KANEMATSU CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

Independent Auditor's Report

To the Board of Directors of Kanematsu Corporation

Opinion

We have audited the consolidated financial statements of Kanematsu Corporation and its subsidiaries (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 IFRS Accounting Standards.

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.

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Impairment assessments of goodwill and the carrier shop operating rights of the domestic subsidiaries' mobile business (Notes to consolidated financial statements 10 Goodwill and Intangible Assets)	
Key audit matter description	How our audit addressed the key audit matter
Goodwill and the carrier shop operating rights attributed to the mobile business of the domestic subsidiaries of the Company and its subsidiaries were initially recognized as a result of the business combination affected by Kanematsu Communications Limited, a wholly-owned subsidiary of the Company which operates the mobile communication device distribution agency business, with entities which operate the same agency business. The carrying amounts of goodwill and the carrier shop operating rights as of March 31, 2024 were JPY3,344 million (0.5% of total assets of the consolidated financial statements) and JPY16,906 million (2.3% of total assets of the consolidated financial statements), respectively. The carrier shop operating rights are rights to earn revenue by operating mobile communication device distribution shops for specific carriers. The rights are identified as indefinite-lived intangible assets because the intangible assets are considered to continue to exist as long as the business continues. This business combination was an acquisition in order to expand the market share of the mobile business, and as a result of the business combination, the significance of the mobile business of the domestic subsidiaries to the consolidated results increased. In addition, the impact of the uncertainty of future revenues due to changes in the external environment, such as revisions to the Telecommunications Business Law in Japan and changes in mobile phone rate plans by telecommunications carriers, on changes in the gross profit of the mobile business of the domestic subsidiaries could be significant. In accordance with IAS 36, "Impairment of Assets", the Group performs an impairment test annually and whenever there is an indication of impairment for goodwill and the carrier shop operating rights. The recoverable amount of the cash-generating units including goodwill and the carrier shop operating rights in the impairment test is determined based on the value in use. The value in use is calculated by discounting the future cash flows based on the	We performed the following principal audit procedures in relation to the impairment assessment of goodwill and the carrier shop operating rights with material amounts in the domestic subsidiaries' mobile business: • We inquired of management to understand the current business environment and risks of the mobile business. • We evaluated the design and implementation and tested the operating effectiveness of internal controls related to the impairment assessment process. • We assessed the reasonableness of the cash-generating units identified by management. • We obtained results of impairment tests of the cash-generating unit and recalculated management's estimates based on each assumption and model. • With respect to the five-year forecasts used for the estimation of the value in use, we assessed reasonableness by comparing the current year forecast with the actual results including gross profit and comparing the future changes in revenue and gross profit with the market trends in the domestic mobile business, as well as the forecasts of comparable companies. • We inspected the Board of Directors meeting minutes and management committee minutes and compared the five-year forecasts used for the estimation of the value in use above with the forecasts approved by management. • We compared the growth rates with the historical data published by the Cabinet Office. • We assessed the discount rate and performed the following procedures: ◦ We verified that the model used to determine the discount rate is appropriate. ◦ We verified the consistency of the data used with external information and internal financial information.

five-year forecasts approved by management and the growth rate to present value. The growth rate is determined considering the nominal GDP growth rate and the long-term average growth rate for the country to which the cash-generating unit belongs. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, based on the nature and geographical location of the business. The estimate of the value in use that is used in the annual impairment test is based on assumptions with a high degree of estimation uncertainty such as future changes in gross profit due to the changes in the external environment of the mobile business of domestic subsidiaries, the growth rate, and the discount rate. If impairment losses on goodwill and carrier shop operating rights are recognized, such losses could have a material impact on the consolidated financial statements. As such, we determined that the impairment assessment of the mobile business's goodwill and the carrier shop operating rights is a key audit matter.	

Impairment assessment of goodwill related to the domestic subsidiary’s card printer business (Notes to consolidated financial statements 10 Goodwill and Intangible Assets)	
Key audit matter description	How our audit addressed the key audit matter
Goodwill attributed to the card printer business of a domestic subsidiary of the Company was initially recognized as a result of the business combination of G-Printec, Inc. The carrying amount is JPY2,485 million (0.3% of total assets of the consolidated financial statements) as of March 31, 2024. The card printer business faces sales competition with overseas and domestic competitors. As major overseas markets are exposed to changes in market conditions and trends in each country, there is a high degree of estimation uncertainty in the forecasted earnings on changes in the gross profit of the card printer business. In accordance with IAS 36, "Impairment of Assets", the Group performs an impairment test for goodwill annually and whenever there is an indication of impairment. The recoverable amount of the cash-generating unit including goodwill in the impairment test is determined based on the value in use. The value in use is calculated by discounting the future cash flows based on the five-year forecasts approved by management and the growth rate to present value. The growth rate is determined considering the nominal GDP growth rate and the long-term average growth rate for the country to which the cash-generating unit belongs. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, based on the nature of the business. The estimate of the value in use that is used in the annual impairment test is based on assumptions with a high degree of estimation uncertainty such as future changes in gross profit due to typical competition in the industry, the growth rate, and the discount rate. If impairment losses on goodwill are recognized, such losses could have a material impact on the consolidated financial statements. As such, we determined that the impairment assessment of goodwill related to the domestic subsidiary's card printer business is a key audit matter.	We performed the following principal audit procedures in relation to the impairment assessment of goodwill in the domestic subsidiary’s card printer business: • We inquired of management to understand the current business environment and business risks of the card printer business. • We evaluated the design and implementation and tested the operating effectiveness of internal controls related to the impairment assessment. • We assessed the reasonableness of the cash-generating unit identified by management. • We obtained the result of the impairment test of the cash-generating unit and recalculated management’s estimates based on each assumption and model. • With respect to the five-year forecasts used for the estimation of the value in use, we compared the forecasts made previously to the actual results for those prior years including gross profit, and assessed whether the fluctuations in revenue and gross profit in the forecasts are consistent with the market trends in the card printer business. • We inspected the board of directors’ meeting minutes and compared the five-year forecasts used for the estimation of the value in use above with the forecasts approved by management. • We compared the growth rates with the historical data published by the Cabinet Office. • We assessed the discount rate and performed the following procedures: ◦ We verified that the model used to determine the discount rate is appropriate. ◦ We verified the consistency of the data used with external information and internal financial information.

<table>
<tr><td colspan="2">Impairment assessment of goodwill related to the overseas subsidiary’s steel pipe business
(Notes to consolidated financial statements 10 Goodwill and Intangible Assets)</td></tr>
<tr><th>Key audit matter description</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Goodwill of the steel pipe business of an overseas subsidiary of the Company was recognized in connection with the business combination of Benoit Premium Threading, LLC located in the United States. The carrying amount is JPY3,065 million (0.4% of total of the consolidated financial statements) as of March 31, 2024.
The steel pipe business is significantly impacted by international crude oil prices and trading volumes and has relatively high volatility in its long-term projection of revenue. Therefore, there is a high degree of estimation uncertainty in forecasted earnings on changes in the gross profit of the steel pipe business.
In accordance with IAS 36, "Impairment of Assets", the Group performs an impairment test for goodwill annually and whenever there is an indication of impairment. The recoverable amount of the cash-generating unit including goodwill in the impairment test is determined based on the value in use. The value in use is calculated by discounting the future cash flows based on the five-year forecasts approved by management and the growth rate to present value. The growth rate is determined considering the nominal GDP growth rate and the long-term average growth rate for the country to which the cash-generating unit belongs. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, based on the nature of the business.
The estimate of the value in use that is used in the annual impairment test is based on assumptions which are subject to a high degree of estimation uncertainty such as future changes in gross profit due to future fluctuations in crude oil market prices, changes in demand trends and the discount rate. If impairment losses on goodwill are recognized, such losses could have a material impact on the consolidated financial statements.
As such, we determined that the impairment assessment of goodwill regarding the steel pipe business is a key audit matter.</td><td>We performed the following principal audit procedures in relation to the impairment assessment of goodwill of the overseas subsidiary’s steel pipe business, including the work performed by the auditors of the subsidiary in the United States based on the instructions provided by us:
• We inquired of management to understand the current business environment and risks of the steel pipe business.
• We evaluated the design and implementation, and tested the operating effectiveness of internal controls related to the impairment assessment.
• We assessed the reasonableness of the cash-generating unit identified by management.
• We obtained the result of the impairment test of the cash-generating unit and recalculated management’s estimates based on each assumption and model.
• With respect to the five-year forecasts used for the estimation of the value in use, we assessed reasonableness by comparing the forecasts made previously to the actual results for those prior years including gross profit, and comparing the future changes in revenue and gross profit with external market data from third parties.
• We inspected the Board of Directors meeting minutes and compared the five-year forecasts used for the estimation of the value in use above with the forecasts approved by management.
• With respect to the discount rate, we used valuation specialists and performed the following procedures.
  ◦ We verified that the model used to determine the discount rate is appropriate.
  ◦ We verified the consistency of the data used with external information and internal financial information.
• We evaluated the adequacy of the work performed by the auditors of the subsidiary in the United States and the evidence obtained, through communication with the auditors and examination of the documents prepared by the auditors.</td></tr>
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Other Information

Other information comprises information included in a document containing audited consolidated financial statements, but does not include the consolidated 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, Audit & Supervisory Board and each Audit & Supervisory Board Member for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, 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, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit & supervisory board and each audit & supervisory board member 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 IFRS Accounting Standards, 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 the audit & supervisory board and each audit & supervisory board member 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 the audit & supervisory board and each audit & supervisory board member 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 the audit & supervisory board and each audit & supervisory board member, 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 2 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 Kanematsu Corporation and its controlled entities by PricewaterhouseCoopers Japan LLC and other PwC Network firms are JPY369 million and JPY251 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.

Takayoshi Yano
Designated Engagement Partner
Certified Public Accountant

Masaki Nitta
Designated Engagement Partner
Certified Public Accountant

Shinya Hiraoka
Designated Engagement Partner
Certified Public Accountant

PricewaterhouseCoopers Japan LLC
August 30, 2024

<u>Notes to the Reader of Independent Auditor's Report:</u>
This is a copy of the Independent Auditor's Report and the original report is kept separately by the Company.

KANEMATSU CORPORATION

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For the fiscal year ended March 31, 2024

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~NOTES TO CONSOLIDATED FINANCIAL STATEMENTS~

KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

Consolidated Statement of Financial Position

	JPY		USD (Note 2)
	2024	2023	2024
(Assets)			
I. Current assets			
1. Cash and cash equivalents (Note 27)	53,431	79,462	352,893
2. Trade and other receivables (Notes 7 & 30)	287,119	245,890	1,896,302
3. Inventories (Note 8)	158,784	156,071	1,048,707
4. Other financial assets (Note 30)	9,988	5,633	65,973
5. Other current assets (Note 13)	34,189	28,896	225,804
Total current assets	543,513	515,954	3,589,680
II. Non-current assets			
1. Property, plant and equipment (Note 9)	47,190	47,188	311,672
2. Goodwill (Note 10)	16,952	14,481	111,964
3. Intangible assets (Note 10)	29,621	28,055	195,641
4. Investments accounted for using the equity method (Notes 6 & 11)	20,471	19,947	135,205
5. Trade and other receivables (Note 7)	1,541	1,606	10,184
6. Other investments (Notes 12 & 30)	53,019	37,888	350,171
7. Other financial assets (Note 30)	6,978	6,656	46,091
8. Deferred tax assets (Note 29)	1,893	2,221	12,505
9. Other non-current assets (Notes 13 & 28)	4,164	3,589	27,507
Total non-current assets	181,834	161,634	1,200,941
Total assets	725,347	677,588	4,790,620

(Notes) Presentation of fiscal year and amounts (Japanese Yen and U.S. dollars)
1. "2024" refers to the Company's consolidated fiscal year ended March 31, 2024 and the other fiscal year is referred to in the corresponding manner.
2. "JPY" means millions of Japanese Yen and "USD" means thousands of U.S. dollars.

KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
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For the fiscal year ended March 31, 2024

	JPY		USD (Note 2)
	2024	2023	2024
(Liabilities)			
I. Current liabilities			
1. Trade and other payables (Notes 14 & 30)	239,563	206,609	1,582,215
2. Bonds and borrowings (Notes 15 & 30)	117,043	162,189	773,023
3. Lease liabilities (Note 31)	7,492	7,685	49,485
4. Other financial liabilities (Note 30)	8,694	23,939	57,423
5. Income taxes payable	6,812	6,488	44,991
6. Provisions (Note 16)	304	358	2,010
7. Other current liabilities (Note 17)	34,765	29,199	229,612
Total current liabilities	414,675	436,469	2,738,760
II. Non-current liabilities			
1. Bonds and borrowings (Note 15)	97,502	65,704	643,966
2. Lease liabilities (Note 31)	13,721	12,992	90,623
3. Other financial liabilities (Note 30)	3,576	3,512	23,624
4. Retirement benefit liabilities (Note 28)	6,076	6,198	40,134
5. Provisions (Note 16)	2,352	2,155	15,539
6. Deferred tax liabilities (Note 29)	10,331	5,975	68,238
7. Other non-current liabilities (Note 17)	1,109	1,156	7,328
Total non-current liabilities	134,671	97,695	889,452
Total liabilities	549,347	534,164	3,628,212
(Equity)			
1. Share capital (Note 18)	27,781	27,781	183,483
2. Capital surplus (Note 18)	—	—	—
3. Retained earnings (Note 18)	97,236	80,543	642,209
4. Treasury stock (Note 18)	(1,238)	(1,259)	(8,181)
5. Other components of equity (Note 26)			
1) Exchange differences on translation of foreign operations	14,262	8,878	94,197
2) Financial assets measured at fair value through other comprehensive income	19,958	11,829	131,816
3) Cash flow hedges	1,318	752	8,708
Total other components of equity	35,539	21,460	234,721
Total equity attributable to owners of the Parent	159,318	128,525	1,052,232
6. Non-controlling interests	16,681	14,898	110,176
Total equity	176,000	143,423	1,162,408
Total liabilities and equity	725,347	677,588	4,790,620

KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

(a) Consolidated Statement of Income

	JPY		USD (Note 2)
	2024	2023	2024
I. Revenue (Notes 6 & 19)	985,993	911,408	6,512,079
II. Cost of sales	(843,435)	(780,513)	(5,570,543)
Gross profit	142,557	130,894	941,536
III. Selling, general and administrative expenses (Note 20)	(106,177)	(96,305)	(701,257)
IV. Other income (expenses)			
1. Gain (loss) on sale or disposal of property, plant and equipment and intangible assets, net (Note 21)	1,781	(263)	11,768
2. Impairment loss on property, plant and equipment and intangible assets (Note 22)	—	(419)	—
3. Other income (Note 23)	6,850	6,006	45,246
4. Other expenses (Note 22)	(1,142)	(1,016)	(7,544)
Total other income (expenses)	7,490	4,307	49,471
Operating profit (Note 6)	43,870	38,896	289,750
V. Finance income			
1. Interest income (Note 24)	1,113	441	7,354
2. Dividend income (Note 24)	1,322	1,062	8,734
3. Other finance income (Notes 24 & 30)	83	315	549
Total finance income	2,518	1,819	16,637
VI. Finance costs			
1. Interest expenses (Note 24)	(6,109)	(3,885)	(40,349)
2. Other finance costs (Notes 24 & 30)	(477)	(611)	(3,151)
Total finance costs	(6,586)	(4,497)	(43,501)
VII. Share of profit (loss) of investments accounted for using the equity method (Notes 6 & 11)	(212)	(521)	(1,404)
Impairment loss on equity method investments (Note 22)	(2,349)	—	(15,519)
Profit before tax	37,241	35,696	245,963
Income tax expense (Note 29)	(12,655)	(10,987)	(83,582)
Profit for the year	24,586	24,709	162,380
Profit for the year attributable to:			
Owners of the Parent(Note 6)	23,218	18,575	153,352
Non-controlling interests	1,367	6,133	9,029
Total	24,586	24,709	162,380

	Yen		U.S. dollars
Earnings per share attributable to owners of the Parent:			
Basic earnings per share (Note 25)	277.90	222.38	1.84
Diluted earnings per share (Note 25)	276.97	221.89	1.83

KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
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For the fiscal year ended March 31, 2024

(b) Consolidated Statement of Comprehensive Income

	JPY		USD (Note 2)
	2024	2023	2024
I. Profit for the year	24,586	24,709	162,380
II. Other comprehensive income			
Items that will not be reclassified to profit or loss:			
1. Financial assets measured at fair value through other comprehensive income (Note 26)	8,120	2,176	53,631
2. Remeasurement of defined benefit pension plans (Note 26)	506	392	3,343
3. Share of other comprehensive income of investments accounted for using the equity method (Note 26)	(35)	29	(237)
Total items that will not be reclassified to profit or loss	8,590	2,598	56,737
Items that may be reclassified to profit or loss:			
1. Exchange differences on translation of foreign operations (Note 26)	6,565	3,205	43,364
2. Cash flow hedges (Notes 26 & 30)	563	(445)	3,720
3. Share of other comprehensive income of investments accounted for using the equity method (Note 26)	661	1,224	4,367
Total items that may be reclassified to profit or loss	7,790	3,984	51,451
Other comprehensive income for the year, net of tax	16,380	6,583	108,187
Total comprehensive income for the year	40,966	31,292	270,568
Total comprehensive income for the year attributable to:			
Owners of the Parent	37,756	24,209	249,366
Non-controlling interests	3,210	7,082	21,202
Total	40,966	31,292	270,568

KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
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Consolidated Statement of Changes in Equity

(JPY)

	Equity attributable to owners of the Parent						
					Other components of equity		
	Share capital	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income	Cash flow hedges
As of April 1, 2022	27,781	27,164	89,280	(1,305)	5,296	10,068	1,198
Profit for the year			18,575				
Other comprehensive income					3,581	2,126	(445)
Total comprehensive income for the year	—	—	18,575	—	3,581	2,126	(445)
Dividends (Note 18)			(6,055)				
Dividends to non-controlling interests							
Acquisition of treasury stock				(2)			
Disposition of treasury stock		(0)		47			
Change due to business combination							
Equity transactions with non-controlling interests (Notes 18 & 34)		(47,290)					
Share-based payment transaction (Note 36)		106					
Put options granted to non-controlling interests		(1,972)					
Total transactions with owners	—	(49,157)	(6,055)	45	—	—	—
Transfer from retained earnings to capital surplus (Notes 18 & 34)		21,993	(21,993)				
Transfer from other components of equity to retained earnings			736			(365)	
As of March 31, 2023	27,781	—	80,543	(1,259)	8,878	11,829	752
Profit for the year			23,218				
Other comprehensive income					5,384	8,112	565
Total comprehensive income for the year	—	—	23,218	—	5,384	8,112	565
Dividends (Note 18)			(6,893)				
Dividends to non-controlling interests							
Acquisition of treasury stock				(4)			
Disposition of treasury stock		0		24			
Equity transactions with non-controlling interests (Notes 18 & 34)		(314)					
Share-based payment transaction (Note 36)		161					
Put options granted to non-controlling interests		60					
Total transactions with owners	—	(91)	(6,893)	20	—	—	—
Transfer from retained earnings to capital surplus (Notes 18 & 34)		91	(91)				
Transfer from other components of equity to retained earnings			458			16	
As of March 31, 2024	27,781	—	97,236	(1,238)	14,262	19,958	1,318

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(JPY)

	Equity attributable to owners of the Parent			Non-controlling interests	Total equity
	Other components of equity		Total equity attributable to owners of the Parent		
	Remeasurement of defined benefit pension plans	Total other components of equity			
As of April 1, 2022	—	16,563	159,484	39,798	199,282
Profit for the year		—	18,575	6,133	24,709
Other comprehensive income	371	5,633	5,633	949	6,583
Total comprehensive income for the year	371	5,633	24,209	7,082	31,292
Dividends (Note 18)		—	(6,055)		(6,055)
Dividends to non-controlling interests		—	—	(2,376)	(2,376)
Acquisition of treasury stock		—	(2)		(2)
Disposition of treasury stock		—	47		47
Change due to business combination		—	—	1,188	1,188
Equity transactions with non-controlling interests (Notes 18 & 34)		—	(47,290)	(30,795)	(78,086)
Share-based payment transaction (Note 36)		—	106		106
Put options granted to non-controlling interests		—	(1,972)		(1,972)
Total transactions with owners	—	—	(55,168)	(31,982)	(87,150)
Transfer from retained earnings to capital surplus (Notes 18 & 34)		—	—		—
Transfer from other components of equity to retained earnings	(371)	(736)	—		—
As of March 31, 2023	—	21,460	128,525	14,898	143,423
Profit for the year		—	23,218	1,367	24,586
Other comprehensive income	475	14,537	14,537	1,843	16,380
Total comprehensive income for the year	475	14,537	37,756	3,210	40,966
Dividends (Note 18)		—	(6,893)		(6,893)
Dividends to non-controlling interests		—	—	(481)	(481)
Acquisition of treasury stock		—	(4)		(4)
Disposition of treasury stock		—	24		24
Equity transactions with non-controlling interests (Notes 18 & 34)		—	(314)	(945)	(1,259)
Share-based payment transaction (Note 36)		—	161		161
Put options granted to non-controlling interests		—	60		60
Total transactions with owners	—	—	(6,963)	(1,426)	(8,390)
Transfer from retained earnings to capital surplus (Notes 18 & 34)		—	—		—
Transfer from other components of equity to retained earnings	(475)	(458)	—		—
As of March 31, 2024	—	35,539	159,318	16,681	176,000

KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

(USD)

	Equity attributable to owners of the Parent						
					Other components of equity		
	Share capital	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income	Cash flow hedges
As of March 31, 2023	183,483	―	531,958	(8,318)	58,637	78,127	4,973
Profit for the year			153,352				
Other comprehensive income					35,560	53,581	3,735
Total comprehensive income for the year	―	―	153,352	―	35,560	53,581	3,735
Dividends (Note 18)			(45,525)				
Dividends to non-controlling interests							
Acquisition of treasury stock				(27)			
Disposition of treasury stock		1		164			
Equity transactions with non-controlling interests (Notes 18 & 34)		(2,078)					
Share-based payment transaction (Note 36)		1,069					
Put options granted to non-controlling interests		403					
Total transactions with owners	―	(605)	(45,525)	137	―	―	―
Transfer from retained earnings to capital surplus (Notes 18 & 34)		605	(605)				
Transfer from other components of equity to retained earnings			3,030			109	
As of March 31, 2024	183,483	―	642,209	(8,181)	94,197	131,816	8,708

KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

(USD)

	Equity attributable to owners of the Parent			Non-controlling interests	Total equity
	Other components of equity		Total equity attributable to owners of the Parent		
	Remeasurement of defined benefit pension plans	Total other components of equity			
As of March 31, 2023	―	141,737	848,859	98,396	947,255
Profit for the year		―	153,352	9,029	162,380
Other comprehensive income	3,139	96,014	96,014	12,173	108,187
Total comprehensive income for the year	3,139	96,014	249,366	21,202	270,568
Dividends (Note 18)		―	(45,525)		(45,525)
Dividends to non-controlling interests		―	―	(3,178)	(3,178)
Acquisition of treasury stock		―	(27)		(27)
Disposition of treasury stock		―	164		164
Equity transactions with non-controlling interests (Notes 18 & 34)		―	(2,078)	(6,244)	(8,321)
Share-based payment transaction (Note 36)		―	1,069		1,069
Put options granted to non-controlling interests		―	403		403
Total transactions with owners	―	―	(45,993)	(9,422)	(55,415)
Transfer from retained earnings to capital surplus (Notes 18 & 34)		―	―		―
Transfer from other components of equity to retained earnings	(3,139)	(3,030)	―		―
As of March 31, 2024	―	234,721	1,052,232	110,176	1,162,408

KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

Consolidated Statement of Cash Flows

	JPY		USD (Note 2)
	2024	2023	2024
I. Cash flows from operating activities			
Profit for the year	24,586	24,709	162,380
Depreciation and amortization	14,741	13,778	97,359
Impairment loss on property, plant and equipment and intangible assets	—	419	—
Finance income and costs	4,067	2,677	26,864
Share of (profit) loss of investments accounted for using the equity method	212	521	1,404
Impairment loss on equity method investments	2,349	—	15,519
(Gain) loss on sale or disposal of property, plant and equipment and intangible assets, net	(1,781)	263	(11,768)
Income tax expense	12,655	10,987	83,582
(Increase) decrease in trade and other receivables	(35,141)	(3,820)	(232,098)
(Increase) decrease in inventories	2,429	(31,998)	16,047
Increase (decrease) in trade and other payables	27,422	(6,814)	181,114
Increase (decrease) in retirement benefits liabilities	(821)	(662)	(5,424)
Other (Note 19)	1,393	4,139	9,200
Sub total	52,112	14,202	344,180
Interest received	530	306	3,503
Dividends received	1,579	1,233	10,429
Interest paid	(5,953)	(3,977)	(39,318)
Income taxes paid	(12,686)	(12,061)	(83,787)
Net cash provided by (used in) operating activities	35,582	(296)	235,008
II. Cash flows from investing activities			
Payments for property, plant and equipment	(3,609)	(4,655)	(23,836)
Proceeds from sale of property, plant and equipment	4,045	1,287	26,717
Payments for intangible assets	(1,148)	(882)	(7,584)
Purchases of other investments	(7,842)	(5,198)	(51,799)
Proceeds from sale of other investments	746	2,033	4,932
Proceeds from (payments for) acquisition of subsidiaries (Note 27)	(3,790)	(9,205)	(25,032)
Payments for acquisition of businesses (Note 27)	(560)	(195)	(3,700)
Proceeds from transfer of business (Note 27)	7	750	51
Increase in loans receivable	(618)	(2,633)	(4,082)
Proceeds from collection of loans receivable	1,605	559	10,605
Other	(1,259)	1,455	(8,321)
Net cash provided by (used in) investing activities	(12,423)	(16,684)	(82,049)

KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

	JPY		USD (Note 2)
	2024	2023	2024
III. Cash flows from financing activities			
Increase (decrease) in short-term (maturing before 3 months) borrowings, net (Note 27)	2,421	28,898	15,994
Proceeds from short-term (maturing after 3 months) borrowings (Note 27)	1,205	58,707	7,961
Repayments of short-term (maturing after 3 months) borrowings (Note 27)	(59,505)	(511)	(393,006)
Proceeds from long-term borrowings (Note 27)	64,411	17,324	425,412
Repayments of long-term borrowings (Note 27)	(24,657)	(16,118)	(162,851)
Redemption of bonds (Note 27)	(14)	(5,014)	(98)
Dividends paid	(6,883)	(6,045)	(45,461)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(17,300)	(61,571)	(114,263)
Proceeds from stock issuance to non-controlling interests	—	7	—
Dividends paid to non-controlling interests	(401)	(2,213)	(2,652)
Repayments of lease liabilities (Note 27)	(9,371)	(8,707)	(61,894)
Other	(7)	(3)	(48)
Net cash provided by (used in) financing activities	(50,102)	4,751	(330,906)
IV. Increase (decrease) in cash and cash equivalents, net	(26,942)	(12,228)	(177,947)
V. Cash and cash equivalents at the beginning of the year	79,462	91,420	524,814
VI. Effect of exchange rate changes on cash and cash equivalents	912	270	6,027
VII. Cash and cash equivalents at the end of the year (Note 27)	53,431	79,462	352,893

KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

1. Reporting Entity

Kanematsu Corporation (the "Company") is located in Japan. The addresses of the Company's registered headquarters and main offices are available on its corporate website (https://www.kanematsu.co.jp/en/). The consolidated financial statements of the Company as of and for the year ended March 31, 2024 comprise the Company and its subsidiaries (collectively, the "Consolidated Group"), and the Consolidated Group's interests in associates and joint ventures. The Consolidated Group operates its businesses as an integrated trading company by providing a broad array of products and services through the organic integration of domestic and international business networks; expertise acquired in various fields; and the functions of a trading company, including commodities trading, information gathering, market exploration, business development and organization, risk management, and distribution. Detailed information on the business operations for each reportable segment are provided in *Note 6 Segment Information.*

2. Basis of Preparing Consolidated Financial Statements

(1) Statement of compliance with IFRS

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards pursuant to the provision of Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976) as all the requirements of the "Specified Company complying with any designated IFRS Accounting Standards" set forth in Article 1-2 of said Ordinance have been fulfilled.

