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ITEMS REQUIRED IN THE STATUTORY ELECTRONIC FORMAT FOR THE PURPOSE OF THE NOTICE OF THE 130TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ·········· 1

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS ·· 17

The aforementioned items are omitted, based on the provisions of laws and regulations as well as Article 15 of the Articles of Incorporation of the Company, from the paper-based documents (the documents carrying the items required in the statutory electronic format) to be delivered to the shareholders who requested the delivery thereof.

For the purpose of this General Meeting of Shareholders, the Company sends the paper-based documents containing the items required in the statutory electronic format excluding, however, the aforementioned items, to all shareholders requesting its delivery or otherwise.

Kanematsu Corporation

Notes to the Consolidated Financial Statements

1. Notes on significant matters forming the basis for preparing consolidated financial statements

1–1 Accounting standards for preparing consolidated financial statements

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") pursuant to the provisions of Article 120, paragraph 1 of the Regulation on Corporate Accounting.

Some description and notes required to be disclosed in IFRSs are omitted under the provision of the second sentence of the same paragraph.

1–2 Scope of consolidation

Number of consolidated subsidiaries: 104

Principal consolidated subsidiaries:

Kanematsu Electronics Ltd., Kanematsu Communications Ltd., Kanematsu Sustech Corporation, Kanematsu Trading Corp., Kanematsu KGK Corp., Kanematsu Petroleum Corp., Shintoa Corp., Kanematsu USA Inc.

1–3 Application of the equity method

Number of companies accounted for by the equity method: 28

Principal companies accounted for by the equity method:

Hokushin Co., Ltd., GLOBAL SECURITY EXPERTS Inc., AJU STEEL Co., Ltd.

1–4 Accounting policies

(1) Valuation basis and methods for significant assets

1) Financial assets

The 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 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 Group derecognizes a financial asset when, and only when (i) the contractual rights to cash flows from the financial asset expire, or (ii) 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 flows 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 Group initially recognizes and measures a financial asset measured at amortized cost at its fair value plus any transaction costs directly attributable to the acquisition of the financial asset. The 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

A debt instrument that meets 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 flows 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 Group initially recognizes and measures a debt 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 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 been classified as a financial asset measured at fair value through profit or loss, IFRS 9 permits an entity to make an irrevocable election at initial recognition to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading. The Group makes this election on an instrument-by-instrument basis.

The 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 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 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 except where they clearly form a portion of recovery of investment outlays.

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

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

The 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 Group subsequently measures it at fair value and recognizes the subsequent changes in fair value in profit or loss.

2) Inventories

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

3) Property, plant and equipment

The 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 includes the cost directly attributable to the acquisition of the asset.

4) Goodwill and intangible assets

(i) Goodwill

Goodwill is carried at cost less any accumulated impairment losses.

(ii) Intangible assets

The 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.

5) Impairment of non-financial assets

The 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, it 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 a 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.

With regard to impairment losses recognized in prior periods for assets other than goodwill, the Group assesses whether, at the end of each reporting period, there is any indication that the recognized impairment loss may no longer exist or may have decreased. If any such indication exists, the recoverable amount is estimated, and if the recoverable amount exceeds the carrying amount of the asset or the cash-generating unit to which the asset belongs, the carrying amount of the asset is increased to its recoverable amount, up to the carrying amount less depreciation if no impairment loss had been recognized, and a reversal of impairment loss is recognized. Impairment losses recognized for goodwill are not reversed in subsequent periods.

Goodwill that forms part of the carrying amount of an investment in companies accounted for by the equity method is not separately recognized and is not tested for impairment separately. If there is an indication that the investment in the companies accounted for by the equity method may be impaired, the carrying amount of the entire investment is tested for impairment as a single asset by comparing the recoverable amount to the carrying amount of the investment.

(2) Depreciation and amortization method for significant depreciable and amortizable assets

1) Property, plant and equipment

Property, plant and equipment are depreciated mainly using the straight-line method over the estimated useful life of each component thereof. The estimated useful life of each component is roughly as follows:

Buildings and structures: 5 to 50 years

Machinery, vehicles, and tools, furniture and fixtures: 4 to 20 years

The depreciation method, the estimated useful life and the residual value are reviewed at the end of each reporting period and revised whenever necessary.

