acquisition includes the conditional consideration for acquisition of 4,200 thousand euro, but the final acquisition cost is at present undetermined.

(4) Principal acquisition related expenses

Advisory fees, etc.: 174 million yen

(5) Amount of goodwill accrued, the cause of the accrual, and the method and period of amortization

1) Amount of goodwill accrued

2,040 million yen

2) Cause of the accrual

Since the acquisition cost exceeded the market value of net assets at the time of business combination, the difference is recorded as goodwill.

3) Method and period of amortization

Equal amortization over nine (9) years

(6) Allocation of acquisition cost

At the end of the consolidated fiscal year under review, identifiable assets and liabilities as of the date of business combination have not been determined and the market value thereof has not been calculated. Since the allocation of acquisition cost is not completed, provisional accounting treatment has been applied based on reasonable information available at the time.

(7) Amount and details of the assets acquired and liabilities assumed on the date of business combination

Current assets	2,678 million yen
Non-current assets	1,458 million yen
Total assets	4,137 million yen
Current liabilities	2,557 million yen
Non-current liabilities	981 million yen
Total liabilities	3,538 million yen

(8) Information on the conditional consideration for acquisition stipulated in the business combination agreements and the accounting policy for and after the fiscal year under review

In accordance with the equity transfer agreement, the final acquisition cost may change because of certain accompanying events occurring in the future. If a change in acquisition cost is incurred, we will revise the acquisition cost, deeming the revised cost as incurred at the time of acquisition, and revise the amount and amortization of goodwill.

(9) Estimated impact on the consolidated statement of income for the fiscal year under review, with the method of its calculation, assuming that the business combination was completed on the date of commencement of the consolidated fiscal year

Net sales	7,702 million yen
Ordinary profit	(290) million yen
Profit before income taxes	(290) million yen

(Calculation method of the estimated amount)

The difference between net sales and profit and loss information, calculated on the assumption that the business

combination was completed on the date of commencement of the consolidated fiscal year, and net sales and profit and loss information in the consolidated statement of income of the acquiring company is used as the estimated impact. In addition, the amount of amortization is calculated assuming that the goodwill recognized at the time of business combination occurred on the date of commencement of the consolidated fiscal year, and is included in the estimated amount.

These notes are not subject to audit certification.

(Segment information, etc.)

(Segment information)

1. Outline of reportable segments

The reportable segments of the Company are determined from those which can provide separate financial information, and are regularly reviewed by the Board of Directors to determine the allocation of management resources and to evaluate performance among the constituent units of the Company.

The Company has employed a business division system and each business division formulates comprehensive domestic and overseas strategies for the products and services it handles and conducts business activities.

The Company set “Energy Management,” “Factory Automation,” and “Material Processing” as new technology domains in its medium-term plan drafted in FY2015 and has focused on development in each of these, with the aim of becoming a development-focused company that helps solve social issues.

As a result, the Company has expanded its business to domains such as EMS products that contribute to the achievement of a decarbonized society, production automation systems that are useful in solving labor shortages, line of products that help in the high precision processing of various metallic materials, which will be needed in the future. The Company has realized a certain level of success, which has been recognized by stakeholders.

Therefore, we have decided to realign the reportable segments from the previous “Power Products Business,” “Welding & Mechatronics Business,” and “Semiconductor & FPD Related Business” to technology domains.

The main products comprising each reportable segment are as follows.

Old segments	Main products		New segments	Main products
Power Products Business	Transformers	⇒	Energy Management	Transformers
	Power receiving and distribution systems			Power receiving and distribution systems
	Control and telecommunications equipment			Control and telecommunications equipment
	Charging systems			Charging systems
	Dispersed power equipment, etc.			Dispersed power equipment, etc.
Welding & Mechatronics Business	Welding machines		Factory Automation	Industrial robots
	Plasma cutting machines			Clean transfer robots
	Industrial robots		Material Processing	Welding machines
RF generators for plasma applications	Plasma cutting machines			
Semiconductor & FPD Related Business	Clean transfer robots		RF generators for plasma applications	

The Company has shifted to the new reportable segments from the consolidated fiscal year ended March 31, 2024.