The consolidated financial statements were authorized by Shuji Masutani, Chief Officer, Finance, Accounting, Business Accounting, on August 30, 2024.

(2) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for:

・Financial assets and liabilities measured at fair value through profit or loss, which are measured at fair value;
・Financial assets measured at fair value through other comprehensive income, which are measured at fair value;
・Defined benefit assets or liabilities, which are measured at the present value of the defined benefit obligations less the fair value of plan assets; and
・Impairment of non-financial assets, which are measured at value in use or fair value.

(3) Functional currency and presentation currency

The consolidated financial statements are presented in Japanese yen, which is the Company's functional currency. All financial information presented in Japanese yen has been rounded down to the nearest million.

The U.S. dollar amounts appearing in the consolidated financial statements and the notes thereto represent the arithmetical results of translating yen to dollars at the rate of ¥151.41 to U.S.$1.00, the approximate exchange rate prevailing on March 31, 2024. The translation of such dollar amounts is solely for convenience of the readers outside Japan and should not be construed as a representation that the Japanese yen amounts have been, or could be readily converted, realized or settled in dollars at the above, or any other rate.

(4) Use of estimates and judgments

The preparation of the consolidated financial statements in accordance with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in an accounting estimate is recognized in the period of the change and future periods. The following notes include information on critical judgments in the application of accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements:

・Note 3. Material Accounting Policies: (11) Revenue

The following notes include information on uncertainties of assumptions and estimates that have a significant risk to cause material revisions in the next fiscal year:

・Note 10. Goodwill and Intangible Assets
・Note 30. Financial Instruments: (6) Fair value of financial instruments

When measuring the fair value of an asset or a liability, the Consolidated Group uses observable market data as much as it is available. Fair values are categorized into the following three hierarchy levels based on the inputs to the valuation techniques:

・Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Consolidated Group can access at the measurement date
・Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly
・Level 3: unobservable inputs

The following notes include detailed information on assumptions made when measuring the fair value:

・Note 30. Financial Instruments: (6) Fair value of financial instruments

(5) Changes in accounting policy

Material Accounting Policies applied to the consolidated financial statements of the Consolidated Group are the same as the accounting policies applied to the consolidated financial statements for the previous fiscal year, except for the following.There were no material effects on the financial statements.

Standards	Overview of newly issued or amended
IAS 12 *Income Tax*	Clarification of the accounting methods which is deferred tax assets and deferred tax liabilities from a single transaction

KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

3. Material Accounting Policies

The accounting policies set out below have been applied consistently to all the periods presented in these consolidated financial statements and have been applied consistently by the Consolidated Group.

(1) Basis of consolidation

1) Subsidiaries

Subsidiaries are entities which are controlled by the Consolidated Group. The Consolidated Group controls an entity when it has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When the Consolidated Group holds more than half of the voting rights of another entity, such entity is included in the subsidiaries of the Consolidated Group as it is determined that control exists, unless it can be clearly demonstrated that such ownership does not constitute control. In addition, even when the Consolidated Group holds only half or less of the voting rights of another entity, such entity is included in the subsidiaries of the Consolidated Group if it is determined through agreements with other investors that the Consolidated Group has control over such entity's financial and operating policies and thus has the ability to affect returns from such entity.

The financial statements of subsidiaries are included in the consolidated financial statements of the Consolidated Group from the date the Consolidated Group obtains control of the subsidiaries until the date it loses such control of the subsidiaries. When the accounting policies adopted by the subsidiaries are different from those adopted by the Consolidated Group and the difference is considered material, the financial statements of the subsidiaries are adjusted as necessary.

Changes in the Consolidated Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The Company recognizes directly in equity any difference between the amounts by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received, and attribute it to the owners of the Company.

If the Consolidated Group loses control of a subsidiary, the Consolidated Group derecognizes the assets and liabilities of the former subsidiary, and any non-controlling interests and other components of equity related to the former subsidiary. Any gains or losses arising from such loss of control are recognized in profit or loss. If the Consolidated Group retains any interest in the former subsidiary after the control is lost, such interest is measured at fair value at the date that control is lost.

2) Associates and joint ventures

Associates are those entities over which the Consolidated Group has significant influence, where significant influence is defined as the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those entities. If the Consolidated Group holds between 20 percent and 50 percent of the voting rights of each those entities, it is presumed that the Consolidated Group has significant influence over each of those entities.

Even if the Consolidated Group holds less than 20 percent of the voting rights of another entity, such entity is included in the associates of the Consolidated Group as long as it is determined that the Consolidated Group has significant influence over the entity through the dispatch of the board members, the shareholders' agreement or the like.

Joint ventures are those entities with respect to which multiple parties, including the Consolidated Group, have joint control over the economic activities by contract and unanimous consent of all of such parties is required when deciding on the relevant activities, whereby the Consolidated Group has rights to the net assets of the arrangement.

Except for those that are classified as assets held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investments in associates and joint ventures ("equity method investee") are measured at the carrying amount following the application of the equity method (including goodwill recognized at the time of acquisition) less any accumulated impairment losses.

The consolidated financial statements include the Consolidated Group's share of profit or loss and other comprehensive income of the associates and joint ventures from the date the Consolidated Group obtains significant influence or joint control until the date it loses such significant influence or joint control. When the accounting policies adopted by the equity method investees are different from those adopted by the Consolidated Group, the financial statements of the equity method investees are adjusted as necessary.

3) Business combinations

Business combinations are accounted for using the acquisition method. The Consolidated Group recognizes goodwill as the sum of the fair value of the consideration transferred, the amounts of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree measured at the acquisition date; less, the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (generally measured at fair value). When such difference results in a negative balance, it is immediately recognized in profit or loss. Non-controlling interests are measured either at fair value or at the non-controlling interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. The measurement method to be applied at the acquisition date is determined on a transaction-by-transaction basis. Acquisition-related costs, which are costs that the Consolidated Group incurs to effect a business combination (excluding costs to issue debt or equity securities), are accounted for as expenses in the periods in which the costs are incurred, and thus not included in the cost of goodwill. In a business combination achieved in stages, the Consolidated Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes any gains or losses arising from such remeasurement in profit or loss. Changes in the value of the Consolidated Group's equity interest in the acquiree that had been recognized in other comprehensive income prior to the acquisition date are recognized in profit or loss, or other comprehensive income, on the same basis as would be required if the Consolidated Group had disposed of the previously held equity interest.

4) Transactions eliminated in consolidation

Intragroup balances and transactions, as well as any unrealized gains and losses arising from intragroup transactions, are eliminated when preparing the consolidated financial statements.

(2) Foreign currency translation

1) Translation of foreign currency transactions

Foreign currency transactions are translated into functional currencies of individual companies using the exchange rates at the dates of such transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into functional currencies using the exchange rate at the end of each reporting period. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise. Non-monetary items that are measured on a historical cost basis in a foreign currency are translated into the functional currency using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was measured.

With respect to the exchange differences of a non-monetary item, when a gain or loss on a non-monetary item is recognized in other comprehensive income, the Consolidated Group recognizes any exchange component of that gain or loss in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, the Consolidated Group recognizes any exchange component of that gain or loss in profit or loss.

2) Translation of foreign operations

The assets and liabilities of foreign operations, including any goodwill and fair value adjustments arising on the acquisition of foreign operations, are translated using the exchange rate at the end of the reporting period. In addition, income and expenses of foreign operations are translated using the average exchange rate for the reporting period unless exchange rates fluctuate significantly.

Exchange differences arising from the translation are recognized in other comprehensive income and the cumulative amounts of the exchange differences are included in other components of equity. When the Consolidated Group's foreign operations are disposed of, the cumulative amounts of the exchange differences related to foreign operations are reclassified to profit or loss when the gain or loss on disposal is recognized.

(3) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand; demand deposits; and short-term, highly liquid investments with a maturity of three months or less from the date of acquisition that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(4) Inventories

Inventories are measured at the lower of cost determined by the moving-average method and net realizable value.

(5) Property, plant and equipment

The Consolidated Group uses the cost model to measure an item of property, plant and equipment after initial recognition and carries it at its cost less any accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment include the cost directly attributable to the acquisition of the asset.

Property, plant and equipment are depreciated using the straight-line method over the estimated useful life of each component thereof. The ranges of principal estimated useful lives are approximately presented as follows:

Buildings and structures:	5 to 50 years
Machinery, vehicles, tools, furniture & fixtures:	4 to 20 years

Right-of-use assets are fully depreciated over the shorter of the lease term and their estimated useful lives if there is no reasonable certainty that the Consolidated Group will obtain ownership by the end of the lease term.

The depreciation method, useful life and residual value of an asset are reviewed at least at the end of each reporting period and amended as necessary.

(6) Goodwill and intangible assets

1) Goodwill

Goodwill is carried at cost less any accumulated impairment losses.

2) Intangible assets

The Consolidated Group uses the cost model to measure an intangible asset after initial recognition and carries it at its cost less any accumulated amortization and any accumulated impairment losses.

A separately acquired intangible asset is initially recognized and measured at cost. The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date. With respect to an internally generated intangible asset that does not qualify for asset recognition, expenditures on such an internally generated intangible asset are recognized as expenses when they are incurred. Conversely, the cost of an internally generated intangible asset that qualifies for asset recognition is the sum of expenditures incurred from the date when it first meets the recognition criteria.

An intangible asset with a finite useful life is amortized using the straight-line method over its estimated useful life. The Consolidated Group’s intangible assets with finite useful lives are comprised mainly of software whose estimated useful life is 5 years.

The amortization method, useful life and residual value of an intangible asset with a finite useful life are reviewed at the end of each reporting period and amended as necessary.

Certain intangible assets with indefinite useful lives such as carrier shop operating rights are not amortized, but instead tested for impairment based on the cash-generating unit at least once a year and whenever there is an indication that they may be impaired.

(7) Impairment of non-financial assets

The Consolidated Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Consolidated Group estimates the recoverable amount of the asset or the cash-generating unit to which the asset belongs. Goodwill and an intangible asset with an indefinite useful life are tested for impairment annually and whenever there is an indication that such assets may be impaired. If the carrying amount of an individual asset or the cash-generating unit exceeds its recoverable amount, the carrying amount of the asset is reduced to its recoverable amount and that reduction is recognized as an impairment loss.

The Consolidated Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior fiscal years for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Consolidated Group will estimate the recoverable amount of that asset. If the recoverable amount exceeds the carrying amount of that asset or the cash-generating unit to which the asset belongs, the carrying amount is increased to its recoverable amount, which is, however, limited up to the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior fiscal years; and that increase is recognized as a reversal of an impairment loss. An impairment loss recognized for goodwill is not reversed in a subsequent period.

In addition, because goodwill that forms part of the carrying amount of an investment in an equity method investee is not separately recognized, it is not tested for impairment separately. If it is indicated that the investment in an equity method investee may be impaired, the entire carrying amount of the investment is tested for impairment as a single asset, by comparing its recoverable amount with its carrying amount.

(8) Financial instruments

1) Financial assets

The Consolidated Group classifies financial assets at initial recognition as financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income or financial assets measured at amortized cost. The Consolidated Group initially recognizes financial assets measured at amortized cost on the date that they arise and the other financial assets on the transaction date.

The Consolidated Group derecognizes a financial asset when, and only when (a) the contractual rights to cash flows from the financial asset expire, or (b) it transfers the contractual rights to cash flows and substantially all the risks and rewards of ownership of the financial asset.

(i) Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost:

・The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flow and,
・The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Consolidated Group initially recognizes and measures a debt instruments measured at amortized cost at its fair value plus any transaction costs directly attributable to the acquisition of the financial asset. The Consolidated Group subsequently measures it at amortized cost using the effective interest method.

(ii) Financial assets measured at fair value through other comprehensive income

(a) Debt instruments

Debt instruments that meet both of the following conditions is classified as a financial asset measured at fair value through other comprehensive income:

・The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets and,
・The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Consolidated Group initially recognizes and measures a debt instruments measured at fair value through other comprehensive income at its fair value plus any transaction costs directly attributable to the acquisition of the financial asset. The Consolidated Group subsequently measures it at fair value and recognizes the subsequent changes in fair value as other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss is reclassified to profit or loss.

(b) Equity instruments

With regard to a financial asset that has classified as a financial asset measured at fair value through profit or loss, IFRS 9 permits an entity to make an irrevocable election to present in other comprehensive income changes in fair value of an investment in an equity instrument that is not held for trading. The Consolidated Group makes this election on an instrument-by-instrument basis.

The Consolidated Group initially recognizes and measures an equity instrument measured at fair value through other comprehensive income at its fair value plus any transaction costs directly attributable to the acquisition of the financial asset. The Consolidated Group subsequently measures it at fair value and recognizes the subsequent changes in fair value as other comprehensive income. When the equity instrument is derecognized, or its fair value substantially decreases, the Consolidated Group reclassifies the cumulative amount of other comprehensive income to retained earnings and not to profit or loss. Dividends are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

(iii) Financial assets measured at fair value through profit or loss

A financial asset other than those classified as (i) and (ii) above is classified as a financial asset measured at fair value through profit or loss.

The Consolidated Group initially recognizes and measures a financial asset measured at fair value through profit or loss at its fair value and expenses the transaction costs as incurred that are directly attributable to the acquisition of the financial asset. The Consolidated Group subsequently measures it at fair value and recognizes the subsequent changes in fair value in profit or loss.

2) Impairment of financial assets

The Consolidated Group assesses impairment of financial assets measured at amortized cost and financial assets measured at fair value through other compressive income based on the expected credit loss approach.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Consolidated Group measures the loss allowance for that financial instrument at an amount equal to the 12-month expected credit losses, i.e., the expected credit losses that result from default events on that financial instrument that are possible within the 12-months after the reporting date. Conversely, if, at the reporting date, the credit risk on that financial instrument has increased significantly since initial recognition, the Consolidated Group measures the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses, i.e., the expected credit losses that result from all possible default events over the expected life of that financial instrument.

However, the Consolidated Group always measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to the lifetime expected credit losses despite the above requirement.

If there is any objective evidence that financial assets are credit-impaired, such as a borrower's significant financial difficulty, a breach of contract of default or delinquency by the borrower, etc., the Consolidated Group measured interest income to net carrying amount after deducting loss allowance following the effective interest method.

Detailed information on the assessment of significant increases in credit risk and the measurement of expected credit losses is provided in *Note 30. Financial Instruments: (3) Credit risk management.*

3) Financial liabilities

The Consolidated Group classifies financial liabilities at initial recognition as financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost. The Consolidated Group initially recognizes financial liabilities measured at amortized cost on the date that they arise and the other financial liabilities on the transaction date.

The Consolidated Group derecognizes financial liabilities when they are extinguished, i.e., when obligations specified under a contract is discharged, cancelled or expires.

(i) Financial liabilities measured at amortized cost

The Consolidated Group classified financial liabilities, other than financial liabilities measured at fair value through profit or loss, as financial liabilities measured at amortized cost. The Consolidated Group initially recognizes and measures a financial liability measured at amortized cost at its fair value less any transaction costs directly attributable to incurring of the liability, and subsequently measures it at amortized cost using the effective interest method.

(ii) Financial liabilities measured at fair value through profit or loss

The Consolidated Group initially recognizes and measures a financial liability measured at fair value through profit or loss at its fair value, and subsequently measures it at fair value and recognizes subsequent changes in fair value in profit or loss.

4) Derivatives and hedge accounting

In order to hedge the foreign currency fluctuation risk, interest rate fluctuation risk and commodity price fluctuation risk, the Consolidated Group enters into derivative transactions, such as forward exchange transactions, interest rate swap transactions and commodity futures and forwards transactions.

When initiating a hedge, the Consolidated Group designates and documents the risk management purposes and strategies regarding the hedge relationship and initiation of such hedge. Such documentation includes the designation of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and methods of assessing the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. In addition, such hedging is assessed on an ongoing basis whether it was actually effective throughout the reporting periods was designated.

The Consolidated Group initially recognizes and measures derivatives at fair value and subsequently measures them at fair value and accounts for subsequent changes in fair value as follows:

(i) Fair value hedge

The Consolidated Group recognizes the changes in fair value of a derivative used as a hedging instrument in profit or loss, and the changes in fair value of a hedged item attributable to the hedged risk in profit or loss by adjusting the carrying amount of the hedged item.

(ii) Cash flow hedge

Of the changes in fair value of a derivative used as a hedging instrument, the portion determined to be effective is recognized in other comprehensive income and the cumulative amount is included in other components of equity. Conversely, the portion determined to be ineffective is recognized in profit or loss. The amounts accumulated in other components of equity are reclassified from other components of equity to profit or loss in the same period that the transaction of the hedged item affects profit or loss; provided, however, that if hedging of a forecast transaction subsequently results in the recognition of a non-financial asset or liability, the amounts accumulated in other components of equity are then accounted for as an adjustment to the initial carrying amount of the non-financial asset or liability.

When the hedging instrument expires or is sold, terminated or exercised; or when the hedge no longer meets the criteria for the hedge accounting, the Consolidated Group discontinues the hedge accounting prospectively. The amounts accumulated in other components of equity remain in equity when hedge accounting is discontinued and are recognized in profit or loss when the forecast transaction is recognized in profit or loss. However, if the forecast transaction is no longer expected to occur, the amounts accumulated in other components of equity are reclassified immediately from other components of equity to profit or loss.

(iii) Derivatives not designated as hedging instruments

The Consolidated Group recognizes the changes in fair value of derivatives not designated as hedging instruments in profit or loss.

5) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount of such offset is presented in the consolidated statements of financial position only when the Consolidated Group has a legally enforceable right to offset the recognized amounts and intends either to settle them on a net basis or realize the assets and settle the liabilities simultaneously.

(9) Provisions

The Consolidated Group recognizes a provision when, only when (a) the Consolidated Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the Consolidated Group recognizes the provision by discounting it using a current pre-tax discount rate that reflects the risks specific to the liability.

(10) Equity

When the Consolidated Group repurchases the shares of treasury stock, it is measured at cost and is presented as a deduction from equity. Transaction costs directly attributable to the repurchase of the shares of treasury stock are deducted from capital surplus. When the Consolidated Group sells the shares of treasury stock, the consideration received is recognized as an increase in equity.

(11) Revenue

1) Revenue recognition policies

The Group recognizes revenue from contracts with customers based on the following five-step approach. When determining whether a performance obligation is satisfied by a principal or an agent and when determining the timing at which the Group satisfies the performance obligation, the Group makes judgments that have a significant impact on the amounts recognized in the consolidated financial statements.

Step 1: Identifying the contracts with customers
Step 2: Identifying the performance obligations in the contracts
Step 3: Determining the transaction price
Step 4: Allocating the transaction price to the performance obligations in the contracts
Step 5: Recognizing revenue when (or as) the Group satisfies the performance obligations

When a single contract consists of multiple performance obligations, the Group allocates the transaction price to the separate performance obligations and recognizes revenue as each performance obligation is satisfied. When multiple contracts must be combined and considered a single contract because of the economic substance of those contracts, the Group recognizes revenue by combining those contracts.

In identifying a performance obligation, the Group reviews whether it is a principal or an agent, and if the nature of the Group's promise with the customer is a performance obligation to provide the identified goods or services itself. The Group recognizes revenue at the total amount of consideration received from the customer as a principal. On the other hand, if the performance obligation is to arrange for the identified goods or services to be provided by another party, the Group recognizes revenue at the net amount of the commission, and other contract-related costs as an agent.

In reviewing to identify whether a principal or an agent, the Group makes a comprehensive judgement based on the following indicators.
- Whether the Group is primarily responsible for fulfilling the contract.
- Whether the Group has the inventory risk both when goods are shipped and when goods are returned before and after the customer places an order for the goods.
- Whether the Group has discretion in establishing the price for the goods or services of the other party.

The Group measures revenue based on the consideration promised under contracts with customers, there is no significant variable consideration.
Consideration for transactions does not include a significant financing component, because payment typically occurs within one year after performance obligations are fulfilled.

2)Timing of revenue recognition
The Group mainly sells goods such as Information and Communication Technology (ICT) and communications equipment, security devices, mobile communication terminals, grain, meat products and seafoods, petroleum products, and aerospace- and ship-related products in the four segments of Electronics and Devices, Foods, Meat and Grain, Steel, Materials and Plant, and Motor Vehicles and Aerospace. It recognizes revenue at the time when performance obligations are generally delivered because customers obtain control of the goods and the performance obligations are satisfied at the time of delivery.
With respect to service transactions such as maintenance and operations of ICT and communications systems, which occur mainly in the Electronics and Devices segment, the Group recognizes revenue over a period of time for each individual contract in accordance with the satisfaction of the performance obligations of the contract.

(12) Finance income and finance costs

Finance income comprises interest income, dividend income, gain on sale of financial instruments and gain arising from changes in fair value of financial instruments. Interest income is recognized at the time of receipt by using the effective interest method. Dividend income is recognized on the date when the Consolidated Group's right to receive payment is established.
Finance costs comprise interest expenses, loss on sale of financial instruments and loss arising from changes in the fair value of financial instruments.

(13) Employee benefits

1) Post-retirement benefits
(i) Defined benefit plans
Defined benefit plans are retirement benefit plans other than defined contribution plans. Defined benefit obligations are calculated separately for each plan by estimating the future amounts of benefits that employees will earn in return for their services provided in the current and prior periods, and discounting such amounts in order to determine the present value. The fair value of any plan assets is deducted from the present value of the defined benefit obligations.In case of exceed funded on defined benefit plan, net difined benefit asset are calculated from the amount of exceed funded or asset ceiling whichever is lower. The discount rate is determined by reference to the market yields on highly rated corporate bonds at the fiscal year-end that have maturity terms that are approximately the same as those of the Consolidated Group's defined benefit obligations and use the same currencies as those used for future benefits payments.

When the retirement benefit plans are amended, the change in defined benefit obligations related to past service by employees is immediately recognized in profit or loss.

The Consolidated Group recognizes the changes in the net defined benefit liability (asset) due to remeasurements in other comprehensive income and immediately reclassifies them to retained earnings.

(ii) Defined contribution plans
Defined contribution plans are retirement benefit plans under which an employer pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions. The obligations already paid or to be paid as contributions under the defined contribution plans are recognized as expenses in the period in which the employees render the related services.

2) Other long-term employee benefits
The Consolidated Group recognizes obligations for long-term employee benefits other than post-employment benefits as a liability by estimating the amounts as of the reporting date that will be paid to the employees in return for their services without discounting that amounts unless it is material.

3) Short-term employee benefits
The Consolidated Group recognizes short-term employee benefits as a liability and an expense by estimating the amounts that will be paid to the employees in return for their services without discounting those amounts. The Consolidated Group recognizes bonuses to be paid pursuant to the bonus system as a liability when it has present legal or constructive obligations to pay as a result of past employee service, and when the amounts of the obligations can be estimated reliably.

(14) Income taxes

Income tax expenses comprises current tax expense and deferred tax expense. The Consolidated Group recognizes them in profit or loss, except when they arise from items that are recognized in other comprehensive income or directly equity, and from business combinations.

Current tax expense is measured by the expected taxes receivable from or taxes payable to tax authorities, and the tax rates or tax laws that are used to calculate the tax amount are those that have been enacted or substantially enacted by the end of the fiscal year.

The Consolidated Group recognizes deferred tax assets and deferred tax liabilities for temporary differences between the carrying amount of an asset and liability in the statements of financial position and its tax base, the unused tax losses carried forward and unused tax credits carried forward. The amounts of deferred tax assets and deferred tax liabilities are calculated by applying the expected tax rate or tax law applicable as of the period in which assets are realized or liabilities are settled in accordance with a statutory tax rate or a substantially enacted statutory tax rate and the tax law as of the fiscal year-end. The Consolidated Group does not recognize deferred tax assets and deferred tax liabilities in the following cases:

・When taxable temporary differences arise from the initial recognition of goodwill;
・When they arise from the initial recognition of an asset or liability in a transaction which is not related to a business combination, affects neither accounting profit nor taxable profit at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences at the time of the transaction; or,
・With respect to taxable temporary differences associated with investments in subsidiaries and associates, when the Consolidated Group is able to control the timing of the reversal of the temporary differences; and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset only when the Consolidated Group has a legally enforceable right to offset the current tax assets against current tax liabilities, and such deferred tax assets and liabilities relate to income taxes levied on the same taxation entity. However, even in the case of different taxable entities, the Consolidated Group can offset if the tax taxable entities intend either to settle current tax liabilities and assets on a net bases, or to realize the assets and settle the liabilities simultaneously. Deferred tax assets are recognized for deductible temporary differences, the unused tax losses carried forward and unused tax credits carried forward to the extent that it is probable that they can be used against future taxable profit. The carrying amounts of deferred tax assets are reassessed at each fiscal year-end, and such carrying amount will be reduced to the extent it is no longer probable that related tax benefits from such assets will be realized. Unrecognized deferred tax assets are also reassessed at the end of each reporting period and are recognized to the extent that it is probable that future taxable profit will be available to recover the deferred tax assets.

The Company and its wholly owned domestic subsidiaries apply the Group Tax Sharing System, by which the Company and its wholly owned domestic subsidiaries are allowed to file tax returns and pay the corporation tax as the sharing group.

The Group has applied a temporary exception of the recognition and disclosure about deferred tax assets and deferred tax liabilities related to income tax arising from the tax laws enacted or substantively enacted to implement Pillar Two Model Rules issued by the Organization for Economic Cooperation and Development.

(15) Leases

At inception of a contract, the Consolidated Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For a contract that is, or contains, a lease, the Consolidated Group recognizes the lease liability and the right-of-use asset.

Lease liability is measured at the present value of discounted unpaid lease payments, using the interest rate implicit in the lease or the Consolidated Group's incremental borrowing rate, at the commencement date of the lease contract. After the commencement date, the lease liability is measured by increasing or reducing the carrying amount to reflect interest rate and lease payments made. In addition, if there is a revision to the lease term or a change in the assessment of an option, lease liability is remeasured to be reflected in the carrying amount. The lease term is determined by taking into consideration an option to terminate the lease and an option to extend the lease term during the non-cancellable period of the lease.

A right-of-use asset is measured at the acquisition cost that adjusts the initial measurement amount of lease liability on the commencement date of the lease contract mainly for initial direct costs and expenses for restoration to the condition required by the terms and conditions of the lease, and it is depreciated by the straight-line method over the shorter of the estimated useful life and the lease term.

For short-term leases with a lease term of 12 months or less, the Consolidated Group does not recognize lease liability and a right-of-use asset by applying recognition exemption, and recognizes them as expenses on a straight-line basis over the lease term.

When the Consolidated Group is the lessor, it classifies each of its leases as either an operating lease or a finance lease, and accounts as follows:

1) Finance lease
A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date of the lease, the Consolidated Group recognizes assets held under a financial lease in its consolidated statement of financial position and presents them as a receivable at an amount equal to net investment in the lease.

2) Operating lease
An operating lease is a lease other than a finance lease. The Consolidated Group presents the assets subject to the operating lease in its consolidated statement of financial position and recognizes lease payments from operating leases as income on either a straight-line basis or another systematic basis.

(16) Share-based payments
The Consolidated Group introduces a performance-linked stock compensation plan as an incentive plan for its Directors and Executive Officers. Grants under the equity-settled share-based payment plan are measured at the fair value on the date of grant, and are recognized as an expense from the date of grant through the vesting period and recognize the same amount as an increase in capital surplus.