2) Intangible assets

An intangible asset with a finite useful life is amortized using the straight-line method over its estimated useful life from the year in which it arises. The estimated useful life is primarily five years for software.

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

3) Right-of-use assets

Right-of-use assets are depreciated over the shorter of the lease term and the estimated useful life of the asset unless it is reasonably certain that the Group acquires ownership of the asset by the end of the lease term.

(3) Accounting policy for significant provisions

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

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

(4) Accounting policy for revenue

1) Method of revenue recognition

The Group recognizes revenue from contracts with customers based on the following five-step approach. In particular, when reviewing to identify 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) an entity satisfies the performance obligations

When a single contract involves multiple identifiable performance obligations, the Group divides the transaction into separate performance obligations and recognizes revenue for each performance obligation. When multiple contracts must be considered as a single contract to present actual economic conditions, the Group recognizes revenue by combining the multiple 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, etc. 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 has the principal responsibility 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 over the setting of the price of the goods or services of the other party.

The Group measures revenue 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 Group mainly sells goods such as ICT & communications equipment, security devices, mobile communication terminals, grain, meat products & seafoods, petroleum products, and aerospace- & ship-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 satisfied at the time of delivery in many cases.

With respect to service transactions such as maintenance and operation of ICT & communications systems, mainly in the Electronics & Devices segment, the Group recognizes revenue over a certain period of time for each individual contract in accordance with the fulfillment of the performance obligations of the contract.

(5) Basis for recording of leases

In the event that, at the beginning of the lease contract, the Group transfers the rights governing use of specified assets over a fixed period in exchange for a consideration, said contract is deemed to be a lease or to include a lease. Leases or contracts that contain leases are recognized as lease liabilities and right-of-use assets.

On the commencement date of a lease contract, lease liabilities are measured at present value, after discounting unpaid lease payments, using the interest rate implicit in the lease or the incremental borrowing rate of the Group. After the commencement date, the book value is increased or decreased so as to reflect the interest rate on the lease liability and the 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 will be remeasured to be reflected in the book value. The lease term is determined by taking into consideration, during the non-cancellable period of the lease, any option to extend the lease term and any option to terminate the lease.

A right-of-use asset is measured by 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 original state. It is amortized on a straight-line basis over the economic life of the right-of-use asset from the commencement date or when the lease term ends, whichever is shorter.

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

When the Group itself is the lessor in a lease, it divides leases into finance or operating leases, and treats them as follows.

1) Finance leases

Finance leases are leases that substantially transfer all of the risks and economic benefits of asset ownership. On the day of lease commencement, the Group recognizes assets held based on finance leases in the consolidated statement of financial position, recording them as credits equivalent to net investment in the lease.

2) Operating leases

Operating leases are leases other than finance leases. The Group recognizes assets relating to operating leases in the consolidated statement of financial position. Lease payments receivable are recognized based on a straight-line basis over the lease term, or by using some other regular standard in the consolidated statement of income.

(6) Other significant matters forming the basis for preparing consolidated financial statements

1) Foreign currency translation

(i) 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 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 Group recognizes any exchange component of that gain or loss in profit or loss.

(ii) 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 amount of the exchange differences is included in other components of equity. When the Group's foreign operations are disposed of, the cumulative amount of the exchange differences related to foreign operation is reclassified to profit or loss when the gain or loss on disposal is recognized.

2) Derivatives and hedge accounting

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

When initiating a hedge, the 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. Such hedging is assessed on an ongoing basis whether it was actually highly effective throughout the reporting periods for which such hedging was designated.

The 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 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 Group discontinues the hedge accounting prospectively. Amounts accumulated in other components of equity are retained in equity at the time of discontinuation of hedge accounting; any recognized net profit or loss on forecast transactions is recognized as net profit or loss. If, however, 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 Group recognizes the changes in fair value of derivatives not designated as hedging instruments in profit or loss.

3) Retirement benefit liabilities

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 have earned 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. 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 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 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.

4) Application of group tax sharing system

The Company has applied the group tax sharing system.