Segment information for the consolidated fiscal year ended March 31, 2023 is based on the new categories.

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

Accounting methods for business segments reported are generally the same as those stated in “Important Matters Forming the Basis for Preparing Consolidated Financial Statements.”

Reportable segment profit figures are based on operating profit. Inter-segment income and transfers are based on market prices.

3. Information on net sales, profit (loss), assets, and other by reportable segment

For the fiscal year ended March 31, 2023

(Million yen)

	Reportable segment				Other (Note 1)	Total
	Energy Management	Factory Automation	Material Processing	Total		
Net sales						
Net sales to outside customers	75,371	33,579	76,157	185,107	180	185,288
Inter-segment net sales or transfers	—	33	2	35	—	35
Total	75,371	33,612	76,159	185,142	180	185,323
Segment profit	3,664	4,322	12,372	20,359	55	20,415
Segment assets	78,035	37,779	74,127	189,942	1,253	191,196
Other						
Depreciation (Note 2)	2,295	771	1,229	4,296	23	4,319
Increase in property, plant and equipment and intangible assets (Note 3)	1,620	1,151	1,291	4,063	5	4,068

- (Notes) 1. “Other” refers to business segments not included in the reportable segments and includes the real estate leasing business, etc.
2. “Depreciation” includes amortization of long-term prepaid expenses.
3. “Increase in property, plant and equipment and intangible assets” includes an increase in long-term prepaid expenses.

For the fiscal year ended March 31, 2024

(Million yen)

	Reportable segment				Other (Note 1)	Total
	Energy Management	Factory Automation	Material Processing	Total		
Net sales						
Net sales to outside customers	97,602	34,848	55,934	188,385	185	188,571
Inter-segment net sales or transfers	—	19	2	22	—	22
Total	97,602	34,868	55,937	188,408	185	188,594
Segment profit	8,343	4,103	6,324	18,771	28	18,800
Segment assets	122,276	46,765	85,887	254,929	1,215	256,144
Other						
Depreciation (Note 2)	2,578	792	1,215	4,586	0	4,586
Increase in property, plant and equipment, and intangible assets (Notes 3 and 4)	3,092	810	3,591	7,494	1	7,495

- (Notes) 1. “Other” refers to business segments not included in the reportable segments and includes the real estate leasing business, etc.
2. “Depreciation” includes amortization of long-term prepaid expenses.
3. “Increase in property, plant and equipment and intangible assets” includes an increase in long-term prepaid expenses.
4. “Increase in property, plant and equipment and intangible assets” does not include an increase associated with the new consolidation.

4. Information on the difference between total amounts of reportable segments and the amounts recorded in the Consolidated Financial Statements and the main contents of the difference (matters concerning variation adjustment)

(Million yen)

Net sales	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Reportable Segment Total	185,142	188,408
Net sales in “Other” category	180	185
Elimination of inter-segment transactions	(35)	(22)
Net sales in consolidated financial statements	185,288	188,571

(Million yen)

Profit	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Reportable Segment Total	20,359	18,771
Profit in “Other” category	55	28
Elimination of inter-segment transactions	(0)	(1)
Company-wide expenses (Note)	(3,847)	(3,653)
Operating profit in consolidated financial statements	16,568	15,145

(Note) “Company-wide expenses” are mainly general and administrative expenses that do not belong to the reportable segments.

(Million yen)

Assets	As of March 31, 2023	As of March 31, 2024
Reportable Segment Total	189,942	254,929
Assets in “Other” category	1,253	1,215
Company-wide assets (Note)	21,887	20,897
Other adjustments	(393)	(417)
Total assets in consolidated financial statements	212,690	276,624

(Note) “Company-wide assets” are mainly land and buildings of the head office and long-term investment funds (investment securities) of the filing company, etc. that do not belong to the reportable segments.

(Million yen)

Other	Reportable Segment Total		Other		Adjustments (Note)		Amounts recorded in the Consolidated Financial Statements	
	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year
Depreciation	4,296	4,586	23	0	749	737	5,069	5,324
Increase in property, plant and equipment, and intangible assets	4,063	7,494	5	1	803	783	4,872	8,278

(Note) Adjustments of increase in property, plant and equipment, and intangible assets are investments in company-wide seismic retrofitting and information systems, etc.