(17) Put options granted to non-controlling interests
For written put options on the shares of subsidiaries, which the Consolidated Group granted to the owners of non-controlling interests, the present value of the exercised amounts is, initially recognized as other financial liabilities, and the same amount is deducted from capital surplus. After the initial recognition, they are measured at amortized cost based on the effective interest method, and the amount of subsequent changes is recognized as capital surplus.

(18) Government grants
Government grants are recognized when there is reasonable assurance that the Consolidated Group will comply with conditions of the grant and receive the grants. The government grants are measured at fair value. The amount of grants related to an asset is deducted from acquisition cost of the asset. The amount of grants related to revenue is recognized in profit or loss by deducting the amount of grants from related expenses.

4. Standards and Interpretations issued but not yet adopted
The newly issued or amended standards and interpretations, which were publicly announced prior to the date of the authorization for issuance of the consolidated financial statements is presented as follows, and the Consolidated group has not applied this.
The amount of the impact on the consolidated financial statements due to application of the standards are being evaluated at the current time.

Standards	When to apply forcibly	The consolidated group applies	Overview of newly issued or amended
IAS 1 *Presentation of Financial Statements*	January 1, 2024	For the fiscal year ending March 31, 2025	Clarification of requirements for Classification of Liabilities as Current or Non-current Expanding disclosure regarding Non-current Liabilities with Covenants
IAS 7 *Statement of Cash Flow*	January 1, 2024	For the fiscal year ending March 31, 2025	Request disclosure of information regarding Supplier Finance Arrangements
IFRS 7 *Financial Instruments: Disclosures*			
IFRS 18 *Presentation and Disclosure in Financial Statements*	January 1, 2027	For the fiscal year ending March 31, 2028	IFRS 18 replaces IAS 1 *Presentation of Financial Statements*

5. Business Combinations
No significant business combinations took place in the current fiscal year (from April 1, 2023 to March 31, 2024) and the previous fiscal year (from April 1, 2022 to March 31, 2023).

6. Segment Information

(1) Overview of Reportable Segments

The reportable segments of the Consolidated Group are components of the Consolidated Group for which discrete financial information is available and are reviewed by the Board of Directors of the Company normally and regularly assesses its business performance and examines the allocation of management resources.

The Consolidated Group offers a broad array of merchandise and services, using expertise in each business field and trading function from Japan and its international network. Trading functions include commercial trade, information gathering, market development, business development, risk management and logistics.

The Consolidated Group therefore consists of merchandise and service segments based on its business units: “Electronics and Devices”, “Foods, Meat and Grain”, “Steel, Materials and Plant”, and “Motor Vehicles and Aerospace”.

In accordance with the reorganization as of April 1, 2024, the Consolidated Group newly established the “ICT solution” segment, and included machine tools and industrial machinery business and the business of Kanematsu Sustech Corp. in the “Motor Vehicles and Aerospace” segment and the “Steel, Materials and Plant” segment, respectively.

The principal merchandise and services handled by each segment are presented as follows:

(Electronics and Devices)
The Electronics and Devices segment provides a wide range of products including electronic parts and components, semiconductor and LCD manufacturing equipment, materials and indirect materials related to electronics, coupled with development and proposal services. This segment also deals with mobile communications terminals, mobile internet systems, and information and telecommunication equipment and security equipment and services.

(Foods, Meat and Grain)
The Foods, Meat and Grain segment integrates the handling of a broad array of food and foodstuffs, with operations ranging from sourcing raw materials reliably to providing food and foodstuffs, including high value-added products. Merchandise in this segment includes cooked foods, processed fruits and vegetables, processed agricultural products, plant based meats, alcoholic beverages, beverage ingredients, animal and fishery products, wheat, rice, soybeans, feedstuff ingredients and pet foods.

(Steel, Materials and Plant)
The Steel, Materials and Plant segment operates the domestic and international trade of general steel products including steel plates, bars and wire rods, pipes, and stainless products, carries out overseas projects such as plant and infrastructure development, and sells machine tools and industrial machinery. Additionally, this segment operates the domestic and international trade of petroleum products, LPG, functional chemicals and food products, pharmaceuticals and pharmaceutical intermediates, and other products. It also operates businesses related to environmental and emissions rights.

(Motor Vehicles and Aerospace)
The Motor Vehicles and Aerospace segment primarily operates international trade of aircrafts, helicopters, satellite- and aerospace-related products, defense-related products, automobiles, motorcycles, industrial vehicles and related parts, etc., and also provides products and service with added value based on demand or use.

(2) Information on reportable segments

The accounting methods for the reportable operating segments are consistent with those stated in *Note 3. Material Accounting Policies.* Inter-segment revenue and transfers are based on the transaction prices to external customers.

KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(JPY)

	Reportable segment					Others (Note 1)	Adjustment (Note 2)	Consolidated
	Electronics & Devices	Foods, Meat & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Total			
Revenue								
External	328,582	341,696	213,668	90,486	974,433	11,560	—	985,993
Inter-segment	777	3	68	12	861	199	(1,061)	—
Total revenue	329,360	341,699	213,736	90,499	975,295	11,760	(1,061)	985,993
Operating profit (loss)	22,817	7,968	9,424	3,088	43,299	551	20	43,870
Segment profit (loss)	14,840	3,480	2,641	1,718	22,680	571	(33)	23,218
Other profit or loss:								
Depreciation and amortization	7,946	2,069	3,217	1,181	14,415	341	(15)	14,741
Share of profit (loss) of investments accounted for using the equity method	47	(98)	(582)	—	(634)	421	—	(212)
Impairment loss on equity method investments	—	—	(2,349)	—	(2,349)	—	—	(2,349)
Segment assets	269,481	192,437	173,769	70,894	706,583	12,550	6,213	725,347
Other assets:								
Investments accounted for using the equity method	3,963	4,767	7,912	—	16,643	3,832	(4)	20,471
Capital expenditures (Note 3)	1,971	658	1,302	894	4,827	148	523	5,499

(USD)

	Reportable segment					Others (Note 1)	Adjustment (Note 2)	Consolidated
	Electronics & Devices	Foods, Meat & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Total			
Revenue								
External	2,170,150	2,256,760	1,411,190	597,628	6,435,728	76,351	—	6,512,079
Inter-segment	5,136	23	450	83	5,692	1,320	(7,012)	—
Total revenue	2,175,286	2,256,783	1,411,639	597,711	6,441,420	77,671	(7,012)	6,512,079
Operating profit (loss)	150,699	52,628	62,245	20,401	285,973	3,645	132	289,750
Segment profit (loss)	98,017	22,988	17,444	11,349	149,798	3,774	(221)	153,352
Other profit or loss:								
Depreciation and amortization	52,482	13,671	21,252	7,804	95,209	2,254	(104)	97,359
Share of profit (loss) of investments accounted for using the equity method	311	(652)	(3,848)	—	(4,189)	2,785	—	(1,404)
Impairment loss on equity method investments	—	—	(15,519)	—	(15,519)	—	—	(15,519)
Segment assets	1,779,813	1,270,973	1,147,677	468,228	4,666,690	82,894	41,036	4,790,620
Other assets:								
Investments accounted for using the equity method	26,178	31,486	52,258	—	109,922	25,312	(29)	135,205
Capital expenditures (Note 3)	13,018	4,351	8,602	5,909	31,880	984	3,461	36,325

(Notes) 1. The “Others” column is an operating segment that is not included in the reportable segments and includes the logistics and insurance service business and the geographic improvement business.

2. Adjustments are presented as follows:

(1) Adjustment for operating profit (loss) of ¥20 million ($132 thousand) includes inter-segment elimination of ¥20 million ($132 thousand).

(2) Adjustment for segment profit (loss) of ¥(33) million ($(221) thousand) includes inter-segment elimination of ¥21 million ($142 thousand) and corporate costs of ¥(54) million ($(362) thousand) that are not allocated to any reportable segment. The corporate costs consist mainly of difference between income tax expense that are arising in the Company's and income tax expense that are allocated to any reportable segment by calculation.

(3) Adjustment for segment assets of ¥6,213 million ($41,036 thousand) includes inter-segment elimination of ¥(55,419) million ($(366,022) thousand) and corporate assets of ¥61,632 million ($407,059 thousand) that are not allocated to any reportable segment. The corporate assets consist mainly of cash and bank deposits associated with financing activities and assets such as investment securities.

(4) Adjustment for depreciation and amortization of ¥(15) million ($(104) thousand) includes inter-segment elimination of ¥(15) million ($(104) thousand).

(5) Adjustment for investments accounted for using the equity method of ¥(4) million ($(29) thousand) includes inter-segment elimination of ¥(4) million ($(29) thousand).

(6) Adjustment for capital expenditures of ¥523 million ($3,461 thousand) includes corporate assets of ¥523 million ($3,461 thousand) that are not allocated to any reportable segment. The corporate assets consist mainly of software for information systems of the Company.

3. Capital expenditures do not include right-of-use assets.

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

(JPY)

	Reportable segment					Others (Note 1)	Adjustment (Note 2)	Consolidated
	Electronics & Devices	Foods, Meat & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Total			
Revenue								
External	282,513	340,448	193,393	81,344	897,700	13,707	―	911,408
Inter-segment	559	2	97	14	673	236	(910)	―
Total revenue	283,072	340,450	193,491	81,359	898,374	13,944	(910)	911,408
Operating profit (loss)	20,331	4,063	12,339	1,485	38,219	662	13	38,896
Segment profit (loss)	8,776	2,192	6,694	803	18,467	219	(111)	18,575
Other profit or loss:								
Depreciation and amortization	7,221	2,060	2,939	1,235	13,456	340	(17)	13,778
Share of profit (loss) of investments accounted for using the equity method	(506)	(9)	(296)	―	(812)	290	―	(521)
Segment assets	232,145	171,901	161,977	62,138	628,163	12,577	36,847	677,588
Other assets:								
Investments accounted for using the equity method	4,070	2,063	10,358	―	16,491	3,459	(3)	19,947
Capital expenditures (Note 3)	1,872	508	907	1,023	4,311	52	1,970	6,335

(Notes) 1. The “Others” column is an operating segment that is not included in the reportable segments and includes the logistics and insurance service business and the geographic improvement business.

2. Adjustments are presented as follows:

(1) Adjustment for operating profit (loss) of ¥13 million includes inter-segment elimination of ¥13 million.

(2) Adjustment for segment profit (loss) of ¥(111) million includes inter-segment elimination of ¥(1) million and corporate costs of ¥(110) million that are not allocated to any reportable segment. The corporate costs consist mainly of difference between income tax expense that are arising in the Company's and income tax expense that are allocated to any reportable segment by calculation.

(3) Adjustment for segment assets of ¥36,847 million includes inter-segment elimination of ¥(8,982) million and corporate assets of ¥45,829 million that are not allocated to any reportable segment. The corporate assets consist mainly of cash and bank deposits associated with financing activities and assets such as investment securities.

(4) Adjustment for depreciation and amortization of ¥(17) million includes inter-segment elimination of ¥(17) million.

(5) Adjustment for investments accounted for using the equity method of ¥(3) million includes inter-segment elimination of ¥(3) million.

(6) Adjustment for capital expenditures of ¥1,970 million includes inter-segment elimination of ¥(12) million and corporate assets of ¥1,983 million that are not allocated to any reportable segment. The corporate assets consist mainly of buildings and structures for head office relocation.

3. Capital expenditures do not include right-of-use assets.

(3) Information on products and services

The information on products and services is disclosed in *Note 19. Revenue*.

(4) Geographic information

1) External revenue

	JPY		USD
	2024	2023	2024
Japan	811,912	728,161	5,362,343
Asia	66,318	77,440	438,008
North America	77,836	74,208	514,076
Europe	18,624	20,785	123,008
Others	11,301	10,811	74,643
Total	985,993	911,408	6,512,079

Revenue is classified by country or region based on the locations of customers.

2) Non-current assets (excluding financial assets and deferred tax assets)

	JPY		USD
	2024	2023	2024
Japan	76,926	73,212	508,066
Asia	5,423	5,038	35,822
North America	13,711	12,505	90,561
Europe	1,825	2,508	12,055
Others	42	49	280
Total	97,929	93,314	646,784

(5) Information on major customers

There is no customer whose transaction amount is equal to or more than 10% of the Consolidated Group’s revenue during the fiscal years ended March 31, 2024 and March 31, 2023.

7. Trade and Other Receivables

The breakdown of trade and other receivables is presented as follows:

	JPY		USD
	2024	2023	2024
Notes and accounts receivable	274,865	235,153	1,815,370
Loans receivable	4,146	4,937	27,389
Other	12,365	9,766	81,671
Less: loss allowance	(2,716)	(2,360)	(17,944)
Total	288,661	247,496	1,906,486
Current assets	287,119	245,890	1,896,302
Non-current assets	1,541	1,606	10,184
Total	288,661	247,496	1,906,486

Information on changes in loss allowance is provided in *Note 30. Financial Instruments: (3) Credit risk management.*

8. Inventories

The breakdown of inventories is presented as follows:

	JPY		USD
	2024	2023	2024
Merchandise and finished goods	154,007	150,588	1,017,157
Raw materials and supplies	2,941	3,580	19,430
Work in progress	1,835	1,902	12,121
Total	158,784	156,071	1,048,707

The amount of inventories recognized as expense during the fiscal years ended March 31, 2024 and March 31, 2023 were ¥819,880 million ($5,414,966 thousand) and ¥759,955 million, respectively.

The amount of any write-down of inventories recognized as expense during the fiscal year ended March 31, 2024 and March 31, 2023 were ¥346 million ($2,291 thousand) and ¥1,001 million, respectively.

9. Property, Plant and Equipment

(1) Changes in property, plant and equipment

Changes in costs, accumulated depreciation and accumulated impairment losses of property, plant and equipment are presented as follows:

[Costs]

(JPY)

	Buildings and structures	Machinery, vehicles, tools, furniture and fixtures	Land	Construction in progress	Right-of-use assets	Total
As of April 1, 2022	17,549	30,157	6,501	1,329	29,887	85,425
Acquisitions	1,751	2,429	—	563	12,882	17,627
Acquisitions through business combinations	283	204	388	—	493	1,370
Transfers from construction in progress	349	782	—	(1,132)	—	—
Disposals	(1,866)	(5,043)	(504)	(3)	(8,317)	(15,735)
Exchange differences	256	836	62	93	138	1,386
Other	372	11	—	(1)	(254)	127
As of March 31, 2023	18,696	29,378	6,447	849	34,829	90,201
Acquisitions	808	2,202	0	814	10,072	13,897
Acquisitions through business combinations	73	22	0	—	392	488
Transfers from construction in progress	435	128	423	(986)	—	—
Disposals	(601)	(2,537)	(1,147)	—	(7,272)	(11,558)
Exchange differences	520	1,258	135	58	300	2,273
Other	(204)	(924)	—	(3)	476	(655)
As of March 31, 2024	19,727	29,527	5,859	731	38,799	94,647

[Accumulated depreciation and accumulated impairment losses]

(JPY)

	Buildings and structures	Machinery, vehicles, tools, furniture and fixtures	Land	Construction in progress	Right-of-use assets	Total
As of April 1, 2022	(8,694)	(21,464)	(63)	—	(13,114)	(43,337)
Depreciation	(954)	(1,979)	—	—	(9,055)	(11,988)
Impairment losses	(35)	(297)	—	—	(86)	(419)
Disposals	1,618	3,806	—	—	7,488	12,912
Exchange differences	(49)	(468)	—	—	(53)	(571)
Other	37	32	—	—	322	391
As of March 31, 2023	(8,079)	(20,371)	(63)	—	(14,499)	(43,013)
Depreciation	(1,150)	(1,995)	—	—	(9,365)	(12,512)
Impairment losses	—	—	—	—	—	—
Disposals	455	1,526	62	—	5,706	7,749
Exchange differences	(118)	(776)	—	—	(161)	(1,056)
Other	243	469	—	—	662	1,375
As of March 31, 2024	(8,649)	(21,148)	(1)	—	(17,658)	(47,456)

[Carrying amount]

(JPY)

	Buildings and structures	Machinery, vehicles, tools, furniture and fixtures	Land	Construction in progress	Right-of-use assets	Total
As of March 31, 2023	10,617	9,006	6,384	849	20,330	47,188
As of March 31, 2024	11,078	8,379	5,858	731	21,141	47,190

[Costs]

(USD)

	Buildings and structures	Machinery, vehicles, tools, furniture and fixtures	Land	Construction in progress	Right-of-use assets	Total
As of March 31, 2023	123,481	194,030	42,585	5,612	230,034	595,742
Acquisitions	5,338	14,546	1	5,377	66,526	91,788
Acquisitions through business combinations	483	148	1	―	2,592	3,223
Transfers from construction in progress	2,875	847	2,795	(6,518)	―	―
Disposals	(3,970)	(16,761)	(7,577)	―	(48,029)	(76,337)
Exchange differences	3,436	8,314	896	388	1,984	15,018
Other	(1,350)	(6,105)	―	(25)	3,150	(4,330)
As of March 31, 2024	130,292	195,020	38,700	4,834	256,258	625,104

[Accumulated depreciation and accumulated impairment losses]

(USD)

	Buildings and structures	Machinery, vehicles, tools, furniture and fixtures	Land	Construction in progress	Right-of-use assets	Total
As of March 31, 2023	(53,359)	(134,546)	(418)	―	(95,761)	(284,084)
Depreciation	(7,598)	(13,182)	―	―	(61,858)	(82,638)
Impairment losses	―	―	―	―	―	―
Disposals	3,007	10,080	411	―	37,686	51,184
Exchange differences	(782)	(5,126)	―	―	(1,070)	(6,978)
Other	1,609	3,099	―	―	4,374	9,082
As of March 31, 2024	(57,123)	(139,674)	(7)	―	(116,628)	(313,433)

[Carrying amount]

(USD)

	Buildings and structures	Machinery, vehicles, tools, furniture and fixtures	Land	Construction in progress	Right-of-use assets	Total
As of March 31, 2024	73,169	55,346	38,693	4,834	139,630	311,672

The amounts of expenditures relating to property, plant and equipment under construction are presented in the table above as “Construction in progress”.
Depreciation for property, plant and equipment are included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of income.

(2) Right-of-use assets

The breakdown of underlying assets is presented as follows:

	JPY 2024	JPY 2023	USD 2024
Right-of-use assets for which buildings and structures are the underlying asset	18,809	18,734	124,230
Right-of-use assets for which machinery, vehicles, tools, furniture and fixtures are the underlying asset	1,412	1,150	9,328
Other	919	445	6,072
Total	21,141	20,330	139,630

10. Goodwill and Intangible Assets

(1) Goodwill

Costs, accumulated impairment losses and carrying amount.
Changes in costs, accumulated impairment losses and carrying amount of goodwill are presented as follows:

[Costs]

	JPY 2024	JPY 2023	USD 2024
Balance at the beginning of the year	15,883	11,949	104,907
Acquisitions through business combinations	1,861	3,781	12,296
Exchange differences	625	152	4,132
Other	(307)	—	(2,029)
Balance at the end of the year	18,064	15,883	119,305

[Accumulated impairment losses]

	JPY 2024	JPY 2023	USD 2024
Balance at the beginning of the year	(1,402)	(1,325)	(9,265)
Impairment losses	(16)	(77)	(106)
Other	307	—	2,029
Balance at the end of the year	(1,111)	(1,402)	(7,341)

[Carrying amount]

	JPY 2024	JPY 2023	USD 2024
Carrying amount	16,952	14,481	111,964

(2) Intangible assets

1) Changes in intangible assets

Changes in costs, accumulated amortization and accumulated impairment losses of intangible assets are presented as follows:

[Costs]

(JPY)

	Software	Carrier shop operating rights	Right-of-use assets	Other	Total
As of April 1, 2022	11,217	17,140	87	8,332	36,777
Acquisitions	889	—	3	5	898
Acquisitions through business combinations	16	—	—	4,143	4,160
Disposals	(298)	—	—	(9)	(308)
Exchange differences	52	—	—	242	295
Other	(221)	—	—	6	(215)
As of March 31, 2023	11,656	17,140	90	12,720	41,608
Acquisitions	864	—	8	227	1,099
Acquisitions through business combinations	0	—	—	1,856	1,856
Disposals	(181)	—	(3)	(0)	(185)
Exchange differences	98	—	—	1,052	1,151
Other	196	—	—	0	197
As of March 31, 2024	12,635	17,140	95	15,856	45,728

[Accumulated amortization and accumulated impairment losses]

(JPY)

	Software	Carrier shop operating rights	Right-of-use assets	Other	Total
As of April 1, 2022	(7,907)	(234)	(29)	(3,692)	(11,864)
Amortization	(886)	—	(13)	(889)	(1,790)
Impairment loss	—	—	—	(0)	(0)
Disposals	281	—	—	2	284
Exchange differences	(46)	—	—	(214)	(261)
Other	78	—	—	0	78
As of March 31, 2023	(8,479)	(234)	(43)	(4,795)	(13,553)
Amortization	(968)	—	(15)	(1,245)	(2,229)
Disposals	180	—	3	—	183
Exchange differences	(84)	—	—	(451)	(536)
Other	28	—	—	(0)	28
As of March 31, 2024	(9,323)	(234)	(54)	(6,493)	(16,106)

[Carrying amount]

(JPY)

	Software	Carrier shop operating rights	Right-of-use assets	Other	Total
As of March 31, 2023	3,176	16,906	46	7,925	28,055
As of March 31, 2024	3,311	16,906	40	9,363	29,621

[Costs]

(USD)

	Software	Carrier shop operating rights	Right-of-use assets	Other	Total
As of March 31, 2023	76,984	113,208	597	84,016	274,804
Acquisitions	5,710	―	55	1,500	7,264
Acquisitions through business combinations	4	―	―	12,259	12,263
Disposals	(1,200)	―	(23)	(2)	(1,225)
Exchange differences	653	―	―	6,951	7,604
Other	1,301	―	―	6	1,307
As of March 31, 2024	83,452	113,208	628	104,729	302,017

[Accumulated amortization and accumulated impairment losses]

(USD)

	Software	Carrier shop operating rights	Right-of-use assets	Other	Total
As of March 31, 2023	(56,004)	(1,549)	(287)	(31,672)	(89,512)
Amortization	(6,394)	―	(99)	(8,228)	(14,722)
Disposals	1,189	―	23	―	1,212
Exchange differences	(560)	―	―	(2,984)	(3,544)
Other	190	―	―	(0)	190
As of March 31, 2024	(61,579)	(1,549)	(363)	(42,885)	(106,376)

[Carrying amount]

(USD)

	Software	Carrier shop operating rights	Right-of-use assets	Other	Total
As of March 31, 2024	21,873	111,659	266	61,844	195,641

There are no material internally-generated intangible assets as of March 31, 2024 and March 31, 2023.
Amortization expenses are included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of income.

2) Right-of-use assets
The breakdown of underlying assets is presented as follows:

	JPY		USD
	2024	2023	2024
Right-of-use assets for which software is the underlying assets	40	46	266
Total	40	46	266

(3) Impairment test of goodwill and intangible assets with indefinite useful lives

The Consolidated Group's cash-generating units to which goodwill and intangible assets with indefinite useful lives has been allocated are tested for impairment annually, and whenever there is an indication that such assets may be impaired. The carrying amount of significant goodwill and intangible assets with indefinite useful lives allocated to the Consolidated Group's cash-generating units are as follows:

	JPY		USD
	2024	2023	2024
Goodwill			
Electronics & Devices segment			
Electronics business of the domestic subsidiaries	6,913	5,588	45,663
Electronics business of the foreign subsidiaries	2,433	2,171	16,072
Mobile business of the domestic subsidiaries	3,344	2,824	22,091
Steel, Materials & Plant segment			
Steel pipe business of the foreign subsidiaries	3,065	2,703	20,250
Carrier shop operating rights			
Electronics & Devices segment			
Mobile business of the domestic subsidiaries	16,906	16,906	111,659

The impairment test of goodwill and intangible assets with indefinite useful lives is conducted by evaluating the recoverable amount of the cash-generating units. The recoverable amounts of the Consolidated Group's cash-generating units to which significant goodwill and intangible assets with indefinite useful lives have been allocated were calculated based on its value in use applying forecast for up to five years and the growth rate that were approved by management. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, based on the nature and geographical location of the business.

In addition, the main assumptions used to determine the value in use was the estimation of gross profits, growth rates and discount rates. The growth rates are determined by considering the forecasts of the nominal GDP growth rates of the countries in which such Consolidated Group's cash-generating units are located and the average long-term growth rates of the markets or countries to which the Consolidated Group's cash-generating units operate. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, based on the nature and geographical location of the business. The growth rate after the fifth year used in the impairment test for the electronics business and the mobile business of the domestic and foreign subsidiaries are 0% and for the steel pipe business of the foreign subsidiaries is 2.0% as of March 31, 2024 and March 31, 2023.

The pre-tax discount rates which were used in calculating the value in use of the Consolidated Group's cash-generating units to which significant goodwill and carrier shop operating rights have been allocated are as follows:

	2024	2023
Goodwill		
Electronics & Devices segment		
Electronics business of the domestic subsidiaries	6.9%	6.4%
Electronics business of the foreign subsidiaries	13.7%	12.9%
Mobile business of the domestic subsidiaries	5.3%	6.6%
Steel, Materials & Plant segment		
Steel pipe business of the foreign subsidiaries	14.1%	15.7%
Carrier shop operating rights		
Electronics & Devices segment		
Mobile business of the domestic subsidiaries	5.3%	6.6%

It is unlikely to be impaired significantly even if major assumptions used for the impairment test changed within a reasonable and predictable scope.

The contents of significant goodwill and intangible assets with indefinite useful lives are presented as follows:

Mobile business of the domestic subsidiaries
Goodwill and the carrier shop operating rights in the mobile business of the domestic subsidiaries were recognized upon acquisition of the mobile business by Kanematsu Communications Ltd., a consolidated subsidiary of the Company. For the fiscal year ended March 31,2024, goodwill was recognized at ¥3,344 million ($22,091 thousand) and carrier shop operating rights of ¥16,906 million ($111,659 thousand) were recognized. The purpose of the acquisition was to expand market share, and the acquisition increased the size of the mobile business of the domestic subsidiaries on the consolidated financial statements. In addition, the gross profit of the mobile business of domestic subsidiaries may fluctuate due to the uncertainty of future earnings caused by changes in the external environment, such as amendments to the Telecommunications Business Act and cell phone rate plan changes by mobile carriers. The carrier shop operating rights are rights to earn revenue by operating mobile communications device distribution shops for specific carriers. The rights are identified as indefinite-lived intangible assets because the intangible assets are considered to continue to exist as long as the business continues.

The value in use that used in the impairment test for goodwill and carrier shop operating rights is assessed using the present value of cash flows based on five-year forecast and growth rates that reflect the most recent business environment.

Card printer business
Goodwill in the card printer business, one of the key business of the Electronics business of the domestic subsidiaries, was recognized as upon acquisition of G-Printec, Inc. For the fiscal year ended March 31,2024, goodwill was recognized at ¥2,485 million ($16,417 thousand). In addition, the gross profit of the card printer business of domestic subsidiaries may fluctuate due to the uncertainty of future earnings since card printer business faces sales competition with overseas and domestic competitors, and the overseas market, which is the main market, is exposed to changes in market conditions and trends in each country.

The value in use that used in the impairment test for goodwill is assessed using the present value of cash flows based on five-year forecast and growth rates that reflect the most recent business environment.

Steel pipe business of the foreign subsidiaries
Goodwill in the steel pipe business was recognized upon the acquisition of Benoit Premium Threading, LLC located in the United States. For the fiscal year ended March 31, 2024, goodwill of ¥3,065 million ($20,250 thousand) was recognized. In addition, the gross profit of the steel pipe business may fluctuate due to the uncertainty of future earnings since steel pipe business is greatly affected by international crude oil prices and trading volumes, and the volatility of long-term earnings forecasts is relatively high.