5) Put options granted to non-controlling interests

With respect to the put options written on the shares of subsidiaries and granted to non-controlling interests, the Group has initially recognized the present value of its exercise amount as other financial liabilities, while deducting such exercise amount from capital surplus. The Group subsequently measures the exercise amount at its amortized cost based on the effective interest method, while recognizing its subsequent changes under capital surplus.

1–5 Changes in accounting policies

Important accounting principles applied to the consolidated financial statements of the Group have not changed from the accounting principles applied to the Group's consolidated financial statements for the previous consolidated fiscal year except for the following. The adoption of the standard below does not have any material impact on the Group's consolidated financial statements.

Standard	Name	Overview
IAS 12	Income Taxes	Clarification of accounting treatment applied to deferred taxes related to the assets and liabilities arising from a single transaction

1–6 Significant accounting estimates

(1) Valuation of goodwill and intangible assets with indefinite useful lives

1) Amount reported on the consolidated financial statements for the current fiscal year

(Million yen)

	As of March 31, 2024
Goodwill	16,952
Carrier shop operating rights	16,906
Impairment loss of goodwill	(16)

(Note) "Impairment loss of goodwill" is included in "other expenses" in the consolidated statement of income.

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

The carrier shop operating rights were recognized as an intangible asset with an indefinite useful life upon acquisition of the mobile business by a consolidated subsidiary of the Company.

The method of measuring goodwill and intangible assets with indefinite useful lives are provided in "1–4 Accounting policies, (1) Valuation basis and methods for significant assets, 4) Goodwill and intangible assets" of the Notes to the Consolidated Financial Statements and "1–4 Accounting policies, (1) Valuation basis and methods for significant assets, 5) Impairment of non-financial assets" of the Notes to the Consolidated Financial Statements.

Goodwill and intangible assets with indefinite useful lives are tested for impairment separately for each cash-generating unit, and the recoverable amount is calculated based on the value in use that is based on a future plan and the growth rates for the maximum period of five years approved by management. A cash-generating unit group is the smallest group of assets that generates cash inflows that are generally independent of the cash inflows of other assets or asset groups, based on the nature of the business and taking into consideration regional characteristics.

Major assumptions used in the value-in-use calculations are the changes in gross profit over the relevant period, the growth rates, and the discount rates. The growth rates are determined taking into consideration the nominal GDP growth forecasts and long-term average growth rates of the countries to which these cash-generating unit groups belong.

(2) Measurement of fair value of financial instruments

1) Amounts reported on the consolidated financial statements for the current fiscal year

Financial assets measured at fair value are stated in financial instruments classified as Level 3 of the fair value hierarchy in "4–3 Breakdowns of financial instruments by level of fair value, (2) Analysis of fair value by hierarchy level" in the Notes to the Consolidated Financial Statements.

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

The information is provided in "1–4 Accounting policies, (1) Valuation basis and methods for significant assets, 1) Financial assets" of the Notes to the Consolidated Financial Statements and "4. Notes on financial instruments" of the Notes to the Consolidated Financial Statements.

2. Notes to consolidated statement of financial position

(1) Assets pledged as collateral and associated secured obligations

1) Assets pledged as collateral for obligations

(Million yen)

	As of March 31, 2024
Pledged assets Other financial assets (non-current) Property, plant and equipment	 25 504
Total	530
Associated secured obligations Borrowings (current) Borrowings (non-current)	 1,105 201
Total	1,307

2) Assets pledged in lieu of guarantee money

(Million yen)

	As of March 31, 2024
Assets pledged in lieu of guarantee money and guarantee funds Other investments	 1,045
Total	1,045

(2) Loss allowance directly deducted from assets

Loss allowance directly deducted from current assets, including trade and other receivables ¥627 million

Loss allowance directly deducted from non-current assets, including trade and other receivables ¥2,088 million

(3) Accumulated depreciation and accumulated impairment losses of property, plant and equipment ¥47,456 million

(4) Contingent liabilities

1) Guarantee obligations

(Million yen)

	As of March 31, 2024
Debt guarantees for companies accounted for by the equity method Debt guarantees for third parties	44 1,344
Total	1,389

(Note) Debt guarantees for third parties include the debt guarantees covered by the insurance that is limited to ¥1,341 million.