(Related information)

For the fiscal year ended March 31, 2023

1. Information by product and service

This is omitted as the product and service categories are the same as the reportable segment categories.

2. Information by geographical area

(1) Net sales

(Million yen)

Japan	North America	Asia	Other	Total
146,707	6,186	26,895	5,497	185,288

(Note) Net sales are based on the location of customers and are categorized by country or region.

(2) Property, plant and equipment

(Million yen)

Japan	North America	Asia		Other	Total
			Thailand		
31,694	314	4,687	2,495	1,359	38,055

3. Information by major customer

(Million yen)

Name of customer	Net sales	Related segment
Tokyo Electron Miyagi Ltd.	44,272	Material Processing
The Kansai Electric Power Company, Incorporated (Note)	21,271	Energy Management

(Note) Net sales to Kansai Transmission and Distribution, Inc., which belongs to the same corporate group of The Kansai Electric Power Company, Incorporated, are aggregated.

For the fiscal year ended March 31, 2024

1. Information by product and service

This is omitted as the product and service categories are the same as the reportable segment categories.

2. Information by geographical area

(1) Net sales

(Million yen)

Japan	North America	Asia	Other	Total
149,047	6,317	27,881	5,324	188,571

(Note) Net sales are based on the location of customers and are categorized by country or region.

(2) Property, plant and equipment

(Million yen)

Japan	North America	Asia		Other	Total
			Thailand		
40,758	342	5,481	3,263	2,303	48,886

3. Information by major customer

(Million yen)

Name of customer	Net sales	Related segment
The Kansai Electric Power Company Incorporated (Note)	25,482	Energy Management
Tokyo Electron Miyagi Ltd.	25,338	Material Processing

(Note) Net sales to Kansai Transmission and Distribution, Inc., which belongs to the same corporate group of The Kansai Electric Power Company, Incorporated, are aggregated.

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

For the fiscal year ended March 31, 2023

Not applicable.

For the fiscal year ended March 31, 2024

Not applicable.

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

For the fiscal year ended March 31, 2023

Not applicable.

For the fiscal year ended March 31, 2024

(Million yen)

	Reportable segment				Other	Company-wide/ Elimination	Total
	Energy Management	Factory Automation	Material Processing	Total			
(Goodwill)							
Amortization amount	—	—	—	—	—	—	—
Unamortized balance	—	—	2,040	2,040	—	—	2,040

(Information on gain on bargain purchase by reportable segment)

For the fiscal year ended March 31, 2023

Not applicable.

For the fiscal year ended March 31, 2024

The Company recorded a gain on bargain purchase of 1,971 million yen due to the acquisition of shares of Tohoku Electric Manufacturing Co., Ltd. for consolidation as a subsidiary on October 1, 2023 as the date of the business combination in the “Energy Management” segment.

The Company also recorded a gain on bargain purchase of 7,948 million yen due to the additional acquisition of shares of SHIHEN TECHNICAL Corporation for consolidation as a subsidiary on October 1, 2023 as the date of the business combination in the “Energy Management” segment.

(Per share information)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net assets per share	4,637.52 yen	5,493.67 yen
Basic earnings per share	537.67 yen	673.20 yen

(Notes) 1. Diluted earnings per share are not presented as there is no share outstanding with dilutive effect.

2. The basis for the calculation of basic earnings per share is as follows.

Category	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit attributable to owners of parent (Million yen)	13,193	16,494
Amount not attributable to shareholders of common shares (Million yen)	—	—
Profit attributable to owners of parent relating to common shares (Million yen)	13,193	16,494
Average number of common shares (Shares)	24,538,646	24,502,083

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

Category	As of March 31, 2023	As of March 31, 2024
Total net assets (Million yen)	119,905	148,595
Amount deducted from total net assets (Million yen)	6,104	14,459
[of which, non-controlling interests (Million yen)]	[6,104]	[14,459]
Year-end net assets related to common shares (Million yen)	113,800	134,136
Number of common shares at year-end used to calculate net assets per share (Shares)	24,539,026	24,416,551

(Significant subsequent events)

Not applicable.