The value in use used in the impairment test for goodwill is assessed using the present value of cash flows based on four-year forecast and growth rates that reflect the most recent business environment.

11. Interests in Associates and Joint Ventures

There are no associates or joint ventures that are material to the Consolidated Group.

The aggregate amounts of interests in individually immaterial associates and joint ventures that are accounted for using the equity method are presented as follows:

[Aggregate carrying amount]

	JPY		USD
	2024	2023	2024
Associates	19,978	19,573	131,951
Joint ventures	492	374	3,254

[Profit or loss from continuing business]

	JPY		USD
	2024	2023	2024
Associates	(336)	(496)	(2,225)
Joint ventures	124	(24)	821

[Other comprehensive income]

	JPY		USD
	2024	2023	2024
Associates	625	1,253	4,130
Joint ventures	—	—	—

[Total comprehensive income]

	JPY		USD
	2024	2023	2024
Associates	288	757	1,905
Joint ventures	124	(24)	821

12. Other Investments

The breakdown of other investments is presented as follows:

	JPY		USD
	2024	2023	2024
Financial assets measured at fair value through profit or loss	2,764	2,774	18,260
Financial assets measured at fair value through other comprehensive income	50,254	35,114	331,911
Total	53,019	37,888	350,171

13. Other Current Assets and Other Non-current Assets

The breakdown of other current assets and other non-current assets is presented as follows:

	JPY		USD
	2024	2023	2024
Advance payments	19,169	16,742	126,604
Prepaid expenses	7,097	6,419	46,878
Other	12,086	9,324	79,829
Total	38,353	32,486	253,312
Current assets	34,189	28,896	225,804
Non-current assets	4,164	3,589	27,507
Total	38,353	32,486	253,312

14. Trade and Other Payables

The breakdown of trade and other payables is presented as follows:

	JPY		USD
	2024	2023	2024
Notes and accounts payable	154,088	133,018	1,017,689
Import bills payable	68,363	58,159	451,513
Accounts payable - commission	17,111	15,426	113,011
Other	0	4	2
Total	239,563	206,609	1,582,215
Current liabilities	239,563	206,609	1,582,215
Non-current liabilities	—	—	—
Total	239,563	206,609	1,582,215

15. Bonds and Borrowings, etc.

The breakdown of bonds, borrowings and lease liabilities is presented as follows:

	2024		2023	Average interest rate (%)	Maturity date
	JPY	USD	JPY		
Current portion of bonds	4,996	33,000	14	—	—
Short-term borrowings	87,905	580,582	140,870	1.79	—
Current portion of long-term borrowings	24,140	159,441	21,304	0.64	—
Current portion of lease liabilities	7,492	49,485	7,685	—	—
Bonds (excluding the current portion)	9,954	65,746	14,934	—	—
Long-term borrowings (excluding the current portion)	87,548	578,220	50,770	0.66	From April 2025 to May 2033
Lease liabilities (excluding the current portion)	13,721	90,623	12,992	—	From April 2025 to April 2059
Total	235,760	1,557,097	248,572		
Current liabilities	124,535	822,508	169,874		
Non-current liabilities	111,224	734,589	78,696		
Total	235,760	1,557,097	248,572		

(Notes) 1. The "Average interest rate" is presented as the weighted average interest rate against the borrowings outstanding at the end of the fiscal year.
2. There is no description of the average interest rate of lease liabilities because value of interest equivalent included in total amount of lease payments is allocated to each consolidated fiscal year by straight-line method.
3. At the end of the current consolidated fiscal year, repayments of bonds, borrowings, and lease liabilities after the date of consolidated financial statement is presented follows.

	Within one year		Over one year and within two years		Over two years and within three years		Over three years and within four years		Over four years and within five years		Over five years	
	JPY	USD	JPY	USD	JPY	USD	JPY	USD	JPY	USD	JPY	USD
Corporate bonds	4,996	33,000	—	—	4,978	32,883	—	—	4,975	32,862	—	—
Long-term borrowings	24,140	159,441	22,322	147,434	20,759	137,105	18,604	122,877	13,722	90,630	12,139	80,175
Lease liabilities	7,492	49,485	4,888	32,287	3,179	20,998	1,473	9,730	1,019	6,732	3,160	20,876

Summary of the issuance terms of corporate Bonds is presented follows.

Issuer	Bond Name	Issue date	2024		2023	Coupon rate (%)	Collateral	Maturity date
			JPY	USD	JPY			
Kanematsu Corporation	Unsecured Straight Bonds No 4 (7-year bonds)	December 14, 2017	4,996 (4,996)	33,000 (33,000)	4,991	0.57	None	December 13, 2024
Kanematsu Corporation	Unsecured Straight Bonds No 5 (5-year bonds)	March 3, 2022	4,978	32,883	4,971	0.42	None	March 3, 2027
Kanematsu Corporation	Unsecured Straight Bonds No 6 (7-year bonds)	March 3, 2022	4,975	32,862	4,970	0.65	None	March 2, 2029
	Other		—	—	14			

(Note) The figures in the parentheses indicate the current portion.

16. Provisions

Changes in provisions are presented as follows:

(JPY)

	Asset retirement obligations	Other	Total
As of April 1, 2023	2,460	53	2,514
Acquisitions through business combinations	31	—	31
Provisions made	437	74	512
Provisions used	(368)	(48)	(417)
Provisions reversed	—	—	—
Unwinding of discount	15	—	15
Foreign exchange translation differences	—	0	0
As of March 31, 2024	2,577	79	2,657

(USD)

	Asset retirement obligations	Other	Total
As of April 1, 2023	16,253	352	16,605
Acquisitions through business combinations	211	—	211
Provisions made	2,892	493	3,385
Provisions used	(2,433)	(323)	(2,756)
Provisions reversed	—	—	—
Unwinding of discount	99	—	99
Foreign exchange translation differences	—	5	5
As of March 31, 2024	17,022	527	17,549

The current and non-current portions of provisions are presented as follows:

	JPY		USD
	2024	2023	2024
Current liabilities	304	358	2,010
Non-current liabilities	2,352	2,155	15,539
Total	2,657	2,514	17,549

Asset retirement obligations are obligations for restoring offices and shops in accordance with provisions of the property leasing contracts. While these expenditures will be made after at least one year has passed, the amounts may be affected by the future business plan and other factors.

17. Other Current Liabilities and Other Non-current Liabilities

The breakdown of other current liabilities and other non-current liabilities is presented as follows:

	JPY		USD
	2024	2023	2024
Advances received	10,044	6,741	66,341
Contract liabilities	5,778	6,134	38,163
Accrued expenses	5,104	4,399	33,716
Accrued paid leave	2,662	2,370	17,587
Other	12,284	10,710	81,133
Total	35,875	30,355	236,940
Current liabilities	34,765	29,199	229,612
Non-current liabilities	1,109	1,156	7,328
Total	35,875	30,355	236,940

18. Equity

(1) Capital management

The Consolidated Group has a policy of increasing shareholders’ equity (See Note 1) up to a certain level and strengthening its financial base to enhance its enterprise value through growth of business while maintaining a sound financial position.

The Company examines the appropriateness of scale of shareholders' equity to quantitatively measure the maximum amount of potential loss that could result from environmental change in the companies' respective businesses, to manage shareholders' equity.

The key indices which the Consolidated Group uses for management of shareholders' equity are ratio of risk assets (See Note 2) and Net DER (See Note 3), and these indices are periodically reported to and monitored by management.

(Note 1) Shareholders’ equity is defined as equity attributable to owners of the Parent.
(Note 2) Ratio of risk assets is defined as a ratio of the amount of maximum potential loss to shareholders' equity. The amount of maximum potential loss is the amount of all assets and off-balance sheet transactions on the consolidated financial statements multiplied by the original risk weight set by the Consolidated Group according to the potential risk of loss.
(Note 3) Net DER is defined as a ratio of net interest-bearing debt to shareholders’ equity, while net interest-bearing debt is the total amount of interest-bearing debt excluding lease liabilities (bonds and borrowings) less cash and deposits.

The figures of net DER as of March 31, 2024 and March 31, 2023 are presented as follows:

	Times	
	2024	2023
Net DER	1.00	1.15

The Consolidated Group is subject to financial covenants including capital requirements with respect to a portion of its borrowings from financial institutions. The Consolidated Group monitors each compliance status to maintain the level required by such financial covenants and has complied with such covenants for the fiscal years ended March 31, 2024 and March 31, 2023.

(2) Number of shares authorized to be issued, issued shares and shares of treasury stock

(Unit: share)

	2024	2023
Shares authorized to be issued (No-par common stock)	200,000,000	200,000,000
Issued shares (No-par common stock)		
Balance at the beginning of the year	84,500,202	84,500,202
Changes during the period	—	—
Balance at the end of the year	84,500,202	84,500,202
Shares of treasury stock (No-par common stock)	1,012,318	1,026,028

(Note) Shares of treasury stock in the current fiscal year includes 95,000 shares of the Company held by the associate and 651,500 shares of the Company held by the stock issuance trust for officers. Shares of treasury stock in the previous fiscal year included 95,000 shares of the Company held by the associate and 667,100 shares of the Company held by the stock issuance trust for officers.

(3) Surplus

1) Capital surplus

There is no balance of capital surplus as of March 31, 2024 and March 31, 2023.
The main reason of decrease of the previous fiscal year ended March 31,2023 was the effect of additional investment in shares in Kanematsu Electronics Ltd. The detail is provided in *Notes to CONSOLIDATED FINANCIAL STATEMENTS: 34. Significant Subsidiaries: (3) Transaction with non-controlling interests.*

2) Retained earnings

Retained earnings consist of legal retained earnings and other retained earnings.
The Companies Act of Japan provides that an amount equal to 10% of distribution of surplus for each fiscal year must be appropriated as legal capital surplus or legal retained earnings until the total aggregate amount of legal capital surplus and legal retained earnings equals 25% of share capital.
Under the Companies Act, the amounts available for distribution are calculated based on the amounts of capital surplus and retained earnings, exclusive of legal capital surplus and legal retained earnings, all of which are recorded in accordance with the accounting principles generally accepted in Japan.

(4) Dividends

1) Amounts of dividends paid

Resolution	Type of stock	Source of dividends	Total amounts of dividends		Dividends per share		Record date	Effective date
			JPY	USD	Yen	U.S. dollars		
May 25, 2023 Board of Directors meeting	Common stock	Retained earnings	3,158	20,863	37.50	0.248	Mar. 31, 2023	Jun. 12, 2023
Nov. 2, 2023 Board of Directors meeting	Common stock	Retained earnings	3,790	25,035	45.00	0.297	Sep. 30, 2023	Dec. 5, 2023

Resolution	Type of stock	Source of dividends	Total amounts of dividends	Dividends per share	Record date	Effective date
			JPY	Yen		
May 24, 2022 Board of Directors meeting	Common stock	Retained earnings	2,948	35.00	Mar. 31, 2022	Jun. 8, 2022
Nov. 4, 2022 Board of Directors meeting	Common stock	Retained earnings	3,158	37.50	Sep. 30, 2022	Dec. 6, 2022

(Note) The total amount of dividends resolved by the board of directors meeting on May 25, 2023, November 2, 2023, May 24, 2022 and November 4, 2022 includes ¥25 million ($165 thousand), ¥29 million ($194 thousand), ¥24 million and ¥25 million of the dividends to the shares of the Company held by the stock issuance trust for officers.

2) Dividends with record date in the current fiscal year, and effective date in the following fiscal year

Resolution	Type of stock	Source of dividends	Total amounts of dividends		Dividends per share		Record date	Effective date
			JPY	USD	Yen	U.S. dollars		
May 24, 2024 Board of Directors meeting	Common stock	Retained earnings	3,790	25,035	45.00	0.297	Mar. 31, 2024	Jun. 11, 2024

(Note) The total amount of dividends resolved by the board of directors meeting on May 24, 2024 includes ¥29 million ($194 thousand) of the dividends to the shares of the Company held by the stock issuance trust for officers.

19. Revenue

(1) Disaggregation of revenuetrare

As disclosed in *Note 6. Segment information*, the Consolidated Group has four reportable segments: Electronics and Devices, Foods, Meat and Grain, Steel, Materials and Plant and Motor Vehicles and Aerospace. In addition, the Consolidated Group disaggregates revenue in Electronics and Devices recognized from contracts with customers into three categories: ICT solutions, Mobile and Others. Similarly, revenue in Steel, Materials and Plant is disaggregated into Energy and Others. The reconciliations of the disaggregated revenue with the group's sales components are as follows.

The accounting methods for the revenue are consistent with those stated in *Note 3. Material Accounting Policies*.

	JPY		USD
	2024	2023	2024
Electronics & Devices			
ICT solution	88,834	84,067	586,715
Mobile	152,447	107,742	1,006,851
Others	87,247	90,681	576,233
Foods, Meat & Grain	341,696	340,448	2,256,760
Steel, Materials & Plant			
Energy	112,073	95,707	740,199
Others	101,592	97,683	670,979
Motor Vehicles & Aerospace	90,486	81,256	597,628
Total reportable segment	974,378	897,587	6,435,366
Others	11,560	13,707	76,351
Total revenue arising from contracts with customers	985,938	911,294	6,511,716
Revenue arising from other sources	54	113	362
Total	985,993	911,408	6,512,079

(Note) Revenue arising from other sources includes revenue recognized in accordance with IFRS 16 "Lease".

(2) Contract balances

Information on receivables from contracts with customers, contract assets and liabilities arising from contracts with customers are as follows:

Fiscal year ended March 31, 2024

	JPY		USD	
	2024		2024	
	As of April 1, 2023	As of March 31, 2024	As of April 1, 2023	As of March 31, 2024
Receivables from contracts with customers	235,150	267,494	1,553,070	1,766,687
Contract assets	0	916	4	6,053
Contract liabilities	6,134	5,778	40,513	38,163

Fiscal year ended March 31, 2023

	JPY	
	2023	
	As of April 1, 2022	As of March 31, 2023
Receivables from contracts with customers	226,665	235,150
Contract assets	—	0
Contract liabilities	10,539	6,134

Contract assets primarily relate to the Consolidated Group’s rights to receive consideration for performance obligations that have been completed, but not yet billed for, as of the reporting date and they are reclassified as receivables when the Consolidated Group’s rights to payment becomes unconditional. Contract assets are included in “Other current assets” in the consolidated statement of financial position.
Contract liabilities are mainly consideration for maintenance and operation transactions of information and telecommunication systems and service-type transactions with product warranties, where the performance obligation is satisfied over a certain period of time, and are reversed and recognized as revenue in accordance with the fulfillment of the performance obligations during the maintenance or warranty period. In addition, the Consolidated Group recognizes as a contract liability that already received a part of consideration upon delivery of goods. Contract liabilities are included in “Other current liabilities” in the consolidated statement of financial position. Of the revenue recognized in the current and previous fiscal years, ¥4,946 million ($32,668 thousand) and ¥8,764 million were included in the balance of contract liabilities as of April 1, 2023 and April 1, 2022. There are no significant amounts of revenue recognized during the fiscal years ended March 31, 2024 and March 31, 2023 from performance obligations satisfied in the prior fiscal years. The increase of contract liabilities is included in a reduction of other from operating activities in the Consolidated Statement of Cash Flows.

(3) Transaction price allocated to the remaining performance obligations

Transaction prices allocated to remaining performance obligations are mainly related to transactions for the maintenance and operation of ICT & communications systems , and the timing of fulfillment of these obligations is as follows. It`s not included expected transactions term within one year. There are no material amounts not included in transaction prices in consideration arising from contracts with customers.

	JPY		USD
	2024	2023	2024
Within one year	2,935	4,072	19,386
Over one year and within two years	2,243	1,798	14,820
Over two years and within three years	1,794	1,203	11,851
Over three years and within four years	1,377	740	9,096
Over four years and within five years	617	302	4,080
Over five years	185	63	1,228
Total	9,154	8,180	60,461

(4) Assets recognized from the costs of obtaining or fulfilling contracts with customers

There are no assets recognized from the costs of obtaining or fulfilling contracts with customers as of the years ended March 31, 2024 and March 31, 2023. In addition, if the amortization period of the assets that the group otherwise would have recognized is one year or less, the group applies the practical expedient of recognizing the incremental costs of obtaining the contract as an expense when incurred.

20. Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses is presented as follows:

	JPY		USD
	2024	2023	2024
Personnel expenses	56,197	52,926	371,159
Depreciation and amortization	12,052	11,286	79,603
Outsourcing service charges	11,546	8,712	76,261
Other	26,380	23,380	174,234
Total	106,177	96,305	701,257

21. Gain or Loss on Sale or Disposal of Property, Plant and Equipment and Intangible Assets

The breakdown of gain or loss on sale or disposal of property, plant and equipment and intangible assets is presented as follows:

	JPY		USD
	2024	2023	2024
Gain on sale of property, plant and equipment	1,990	58	13,145
Gain on sale of intangible assets	—	1	—
Total gain on sale of property, plant and equipment and intangible assets	1,990	60	13,145
Loss on sale of property, plant and equipment	(35)	(9)	(235)
Loss on sale of intangible assets	—	(0)	—
Total loss on sale of property, plant and equipment and intangible assets	(35)	(10)	(235)
Loss on disposal of property, plant and equipment	(171)	(294)	(1,130)
Loss on disposal of intangible assets	(1)	(18)	(13)
Total loss on disposal of property, plant and equipment and intangible assets	(172)	(313)	(1,142)
Gain (loss) on sale or disposal of property, plant and equipment and intangible assets, net	1,781	(263)	11,768

22. Impairment Loss

(1) Breakdown of impairment loss by each class of assets

The breakdown of impairment losses by class of assets is presented as follows. Impairment losses for property, plant and equipment and intangible assets are included in "Impairment loss on property, plant and equipment and intangible assets", and impairment losses for goodwill are included in "Other expenses" in the consolidated statement of income.

	JPY		USD
	2024	2023	2024
Property, plant and equipment	—	(419)	—
Goodwill	(16)	(77)	(106)
Intangible assets	—	(0)	—
Investments accounted for using the equity method	(2,349)	—	(15,519)
Total	(2,365)	(496)	(15,624)

(2) Breakdown by reportable segment

The breakdown of impairment losses by reportable segment is presented as follows:

	JPY		USD
	2024	2023	2024
Electronics and Devices	(16)	(196)	(106)
Steel, Materials and Plant	(2,349)	(299)	(15,519)
Total	(2,365)	(496)	(15,624)

For the fiscal year ended March 31, 2023, there was no significant impairment losses.
For the fiscal year ended March 31, 2024, due to deteriorating performance of the invested company in the Steel, Materials and Plant segment, an impairment loss of ¥2,349 million ($15,519 thousand) was recognized as a result of the reduction in carrying amount of the investments accounted for using the equity method. The recoverable amount is based on fair value after deducting disposal costs.
The fair value stated above is categorized within fair value hierarchy Level 1. Fair values are categorized into three levels of the fair value hierarchy depending on inputs to valuation techniques; details are described in *Note 2. Basis of Preparing Consolidated Financial Statements: (4) Use of estimates and judgments.*

23. Exchange Differences

Exchange differences recognized in profit or loss for the fiscal years ended March 31, 2024 and March 31, 2023 were ¥5,122 million ($33,831 thousand) and ¥3,787 million, respectively and are included in “Other income” in the consolidated statement of income. In addition, each amount includes gains or losses arising from currency-related derivative transactions that were entered into for the purpose of hedging the foreign currency risk. Gains and losses arising from translating assets and liabilities denominated in a currency other than the functional currency or from settling such items are included in profit or loss as they arise.

24. Finance Income and Finance Costs

The breakdown of finance income and finance costs is presented as follows:

	JPY		USD
	2024	2023	2024
Interest income			
Financial assets measured at amortized cost	1,113	441	7,354
Total interest income	1,113	441	7,354
Dividend income			
Financial assets measured at fair value through profit or loss	112	202	743
Financial assets measured at fair value through other comprehensive income	1,209	860	7,991
Total dividend income	1,322	1,062	8,734
Other finance income (Note)			
Other finance income	83	315	549
Total other finance income	83	315	549
Total finance income	2,518	1,819	16,637
Interest expenses			
Financial liabilities measured at amortized cost	(6,109)	(3,870)	(40,349)
Derivatives	—	(15)	—
Total interest expenses	(6,109)	(3,885)	(40,349)
Other finance costs (Note)			
Other finance costs	(477)	(611)	(3,151)
Total other finance costs	(477)	(611)	(3,151)
Total finance costs	(6,586)	(4,497)	(43,501)

(Note) The amounts of other finance income and other finance costs are those related to financial assets measured at fair value through profit or loss and the details are presented in *Note 30. Financial Instruments: (6) -3) - (ii) Recurring fair value measurements categorized within Level 3 of the fair value hierarchy.*

25. Earnings Per Share Attributable to Owners of the Parent

(1) Earnings per share

	Yen		U.S. dollars
	2024	2023	2024
Basic earnings per share	277.90	222.38	1.84
Diluted earnings per share	276.97	221.89	1.83

The amount of diluted earnings per share is calculated by deeming the shares authorized to be issued subject to conditions which are expected to be provided under the performance-linked stock compensation plan as potential shares.

(2) Bases for calculation of earnings per share

	JPY		USD
	2024	2023	2024
Profit attributable to owners of the Parent	23,218	18,575	153,352
Amount not attributable to common shareholders of the Parent	—	—	—
Profit used to calculate basic earnings per share	23,218	18,575	153,352
Profit used to calculate diluted earnings per share	23,218	18,575	153,352

	Thousand shares	
	2024	2023
Weighted average number of common shares	83,552	83,533
Increase due to the performance-linked stock compensation plan	279	183
Weighted average number of common shares adjusted for dilution	83,832	83,717

(Note) In the calculation of earnings per share, the shares of the Company owned by the stock issuance trust for officers below are included in the treasury stock which is deducted in the calculation of average number of shares during the fiscal year.
The current fiscal year: 657,130 shares
The previous fiscal year: 678,007 shares

26. Other Comprehensive Income

The breakdown for the amounts of reclassification adjustments and deferred tax in other comprehensive income is presented as follows:

	JPY		USD
	2024	2023	2024
Financial assets measured at fair value through other comprehensive income			
Amount arising during the year	10,928	3,038	72,177
Amount before deferred tax	10,928	3,038	72,177
Deferred tax	(2,808)	(862)	(18,546)
Financial assets measured at fair value through other comprehensive income	8,120	2,176	53,631
Remeasurements of defined benefit pension plans			
Amount arising during the year	732	525	4,836
Amount before deferred tax	732	525	4,836
Deferred tax	(226)	(133)	(1,494)
Remeasurements of defined benefit pension plans	506	392	3,343
Exchange differences on translation of foreign operations			
Amount arising during the year	6,565	3,212	43,364
Reclassification adjustments	—	(7)	—
Exchange differences on translation of foreign operations	6,565	3,205	43,364
Cash flow hedges			
Amount arising during the year	1,735	1,032	11,459
Reclassification adjustments	(992)	(1,679)	(6,555)
Amount before deferred tax	742	(646)	4,904
Deferred tax	(179)	201	(1,184)
Cash flow hedges	563	(445)	3,720
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	687	1,258	4,542
Reclassification adjustments	(62)	(4)	(412)
Share of other comprehensive income of investments accounted for using the equity method	625	1,253	4,130
Total other comprehensive income	16,380	6,583	108,187

27. Cash Flow Information

(1) Cash and cash equivalents

The breakdown of cash and cash equivalents and its reconciliation to the amounts presented in the consolidated statement of financial position are as follows:

	JPY		USD
	2024	2023	2024
Cash and bank deposits except for time deposits with original term of more than three months	53,431	79,462	352,893
Cash and cash equivalents in the consolidated statement of financial position	53,431	79,462	352,893
Cash and cash equivalents in the consolidated statement of cash flows	53,431	79,462	352,893

(2) Net payment for acquisition of subsidiaries and acquisition of business

The breakdown of the main assets and liabilities of newly acquired subsidiaries or other businesses at the time control thereof was acquired, and the reconciliation between consideration paid and net payment for the acquisition are presented as follows:

	JPY		USD
	2024	2023	2024
Breakdown of assets at the acquisition date			
Current assets (including cash and cash equivalents)	3,615	7,672	23,880
Non-current assets	2,703	5,980	17,856
Breakdown of liabilities at the acquisition date			
Current liabilities	(1,520)	(2,564)	(10,041)
Non-current liabilities	(1,006)	(1,425)	(6,648)
Goodwill	1,861	3,760	12,296
Non-controlling interests	—	(1,171)	—
Other	—	54	—
Fair value of consideration paid			
Cash and cash equivalents	(4,467)	(12,306)	(29,506)
Other	(1,186)	—	(7,837)
Total fair value of consideration paid	(5,654)	(12,306)	(37,343)
Accounts payable of consideration paid	5	—	33
Cash and cash equivalents of the acquiree	712	2,905	4,704
Repayments of short-term borrowings	(600)	—	(3,963)
Net proceeds from (payment for) acquisition of subsidiaries	(3,790)	(9,205)	(25,032)
Net payments for acquisition of businesses	(560)	(195)	(3,700)

(3) Net proceeds from transfer of business

The breakdown of the main assets upon other businesses which control was lost as a result of the sale, and the calculation of the net proceeds from transfer of businesses are presented as follows:

	JPY		USD
	2024	2023	2024
Breakdown of assets upon loss of control			
Current assets (including cash and cash equivalents)	—	3	—
Non-current assets	7	610	51

	JPY		USD
	2024	2023	2024
Consideration received	7	750	51
Net proceeds from transfer of businesses	7	750	51

(4) Changes in liabilities for financing activities

Changes in liabilities for financing activities are as follows:
Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(JPN)

	April 1, 2023	Cash flows	Non-cash movements				March 31, 2024
			Lease	Exchange differences	Increase and decrease from acquisition of subsidiaries	Others	
Borrowings	212,945	(16,123)	—	2,640	—	132	199,595
Bonds	14,948	(14)	—	—	—	17	14,951
Lease liabilities	20,677	(9,371)	10,339	151	392	(975)	21,213
Total	248,572	(25,509)	10,339	2,792	392	(826)	235,760

(USD)

	April 1, 2023	Cash flows	Non-cash movements				March 31, 2024
			Lease	Exchange differences	Increase and decrease from acquisition of subsidiaries	Others	
Borrowings	1,406,417	(106,490)	—	17,441	—	875	1,318,243
Bonds	98,731	(98)	—	—	—	113	98,746
Lease liabilities	136,567	(61,894)	68,287	1,000	2,592	(6,444)	140,108
Total	1,641,715	(168,481)	68,287	18,441	2,592	(5,456)	1,557,097

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

(JPN)

	April 1, 2022	Cash flows	Non-cash movements				March 31, 2023
			Lease	Exchange differences	Increase and decrease from acquisition of subsidiaries	Others	
Borrowings	123,511	88,300	—	1,107	15	10	212,945
Bonds	19,941	(5,014)	—	—	—	21	14,948
Lease liabilities	16,832	(8,707)	13,093	99	493	(1,134)	20,677
Total	160,285	74,579	13,093	1,206	509	(1,101)	248,572

(5) Significant non-cash transactions

The leases increased right-of-use assets for the fiscal year ended March 31, 2024 and March 31, 2023. Please refer to *Note 9. Property, Plant and Equipment* and *Note 10 Goodwill and Intangible Assets* for more information.

28. Employee Benefits

(1) Post-employment benefits

1) Outline of retirement benefit plans adopted by the Consolidated Group

The Company has a defined benefit pension plan and lump-sum retirement benefit plan covering substantially all employees other than directors and executive officers. The benefit amounts for the defined benefit pension plan are determined based on the period of employees' enrollment in the plan, contribution granted to employees and other factors. The Company has a responsibility to manage pension assets faithfully and has an obligation to make contributions for the employees enrolled in the plan in compliance with applicable laws and regulations.