2) Lawsuit

(i) 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). 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, which is still pending in court at present.

(ii) In May 2022, the Company was subject to a petition for damages, etc. caused by its breach of a nondisclosure agreement, etc. (in the amount of US$25 million) with the American Arbitration Association from the seller's advisor of a business investment project that we had considered acquiring in the U.S. In January 2024, however, the arbitral proceeding was officially terminated by the decision of the arbitral tribunal due to the seller's advisor's failure to follow the procedures necessary for the proceeding.

3. Notes to consolidated statement of changes in equity

(1) Type of stock and total number of issued shares as of the end of the fiscal year

Common stock 84,500,202 shares

(2) Dividends of surplus

1) Amounts of dividends paid

Resolution	Type of stock	Total amounts of dividends	Dividends per share	Record date	Effective date
May 25, 2023 Board of Directors meeting	Common stock	¥3,158 million	¥37.50	March 31, 2023	June 12, 2023
November 2, 2023 Board of Directors meeting	Common stock	¥3,790 million	¥45.00	September 30, 2023	December 5, 2023

(Note) The total amounts of dividends stated above include dividends on the Company's shares owned by the stock issuance trust for officers (¥25 million by resolution at a meeting of the Board of Directors held on May 25, 2023, and ¥29 million by resolution at a meeting of the Board of Directors held on November 2, 2023).

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

Resolution (planned)	Type of stock	Source of dividends	Total amount of dividends	Dividends per share	Record date	Effective date
May 24, 2024 Board of Directors meeting	Common stock	Retained earnings	¥3,790 million	¥45.00	March 31, 2024	June 11, 2024

(Note) The total amount of dividends for which a resolution is planned to be adopted by the Board of Directors on May 24, 2024 includes ¥29 million of dividends on the Company's shares owned by the stock issuance trust for officers.

4. Notes on financial instruments

4–1 Status of financial instruments

The Group restricts fund management to short-term deposits etc. and uses borrowings from financial institutions, mainly banks, and bond issuance for its financing needs. The Group uses bonds and borrowings to fund working capital (mainly short-term) and business investments.

The Group mitigates customers' credit risks related to trade and other receivables in accordance with risk management regulations. Other investments are principally financial assets measured at fair value through other comprehensive income, and their fair values are assessed on a quarterly basis.

Meanwhile, in order to hedge the risks associated with foreign currency fluctuation involved in sales transactions as well as that of prices of commodities traded, the Group also conducts derivative transactions within the limit of actual needs in accordance with the Company's regulations and investment policy.

4–2 Fair value, etc. of financial instruments

Carrying amounts and fair values of major financial instruments at the end of the current fiscal year by type are as follows.

(Million yen)

	As of March 31, 2024	
	Carrying amount	Fair value
Financial assets		
Trade and other receivables	1,541	1,541
Other investments		
Financial assets measured at fair value through profit or loss	2,764	2,764
Financial assets measured at fair value through other comprehensive income	50,254	50,254
Guarantee deposits	6,373	6,373
Other financial assets		
Financial assets measured at amortized cost	605	605
Derivative financial assets	6,285	6,285
Total	67,825	67,825
Financial liabilities		
Bonds and borrowings	97,502	97,295
Long-term deposits received	5	5
Long-term guarantee deposits received	1,615	1,615
Put option liabilities granted to non-controlling interests	1,955	1,955
Derivative financial liabilities	3,447	3,447
Total	104,527	104,319

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

4–3 Breakdowns of financial instruments by level of fair value

(1) Method of measuring fair value

When measuring the fair value of an asset or a liability, the 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 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

(2) Analysis of fair value by hierarchy level

The following table provides a breakdown by hierarchy level of financial assets and liabilities measured at amortized cost that are classified as non-current and financial assets and liabilities that are measured at fair value on a recurring basis. No financial assets or liabilities are measured at fair value on a non-recurring basis.