The pension plan that the Company maintains is a contract-type defined benefit pension plan.

Matters such as asset management performance, status of the plan and accounting treatment are reported to the Management Committee by the Finance Department and the Personnel & General Affairs Department, which are in charge of operation of the pension plan. These departments hold a meeting on a timely manner to discuss the matters such as a revision to the plan and a change in the asset investment policy.

Most of the subsidiaries have unfunded retirement benefit plans and/or funded pension plans. Employees, other than directors, are entitled to, under most circumstances, upon mandatory retirement at normal retirement age or earlier termination of employment, a lump-sum retirement benefit based on compensation at the time of retirement, years of service and other factors. Certain subsidiaries have adopted the defined contribution retirement benefit plan.

2) Defined benefit plan

(i) Net defined benefit liability (asset)

Reconciliation of the beginning and ending balances of net defined benefit liability (asset) and the components for the years ended March 31, 2024 and March 31, 2023 are presented as follows:

(JPY)

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
As of April 1, 2022	20,727	(13,895)	6,831
Current service cost	1,366	—	1,366
Net interest	75	(44)	31
Remeasurements (Note 1)	(747)	221	(525)
Decrease by settlements of plans (Note 2)	(2,647)	2,545	(102)
Foreign currency translation difference	40	(22)	18
Employer contributions to the plan	—	(768)	(768)
Benefits paid	(1,402)	885	(517)
Other	(126)	(12)	(139)
As of March 31, 2023	17,285	(11,090)	6,195
Current service cost	1,109	—	1,109
Net interest	124	(146)	(22)
Remeasurements (Note 1)	(195)	(537)	(732)
Foreign currency translation difference	63	(26)	37
Employer contributions to the plan	—	(680)	(680)
Benefits paid	(1,349)	822	(526)
Other	29	—	29
As of March 31, 2024	17,069	(11,658)	5,410

(USD)

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
As of March 31, 2023	114,167	(73,251)	40,916
Current service cost	7,329	—	7,329
Net interest	822	(969)	(147)
Remeasurements (Note 1)	(1,288)	(3,548)	(4,836)
Foreign currency translation difference	421	(173)	248
Employer contributions to the plan	—	(4,495)	(4,495)
Benefits paid	(8,912)	5,434	(3,478)
Other	197	—	197
As of March 31, 2024	112,736	(77,002)	35,734

(Notes) 1. Remeasurements of the defined benefit obligation for the fiscal years ended March 31, 2024 and March 31, 2023 are the differences arising primarily from changes in financial assumptions.
2. A domestic subsidiary shifted to the defined contribution retirement benefit plan from the defined benefit pension plan for the fiscal year ended March 31, 2023.

(ii) Reconciliation of ending balances of defined benefit obligation/plan assets and net defined benefit liability/asset presented on the consolidated statements of financial position

	JPY		USD
	2024	2023	2024
Defined benefit obligations of funded plan	12,036	12,392	79,495
Plan assets	(11,658)	(11,090)	(77,002)
Net defined benefit liability of funded plan	377	1,302	2,494
Defined benefit obligations of unfunded plan	5,032	4,893	33,240
Balance on the consolidated statement of financial position			
Retirement benefit liabilities	6,076	6,198	40,134
Retirement benefit assets	(666)	(3)	(4,401)
Net liability or asset presented on the consolidated statements of financial position	5,410	6,195	35,734

The measurement date used to determine the main benefit obligations is March 31 of each year.

The Company's funding policy is based on a number of factors including the tax deductibility of contributions, funded status, and actuarial calculations. Contributions are intended to provide not only for benefits attributable to service to date, but also for those expected to be earned in the future. In addition, the Company may contribute cash to an employee retirement benefit trust for any funding deficits in benefit obligations at the fiscal year end.

The Company's investment policy is designed to increase the value of plan assets within acceptable risk levels to ensure payments of pension benefits to eligible participants, including future participants. Taking into account the return and risk on plan assets thereon, the Consolidated Group formulates a strategic asset mix which aims at an optimal portfolio on a long-term basis and supervise asset management by selecting investment management companies and monitoring asset allocations. The strategic asset mix is subject to review in response to changes in expected market conditions or funded status. The strategic asset mix is not based on limitations but guidelines, and therefore, the actual allocation may temporarily exceed or fall below the guidelines. The Company's target allocation is 25% equity securities, 43% debt securities, 22% life insurance company general accounts and 10% others.
The Company holds a meeting regularly with the asset management institutions and discusses important issues regarding pension assets investment.

"Retirement benefit assets" are included in "Other non-current assets" in the consolidated statement of financial position.

(iii) Plan assets

The composition of the plan assets as of March 31, 2024.

	Plan assets with a quoted market price in an active market		Plan assets without a quoted market price in an active market	
	JPY	USD	JPY	USD
Equity securities	2,662	17,587	453	2,997
Debt securities	260	1,720	2,884	19,051
Life insurance company general accounts	—	—	3,060	20,211
Other	—	—	2,337	15,436
Total	2,923	19,307	8,735	57,695

The composition of the plan assets as of March 31, 2023.

	Plan assets with a quoted market price in an active market	Plan assets without a quoted market price in an active market
	JPY	JPY
Equity securities	2,240	220
Debt securities	218	2,937
Life insurance company general accounts	—	3,101
Other	—	2,372
Total	2,458	8,632

Equity securities and debt securities above are jointly-managed trusts by trust banks. Plan assets with a quoted market price in an active market are estimated by using the quoted price. Assets other than equity securities and debt securities are categorized into the assets without a quoted market price in an active market, which are estimated by using the fair value the trust banks calculated.

(iv) Significant actuarial assumptions

	2024	2023
Discount rate	1.3%	1.1%

The assumptions used for the actuarial calculation include the expected rate of salary increase, the mortality rate and the retirement rate other than the above.

(v) Sensitivity analysis of defined benefit obligations

	JPY		USD
	2024	2023	2024
Increase in the defined benefit obligation with a 50-basis-point decrease in the discount rate	639	734	4,226
Decrease in the defined benefit obligation with a 50-basis-point increase in the discount rate	(762)	(678)	(5,035)

This analysis is based on the premise that the actuarial assumptions other than the discount rate do not fluctuate and that only the discount rate fluctuates. This method of analysis is based on assumptions, and it is possible that the actual calculation could be influenced by fluctuations in other variables. Even if the discount rate falls below 0%, the calculation is performed assuming the lower limit of the discount rate is 0%.

(vi) Information on maturity profile of the defined benefit obligation

The weighted average duration of the defined benefit obligation for the years ended March 31, 2024 and March 31, 2023 were 9.9 year and 9.9 year, respectively.

(vii) Expected contribution to the plan for the year ending March 31, 2025

The amount of contribution to be made by the Consolidated Group to plan for the year ending March 31, 2025 is estimated to be ¥789 million ($5,213 thousand).

3) Defined contribution plan

Expenses recognized for the defined contribution plan for the years ended March 31, 2024 and March 31, 2023 were ¥4,838 million ($31,953 thousand) and ¥4,642 million, respectively.

(2) Employee benefit expenses

Employee benefit expenses recognized for the years ended March 31, 2024 and March 31, 2023 were ¥6,004 million ($39,657 thousand) and ¥5,956 million, respectively. Employee benefit expenses are included in “Cost of sales” and “Selling, general and administration expenses” in the consolidated statement of income.

29. Current and Deferred Income Tax

(1) Deferred taxes

1) Breakdown of deferred tax assets and deferred tax liabilities

The breakdown of main deferred tax assets and deferred tax liabilities by component is as follows:

	JPY		USD
	2024	2023	2024
Deferred tax assets			
Retirement benefits liabilities	1,685	1,805	11,130
Lease liabilities	6,248	5,956	41,270
Bonuses allowance	2,391	2,418	15,797
Loss allowance	796	987	5,258
Inventories	795	613	5,251
Impairment loss	8	245	57
Other investments	1,049	1,524	6,930
Golf club memberships	114	122	756
Tax losses carried forward	794	938	5,246
Other	3,875	3,854	25,595
Total deferred tax assets	17,758	18,468	117,290
Offset against deferred tax liabilities	(15,865)	(16,246)	(104,785)
Total deferred tax assets, net	1,893	2,221	12,505
Deferred tax liabilities			
Right-of-use assets	(6,230)	(5,868)	(41,149)
Retained earnings in subsidiaries	(1,027)	(1,147)	(6,787)
Financial assets measured at fair value through other comprehensive income	(8,304)	(5,496)	(54,848)
Cash flow hedges	(579)	(329)	(3,831)
Intangible assets	(7,335)	(6,871)	(48,445)
Other	(2,719)	(2,508)	(17,962)
Total deferred tax liabilities	(26,197)	(22,221)	(173,023)
Offset against deferred tax assets	15,865	16,246	104,785
Total deferred tax liabilities, net	(10,331)	(5,975)	(68,238)
Net deferred tax assets (liabilities)	(8,438)	(3,753)	(55,732)

(Note) The Group has recognized defferd tax assets and defferd tax liabilities at the transaction subsequently results in the recognition of taxable temporary differences and deductible temporary differences.
The Group has retrospectively applied the amendments and restated “Lease liabilities” and “Right-of-use assets” are presented separately in the previous fiscal year as breakdown of deferred tax assets and deferred tax liabilities accordingly.

2) Details of changes in deferred tax assets and deferred tax liabilities

Details of changes in deferred tax assets and deferred tax liabilities are presented as follows:

	JPY		USD
	2024	2023	2024
Beginning balance of net deferred tax assets (liabilities)	(3,753)	(3,277)	(24,792)
Deferred tax expense	(720)	1,231	(4,762)
Income tax on other comprehensive income	(3,213)	(794)	(21,224)
Acquisition through business combinations	(461)	(874)	(3,047)
Other	(288)	(38)	(1,907)
Ending balance of net deferred tax assets (liabilities)	(8,438)	(3,753)	(55,732)

3) Deductible temporary differences and unused tax losses carried forward for which deferred tax assets were not recognized

The breakdown of deductible temporary differences and unused tax losses carried forward (by expiry date), for which deferred tax assets were not recognized in the consolidated statement of financial position are presented as follows:

	JPY		USD
	2024	2023	2024
Deductible temporary differences	9,023	8,207	59,595
Tax losses carried forward			
Within one year to expiry	932	26	6,158
Over one year and within five years to expiry	12,332	3,051	81,449
Over five years and within ten years to expiry	3,319	9,761	21,926
Over ten years to expiry	1,223	1,691	8,080
Total tax losses carried forward	17,807	14,531	117,614

4) Temporary differences associated with investments in subsidiaries for which deferred tax liabilities were not recognized

The total amounts of temporary differences associated with investments in subsidiaries for which deferred tax liabilities were not recognized as of March 31, 2023 , was ¥46,381 million. Because the Consolidated Group is able to control the timing of the reversal of such temporary differences, and it is probable that such temporary differences will not be reversed within the foreseeable future, it did not recognize deferred tax liabilities with respect to such temporary differences.

There is no temporary differences associated with investments in subsidiaries for which deferred tax liabilities were not recognized as of March 31, 2024.

(2) Income taxes

1) Breakdown of income taxes

The breakdown of income taxes is presented as follows:

	JPY		USD
	2024	2023	2024
Current tax expense (Note 1)	(11,934)	(12,218)	(78,821)
Deferred tax expense (Note 2)			
Origination and reversal of temporary differences	168	863	1,112
Reassessment of recoverability of deferred tax assets	(889)	367	(5,874)
Total deferred tax expense	(720)	1,231	(4,762)
Total income taxes	(12,655)	(10,987)	(83,582)

(Notes) 1. The amounts of the benefits arising from previously unrecognized tax losses or temporary differences of a prior period that were used to reduce current tax expenses for the years ended March 31, 2024 and March 31, 2023 were ¥295 million ($1,953 thousand) and ¥5 million, respectively, and these benefits were included in the current tax expenses.

2. Major causes for deferred tax expense by type are other investment of ¥(474) million ($(3,137) thousand) and intangible assets of ¥(463) million ($(3,060) thousand) for the fiscal year ended March 31, 2024, and accrued bonuses of ¥713 million and other investment of ¥251 million for the fiscal year ended March 31, 2023.

2) Reconciliation of statutory effective income tax rate

Reconciliations between the statutory effective tax rate in Japan and the average effective tax rate of the Consolidated Group were as follows:

	2024	2023
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Permanent differences—additions such as entertainment expenses	0.9%	0.7%
Effect of reassessment of recoverability of deferred tax assets	2.4%	(1.0%)
Effect of tax rate differences	(0.5%)	(1.2%)
Share of profit (loss) of investments accounted for using the equity method etc.	2.3%	0.5%
Other	(1.7%)	1.3%
Average effective tax rate	34.0%	30.8%

The statutory effective tax rate for the fiscal years ended March 31, 2024 and March 31, 2023 are calculated to be 30.6% and 30.6% based on the Corporation Tax, Inhabitant Tax and Business Tax in Japan.

3) Global minimum tax

The Group operates in jurisdictions that have enacted tax systems to apply global minimum tax. However, as of the end of the current year, this tax system is not yet effective, so there is no impact on the income tax expense for the current year. If global minimum tax were to be applied in the fiscal year ended March 31, 2024, some European and Asian countries where the Group operates are possible to be subject to global minimum tax. Nevertheless, the impact is expected to be immaterial.

30. Financial Instruments

(1) Classification of financial instruments

The breakdown of financial instruments for each classification is presented as follows:

	JPY		USD
	2024	2023	2024
Financial assets			
Cash and cash equivalents	53,431	79,462	352,893
Financial assets measured at amortized cost			
Trade and other receivables	288,661	247,496	1,906,486
Other financial assets	10,682	10,050	70,554
Total financial assets measured at amortized cost	299,343	257,546	1,977,040
Financial assets measured at fair value through profit or loss			
Other investments	2,764	2,774	18,260
Other financial assets	6,285	2,239	41,510
Total financial assets measured at fair value through profit or loss	9,049	5,014	59,771
Financial assets measured at fair value through other comprehensive income			
Other investments	50,254	35,114	331,911
Total financial assets measured at fair value through other comprehensive income	50,254	35,114	331,911
Total financial assets	412,079	377,137	2,721,614
Financial liabilities			
Financial liabilities measured at amortized cost			
Trade and other payables	239,563	206,609	1,582,215
Bonds and borrowings	214,546	227,894	1,416,989
Lease liabilities	21,213	20,677	140,108
Other financial liabilities	8,824	25,807	58,279
Total financial liabilities measured at amortized cost	484,147	480,988	3,197,592
Financial liabilities measured at fair value through profit or loss			
Other financial liabilities	3,447	1,644	22,768
Total financial liabilities measured at fair value through profit or loss	3,447	1,644	22,768
Total financial liabilities	487,594	482,632	3,220,360

(2) Basic policies for risk management of financial instruments

The Consolidated Group is an integrated trading entity engaged in a wide range of business activities on a global basis. Its headquarters includes business sections that handle merchandising, trading, product manufacturing, services, project planning and management, investments and financing activities, both domestically and internationally. Such businesses are inherently exposed to various risks. The Consolidated Group defines and classifies risks per risk item and manages each of them in accordance with its nature.

(3) Credit risk management

1) Credit risks of financial assets owned by the Consolidated Group (risk exposure and the occurrence of the relevant risk)
The Consolidated Group extends credit to a large number of customers in Japan and abroad in diverse business transactions, resulting in a number of financial assets such as trade receivables, loans and other financial assets. These financial assets provide credit accommodation to the various customers; therefore, the Consolidated Group is mainly exposed to the credit risks related to those customers.

Each department manages credit exposure to each customer by assigning credit ratings on a customer-by-customer basis and setting credit exposure limits within the framework of the Consolidated Group’s credit risk control.

2) Responses to the risk owned by the Consolidated Group (purpose, policy and procedure of the risk management and method used to measure such risks)
The Consolidated Group manages its credit risk to the customers by defining risk management methods and management systems for specific risks in accordance with the regulations on risk management. Based on such regulations, the Consolidated Group mitigates credit risk through periodical monitoring of the customer’s credit status and undertaking the maturity control and account balance control, while detecting promptly any doubtful accounts caused by deterioration in the financial conditions of customers and other factors. Expected credit losses are recognized and measured through transactions and financial information related to customers available in the course of such credit risk management, while taking macroeconomic conditions such as the number of bankruptcies into consideration.

With regard to loans, the Consolidated Group evaluates whether there has been a significant increase in credit risk of the financial assets since initial recognition in cases where the cash collection of the financial assets was delayed (as well as the case of request for a grace period) after the trade date. However, even when a late payment or request for grace period occurs, the Consolidated Group does not determine that there has been a significant increase in credit risk if such late payment or request for grace period would be attributable to temporary cash shortage, the risk of default would be low and objective data such as external credit ratings would reveal their ability to fulfill the obligation of contractual cash flow in the near future.

The Consolidated Group determines that the credit of the financial assets are impaired, when the debtor has significant financial difficulty and the recoverability of the modified financial assets is significantly doubtful.
The Consolidated Group determines there has been a significant increase in the credit risk of debt instruments since initial recognition when an “investment grade” at the initial recognition deteriorates to the level below investment grade. For such purpose, rating information provided by major rating agencies is used.

When guaranteeing the debts of its customers, the Consolidated Group establishes the guarantee limit amounts based upon the financial position and business condition of the customers. The guarantee limit amounts are periodically reviewed and maintained at appropriate levels.

When entering into derivative transactions, the Consolidated Group selects only major financial institutions with high credit ratings assigned by independent rating agencies so as to minimize the credit risks. In addition, the Consolidated Group periodically reviews credit limits in accordance with the internal regulations.

The Consolidated Group considers trade receivables, loans receivable, and debt instruments as default when all or part of those financial instruments are not recovered, or the recoverability of those financial instruments is determined to be extremely difficult.

The Consolidated Group directly writes off the gross carrying amounts of the credit-impaired financial assets when all or part of the financial assets are evaluated to be uncollectible and determined that it is appropriate to be written off as a result of credit check.

(i) Measurement of expected credit losses on trade receivables

As trade receivables do not contain a significant financing component, the Consolidated Group measures loss allowance at an amount equal to the lifetime expected credit losses until the trade receivables are recovered. With regard to past due receivables, the Consolidated Group estimates the lifetime credit losses on the financial instruments individually and measures the amount of loss allowance based upon historical credit loss experience and future recoverable amount. Moreover, as trade receivables comprise a number of customers, the Consolidated Group measures expected credit loss collectively by grouping those receivables and considering historical credit loss experience. When those receivables are affected by a material economic change, the provision rate calculated based upon the historical credit loss experience is adjusted to reflect current and future economic prospect.

Even when a late payment or request for grace period has occurred, the Consolidated Group does not regard them as past due receivables if such late payment or request for grace period would be attributable to temporary cash shortage as the risk of default would be low, and the debtors are evaluated to have a strong ability to fulfill the obligation of contractual cash flow in the near future.

(ii) Measurement of expected credit losses on other receivables

When credit risk related to loans has not increased significantly since the initial recognition at the end of the reporting period, the Consolidated Group calculates the amount of loss allowance of the financial instruments by estimating the 12-months expected credit losses collectively based upon historical credit loss experience. When those receivables are affected by a material economic change, the provision rate calculated based upon the historical credit loss experience is adjusted to reflect current and future economic prospect.

However, when there has been a significant increase in credit risk since initial recognition as of the end of the fiscal year, the Consolidated Group estimates the lifetime credit losses on the financial instruments individually and measures the amount of loss allowance based upon historical credit loss experience and future recoverable amount.

(iii) Measurement of the expected credit losses on the other investments (debt securities)

When credit risk related to debt securities has not increased significantly since initial recognition at the end of the reporting period, the Consolidated Group calculates the amount of loss allowance of the financial instruments by estimating the 12-months expected credit losses. However, when there has been a significant increase in credit risk since initial recognition as of the end of the fiscal year, the Consolidated Group estimates the lifetime credit losses on the financial instruments and measures the amount of loss allowance of the financial instruments. When estimating such expected credit losses, the Consolidated Group uses the default rate published by major rating agencies.

3) Quantitative and qualitative information on the amounts arising from expected credit losses

(i) Trade and other receivables

(JPY)

Loss allowance	Lifetime expected credit losses	
	Collective assessment	Credit-impaired financial assets
As of April 1, 2022	18	2,241
1. Reclassification to credit-impaired financial assets	—	251
2. Initial recognition and recoveries	0	(8)
3. Direct write-off	—	(144)
4. Changes due to foreign exchange	—	5
5. Increase (decrease) resulting from changes in the provision rate based on historical credit loss experience	(5)	—
As of March 31, 2023	14	2,346
1. Reclassification to credit-impaired financial assets	—	811
2. Initial recognition and recoveries	2	13
3. Direct write-off	—	(479)
4. Changes due to foreign exchange	—	9
5. Increase (decrease) resulting from changes in the provision rate based on historical credit loss experience	0	—
As of March 31, 2024	16	2,700

(JPY)

Gross carrying amount	Lifetime expected credit losses	
	Collective assessment	Credit-impaired financial assets
As of April 1, 2022	236,995	2,526
1. Financial assets reclassified to credit-impaired financial assets	(251)	251
2. Initial recognition and recoveries	10,487	(14)
3. Direct write-off	—	(144)
4. Changes due to foreign exchange	—	5
As of March 31, 2023	247,232	2,624
1. Financial assets reclassified to credit-impaired financial assets	(7,254)	7,254
2. Initial recognition and recoveries	42,247	(256)
3. Direct write-off	—	(479)
4. Changes due to foreign exchange	—	9
As of March 31, 2024	282,225	9,152

(USD)

Loss allowance	Lifetime expected credit losses	
	Collective assessment	Credit-impaired financial assets
As of March 31, 2023	94	15,496
1. Reclassification to credit-impaired financial assets	―	5,357
2. Initial recognition and recoveries	14	90
3. Direct write-off	―	(3,170)
4. Changes due to foreign exchange	―	63
5. Increase (decrease) resulting from changes in the provision rate based on historical credit loss experience	1	―
As of March 31, 2024	109	17,835

(USD)

Gross carrying amount	Lifetime expected credit losses	
	Collective assessment	Credit-impaired financial assets
As of March 31, 2023	1,632,867	17,335
1. Financial assets reclassified to credit-impaired financial assets	(47,914)	47,914
2. Initial recognition and recoveries	279,027	(1,693)
3. Direct write-off	―	(3,170)
4. Changes due to foreign exchange	―	63
As of March 31, 2024	1,863,981	60,449

(ii) There is no contractual, uncollected balance for financial assets written off during the fiscal year ended March 31, 2024, for which collection efforts are still being made.

4) Credit risk exposure
Trade and other receivables
As of March 31, 2024

	Balance of receivables (gross)		Provision rate based on historical credit loss experience	Lifetime expected credit losses	
	JPY	USD		JPY	USD
Receivables	282,225	1,863,981	0.01%	16	109
Past due receivables	9,152	60,449	29.50%	2,700	17,835
Total	291,377	1,924,430	―	2,716	17,944

Past due receivables include loans receivable of ¥1,682 million ($11,113 thousand), for which a loss allowance of ¥1,617 million ($10,680 thousand) has been already recognized.

As of March 31, 2023

	Balance of receivables (gross)	Provision rate based on historical credit loss experience	Lifetime expected credit losses
	JPY		JPY
Receivables	247,232	0.01%	14
Past due receivables	2,624	89.39%	2,346
Total	249,857	―	2,360

Past due receivables include loans receivable of ¥1,694 million, for which a loss allowance of ¥1,617 million has been already recognized.

5) Maximum exposure to credit risks

The Consolidated Group's maximum exposure to credit risks is as follows:

The Consolidated Group's maximum credit risk exposure (gross) represents the amount of the maximum exposure with respect to credit risks without taking into account any collateral held or other credit enhancement. The Consolidated Group's maximum credit risk exposure (net) represents the amount of the maximum exposure with respect to credit risks reflecting the mitigation effect of the collateral held or other credit enhancement.

As of March 31, 2024

	Gross carrying amount		Loss allowance		Maximum credit risk exposure (gross)		Total collateral pledged and credit enhancements		Maximum credit risk exposure (net)	
	JPY	USD	JPY	USD	JPY	USD	JPY	USD	JPY	USD
Cash and cash equivalents	53,431	352,893	―	―	53,431	352,893	―	―	53,431	352,893
Financial assets measured at amortized cost										
Trade and other receivables	291,377	1,924,430	(2,716)	(17,944)	288,661	1,906,486	(153)	(1,015)	288,507	1,905,470
Other financial assets	10,682	70,554	―	―	10,682	70,554	―	―	10,682	70,554
Total	355,492	2,347,877	(2,716)	(17,944)	352,775	2,329,933	(153)	(1,015)	352,621	2,328,918

The amount of loss allowance for credit-impaired financial assets is reduced by ¥153 million ($1,015 thousand) through collateral pledged and credit enhancements.

As of March 31, 2023

	Gross carrying amount	Loss allowance	Maximum credit risk exposure (gross)	Total collaterals pledged and credit enhancements	Maximum credit risk exposure (net)
	JPY	JPY	JPY	JPY	JPY
Cash and cash equivalents	79,462	―	79,462	―	79,462
Financial assets measured at amortized cost					
Trade and other receivables	249,857	(2,360)	247,496	(154)	247,342
Other financial assets	10,050	―	10,050	―	10,050
Total	339,369	(2,360)	337,009	(154)	336,854

The amount of loss allowance for credit-impaired financial assets is reduced by ¥154 million through collateral pledged and credit enhancements.

(4) Liquidity risk management

The Consolidated Group raises funds through borrowings from financial institutions or issuance of bonds. Accordingly, in the event of a disruption to the financial system or financial/capital markets, or a major downgrade of the Consolidated Group's credit rating by a rating agency, the Consolidated Group's fundraising becomes constrained and consequently there is a possibility that the Consolidated Group will not be able to carry out the payment on the date of payment.
The Consolidated Group has sufficient levels of cash and cash equivalents and maintains a long-term (unused) commitment line agreement with a major financial institution in the amount of ¥10.0 billion ($66,046 thousand) to ensure liquidity and stability of funds. The Consolidated Group makes efforts to maintain good relationships with each financial institution. The Consolidated Group is required to comply with certain financial covenants to maintain these facilities.

1) Non-derivative financial liabilities

The breakdown of non-derivative financial liabilities by due date is presented as follows:

As of March 31, 2024

	Within one year		Over one year and within five years		Over five years		Total	
	JPY	USD	JPY	USD	JPY	USD	JPY	USD
Trade and other payables	239,563	1,582,215	－	－	－	－	239,563	1,582,215
Bonds	5,073	33,509	10,167	67,155	－	－	15,241	100,664
Borrowings	112,949	745,986	76,907	507,944	12,221	80,720	202,079	1,334,650
Lease liabilities	7,559	49,930	10,687	70,583	3,182	21,022	21,429	141,536
Deposits received	3,659	24,173	－	－	5	39	3,665	24,211
Guarantee deposits received	1,054	6,964	111	734	1,504	9,937	2,670	17,635
Other	532	3,518	1,955	12,915	－	－	2,488	16,433
Total	370,393	2,446,295	99,829	659,331	16,915	111,718	487,138	3,217,344

As of March 31, 2023

	Within one year	Over one year and within five years	Over five years	Total
	JPY	JPY	JPY	JPY
Trade and other payables	206,609	－	－	206,609
Bonds	97	10,211	5,029	15,338
Borrowings	163,023	51,160	224	214,408
Lease liabilities	7,719	10,641	2,384	20,745
Deposits received	4,335	－	0	4,335
Guarantee deposits received	1,064	111	1,475	2,650
Other	16,895	1,925	－	18,820
Total	399,744	74,049	9,115	482,909

The Consolidated Group has guarantee obligations of ¥1,389 million ($9,176 thousand) and ¥1,292 million as of March 31, 2024 and March 31, 2023 respectively.

2) Derivative liabilities

The breakdown of derivative liabilities by due date is presented as follows:

As of March 31, 2024

	Within one year		Over one year and within five years		Over five years		Total	
	JPY	USD	JPY	USD	JPY	USD	JPY	USD
Currency-related derivatives								
Cash inflows	45,713	301,922	35	235	—	—	45,749	302,157
Cash outflows	49,044	323,920	35	236	—	—	49,080	324,156
Sub total	3,330	21,998	0	1	—	—	3,330	21,999
Commodity-related derivatives	115	761	1	9	—	—	116	770
Total	3,445	22,758	1	10	—	—	3,447	22,768

As of March 31, 2023

	Within one year	Over one year and within five years	Over five years	Total
	JPY	JPY	JPY	JPY
Currency-related derivatives				
Cash inflows	45,303	968	—	46,271
Cash outflows	46,841	1,012	—	47,853
Sub total	1,538	44	—	1,582
Commodity-related derivatives	58	3	—	61
Total	1,596	47	—	1,644

(5) Market risk management

In many cases, the foreign currency risk, interest rate risk and risk of price fluctuations associated with goods traded incidental to business transactions are hedged in with the transaction terms with trade partners, etc. In addition, the Consolidated Group has established a system under which a position limit and a loss limit are set for foreign exchange, interest rates (funds), products and their derivatives, taking into account the scale of the risk and the income of each internal unit and company, so that it can quickly reduce its position when the predetermined limit is exceeded. Also, the price fluctuation risks of these positions are mitigated by using derivatives as a hedge. The positions are reported to management meeting regularly. When the predetermined limit is exceeded, the Consolidated Group mitigates these positions after the analysis of the reason without delay.

1) Foreign currency risk

(i) Nature of foreign currency risk and its management policy

The Consolidated Group is engaged in foreign currency transactions in various currencies and terms incidental to its export and import trading. The Consolidated Group participates in derivatives transactions such as forward contracts to reduce the risk of currency fluctuation.

The Consolidated Group also has local subsidiaries and business corporations overseas. Account balances at these companies are converted into yen at the exchange rates prevailing at the end of the reporting period, for the purposes of preparing consolidated financial statements. As a result, equity attributable to owners of the Parent may change through exchange difference of foreign operations associated with exchange rate fluctuations.

In principle, the Consolidated Group enters into forward exchange contracts to hedge against the exchange rate currency fluctuation risk of foreign currency-denominated receivables and payables that are controlled by currency and by contract month. The Consolidated Group also enters into forward exchange contracts to hedge against foreign currency-denominated receivables and payables that are highly probable to arise from export/import-related forecast transactions.

(ii) Sensitivity analysis of foreign currency risk

In regards to financial instruments held by the Consolidated Group as of the end of the reporting period, the following chart shows the amounts affecting profit before tax and other comprehensive income (before tax effect adjustments), as reported in the consolidated financial statements, that would result from 1% appreciation of Japanese Yen against U.S. dollars.

The analysis is performed based on the assumption that all the other variables are held constant.

In addition, such analysis does not include the affected amounts based on translations (into Japanese yen) of financial instruments denominated in functional currency, income and expenses denominated in foreign currency and assets and liabilities of foreign operations.

	JPY		USD
	2024	2023	2024
Profit before tax			
U.S. dollar	(13)	(10)	(88)
Other comprehensive income			
U.S. dollar	(465)	(360)	(3,076)

2) Interest rate risk

(i) Nature of interest rate risk and its management policy

The Consolidated Group raises most funds needed for operating and financing activities in the form of borrowings from financial institutions at variable interest rates, with the exception of certain loans. Since these borrowings and fund management are exposed to an interest rate risk, interest expenses for the Consolidated Group may increase with a rise in interest rates.

(ii) Sensitivity analysis of interest rate risk

In regards to financial instruments held by the Consolidated Group at the end of the reporting period, the following table shows the amounts affecting profit before tax assuming that the interest rate increases by 1%.
Under the analysis, the amounts affecting profit before tax are calculated by multiplying the net balance of floating rate financial instruments as of March 31, 2024 and 2023 by 1%, without considering future changes in the net balance, currency exchange fluctuations and dispersing effects for floating rate borrowings derived from the difference in timing of refinancing and resetting of the interest rate, and based on the assumption that all the other variables are held constant.

	JPY		USD
	2024	2023	2024
Profit before tax	(1,663)	(1,925)	(10,990)

3) Commodity price risk

(i) Nature of commodity price risk and its management policy

In its mainstay commodity trading business in Japan and overseas, the Consolidated Group deals with grains, meat products and petroleum products which are influenced by market conditions. When the positions in these commodities increase, the Consolidated Group will be exposed to the commodity price fluctuation risk stemming from rapid movements in commodities prices or a decline in demand.
The Consolidated Group strives to reduce our exposure to price volatility by hedge-selling commodities, matching the quantity and timing of buying and selling, and utilizing commodity-related derivatives for hedging purposes.

(ii) Sensitivity analysis of commodity price risk

In regards to commodity-related derivatives held by the Consolidated Group at the end of the reporting period, the following table shows the amounts affecting profit before tax and other comprehensive income (before the tax effect) assuming that the commodity price decreases by 1%.

The analysis is performed based on the assumption that all the other variables are held constant.

	JPY		USD
	2024	2023	2024
Profit before tax	(89)	(60)	(593)
Foods	(39)	(29)	(258)
Fuels	(50)	(31)	(335)
Other comprehensive income	(10)	(2)	(66)
Foods	(10)	(2)	(66)
Fuels	—	—	—

4) Share price risk

(i) Nature of share price risk and its management policy

The Consolidated Group holds marketable securities, which are exposed to the market price fluctuation risk.
The Consolidated Group attempts to reduce share price risk by periodically reviewing its shares held by the Consolidated Group and selling those shares that it holds without strong rationale.

(ii) Sensitivity analysis of share price risk

In regards to listed shares held by the Consolidated Group at the end of the reporting period, the following table shows the amounts affecting other comprehensive income (before the tax effect) assuming that the share price decreases by 10%.

The analysis is performed based on the assumption that all the other variables are held constant.

	JPY		USD
	2024	2023	2024
Other comprehensive income	(3,201)	(2,244)	(21,142)

(6) Fair value of financial instruments

1) Fair value measurement

Fair values of financial instruments are presented as follows:
Fair values are categorized into three levels of the fair value hierarchy depending on inputs to valuation techniques; details are described in *Note 2. Basis of Preparing Consolidated Financial Statements: (4) Use of estimates and judgments.*

2) Financial instruments measured at amortized cost

Type	2024				2023	
	Carrying amount		Fair value		Carrying amount	Fair value
	JPY	USD	JPY	USD	JPY	
Financial assets						
Trade and other receivables	1,541	10,184	1,541	10,184	1,606	1,606
Guarantee deposits	6,373	42,093	6,373	42,093	6,036	6,036
Other financial assets	605	3,999	605	3,999	620	620
Total	8,520	56,275	8,520	56,275	8,262	8,262
Financial liabilities						
Bonds and borrowings	97,502	643,966	97,295	642,594	65,704	65,598
Long-term deposits received	5	39	5	39	0	0
Long-term guarantee deposits received	1,615	10,671	1,615	10,671	1,586	1,586
Put option liabilities granted to non-controlling interests	1,955	12,915	1,955	12,915	1,925	1,925
Total	101,079	667,590	100,872	666,219	69,217	69,110

The carrying amounts of trade and other receivables, other financial assets, trade and other payables, bonds and borrowings and other financial liabilities, all of which are categorized into current assets or current liabilities of financial instruments measured at amortized cost, approximate their fair values; therefore, those amounts are not included in the table above.

The fair values stated above are calculated as follows:

(i) Trade and other receivables

The fair value of trade and other receivables is the present value of future cash flows discounted by an interest rate that reflects time to maturity and credit risk.

(ii) Guarantee deposits

The fair value of guarantee deposits is the present value of future cash flows discounted by an interest rate that reflects time to maturity and credit risk.

(iii) Other financial assets

The fair value of other financial assets is the present value of future cash flows discounted by an interest rate that reflects time to maturity and credit risk.

(iv) Bonds and borrowings
The fair value of bonds is determined based on their market price.
The fair value of borrowings is the present value of the sum of principal and interest payments discounted using an assumed interest rate on equivalent incremental borrowings.

(v) Long-term deposits received
The fair value of the long-term deposits received is the present value of future cash flows discounted by an interest rate that reflects time to maturity and credit risk.

(vi) Long-term guarantee deposits received
The fair value of long-term guarantee deposits received is the present value of future cash flows discounted by an interest rate that reflects time to maturity and credit risk.

(vii) Put option liabilities granted to non-controlling interests
The fair value of the put option liabilities granted by the Consolidated Group to non-controlling interests is the present value of future cash flows discounted by an interest rate that reflects time to exercise and credit risk.

Put option liabilities granted to non-controlling interests are categorized within Level 3 of the fair value hierarchy. All other financial assets and liabilities measured at amortized cost are categorized within Level 2 of the fair value hierarchy.

3) Financial instruments measured at fair value
(i) Analysis of fair value by hierarchy level
The following tables provide the breakdown by hierarchy level of financial assets and liabilities that are measured at fair value on a recurring basis. No financial assets and liabilities are measured at fair value on a non-recurring basis. There were no material transfers between Level 1 and Level 2 for the fiscal years ended March 31, 2024 and March 31, 2023.

As of March 31, 2024

	Level 1		Level 2		Level 3		Total	
	JPY	USD	JPY	USD	JPY	USD	JPY	USD
Assets								
Other investments								
FVPL								
Stock	—	—	—	—	2,764	18,260	2,764	18,260
FVOCI								
Stock	32,003	211,373	7	47	18,243	120,491	50,254	331,911
Other financial assets								
Derivative transactions:								
Foreign exchange	—	—	6,187	40,868	—	—	6,187	40,868
Commodity	97	643	—	—	—	—	97	643
Liabilities								
Other financial liabilities								
Derivative transactions:								
Foreign exchange	—	—	(3,330)	(21,999)	—	—	(3,330)	(21,999)
Commodity	(116)	(770)	—	—	—	—	(116)	(770)
Total	31,984	211,246	2,864	18,916	21,008	138,752	55,857	368,913

FVPL: Financial assets measured at fair value through profit or loss.
FVOCI: Financial assets measured at fair value through other comprehensive income.

As of March 31, 2023

	Level 1	Level 2	Level 3	Total
	JPY	JPY	JPY	JPY
Assets				
Other investments				
FVPL				
Stock	—	—	2,774	2,774
FVOCI				
Stock	22,435	7	12,671	35,114
Other financial assets				
Derivative transactions:				
Foreign exchange	—	2,074	—	2,074
Commodity	164	—	—	164
Liabilities				
Other financial liabilities				
Derivative transactions:				
Foreign exchange	—	(1,582)	—	(1,582)
Commodity	(53)	(7)	—	(61)
Total	22,546	491	15,445	38,484

The methods of determining the fair value of the above instruments are described as follows:

(a) Other investments

The fair value of listed shares is the quoted price in an active market and is categorized within fair value hierarchy Level 1. The fair value of the listed shares which are not traded frequently in the public market and not considered to have quoted prices in active markets are categorized within fair value hierarchy Level 2.

The fair value of unlisted shares is calculated using valuation methods including discounted future cash flows, market prices of comparable companies, net asset value, and other valuation methods, and is categorized within fair value hierarchy Level 3. Measuring the fair value of unlisted shares involves the use of unobservable inputs such as discount rate and valuation multiples, as well as any necessary adjustments including discounts for a lack of liquidity.

The Company determines the policies and procedures for measuring the fair value of unlisted shares, and reviews the approach to measuring fair value on a recurring basis including the valuation model, by obtaining the information on business operations and business plans associated with each equity issuer and confirming the data from comparable public companies.

(b) Derivative financial assets and liabilities

Currency-related derivatives

The fair value of forward exchange transactions is calculated based on the forward exchange rate at the end of the fiscal year.

Commodity-related derivatives

The fair value of commodity futures transactions is calculated using final prices on commodities exchanges as of the fiscal year-end. The fair value of commodity swap transactions is calculated based on the index prices publicly announced at the end of the fiscal year.

Commodity futures transactions are categorized within Level 1 of fair value hierarchy. All other derivative financial assets and liabilities are categorized within Level 2 of the fair value hierarchy.

(ii) Recurring fair value measurements categorized within Level 3 of the fair value hierarchy

The changes in financial assets and liabilities that are measured at fair value on a recurring basis and are categorized within Level 3 of the fair value hierarchy are presented as follows.

	2024						2023		
	Other investments				Total		Other investments		Total
	FVPL		FVOCI				FVPL	FVOCI	
	JPY	USD	JPY	USD	JPY	USD	JPY	JPY	JPY
Balance at the beginning of the year	2,774	18,323	12,671	83,688	15,445	102,011	2,382	13,246	15,629
Total gains or losses									
Profit or loss (Note 1)	(394)	(2,603)	—	—	(394)	(2,603)	(296)	—	(296)
Other comprehensive income (Note 2)	—	—	1,827	12,073	1,827	12,073	—	894	894
Purchase	261	1,725	4,084	26,975	4,345	28,699	647	522	1,169
Sale	—	—	(56)	(370)	(56)	(370)	—	(1,992)	(1,992)
Foreign currency translation difference	123	816	—	—	123	816	73	—	73
Increase (decrease) due to changes in scope of consolidation	—	—	(215)	(1,420)	(215)	(1,420)	—	—	—
Other	(0)	(1)	(68)	(454)	(68)	(455)	(32)	(0)	(32)
Balance at the end of the year	2,764	18,260	18,243	120,491	21,008	138,752	2,774	12,671	15,445

(Notes) 1. The gains or losses are included in “Other finance income” or “Other finance costs” in the consolidated statement of income. Of those gains or losses recognized in profit or loss, the amounts arising from financial instruments that were held at the period end are ¥(394) million ($(2,603) thousand) for the fiscal year ended March 31, 2024 and ¥(296) million for the fiscal year ended March 31, 2023.

2. The gains or losses are included in “Financial assets measured at fair value through other comprehensive income” in the consolidated statement of comprehensive income.

(iii) Quantitative Information about the financial instruments categorized within fair value hierarchy Level 3

The following tables present quantitative information on the material assets categorized within Level 3 of the fair value hierarchy, which were measured at fair value on a recurring basis.

As of March 31, 2024

Category	Fair value		Valuation technique	Significant unobservable inputs	Weighted average of input values
	JPY	USD			
FVPL	691	4,564	Discounted cash flow method	Discount rate	5.2%
FVPL	2,073	13,696	Net asset value method	—	—
FVOCI	18,218	120,326	Market multiple method	P/B ratio Illiquidity discount	1.8times 30.0%
FVOCI	24	165	Net asset value method	—	—

As of March 31, 2023

Category	Fair value	Valuation technique	Significant unobservable inputs	Weighted average of input values
	JPY			
FVPL	982	Discounted cash flow method	Discount rate	3.4%
FVPL	1,792	Net asset value method	—	—
FVOCI	12,647	Market multiple method	P/B ratio Illiquidity discount	1.1times 30.0%
FVOCI	24	Net asset value method	—	—

The significant unobservable inputs used in measuring the fair value of unlisted shares are the discount rate, illiquidity discount and P/B ratio (price-to-book ratio). A substantial increase (or decrease) in the discount rate or illiquidity discount causes the fair value to substantially fall (or rise), while a substantial increase (or decrease) in the P/B ratio causes the fair value to substantially rise (or fall).

(7) Financial assets measured at fair value through other comprehensive income

With respect to investments in equity instruments held for the purpose of maintaining and strengthening relationships with business partners, the Consolidated Group has designated such investments as financial assets to be measured at fair value through other comprehensive income in view of the holding purpose.

1) Fair value of major items of investment

The following tables present the fair value of major items of investment in equity instruments designated as financial assets measured at fair value through other comprehensive income.

As of March 31, 2024

Name of issuer	Amount	
	JPY	USD
Tokio Marine Holdings, Inc.	8,444	55,772
PT. Cisarua Mountain Dairy Tbk	5,265	34,779
SOTSU CORPORATION	3,251	21,476
Sierra Space Corporation	2,919	19,283
The Monogatari Corporation	2,817	18,605
MARUDAI FOOD CO., LTD.	1,963	12,965
Nisshin Seifun Group Inc.	1,910	12,619
SHIN KURUSHIMA DOCKYARD CO.,LTD.	1,390	9,184
Hitachi Astemo Chassis Systems (Guangzhou) Ltd.	1,096	7,242
MS&AD Insurance Group Holdings, Inc.	1,036	6,845
Other	20,158	133,140

As of March 31, 2023

Name of issuer	Amount
	JPY
PT. Cisarua Mountain Dairy Tbk	4,602
Tokio Marine Holdings, Inc.	4,573
SOTSU CORPORATION	2,130
MARUDAI FOOD CO., LTD.	1,748
The Monogatari Corporation	1,615
Nisshin Seifun Group Inc.	1,411
SHIN KURUSHIMA DOCKYARD CO., LTD.	1,069
Hitachi Astemo Chassis Systems (Guangzhou) Ltd.	871
Alpha Group Inc.	608
Nabesho Co., Ltd.	550
Other	15,932

2) Dividend income

	JPY		USD
	2024	2023	2024
Investments derecognized during the year	2	39	16
Investments held at the end of the year	1,207	821	7,975
Total	1,209	860	7,991

3) Financial assets measured at fair value through other comprehensive income that were derecognized during the fiscal year
The Consolidated Group periodically reviews its held shares and sells those shares that it holds without a strong rationale with gains or losses on sale recognized in other comprehensive income. The following table presents the fair value on the date of sale and cumulative gains or losses on sale.

	JPY		USD
	2024	2023	2024
Fair value on the date of sale	734	2,004	4,853
Cumulative gains (losses) on sale	79	498	526

4) Reclassification to retained earnings
The Consolidated Group reclassifies to retained earnings cumulative gains or losses arising from changes in the fair value of financial assets measured at fair value through other comprehensive income in either of the following cases: when an investment is disposed of, or when there is a significant decline in the fair value. Such cumulative gains or losses in other comprehensive income that were reclassified to retained earnings for the years ended March 31, 2024 and March 31, 2023 were ¥(16) million ($(109) thousand) and ¥365 million, respectively.

(8) Hedge Accounting

(Cash Flow Hedge)
A cash flow hedge is a hedge of the exposure to variability in future cash flows arising from a forecast transaction or recognized assets or liabilities. While a hedge is designated as cash flow hedge as long as the hedge is effective, the changes in the fair value of qualifying hedging instrument should be recorded as other comprehensive income in the Consolidated Statement of Comprehensive Income. The Consolidated Group continues such accounting treatment until variability in future cash flows arising from unrecognized forecast transactions or recognized assets or liabilities designated as hedged items are recorded in profit or loss. Moreover, portions determined to be ineffective for hedging accounting are recognized in profit or loss.

The Consolidated Group designates the following instruments as cash flow hedges: forward exchange contracts to fix cash flows from foreign currency denominated receivables and payables, foreign currency denominated firm commitments and foreign currency denominated forecast transactions, interest rate swaps to fix variable interest rate on floating rate financial liabilities, and commodity futures to fix cash flows from forecast transactions of commodity trade.

When applying hedge accounting, the Consolidated Group confirms that there are economic relationships between the hedged items and hedging instruments through qualitative assessments, which show whether the critical terms of the hedging instruments and the hedged items match exactly or are closely aligned, and quantitative assessments, which show fluctuations of the value of hedged items and hedging instruments by the same risk offset each other, in order to confirm there are economic relationships that variability in fair value or cash flows of the hedged items that are attributable to the hedged risk shall be offset by the changes in fair value or cash flows of the hedging instruments. The Consolidated Group also establishes appropriate hedge ratios considering an economic relationship between hedging instruments and hedged items as well as risk management strategy.

The amounts recognized in profit or loss for the ineffective portion of the hedge are not material both for the fiscal years ended March 31, 2024 and March 31, 2023. In addition, the amounts reclassified from valuation differences on cash flow hedges to profit or loss are immaterial because the forecast transactions are no longer expected to occur.

Following are the carrying amounts of the hedging instruments as of March 31, 2024 and March 31, 2023. The fair value of financial assets related to hedging instruments is included in “Other financial assets” while the fair value of financial liabilities related to hedging instruments is included in “Other financial liabilities” in the consolidated statements of financial position.

As of March 31, 2024

	Notional amount		Carrying amount			
			Derivative assets		Derivative liabilities	
	JPY	USD	JPY	USD	JPY	USD
Foreign currency risk						
Forward exchange contracts	87,199	575,915	3,066	20,255	1,363	9,007
Commodity price risk						
Commodity futures contracts	3,105	20,510	54	360	103	686

As of March 31, 2023

	Notional amount	Carrying amount	
		Derivative assets	Derivative liabilities
	JPY	JPY	JPY
Foreign currency risk			
Forward exchange contracts	52,345	1,129	461
Commodity price risk			
Commodity futures contracts	2,755	81	24

The following tables present the notional amount and average rates of main hedging instruments.

Exchange contracts	Type	Notional amount and average rates	JPY		USD
			2024	2023	2024
Forward exchange in USD	Export	Notional amount	19,959	5,881	131,827
		Average rate（Yen/U.S. dollers）	138.92	133.91	―
	Import	Notional amount	61,794	41,236	408,129
		Average rate（Yen/U.S. dollers）	141.31	126.53	―

The longest terms of hedging cash flow fluctuation risks by “Forward exchange contracts” and “Commodity futures contracts” are about 2 years 2 months and 1 year 8 months, respectively.

The following tables present the carrying amount of cash flow hedge reserve as of March 31, 2024 and March 31, 2023.

As of March 31, 2024

	Cash flow hedge reserve for continuing hedges (before tax)		Cash flow hedge reserve for discontinuing hedge accounting (before tax)	
	JPY	USD	JPY	USD
Foreign currency risk				
Forward exchange contracts	1,703	11,248	―	―
Commodity price risk				
Commodity futures contracts	(49)	(326)	164	1,086

As of March 31, 2023

	Cash flow hedge reserve for continuing hedges (before tax)	Cash flow hedge reserve for discontinuing hedge accounting (before tax)
	JPY	JPY
Foreign currency risk		
Forward exchange contracts	668	—
Commodity price risk		
Commodity futures contracts	57	349

The following tables present the carrying amounts of transactions that affected the consolidated statements of comprehensive income as a result of applying hedge accounting for the fiscal years ended March 31, 2024 and March 31, 2023.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

	Change in value of hedging instruments recognized in other comprehensive income		Reclassification from cash flow hedge reserve to profit or loss		Line item for which profit or loss was affected by reclassification
	JPY	USD	JPY	USD	
Foreign currency risk					
Forward exchange contracts	1,617	10,683	(583)	(3,852)	Other income
Commodity price risk					
Commodity futures contracts	117	776	(409)	(2,703)	Cost of sales

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

	Change in value of hedging instruments recognized in other comprehensive income	Reclassification from cash flow hedge reserve to profit or loss	Line item for which profit or loss was affected by reclassification
	JPY	JPY	
Foreign currency risk			
Forward exchange contracts	624	(1,951)	Other income
Interest rate risk			
Interest rate swap contracts	0	15	Interest expenses
Commodity price risk			
Commodity futures contracts	406	257	Cost of sales

(9) Transfer of financial assets

The Consolidated Group liquidates certain trade receivables by discounting notes or the like. However, with respect to some liquidated receivables, the Consolidated Group may be obligated to make payments as recourse for non-payment by the debtor. The Consolidated Group continues to recognize such liquidated receivables as they do not meet the criteria for derecognition of financial assets.

The Consolidated Group recognized such liquidated assets as “Trade and other receivables” in the amount of ¥2,431 million ($16,059 thousand) and ¥1,901 million as of March 31, 2024 and March 31, 2023, respectively. In addition, liabilities relating to the deposit amounts which arose upon the transfer of such assets were accounted for as “Bonds and borrowings” in the amount of ¥2,431 million ($16,059 thousand) and ¥1,901 million as of March 31, 2024 and March 31, 2023, respectively. Such liabilities are settled when payments for such liquidated assets are made, and the Consolidated Group may not use such liquidated assets until such settlement occurs.

(10) Offsetting financial assets and financial liabilities

The following tables present the financial assets and financial liabilities recognized for the same counterparties including financial instruments that were not offset even though they were covered by an enforceable master netting arrangement or similar agreement because they did not meet some or all of the offsetting criteria as of March 31, 2024 and March 31, 2023.

	JPY		USD
	2024	2023	2024
Amounts of financial assets presented in the consolidated statement of financial position	6,285	2,239	41,510
Foreign exchange	6,187	2,074	40,868
Commodity	97	164	643
Amounts that were not offset even though they were covered by an enforceable master netting arrangement or similar agreement because they did not meet some or all of the offsetting criteria	(2,553)	(1,251)	(16,862)
Net amounts	3,732	988	24,649

	JPY		USD
	2024	2023	2024
Amounts of financial liabilities presented in the consolidated statements of financial position	3,447	1,644	22,768
Foreign exchange	3,330	1,582	21,999
Commodity	116	61	770
Amounts that were not offset even though they were covered by an enforceable master netting arrangement or similar agreement because they did not meet some or all of the offsetting criteria	(2,553)	(1,251)	(16,862)
Financial collateral pledged	(23)	—	(157)
Net amounts	870	392	5,750

Certain financial assets and financial liabilities have not been offset because they do not meet some or all of the criteria for offsetting financial assets and financial liabilities. The rights to offset such financial assets and financial liabilities become enforceable only under particular circumstances, such as when the other party fails to discharge an obligation due to its bankruptcy or other such reasons.

31. Leases

(1) Lessee

The Consolidated Group leases office building, computer-related equipment for the enterprise system (tools, furniture and fixtures) and other assets.
Income and expenses recognized as lessee are presented as follows:

	JPY		USD
	2024	2023	2024
Depreciation of right-of-use assets			
Buildings and structures	8,312	8,188	54,903
Machinery, vehicles, tools, furniture and fixtures	881	765	5,822
Others	148	115	981
Total	9,342	9,068	61,706
Interest expense on lease liabilities	88	80	583
Short-term lease expenses	457	394	3,023
Sublease income	65	59	432

The cash outflow related to lease payments are presented as follows:

	JPY		USD
	2024	2023	2024
Cash outflow for leases	9,917	9,182	65,500

The information on the balance and increase or decrease of the right-of-use assets are provided in *Note 9. Property, Plant and Equipment* and *Note 10. Goodwill and Intangible Assets*.
The breakdown of lease liabilities by due date is also presented in *Note 30. Financial Instruments: (4) Liquidity risk management.*

(2) Lessor

The Consolidated Group engages in leasing of machinery, plumping equipment of LPG, the enterprise system, computer-related equipment for the enterprise system (tools, furniture and fixtures) and other assets.

Income and expenses recognized as lessor are presented as follows:

	JPY		USD
	2024	2023	2024
Profit or loss from finance leases	73	6	488
Lease income from operating leases	16	109	107

The breakdown of lease receivables of finance lease and lease payments to be received of operating lease are presented as follows:

	JPY				USD	
	2024		2023		2024	
	Lease receivables	Lease payments to be received	Lease receivables	Lease payments to be received	Lease receivables	Lease payments to be received
Within one year	140	69	8	161	929	458
Over one year and within two years	140	11	8	62	928	78
Over two years and within three years	139	11	8	11	919	75
Over three years and within four years	138	10	7	11	912	67
Over four years and within five years	111	8	6	9	739	55
Over five years	77	6	4	7	510	43
Total	747	117	43	264	4,937	775

32. Pledged Assets

(1) Pledged assets and associated secured liabilities

Details of pledged assets and associated secured liabilities are as follows. Pledged assets and associated secured liabilities below are provided at the request of financial institutions for the Consolidated Group's borrowings. With respect to these borrowings, financial institutions have rights to enforce the disposal of those pledged assets and may offset those proceeds against a debt, if the borrower defaults on a debt such as failure of borrower to pay any sum of matured payables.