(Million yen)

Item	As of March 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Trade and other receivables	–	1,541	–	1,541
Other investments				
Financial assets measured at fair value through profit or loss	–	–	2,764	2,764
Financial assets measured at fair value through other comprehensive income	32,003	7	18,243	50,254
Guarantee deposits	–	6,373	–	6,373
Other financial assets				
Financial assets measured at amortized cost	–	605	–	605
Derivative financial assets				
Foreign exchange	–	6,187	–	6,187
Commodity	97	–	–	97
Total	32,101	14,715	21,008	67,825
Financial liabilities				
Bonds and borrowings	–	97,295	–	97,295
Long-term deposits received	–	5	–	5
Long-term guarantee deposits received	–	1,615	–	1,615
Put option liabilities granted to non-controlling interests	–	–	1,955	1,955
Derivative financial liabilities				
Foreign exchange	–	3,330	–	3,330
Commodity	116	–	–	116
Total	116	102,247	1,955	104,319

The fair values stated above are calculated as follows:

1) 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.

2) Other investments

The fair value of listed shares is mainly the quoted price in an active market and is categorized within fair value hierarchy Level 1. However, 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 those based on discounted future cash flows, on market prices of comparable companies and on net asset value, 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 certain illiquidity discount.

Decisions regarding valuation methods and procedures for fair value of unlisted shares are taken at the Company. For measurement of fair value, including valuation models, the Company obtains information about and business planning details of issuers of individual share, etc., and regularly reviews developments at comparable listed companies, etc.

3) 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.

4) Other financial assets

Financial assets measured at amortized cost

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

5) 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.

6) Long-term deposits received

The fair value of 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.

7) 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.

8) Put option liabilities granted to non-controlling interests

The fair value of the put option liabilities granted by the 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.

9) 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 the fair value hierarchy. All other derivative financial assets and liabilities are categorized within Level 2 of the fair value hierarchy.

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

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

(Million yen)

	Current fiscal year (April 1, 2023 to March 31, 2024)		
	Other investments		Total
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	
Balance as of April 1, 2023	2,774	12,671	15,445
Total gains or losses			
Profit or loss (Note)	(394)	–	(394)
Other comprehensive income	–	1,827	1,827
Purchase	261	4,084	4,345
Sale	–	(56)	(56)
Exchange differences	123	–	123
Increase/decrease due to changes in Consolidated Group	–	(215)	(215)
Other	(0)	(68)	(68)
Balance as of March 31, 2024	2,764	18,243	21,008

(Note) Included in “other finance income” and “other finance costs” in the consolidated statement of income.

(4) Quantitative information about financial instruments categorized within fair value hierarchy Level 3

The following table presents quantitative information on the significant assets categorized within Level 3 of the fair value hierarchy, measured at fair value on a recurring basis.

Item	Fair value (Million yen)	Method of valuation	Significant unobservable inputs	Weighted average of input values
Financial assets measured at fair value through profit or loss	691	Discounted cash flow method	Discount rate	5.2%
Financial assets measured at fair value through profit or loss	2,073	Valuation method based on net asset value	–	–
Financial assets measured at fair value through other comprehensive income	18,218	Valuation method based on market prices of comparable companies	Price/Book-value Ratio Illiquidity discount	1.8 times 30.0%
Financial assets measured at fair value through other comprehensive income	24	Valuation method based on net asset value	–	–

Measuring the fair value of unlisted shares involves the use of major unobservable inputs such as discount rate, illiquidity discount and Price/Book-value Ratio. Any significant increase (decrease) in the discount rate will cause a significant fall (rise) in fair value. Any significant increase (decrease) in illiquidity discount will cause a significant fall (rise) in fair value. Any significant increase (decrease) in Price/Book-value Ratio will cause a significant rise (fall) in fair value.

5. Notes on revenue recognition

5–1 Information on breakdown of revenue

The Group has designated “Electronics & Devices,” “Foods, Meat & Grain,” “Steel, Materials & Plant,” and “Motor Vehicles & Aerospace” as four reportable segments. The Group breaks down revenues from contracts with customers according to the principal goods or services, with Electronics & Devices broken down into “ICT Solutions,” “Mobile” and “Other” and Steel, Materials & Plant broken down into “Energy” and “Other.” The relation between these breakdowns of revenues and the revenue of each reportable segment is as follows.

The accounting method for each revenue is the same as that provided in “1–4 Accounting policies, (4) Accounting policy for revenue” of the Notes to the Consolidated Financial Statements.