	JPY		USD
	2024	2023	2024
Pledged assets:			
Other financial assets (non-current)	25	46	168
Property, plant and equipment	504	517	3,335
Total	530	563	3,503
Associated secured liabilities:			
Borrowings (current)	1,105	1,121	7,303
Borrowings (non-current)	201	389	1,333
Total	1,307	1,510	8,635

Trust receipts issued under customary import financing arrangements give banks a security interest in the goods imported or sales proceeds resulting from the sales of the goods. However, due to the large volume of transactions, it is impracticable to determine the aggregate amounts of assets covered by outstanding trust receipts and those transactions were not included in the above amounts.

(2) Assets pledged as a substitute for guarantee money

The breakdown of assets pledged in lieu of guarantee money or the like is as follows:

	JPY		USD
	2024	2023	2024
Assets pledged in lieu of guarantee money or guarantee funds			
Other investments	1,045	4,355	6,907
Total	1,045	4,355	6,907

33. Contingent Liabilities

(1) Liabilities for guarantees

The Consolidated Group is contingently liable for guarantees on bank borrowings and trade payables owed by entities that do not belong to the Consolidated Group.

The Group may become responsible for the amounts that are unpayable by the borrower and for losses attached to the unpayable amounts.

	JPY		USD
	2024	2023	2024
Liabilities for guarantees for equity method investees	44	63	297
Liabilities for guarantees for third parties	1,344	1,228	8,878
Total	1,389	1,292	9,176

(Notes) 1. The above amounts include those for quasi-guarantee activities.
2. Liabilities for guarantees for third parties include the liabilities for guarantees covered by the insurance agreements that is limited to ¥1,341 million ($8,859 thousand) for the fiscal year ended March 31, 2024 and ¥1,225 million for the fiscal year ended March 31, 2023, respectively.

(2) Legal proceedings

1) Legal proceeding

The Company's subsidiary, Kanematsu Communications Ltd., was subject to a lawsuit brought by its business partner to the Tokyo District Court in April 2021 for damages, etc. caused by its default in connection with the transactions of communication services (the value of the subject matter of the lawsuit was ¥14,664 million ($ 96,851 thousand)). Although the court of first instance decided to wholly dismiss the plaintiff's claim in December 2023, the plaintiff filed an appeal to a higher court in January 2024. The parties agreed in settlement on July 1, 2024 that Kanematsu Communications Ltd. does not pay any compensations.

2) Arbitration

In May 2022, the Company was subject to a petition for arbitration (in the amount of US$25 million), in which the Company is the respondent, with the American Arbitration Association from the seller's advisor of a business investment project that was considered and abandoned in the United States of America, in connection with a claim for damages for breach of a nondisclosure agreement. In January 2024, however, the arbitral proceeding was officially terminated by the decision of the arbitral tribunal due to that the seller's advisor's failure to follow the procedures necessary for the proceeding.

34. Significant Subsidiaries

(1) Significant subsidiaries of the Company are as follows:

Trade name	Location	Details of major operations	Percentage of voting rights (%)	
			2024	2023
[Electronics and Devices]				
Kanematsu Electronics Ltd.	Chuo-ku, Tokyo, Japan	System integration of ICT and communications equipment	100.00	100.00
Nippon Office Systems Ltd.	Koto-ku, Tokyo, Japan	Development, sales, and maintenance of software for computers and computer peripherals	100.00 (100.00)	100.00 (100.00)
i-NOS Corporation	Chuo-ku, Tokyo, Japan	Design, development, operation management for computer system, and worker dispatch business	100.00	100.00
Kanematsu Communications Ltd.	Shibuya-ku, Tokyo, Japan	Sales of mobile communications devices; Mobile internet systems and services	100.00	100.00
Kanematsu Granks, Corp.	Shinjuku-ku, Tokyo, Japan	Website planning, building, and operation; Content planning, production, and sales	100.00 (100.00)	100.00 (100.00)
Kanematsu Sustech Corp.	Chuo-ku, Tokyo, Japan	Manufacture and sales of preservation-treated wood products; Ground inspection services and improvement work; Installation and sales of security cameras	100.00	89.98
Kanematsu Advanced Materials Corp.	Chuo-ku, Tokyo, Japan	Import, export, storage, sales, and processing of materials and components for vehicle equipment, industrial electronics, and communication devices	100.00	100.00
G-Printec, Inc.	Saiwai-ku, Kawasaki-shi, Kanagawa, Japan	Design, development, manufacture, sales and maintenance services (OEM) for card printers and related equipment	100.00	100.00
Kanematsu Futuretech Solutions Corporation	Chuo-ku, Tokyo, Japan	Import, export, processing, development, design, manufacture, sales of semiconductors, electronic components, and module products; EMS business	100.00	100.00
NS Technologies Inc.	Okaya-shi, Nagano, Japan	Design, development, and manufacture of IC test handlers	100.00	100.00
JM Technology Inc.	Hakata-ku, Fukuoka-shi, Japan	Semiconductor equipment engineering, parts repair and sales, and IoT solution services	100.00	—
Kanekoh Electronics (Shanghai) Co., Ltd.	Shanghai, China	Design, development, manufacture, and sales of control modules for lithium-ion batteries	70.00	70.00
Kanematsu Industrial and Trading (Dalian F.T.Z.) Co., Ltd.	Dalian, China	Manufacture of materials for electronic precision parts and import, export and sales of electronic components	100.00 (100.00)	100.00 (100.00)
Kanematsu Advanced Materials USA, Inc.	Texas, U.S.A.	Import, export, sales and processing of materials and components for vehicle equipment, industrial electronics, and communication devices	100.00 (100.00)	100.00 (100.00)

KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

Trade name	Location	Details of major operations	Percentage of voting rights (%)	
			2024	2023
[Foods, Meat and Grain]				
Kanematsu Foods Corp.	Chuo-ku, Tokyo, Japan	Food wholesaling and cold storage	100.00	100.00
Kanematsu Agritec Co., Ltd.	Koshigaya-shi, Saitama, Japan	Manufacture and sales of feed and fertilizer	100.00	100.00
Kanematsu Soytech Corp.	Chuo-ku, Osaka, Japan	Sales of soybeans, pulses & peas, and grain; Development and marketing of tofu and other ingredients for processed foods	100.00	100.00
KG Agri Products, Inc.	Ohio, U.S.A.	Seed development; Contract farming; Sorting, processing, and sales of food soybeans	100.00	100.00
Kai Enterprises, Inc.	Washington, U.S.A.	Sales of hay and roughage	100.00 (15.00)	100.00 (15.00)
P.T. Kanemory Food Service	Serang, Indonesia	Manufacture of processed foods; Management of central kitchen	59.90 (10.00)	59.90 (10.00)
[Steel, Materials and Plants]				
Kanematsu Trading Corp.	Chuo-ku, Tokyo, Japan	Sales of steel and construction materials	100.00	100.00
Kyowa Steel Co., Ltd.	Kasai-shi, Hyogo, Japan	Cutting and processing of steel sheet; Sales of construction materials	100.00 (100.00)	100.00 (100.00)
Kanematsu Chemicals Corp.	Chuo-ku, Tokyo, Japan	Domestic sales, import, and export of chemical products, pharmaceuticals, pharmaceutical ingredients, and functional food materials	100.00	100.00
Kanematsu Wellness Corp.	Chuo-ku, Tokyo, Japan	Sales of health foods and provision of medical information	100.00 (100.00)	100.00 (100.00)
Kanematsu Petroleum Corp.	Chiyoda-ku, Tokyo, Japan	Sales of petroleum products and LPG	100.00	100.00
Kanematsu Yuso Co., Ltd.	Chiyoda-ku, Tokyo, Japan	Delivery and storage of petroleum products	100.00	100.00
Kanematsu KGK Corp.	Chuo-ku, Tokyo, Japan	Sales of machine tools and industrial machinery	100.00	100.00
Benoit Holding Company	Illinois, U.S.A.	Holding company	85.18 (85.18)	85.18 (85.18)
Benoit Premium Threading, LLC	Louisiana, U.S.A.	Steel tubing fabrication; Manufacture and sales of steel tubing-related parts	54.00 (54.00)	54.00 (54.00)
Steel Service Oilfield Tubular, Inc.	Oklahoma, U.S.A.	Sales of steel materials for natural resource excavation	51.00 (51.00)	51.00 (51.00)
KGK International Corp.	Illinois, U.S.A.	Sales of machine tools and industrial machinery	100.00 (100.00)	100.00 (100.00)
[Motor Vehicles and Aerospace]				
Kanematsu Aerospace Corp.	Minato-ku, Tokyo, Japan	Sales of aircraft, defense, and aerospace-related products as well as 3D laser scanners and XR solution equipment	100.00	100.00
KANEYO Co., Ltd.	Chuo-ku, Osaka, Japan	Sales of bedding, fiber raw materials for industrial materials, and synthetic fiber raw materials	100.00	100.00

Trade name	Location	Details of major operations	Percentage of voting rights (%)	
			2024	2023
Datatec Co., Ltd.	Ota-ku, Tokyo, Japan	Development and sales of network services for vehicle operation management, driving safety analysis, etc.; Development and sales of vehicle measuring instruments	90.01	90.01
Aries Motor Ltd.	Warsaw, Poland	Sales and maintenance of automobiles	93.59	93.59
Aries Power Equipment Ltd.	Warsaw, Poland	Sales of engines, generators, lawnmowers, and other general-purpose machinery	60.00	60.00
KG Aircraft Rotables Co., Ltd.	Dublin, Ireland	Replacement and maintenance of aircraft rotable components; Leasing; Sales	96.67	96.97
[Others]				
Shintoa Corp.	Chiyoda-ku, Tokyo, Japan	Import, export, and sales of pet supplies, soft drinks for vending machines, aero-engines, feed materials, and metal products	100.00	100.00
Kanematsu Logistics & Insurance Ltd.	Chuo-ku, Tokyo, Japan	Insurance agency and forwarding business; Consigned freight forwarding business	100.00	100.00
[Overseas local subsidiaries]				
Kanematsu USA Inc.	Illinois, U.S.A.	Export, import and sales of merchandise	100.00	100.00
Kanematsu (China) Co., Ltd.	Shanghai, China	Export, import and sales of merchandise	100.00	100.00
Kanematsu (Thailand) Ltd.	Bangkok, Thailand	Export, import and sales of merchandise	100.00	100.00
Watana Inter-Trade Co., Ltd. (Notes) 1	Bangkok, Thailand	Export, import and sales of merchandise	49.00 (24.00)	49.00 (24.00)
Kanematsu (Singapore) Pte. Ltd.	Singapore, Singapore	Export, import and sales of merchandise	100.00	100.00
Kanematsu Taiwan Corp.	Taipei, Taiwan	Export, import and sales of merchandise	100.00	100.00
Kanematsu Europe Plc	London, U.K.	Export, import and sales of merchandise	100.00 (100.00)	100.00 (100.00)
Kanematsu GmbH	Duesseldorf, Germany	Export, import and sales of merchandise	100.00	100.00
Kanematsu Australia Ltd.	Sydney, Australia	Export, import and sales of merchandise	100.00	100.00
Kanematsu New Zealand Ltd.	Auckland, New Zealand	Export, import and sales of merchandise	100.00	100.00
Kanematsu Korea Corporation.	Seoul, Korea	Export, import and sales of merchandise	100.00	100.00
Kanematsu Trading (Hong Kong) Ltd.	Hong Kong, China	Export, import and sales of merchandise	100.00	100.00

(Notes) 1. It is treated as a subsidiary because the Consolidated Group has a substantial control of the finance and management policy over the company through the dispatch of the majority of board members.
2. The figures in the parentheses in “Percentage of voting rights” indicate the indirect ownership ratio included in the total.

(2) Non-controlling interests

There has been no subsidiaries with non-controlling interests that is significant for the Consolidated Group for the fiscal year ended March 31, 2024 and March 31, 2023.

(3) Transaction with non-controlling interests

1) Additional acquisition of shares of Kanematsu Electronics Ltd.

In the previous fiscal year, the Company conducted a tender offer based on the Financial Instruments and Exchange Act for the common shares of its consolidated subsidiary Kanematsu Electronics Ltd., and acquired 90.71% of its shares as of March 20, 2023.
On March 31, 2023, the Company requested non-controlling interests of Kanematsu Electronics Ltd., based on Article 179, Paragraph 1 of the Companies Act, to sell all the shares they owned (9.29%) to the Company, which was approved on the same day by the Board of Directors of Kanematsu Electronics Ltd. As a result of the transaction, the Company accounted for as the owner of 100% of the shares of Kanematsu Electronics Ltd. as of the end of the previous fiscal year.

Outline of the transactions with non-controlling interests following the aforementioned is as follows.

	JPY
	2023
Consideration paid	74,088
Decrease in non-controlling interest	(27,519)
Decrease in capital surplus	(46,568)

(Notes) 1. Consideration paid does not include transaction costs. ¥16,482 million ($123,435 thousand)) of the consideration paid is outstanding as at the end of the previous fiscal year, which is recorded in “Other financial liabilities” in the consolidated statement of financial position. There is no outstanding balance as at the end of the current fiscal year.
2. The negative capital surplus resulting from the aforementioned transaction is replenished by a transfer from retained earnings.

As a demand to cash out became effective, the Company acquired all shares of Kanematsu Electronics Ltd. as of May 9, 2023, and Kanematsu Electronics Ltd. became a wholly owned subsidiary of the Company.

2) Additional acquisition of shares of Kanematsu Sustech Corp.

In the previous fiscal year, the Company conducted a tender offer based on the Financial Instruments and Exchange Act for the common shares of its consolidated subsidiary Kanematsu Sustech Corp., and acquired 89.86% of its shares as of March 20, 2023.
Based on the results of the aforementioned tender offer, the Company requested Kanematsu Sustech Corp. to conduct a consolidation of its shares based on Article 180 of the Companies Act, Kanematsu Sustech Corp. became a wholly owned subsidiary of the Company upon the effectiveness of the share consolidation on June 1, 2023. The Company acquired any fraction of less than one share resulting from the share consolidation (10.14%) as of August 1, 2023.
As a result of the equity transaction with non-controlling interests following the aforementioned tender offer, non-controlling interests and capital surplus decreased, which, however, is not financially material.

35. Related Parties

(1) Related party transactions

Fiscal year ended March 31, 2024

Type	Name	Detail of related party relationship	Transaction amount		Outstanding amount	
			JPY	USD	JPY	USD
Associate (including subsidiaries of the associate)	AJUSTEEL Co., Ltd.	Sales of merchandise	315	2,084	7,296	48,193
Associate	ATAD Steel Structure Corp.	Sales of merchandise	—	—	2,616	17,282
Associate	Sage Hill Northwest, Inc.	Purchase of merchandise	2,493	16,466	454	3,001
Associate	Hokushin Co., Ltd.	Sales of merchandise	96	638	1,377	9,101
Associate	GLOBAL SECURITY EXPERTS Inc.	Purchase of merchandise	1,022	6,750	204	1,350

(Notes) 1. The related party transaction amounts are determined through negotiation with consideration given to the prevailing market prices.
2. As described in *Note 33 Contingent Liabilities: (1) Liabilities for guarantees,* debt guarantees are provided to the equity method investees.
3. As the Consolidated Group conducts a transaction as a party involved, transaction amount of AJUSTEEL Co., Ltd. and Hokushin Co., Ltd. are presented in the net amount of the commission.
4. The amount of loss allowance on the outstanding amounts are ¥497 million ($ 3,283 thousand).

Fiscal year ended March 31, 2023

Type	Name	Detail of related party relationship	Transaction amount	Outstanding amount
			JPY	JPY
Associate (including subsidiaries of the associate)	AJUSTEEL Co., Ltd.	Sales of merchandise	251	4,463
		Loans of funds	1,068	1,068
Associate	ATAD Steel Structure Corp.	Sales of merchandise	44	3,068
Associate	Sage Hill Northwest, Inc.	Purchase of merchandise	2,956	439
		Loans of funds	1,068	1,068
Associate	Hokushin Co., Ltd.	Sales of merchandise	117	1,732

(Notes) 1. The related party transaction amounts are determined through negotiation with consideration given to the prevailing market prices.
2. As described in *Note 33 Contingent Liabilities: (1) Liabilities for guarantees,* debt guarantees are provided to the equity method investees.
3. As the Consolidated Group conducts a transaction as a party involved, transaction amount of AJUSTEEL Co., Ltd., ATAD Steel Structure Corp. and Hokushin Co., Ltd. are presented in the net amount of the commission.
4. Loans of funds are under general terms and conditions that are the same as those of transactions with a third party.
5. There is no loss allowance on the outstanding amounts.

(2) Remuneration to management executives

The remuneration to the Company's directors and auditors consists of base compensation, performance-linked compensation and performance-linked stock compensation.

The amount of remuneration to the Company's directors and audit and supervisory board members are as follows:

	JPY		USD
	2024	2023	2024
Base compensation and performance-linked compensation	323	295	2,138
Performance-linked stock compensation	71	49	473
Total	395	344	2,611

(Note) The amount of performance-linked stock compensation for the fiscal years ended March 31, 2024 and March 31, 2023 are expenses of performance-linked stock compensation during the fiscal years ended March 31, 2024 and March 31, 2023.

36. Share-based Payments

(1) Performance-Linked Stock Compensation Plan

The Company implemented a Performance-Linked Stock Compensation Plan for Directors and Executive Officers. The aim of adoption of the Plan is to further clarify the linkage between compensation of Directors and Executive Officers and the corporate performance and stock value of the Company, and to encourage them to contribute to mid- to long-term improvement in the corporate performance and expansion of corporate value because they will share the benefits and risks of stock price fluctuations with the shareholders.

The vesting condition for the Performance-Linked Stock Compensation Plan for Directors and Executive Officers of the Company is that after granted date they will work continuously until achieving certain performance goals and vesting. The stocks will be granted to Directors and Executive Officers in the final year of the medium-term vision (from April 1, 2024 to March 31, 2027), or the fiscal year that achieved the medium-term vision.

(2) Granted stocks and granted prices of shares

The fair value of the granted date was estimated using the Black-Scholes model considering expected dividends based on past dividend payments. The number of shares granted during the fiscal years ended March 31, 2024 and March 31, 2023 and the weighted average share price are as follows.

	2024			2023	
	Number of shares	Weighted average share price		Number of shares	Weighted average share price
	Share	Yen	U.S.dollar	Share	Yen
As of the beginning of the year	242,157	1,431	9	179,432	1,464
Granted	129,234	1,406	9	92,838	1,416
Exercised (Note)	(15,506)	1,583	10	(30,113)	1,583
Forfeited	—	—	—	—	—
As of the end of the year	355,885	1,415	9	242,157	1,431
Exercisable balance as of the end of the year	355,885	1,415	9	—	—

(Note) The number of shares exercised during the fiscal year ended March 31, 2024 are the shares granted to an Executive Officer who resigned in the period. The number of shares exercised during the fiscal year ended March 31, 2023 are the shares granted to a Director and an Executive Officer who resigned in the period.

(3) Stock compensation expenses

The performance-Linked Stock Compensation Plan is an equity-settled share-based payment transaction. The stock compensation expenses for the fiscal years ended March 31, 2024 and March 31, 2023 are ¥181 million ($1,199 thousand) and ¥131 million, respectively.

37. Subsequent Events

Not applicable.

Independent Auditor's Report

To the Board of Directors of Kanematsu Corporation

Opinion

We have audited the non-consolidated financial statements of Kanematsu Corporation (the Company), which comprise the non-consolidated balance sheet as at March 31, 2024, and the non-consolidated statement of income and non-consolidated statement of changes in net assets for the year then ended, and notes to the non-consolidated financial statements.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024, and its financial performance 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 Non-Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-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 non-consolidated financial statements of the current period. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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<table>
<tr><td colspan="2">Valuation of unlisted shares without market prices
(Notes to non-consolidated financial statements “Significant Accounting Estimates” “Valuation of securities without market prices”)</td></tr>
<tr><th>Key audit matter description</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>The Company set the priority initiatives in the medium-term vision "future 135" for the period from the fiscal year ended March 2019 to the fiscal year ended March 31, 2024 as "Sustainable growth in fundamental businesses and the expansion of the revenue base through business investments" , "Response to technical innovation" and "Establishment of management infrastructure for achieving sustainable growth" and the Company promotes DX and GX throughout the group, promotes and expands new businesses with advanced technologies, and develops innovation investments that set appropriate investment criteria for new businesses with high degree of uncertainty.
Based on this policy, the Company continuously invests in stocks to expand medium-to-long term revenue by creating new businesses and building, maintaining, and strengthening trading and collaborative relationships. During the fiscal year, the Company made new investments to create new markets by using next-generation technologies that contribute to creating new industries and solving social issues. As of the end of this fiscal year, unlisted shares of investments in securities, including investments in venture companies and other entities that were undertaken as innovation investments to create new businesses, are recognized as investments in securities in the balance sheet in the amount of JPY10,002 million (2.3% of total assets of non-consolidated financial statements).
To calculate the value of the unlisted shares of investments in securities for which the Company reflects future economic benefits, the Company uses the net assets per share reflecting the future economic benefits as the net asset value. The Company determines whether the initially estimated future economic benefits are impaired by evaluating the achievement status and probability of the target company's business plan used in the stock price valuation obtained at the time of the acquisition of the shares.
When future economic benefit is no longer expected to be realized as a result of financial conditions or progress of business plan, and the</td><td>We performed the following principal audit procedures in relation to the assessment of significant unlisted shares of investments in securities which reflected the future economic benefits .
• We evaluated the design and implementation, and the operating effectiveness of internal controls related to the impairment assessment process for unlisted shares of investments in securities.
• We inspected the supporting documents regarding the acquisition of the unlisted shares of investments in securities acquired in this fiscal year in order to verify the accuracy of the acquisition cost.
• We compared the carrying amount of the unlisted shares of investments in securities acquired in the previous fiscal year with those in the prior years' workpapers in order to verify the accuracy of the amount.
• We obtained valuation assessment documents prepared by the Company and compared the financial statements of the investees that are the basis of the valuation.
• In order to verify the reasonableness of each business plan that is the basis of the net asset value, we obtained valuation assessment documents prepared by the Company and performed the following procedures.
◦ We compared the medium-to-long term business plan obtained at the time of acquisition with the actual results.
◦ We obtained documents investigating the current situation of the investees, such as whether there were any changes to the investees' business models and whether there were any significant delays in product development with new technologies, and assessed the feasibility of achievements of the business plans at the time of acquisitions. In addition, we examined whether the future economic benefits are impaired.
◦ By reviewing the supporting documents, we verified whether there</td></tr>
</table>

net asset value of the asset decreases significantly compared with the acquisition cost, an impairment loss is recognized. When evaluating whether the net asset value significantly decreases, including the decrease in the future economic benefits expected at the time of the acquisition of the shares, there is a high degree of uncertainty regarding the feasibility of the target company's business plan, and management's judgment is required. In addition, because the amount of the unlisted shares recognized in the balance sheet is significant, we determined that this matter is a key audit matter.	were any significant deteriorations in the profits or business prospects of the investees. ◦ We verified that the Company assessed whether the net asset values decreased significantly and impairment losses were required based on the relevant documents.

Other Information

Other information comprises information included in a document containing audited non-consolidated financial statements, but does not include the non-consolidated 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, Audit & Supervisory Board and each Audit & Supervisory Board Member for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit & supervisory board and each audit & supervisory board member are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the non-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 non-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 non-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 non-consolidated financial statement audit is not to express an opinion on the effectiveness of the Company'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 Company'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 non-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 Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit & supervisory board and each audit & supervisory board member 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 the audit & supervisory board and each audit & supervisory board member 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 the audit & supervisory board and each audit & supervisory board member, we determine those matters that were of most significance in the audit of the non-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 non-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 3 to the non-consolidated financial statements.

Fee-related information

Fee-related Information is disclosed in the independent auditor's report on the consolidated financial statements.

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 Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Takayoshi Yano
Designated Engagement Partner
Certified Public Accountant

Masaki Nitta
Designated Engagement Partner
Certified Public Accountant

Shinya Hiraoka
Designated Engagement Partner
Certified Public Accountant

PricewaterhouseCoopers Japan LLC
August 30, 2024

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original report is kept separately by the Company.

KANEMATSU CORPORATION

NON-CONSOLIDATED FINANCIAL STATEMENTS
For the fiscal year ended March 31, 2024

~NON-CONSOLIDATED FINANCIAL STATEMENTS~

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~NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS~

KANEMATSU CORPORATION
NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

Non-consolidated Balance Sheet

	JPY		USD (Note 3)
	2024	2023	2024
(Assets)			
I. Current assets			
1. Cash and bank deposits	16,358	9,833	108,039
2. Notes receivable (Notes 6-6, 6-7)	2,304	1,384	15,219
3. Accounts receivable (Note 6-6)	84,810	76,013	560,135
4. Short-term investments	2	1	13
5. Inventories (Note 6-1)	67,194	61,812	443,795
6. Advance payments to suppliers	3,900	2,625	25,761
7. Prepaid expenses	1,127	1,095	7,448
8. Short-term loans receivable	2	4	16
9. Short-term loans to affiliates	33,105	34,596	218,651
10. Other accounts receivable (Note 6-6)	4,099	4,625	27,074
11. Derivatives	5,582	2,014	36,872
12. Other (Note 6-6)	3,825	5,329	25,264
13. Allowance for doubtful accounts	(23)	(21)	(156)
Total current assets	222,289	199,316	1,468,133
II. Long-term assets			
1. Tangible fixed assets			
1) Buildings	1,159	1,435	7,655
2) Machinery and equipment	189	207	1,253
3) Vehicles	0	0	0
4) Tools and fixtures	373	483	2,467
5) Land	5	5	37
6) Lease assets	219	351	1,447
Total tangible fixed assets	1,947	2,484	12,860

(Notes) Presentation of fiscal year and amount (Japanese Yen and U.S. dollars)

1. "2024" refers to the Company's non-consolidated fiscal year ended March 31, 2024 and the other fiscal year is referred to in the corresponding manner.
2. "JPY" means millions of Japanese Yen and "USD" means thousands of U.S. dollars.

KANEMATSU CORPORATION
NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

	JPY		USD (Note 3)
	2024	2023	2024
2. Intangible assets			
1) Software	845	652	5,582
2) Other	23	45	157
Total intangible assets	868	697	5,739
3. Investments and other assets			
1) Investments in securities (Note 6-2)	35,557	23,245	234,843
2) Shares of affiliates	168,402	143,890	1,112,227
3) Equity investments	1,387	1,578	9,165
4) Equity investments in affiliates	6,117	6,141	40,404
5) Long-term loans receivable	1,257	1,257	8,303
6) Long-term loans to employees	4	7	31
7) Long-term loans to subsidiaries and affiliates	1,347	2,521	8,898
8) Doubtful accounts (Note 6-3)	206	265	1,367
9) Long-term prepaid expenses	235	133	1,553
10) Prepaid Pension Cost	370	279	2,445
11) Other	1,851	1,642	12,230
12) Allowance for doubtful accounts	(1,896)	(2,807)	(12,525)
Total investments and other assets	214,841	178,153	1,418,940
Total long-term assets	217,657	181,335	1,437,538
III. Deferred assets			
1. Bond issuance costs	48	65	323
Total deferred assets	48	65	323
Total assets	439,996	380,717	2,905,994

KANEMATSU CORPORATION
NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

	JPY		USD (Note 3)
	2024	2023	2024
(Liabilities)			
I. Current liabilities			
1. Notes payable (Note 6-7)	130	119	862
2. Import bills payable (Note 6-6)	68,107	57,907	449,823
3. Accounts payable (Note 6-6)	28,066	24,245	185,366
4. Current portion of bonds	5,000	—	33,023
5. Short-term borrowings	51,469	108,119	339,933
6. Lease obligations (Note 6-6)	111	228	734
7. Other accounts payable (Note 6-6)	10,733	9,099	70,888
8. Accrued expenses (Note 6-6)	1,726	2,682	11,405
9. Accrued income taxes	183	393	1,209
10. Advances received from customers	5,078	2,173	33,540
11. Deposits received (Note 6-6)	51,985	4,310	343,344
12. Deferred revenue	66	39	437
13. Asset Retirement Obligations	49	280	326
14. Derivatibes liabilities	2,730	1,310	18,031
15. Other provisions	—	19	—
16. Other (Note 6-6)	14	17	96
Total current liabilities	225,451	210,945	1,489,016
II. Non-current liabilities			
1. Bonds	10,000	15,000	66,046
2. Long-term borrowings	83,045	46,234	548,479
3. Lease obligations (Note 6-6)	121	169	801
4. Provision for employees' retirement and severance benefits	17	18	114
5. Provision for stock benefits	563	383	3,721
6. Asset retirement obligations	351	356	2,322
7. Deferred tax liabilities	4,769	1,303	31,502
8. Other (Note 6-6)	135	134	898
Total non-current liabilities	99,004	63,599	653,883
Total liabilities	324,456	274,544	2,142,899

KANEMATSU CORPORATION
NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

	JPY		USD (Note 3)
	2024	2023	2024
(Net assets)			
I. Shareholders' equity			
1. Common stock	27,781	27,781	183,483
2. Capital surplus			
1) Legal capital surplus	26,887	26,887	177,578
2) Other capital surplus	0	0	5
Total capital surplus	26,887	26,887	177,583
3. Retained earnings			
1) Legal retained earnings	131	131	872
2) Other retained earnings			
Voluntary reserve	1,836	1,836	12,126
Retained earnings brought forward	47,727	44,733	315,220
Total retained earnings	49,695	46,701	328,217
4. Treasury stock	(1,228)	(1,248)	(8,112)
Total shareholders' equity	103,136	100,120	681,171
II. Valuation and translation adjustments			
1. Net unrealized gains (losses) on securities, net of tax	11,092	5,237	73,264
2. Net gains (losses) on deferred hedges, net of tax	1,311	814	8,660
Total valuation and translation adjustments	12,404	6,051	81,924
Total net assets	115,540	106,172	763,095
Total liabilities and net assets	439,996	380,717	2,905,994

KANEMATSU CORPORATION
NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

Non-consolidated Statement of Income

	JPY		USD (Note 3)
	2024	2023	2024
I. Revenue (Note 7-1)	397,709	393,934	2,626,707
II. Cost of sales (Notes 7-1, 7-2)	381,309	375,563	2,518,389
Gross profit	16,400	18,370	108,318
III. Selling, general and administrative expenses (Note 7-3)	16,941	18,416	111,890
Operating loss	(540)	(45)	(3,571)
IV. Non-operating income			
1. Interest income (Note 7-1)	1,224	885	8,087
2. Dividend income (Note 7-1)	8,640	9,757	57,064
3. Foreign exchange gains	5,330	4,157	35,206
4. Other (Note 7-1)	696	465	4,603
Total	15,891	15,266	104,960
V. Non-operating expenses			
1. Interest expenses (Note 7-1)	4,107	2,634	27,131
2. Other (Note 7-1)	593	374	3,919
Total	4,701	3,009	31,049
Ordinary income	10,650	12,211	70,339
VI. Extraordinary gains			
1. Gain on sale of tangible fixed assets	4	12	26
2. Gain on sale of intangible fixed assets	—	1	—
3. Gain on sale of investments in securities	3	413	26
4. Gain on sale of businesses	73	—	482
Total	80	427	534
VII. Extraordinary losses			
1. Loss on disposal of fixed assets	17	36	116
2. Loss on sale of investments in securities	1	2	7
3. Loss on valuation of investment securities	87	1,504	581
4. Loss on refunding due to capital reduction of subsidiaries and affiliates	—	2,278	—
5. Loss on liquidation of subsidiaries and associates	189	—	1,251
6. Provision of allowance for doubtful accounts for subsidiaries and affiliates and loss on affiliated business	—	3	—
Total	296	3,823	1,956
Income before income taxes	10,434	8,815	68,918
Income taxes-current	(171)	1,030	(1,134)
Income taxes-deferred	662	(962)	4,378
Total	491	68	3,244
Net income	9,943	8,747	65,674

KANEMATSU CORPORATION
NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

Non-consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(JPY)

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						Voluntary reserve	Retained earnings brought forward			
Balance at the beginning of the fiscal year	27,781	26,887	0	26,887	131	1,836	44,733	46,701	(1,248)	100,120
Changes during the fiscal year										
Dividends				—			(6,949)	(6,949)		(6,949)
Net income				—			9,943	9,943		9,943
Acquisition of treasury stock				—				—	(4)	(4)
Disposition of treasury stock			0	0				—	24	24
Net changes of items other than shareholders' equity during the fiscal year				—				—		—
Total changes during the fiscal year	—	—	0	0	—	—	2,994	2,994	20	3,015
Balance at the end of the fiscal year	27,781	26,887	0	26,887	131	1,836	47,727	49,695	(1,228)	103,136

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on securities, net of tax	Net gains (losses) on deferred hedges, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	5,237	814	6,051	106,172
Changes during the fiscal year				
Dividends			—	(6,949)
Net income			—	9,943
Acquisition of treasury stock			—	(4)
Disposition of treasury stock			—	24
Net changes of items other than shareholders' equity during the fiscal year	5,855	496	6,352	6,352
Total changes during the fiscal year	5,855	496	6,352	9,367
Balance at the end of the fiscal year	11,092	1,311	12,404	115,540

KANEMATSU CORPORATION
NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

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

(JPY)

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						Voluntary reserve	Retained earnings brought forward			
Balance at the beginning of the fiscal year	27,781	26,887	0	26,887	131	1,836	42,093	44,061	(1,294)	97,435
Changes during the fiscal year										
Dividends				–			(6,107)	(6,107)		(6,107)
Net income				–			8,747	8,747		8,747
Acquisition of treasury stock				–				–	(2)	(2)
Disposition of treasury stock				–				–	47	47
Net changes of items other than shareholders' equity during the fiscal year				–				–		–
Total changes during the fiscal year	–	–	–	–	–	–	2,640	2,640	45	2,685
Balance at the end of the fiscal year	27,781	26,887	0	26,887	131	1,836	44,733	46,701	(1,248)	100,120

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on securities, net of tax	Net gains (losses) on deferred hedges, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	4,025	1,186	5,211	102,646
Changes during the fiscal year				
Dividends			–	(6,107)
Net income			–	8,747
Acquisition of treasury stock			–	(2)
Disposition of treasury stock			–	47
Net changes of items other than shareholders' equity during the fiscal year	1,211	(371)	840	840
Total changes during the fiscal year	1,211	(371)	840	3,525
Balance at the end of the fiscal year	5,237	814	6,051	106,172

KANEMATSU CORPORATION
NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

USD (Note 3)

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						Voluntary reserve	Retained earnings brought forward			
Balance at the beginning of the fiscal year	183,483	177,578	4	177,582	872	12,126	295,444	308,441	(8,249)	661,257
Changes during the fiscal year										
Dividends				–			(45,898)	(45,898)		(45,898)
Net income				–			65,674	65,674		65,674
Acquisition of treasury stock				–				–	(27)	(27)
Disposition of treasury stock			1	1				–	164	164
Net changes of items other than shareholders' equity during the fiscal year				–				–		–
Total changes during the fiscal year	–	–	1	1	–	–	19,776	19,776	137	19,914
Balance at the end of the fiscal year	183,483	177,578	5	177,583	872	12,126	315,220	328,217	(8,112)	681,171

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on securities, net of tax	Net gains (losses) on deferred hedges, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	34,589	5,381	39,969	701,227
Changes during the fiscal year				
Dividends			–	(45,898)
Net income			–	65,674
Acquisition of treasury stock			–	(27)
Disposition of treasury stock			–	164
Net changes of items other than shareholders' equity during the fiscal year	38,675	3,279	41,955	41,955
Total changes during the fiscal year	38,675	3,279	41,955	61,868
Balance at the end of the fiscal year	73,264	8,660	81,924	763,095

KANEMATSU CORPORATION
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

1. Basis of Preparing Non-consolidated Financial Statements

(1) The Method of Producing the Non-consolidated Financial Statements

The non-consolidated financial statements of Kanematsu Corporation (the “Company”) are prepared in accordance with the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Ordinance No.59, 1963; hereinafter, the “Regulations”).
The non-consolidated financial statements are prepared in accordance with Article 127 of the Regulations.
The Company maintains its accounts and records in accordance with the provisions set forth in the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of IFRS Accounting Standards.

(2) Japanese Yen Amount

Amounts less than one million yen have been omitted, since the Regulations require such amounts to be rounded down for presentation. As a result, the totals shown in the non-consolidated financial statements and notes thereto do not necessarily agree with the sum of the individual account balances or breakdowns.

2. Material Accounting Policies

(1) Bases and Methods of Valuation of Assets

1) Short-term Investments and Investments in Securities

(i) Held-to-maturity bonds

Debt securities are stated at cost less the amortization of any premium or discounts, which are amortized over the period to maturities.

(ii) Equity securities in subsidiaries and affiliates

Cost method based on the moving average method.

(iii) Other securities (Non-trading purpose)

・Securities other than shares, etc. in the absence of market prices
Marketable securities are stated at fair value based on the market price at the end of the fiscal year.
Net unrealized gains or losses on securities are recorded in the equity. The cost of sales for marketable securities are determined by the moving average method.

・Shares, etc. in the absence of market prices
Non-marketable securities are stated at cost determined by the moving average method.

2) Derivatives

Derivatives are stated at fair value.

3) Inventories

Inventories are principally stated at cost determined by the moving average method (carried at the lower of cost or market value on the balance sheet).

(2) Tangible Fixed Assets and Intangible Assets

1) Tangible fixed assets (excluding lease assets)

The straight-line method is used.

2) Intangible assets

The straight-line method is used.
Additionally, software for internal use is amortized using the straight-line method over the estimated useful life of five years.

3) Lease assets

Depreciation on lease assets relating to finance lease transactions that do not transfer ownership is recorded using the straight-line method over the lease term, assuming a residual value of zero.

KANEMATSU CORPORATION
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

(3) Provisions

1) Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts to cover credit losses, based on estimates of collectability of individual accounts and past bad debt loss experiences.

2) Provision for Employees' Retirement and Severance Benefits (Prepaid Pension Costs)

The Company provides for retirement provision based on the present value of projected benefit obligations and the fair value of the plan assets at the end of the fiscal year.
In calculating retirement benefit obligation, the benefit formula basis is used to attribute projected benefits to the period up to the end of the fiscal year.
Prior service costs are amortized as expenses using the straight-line method over five years, a period selected by the Company within the average expected remaining service period of the employees.
Actuarial gains and losses are amortized using the straight-line method over five years, a period selected by the Company within the average expected remaining service period of the employees, from the following fiscal years after the actuarial gains or losses are recognized.
At the end of the current fiscal year, since plan assets exceeded retirement benefit obligations less unrecognized actuarial differences, the excess amount is recorded as prepaid pension cost.

3) Provision for Directors' and Executive Officers' stock benefits

The Company provides a provision for stock benefits of shares of the Company in accordance with the stock delivery rules based on the projected amount of payment for stock benefits at the end of the current fiscal year.

(4) Revenue and Expense Recognition

1) Revenue recognition policies

The Company recognizes revenue from contracts with customers based on the following five-step approach.

Step 1: Identifying contracts with customers

Step 2: Identifying performance obligations in contracts

Step 3: Determining the transaction price

Step 4: Allocating the transaction price to performance obligations in contracts

Step 5: Recognizing revenue when (or as) the Company satisfies the performance obligations

When a single contract consists of multiple performance obligations, the Company divides the transaction into separate performance obligations and recognizes revenue for each performance obligation. When multiple contracts must be combined and considered a single contract because of the economic substance of those contracts the Company recognizes revenue from the combined contracts.
In identifying a performance obligation, the Company reviews whether it is a principal or an agent, and if the nature of the Company's promise is a performance obligation to provide the identified goods or services itself, the Company recognizes revenue at the total amount of consideration received from the customer as a principal. On the other hand, if the performance obligation is to arrange for the identified goods or services to be provided by another party, the Company recognizes revenue at the net amount of the commission, and other contract-related costs, as an agent.
In reviewing to identify whether a principal or an agent, the Company makes a comprehensive judgement based on the following indicators.

- Whether the Company is primarily responsible for fulfilling the contract.
- Whether the Company has the inventory risk both when goods are shipped and when goods are returned before and after the customer places an order for the goods.
- Whether the Company has discretion in establishing the price for the goods or services of the other party.

The Company measures revenues based on the consideration promised under contracts with customers, but there is no significant variable consideration.
Consideration for transactions does not include material financial elements, since it is received usually within one year after performance obligations are fulfilled.

2) Timing of revenue recognition

The Company mainly sells goods such as semiconductor manufacturing equipment, electronic components and materials, grain, meat products & seafoods, steel products, petroleum products, vehicles parts, aerospace-related products in the four segments of Electronics & Devices, Foods, Meat & Grain, Steel, Materials & Plant, and Motor Vehicles & Aerospace. It recognizes revenue at the time when performance obligations are delivered because customers obtain control of the goods and the performance obligations are generally satisfied at the time of delivery.

(5) Other Significant Matters

1) Translation of Foreign Currencies

All monetary assets and liabilities denominated in foreign currencies are translated into yen at spot exchange rates prevailing at the balance sheet date. Resulting translation gains and losses are included in determination of net income for the period.

2) Hedge Accounting

(i) Hedge accounting method

The Company applies hedge accounting whereby gains and losses on hedged transactions are deferred and recognized over future periods. For certain interest rate swaps designated as hedging instruments that meet specific matching criteria, the amounts received or paid under such interest rate swap agreements are added to or deducted from the interest on the hedged assets or liabilities when paid.

(ii) Hedging instruments and hedged items

(Hedging instruments)

・Commodity-related: Commodity futures contracts / Commodity forward contracts
・Foreign exchange-related: Forward exchange contracts / Foreign currency swaps / Foreign currency options
・Interest rate-related: Interest rate swaps / Interest rate options

(Hedged items)

・Commodity-related: Forecasted transactions on commodity trading
・Foreign exchange-related: Foreign currency-denominated monetary assets and liabilities / Forecasted foreign currency transactions
・Interest-related: Borrowings

(iii) Hedging policy

The Company has internal policies to utilize the hedging instruments for the purpose of reducing exposures to the risk of fluctuations in commodity prices, foreign currencies and interest rates for its operating and financing activities.

(iv) Method of evaluating the effectiveness of hedging activities

The Company evaluates the effectiveness of its hedging activities by comparing accumulated fluctuations in prices or cash flows of the hedged items with those of the hedging instruments and examining the degree of their correlation.

(v) Others

Risk management is performed by the management division, which is independent of the trading section. Also, reporting to management is performed in accordance with the internal rules of the Company on a regular basis.

3) Deferred Assets

Bond issuance costs are amortized based on the interest method over the redemption period.

KANEMATSU CORPORATION
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

3. United States Dollar Amounts

The U.S. dollar amounts appearing in the non-consolidated financial statements and the notes thereto represent the arithmetical results of translating yen to dollars at the rate of ¥151.41 to U.S.$1.00, the exchange rate prevailing on March 31, 2024. The translation of such dollar amounts is solely for convenience of the readers outside Japan and does not imply those yen amounts have been or could be readily converted, realized or settled in dollars at the above, or any other rate.

4. Significant Accounting Estimates

（Methods of Valuation of Securities without market prices)

1) The amount for the fiscal year ended March 31, 2024
The fair value of unlisted shares of investments in securities ¥10,002 million ($ 66,061 thousand)

2) Information on significant accounting estimates for the items identified
For unlisted shares without market price, if the net asset value of the decreases by more than 50% compared to the acquisition cost, the net asset value is deemed to have decreased significantly, and impairment treatment is applied, unless the possibility of recovery is supported by sufficient evidence.
In addition, for these unlisted shares, shares acquired at a price that reflects the future economic benefits of the investee are impaired if such future economic benefits is not expected.
When determining whether the investee company's future economic benefits at the time of the acquisition of the shares has been impaired in terms of the valuation of unlisted shares, the progress of the investee company's business plan at the acquisition of the shares, outlook for future growth and performance, fundraising situation, etc. are considered comprehensively.

3) Impact on the financial statements
A future decline in market value or poor business performance or a deterioration in the financial position of an investee may result in losses not reflected in the current carrying amount or inability to recover the carrying amount, which is possible to be required to recognize an impairment loss in the next fiscal year.

5. New standards and guidance not yet adopted

Accouting Standard for Current Income Taxes (ASBJ Statement No.27, October 28, 2022, Accounting Standards Board of Japan (ASBJ))
Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No.25, October 28, 2022, Accounting Standards Board of Japan (ASBJ))
Guidance on Accounting Standards for Tax Effect Accunting (ASBJ Guidance No.28, October 28, 2022, Accounting Standards Board of Japan (ASBJ))

(1) Overview

The guidance provides the treatment regarding the classification of income taxes, etc. when taxes are imposed on other comprehensive income, as well as treatment regarding tax effects related to the sale of shares of subsidiaries and affiliates when the corporate group tax system is applied.

(2) Planned date of application

The accounting standard will be applied from the beginning of the fiscal year ending March 31, 2025.

(3) The impact of the application of these accouting standards, etc.

The impact of the application of the “Accounting Standard for Current Income Taxes” on the consolidated financial statements is currently being assessed.

Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules, etc. (The Practical Solution No.46, March 22, 2024, Accounting Standards Board of Japan (ASBJ))

(1) Overview
In the "Act for amending part of the Income Tax Act, etc." (Law No. 3 of 2023) enacted on March 28, 2023, following the establishment of the treatment of the Income Inclusion Rule (IIR), one of the internationally agreed rules for global minimum taxation, the Accounting Standards Board of Japan (ASBJ) has released the exposure draft of the practical solution on the accounting for and disclosure of current taxes related to the global minimum tax rules, etc.

(2) Planned date of application
The accounting standard will be applied from the beginning of the fiscal year ending March 31, 2025.

(3) The impact of the application of these accouting standards, etc.
The adoption of this accounting standard may result in additional taxation for our company located in Japan until the tax burden in the countries where some subsidiaries are located reaches the base tax rate. Nevertheless, the impact is expected to be immaterial.

6. Notes to Non-Consolidated Balance Sheet

*1. Details of Inventories are as follows:

	JPY		USD
	2024	2023	2024
Merchandise	54,163	51,256	357,725
Goods in transit	12,907	10,481	85,247
Work in progress	124	74	822

*2. Pledged assets and associated secured liabilities
There is no balance for pledged assets and associated secured liabilities for the fiscal years ended March 31, 2024 and March 31, 2023, but the following items are tendered as security deposit or substitution for trading.

	JPY		USD
	2024	2023	2024
Investments in securities	1,045	4,355	6,907

*3. Doubtful accounts
Those are receivables set out in Article 32, Paragraph 1, Item 10 of the Regulations.

*4. Contingent liabilities
(1) Liabilities for guarantees
The Company guarantees payments relating to financial institutions loans and business transactions of the following companies.

	2024			2023
	JPY	USD		JPY
Kanematsu Korea	8,741	57,736	Kanematsu (China)	6,189
Kanematsu (China)	5,780	38,178	Kanematsu USA	5,341
Kanematsu USA	2,003	13,231	Kanematsu Korea	4,120
Kanematsu GmbH	1,508	9,962	Kanematsu GmbH	1,565
KG Agri Products	1,471	9,716	KG Agri Products	1,128
Other	3,158	20,858	Other	3,610
Total	22,663	149,680	Total	21,954

(2) Legal proceedings
In May 2022, the Company was subject to a petition for arbitration (in the amount of US$25 million), in which the Company is the respondent, with the American Arbitration Association from the seller's advisor of a business investment project that was considered and abandoned in the United States of America, in connection with a claim for damages for breach of a nondisclosure agreement. In January 2024, however, the arbitral proceeding was officially terminated by the decision of the arbitral tribunal due to that the seller's advisor did not take required procedures to proceed.

*5. Discounted notes receivable

	JPY		USD
	2024	2023	2024
Discounted notes receivable	4,923	5,384	32,521

*6. Monetary receivables from and payables to subsidiaries and affiliates except for the balances presented separately in the non-consolidated balance sheet

	JPY		USD
	2024	2023	2024
Short-term monetary receivables	30,995	29,018	204,712
Short-term monetary payables	79,618	29,940	525,849
Long-term monetary payables	123	159	813

*7. Notes receivable and notes payable maturing on the balance sheet date
The Company records actual cash settelement and receipt for notes receivable and notes payable on the settelement date.Since the settelement date was March 31, 2024 as not a business day for the financial institutions, the following notes receivable and notes payable were unsettled and are included in the year -end balances.

	JPY		USD
	2024	2023	2024
Notes receivable	642	―	4,241
Notes payable	1	―	7

KANEMATSU CORPORATION
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
For the fiscal year ended March 31, 2024

7. Notes to Non-Consolidated Statement of Income
*1. Transactions with subsidiaries and affiliates

	JPY		USD
	2024	2023	2024
Revenue	74,163	75,204	489,817
Purchases	106,065	120,685	700,519
Non-operating transactions	9,553	10,307	63,100

*2. Cost of sales
Cost of sales includes direct costs such as storage charges, packing charges and freight charges.

*3. The percentage of selling expenses to total expenses is approximately 52% in the previous fiscal year and 54% in the current fiscal year.The percentage of general and administrative expenses to total expenses is approximately 48% in the previous fiscal year and 46% in the current fiscal year.
Details of selling, general and administrative expenses are as follows:

	JPY		USD
	2024	2023	2024
Employees’ salaries and allowances	4,820	4,983	31,835
Employees’ bonuses	2,321	3,210	15,336
Outsourcing service charges	2,814	2,925	18,585
Depreciation and amortization	943	715	6,233
Provision of allowance for doubtful accounts	2	19	17

8. Short-term Investments and Investments in Securities
Investments in securities
Equity securities in subsidiaries and affiliates with fair value

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

	Balance sheet amount		Fair value		Difference	
	JPY	USD	JPY	USD	JPY	USD
Shares in subsidiaries	—	—	—	—	—	—
Shares in affiliates	5,279	34,870	5,018	33,146	(261)	(1,724)
Total	5,279	34,870	5,018	33,146	(261)	(1,724)

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

	Balance sheet amount	Fair value	Difference
	JPY	JPY	JPY
Shares in subsidiaries	78,586	169,062	90,475
Shares in affiliates	5,279	6,425	1,145
Total	83,866	175,487	91,621

(Note) Balance sheet amount of equity securities without a market price not included in the table above

	JPY		USD
	2024	2023	2024
Shares in subsidiaries	156,268	55,096	1,032,086
Shares in affiliates	6,854	4,927	45,271

KANEMATSU CORPORATION
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
For the fiscal year ended March 31, 2024

9. Deferred Taxes
1. Major components of deferred tax assets and deferred tax liabilities are as follows:

	JPY		USD
	2024	2023	2024
Deferred tax assets			
Allowance for doubtful accounts in excess of the limit for income tax deduction	587	866	3,883
Inventories	445	291	2,940
Investments in securities	2,438	3,214	16,105
Provision for bonuses	335	620	2,216
Tax losses carried forward	1,105	1,033	7,303
Other	744	822	4,920
Deferred tax assets subtotal	5,657	6,848	37,367
Valuation allowance related to tax losses carried forward	(1,012)	(865)	(6,686)
Valuation allowance related to total deductible temporary difference, etc.	(3,747)	(4,362)	(24,754)
Valuation allowance	(4,760)	(5,228)	(31,440)
Total deferred tax assets	897	1,620	5,928
Deferred tax liabilities			
Net gains (losses) on deferred hedges	(578)	(359)	(3,822)
Net unrealized gains on securities	(4,895)	(2,311)	(32,334)
Other	(192)	(252)	(1,273)
Total deferred tax liabilities	(5,667)	(2,923)	(37,429)
Net deferred tax assets	(4,769)	(1,303)	(31,502)

2. Major reconciliation items between the statutory effective tax rate and the effective income tax rate after the application of deferred tax accounting.

	2024	2023
Statutory effective tax rate	30.6%	30.6%
(Reconciliation)		
Permanent difference additions such as entertainment expenses	0.3%	0.4%
Permanent difference deductions such as dividend income	(22.3%)	(30.7%)
Change in valuation allowance	(4.6%)	1.3%
Other	0.7%	(0.8%)
Effective income tax rate	4.7%	0.8%

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

10. Revenue Recognition
The useful information for understanding revenue is provided in *Note 2. Summary of Material Accounting Policies: (4) Revenue and Expense Recognition*.

KANEMATSU CORPORATION
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

11. Subsequent Events

Not applicable.

12. Supplemental Schedules

(a) Schedules of Fixed Assets

(JPY)

Category	Type of assets	Balance at the beginning of the fiscal year	Amounts of increases	Amounts of decreases	Amounts of depreciation and amortization for the fiscal year	Balance at the end of the fiscal year	Balance of accumulated depreciation and amortization at the end of the fiscal year
Tangible fixed assets	Buildings	1,435	61	―	338	1,159	542
	Structures	―	―	―	―	―	―
	Machinery and equipment	207	15	7	25	189	120
	Vehicles	0	―	0	―	0	40
	Tools and fixtures	483	12	3	118	373	271
	Land	5	―	―	―	5	―
	Lease assets	351	73	0	205	219	659
	Construction in progress	―	―	―	―	―	―
	Total	2,484	162	11	688	1,947	1,635
Intangible assets	Software	652	451	0	258	845	―
	Telephone subscription rights	―	―	―	―	―	―
	Other	45	21	37	5	23	―
	Total	697	473	38	264	868	―

(USD)

Category	Type of assets	Balance at the beginning of the fiscal year	Amounts of increases	Amounts of decreases	Amounts of depreciation and amortization for the fiscal year	Balance at the end of the fiscal year	Balance of accumulated depreciation and amortization at the end of the fiscal year
Tangible fixed assets	Buildings	9,483	405	―	2,232	7,655	3,581
	Structures	―	―	―	―	―	―
	Machinery and equipment	1,370	105	50	172	1,254	799
	Vehicles	0	―	0	―	0	270
	Tools and fixtures	3,193	81	25	781	2,467	1,795
	Land	37	―	―	―	37	―
	Lease assets	2,324	483	0	1,360	1,447	4,355
	Construction in progress	―	―	―	―	―	―
	Total	16,407	1,074	75	4,546	12,860	10,800
Intangible assets	Software	4,309	2,985	3	1,710	5,582	―
	Telephone subscription rights	―	―	―	―	―	―
	Other	299	144	250	36	157	―
	Total	4,608	3,129	253	1,745	5,739	―

KANEMATSU CORPORATION

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2024

(b) Schedules of Allowances / Provisions and Reserves

(JPY)

Account	Balance at the beginning of the fiscal year	Amounts of increases	Amounts of decreases	Balance at the end of the fiscal year
Allowance for doubtful accounts	2,829	2	912	1,920
Provision for stock benefits	383	204	24	563
Other provisions	19	—	19	—

(USD)

Account	Balance at the beginning of the fiscal year	Amounts of increases	Amounts of decreases	Balance at the end of the fiscal year
Allowance for doubtful accounts	18,688	17	6,024	12,681
Provision for stock benefits	2,532	1,351	162	3,721
Other provisions	127	—	127	—