(Million yen)

	Current fiscal year (April 1, 2023 to March 31, 2024)
Electronics & Devices	
ICT Solutions	88,834
Mobile	152,447
Other	87,247
Foods, Meat & Grain	341,696
Steel, Materials & Plant	
Energy	112,073
Other	101,592
Motor Vehicles & Aerospace	90,486
Total in reportable segment	974,378
Other	11,560
Total revenues from contracts with customers	985,938
Revenues recognized from other sources	54
Total	985,993

(Note) Revenues recognized from other sources include the revenues recognized under IFRS 16 Leases and other standards.

5–2 Useful information for understanding revenue

The Useful information for understanding revenue is provide in “1–4 Accounting policies, (4) Accounting policy for revenue” of the Notes to the Consolidated Financial Statements.

5–3 Information for understanding revenue amount in the current and subsequent fiscal years

(1) Contract balance

Receivables from contracts with customers, contract assets, and contract liabilities are as follows.

(Million yen)

	Start of current fiscal year (April 1, 2023)	End of current fiscal year (March 31, 2024)
Receivables from contracts with customers	235,150	267,494
Contract assets	0	916
Contract liabilities	6,134	5,778

Contract assets mainly relate to the Group’s rights to consideration for performance obligations that have been completed but not yet invoiced as of the reporting date and are reclassified to receivables when the right 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, a portion of the consideration already received in a sale of goods transaction for which revenue is recognized upon delivery of the goods is also recognized as a contract liability. Contract liabilities are included in “other current liabilities” in the consolidated statement of financial position. The amount of revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the fiscal year was ¥4,946 million. There was no significant amount of revenue recognized in the current fiscal year from performance obligations satisfied in prior periods.

(2) Transaction price allocated to the remaining performance obligation

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.

Transactions with an initial expected contract period of one year or less are not included. There are no material amounts not included in transaction prices in consideration arising from contracts with customers.

(Million yen)

	As of March 31, 2024
Within one year	2,935
Over one year and within two years	2,243
Over two years and within three years	1,794
Over three years and within four years	1,377
Over four years and within five years	617
Over five years	185
Total	9,154

6. Notes on per share information

(1) Equity attributable to owners of the Parent per share ¥1,906.69

(2) Basic earnings per share (attributable to owners of the Parent) ¥277.90

(3) Diluted earnings per share (attributable to owners of the Parent) ¥276.97

(Note) With regard to the number of outstanding shares at the end of the current fiscal year used to calculate equity attributable to owners of the Parent per share and the average number during the period used to calculate basic earnings per share, the portion of shares held under own name is deducted, and the Company’s shares held under the stock issuance trust for officers (end of the current fiscal year: 651,500 shares, average number of shares during the period: 657,130 shares) is deducted for calculation purposes.

Notes to the Non-consolidated Financial Statements

1. Notes on significant accounting policies

1–1 Valuation basis and methods for assets

(1) Valuation basis and methods for short-term investments

- Held-to-maturity bonds: Debt securities are stated at cost, net of any premiums or discounts which are accreted or amortized over the period to maturity.
- Shares of subsidiaries and affiliates: Shares of subsidiaries and affiliates are stated at cost using the moving-average method.
- Other short-term investments

Securities other than shares, etc. without a market price: They are stated at fair value. Net unrealized gains or losses on securities recorded in "Net assets" are net of tax amounts. The cost for securities other than shares, etc. without a market price that have been sold is determined using the moving-average method. The fair value is determined based on the daily market price of the fiscal year-end.

Shares, etc. without a market price: They are stated at cost using the moving-average method.

(2) Valuation basis and method for derivatives

Derivatives are stated at fair value.

(3) Valuation basis and method for inventories

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

1–2 Depreciation and amortization methods for long-term assets

(1) Tangible fixed assets (excluding lease assets)

The straight-line method is used.

(2) Intangible fixed assets

The straight-line method is used. Software for internal use is amortized by the straight-line method over the internally estimated useful lives (five years).

(3) Lease assets

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

1–3 Accounting policy for provisions

(1) Allowance for doubtful accounts

An allowance for doubtful accounts is provided 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)

A provision for employees' retirement and severance benefits is provided for the payment of employee retirement benefits and recognized based on the projected amount of retirement benefit obligations and plan assets at the end of the current fiscal year.

In calculating retirement benefit obligations, the benefit formula basis is used to attribute projected benefits to the period up to the end of the current fiscal year.

Past service costs are amortized as expenses on a straight-line basis over five years, a predetermined number of years, within the average expected remaining service period of the employees.

Actuarial gains and losses are amortized on a straight-line basis over five years, within the average expected remaining service period of the employees, and are recorded as expenses in the subsequent years in which the 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 stock benefits

A provision for stock benefits is provided for delivery, etc. of shares of the Company to Directors and Executive Officers 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.

1–4 Standards for revenue and expense recognition

1) Method of revenue recognition

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

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) an entity satisfies the performance obligations

When a single contract involves multiple identifiable performance obligations, the Company divides the transaction into separate performance obligations and recognizes revenue for each performance obligation. When multiple contracts must be considered as a single contract to present actual economic conditions, 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, etc. 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 Company has the principal responsibility 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 over the setting of the price of 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 satisfied at the time of delivery in many cases.

1–5 Other significant matters forming the basis for preparing non-consolidated financial statements

(1) Basis for translation of assets and liabilities denominated in 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 income or loss for the period.

(2) Hedge accounting

1) Hedge accounting method

In principle, the Company applies hedge accounting whereby gains and losses on hedged transactions are deferred and recognized over future periods.

2) Hedging instruments and hedged items

(Hedging instruments)

Commodity-related: ········· Commodity futures transactions / Commodity forward contracts

Foreign exchange-related: ·· Forward exchange contracts / Foreign currency swaps / Foreign currency options

(Hedged items)

Commodity-related: ········· Forecasted transactions on commodity trading

Foreign exchange-related: ·· Foreign currency-denominated monetary assets and liabilities / Forecasted foreign currency transactions

3) Hedging policy

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

4) 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.

5) Other

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) Accounting policy for deferred assets

Bond issuance costs are amortized using the interest method over the period up to bond redemption.

2. Notes on accounting estimates

(Valuation of shares without a market price)

(1) Amount reported on the financial statements for the current fiscal year

Unlisted shares among investments in securities	¥10,002 million

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

For unlisted shares without a market price, the actual value of such shares is considered to have fallen significantly when it falls by more than 50% compared with the acquisition cost. In this case, an impairment loss is recorded unless there are sufficient grounds to support its recoverability. In addition, for unlisted shares acquired at a price reflecting the excess earning power of the investee, an impairment loss is recorded when such excess earning power, etc. is no longer expected.

In valuing unlisted shares, the Company determines whether the excess earning power, etc. of the investee company is impaired or not at the time of investment based on an overall consideration of factors such as the progress of the investee company's business plans at the time of investment, the outlook of its growth potential and business performance, and its funding status.

(3) Impact on the non-consolidated financial statements for the next fiscal year

A future decline in market value or deterioration in the business performance or financial condition of the investee may lead to a loss not reflected in the current carrying amount or an uncollectible carrying amount, which may require the recording of an impairment loss in the next fiscal year.

3. Notes to non-consolidated balance sheet

(1) Assets pledged as collateral and associated secured obligations

Although there was no remaining balance of assets pledged as collateral and associated secured obligations as of March 31, 2024, investments in securities of ¥1,045 million have been pledged in lieu of guarantee money and guarantee funds.

(2) Accumulated depreciation of tangible fixed assets ¥1,635 million

(3) Contingent obligations

(i) Guarantee obligations

The Company has guaranteed the borrowings from financial institutions, etc. and business transactions of the following companies.

Kanematsu Korea Corporation	¥8,741 million
Kanematsu (China) Co., Ltd.	¥5,780 million
Kanematsu USA Inc.	¥2,003 million
Kanematsu GmbH	¥1,508 million
KG Agri Products, Inc.	¥1,471 million
Other	¥3,158 million
Total	¥22,663 million

(ii) Lawsuit

In May 2022, the Company was subject to a petition for damages, etc. caused by its breach of a nondisclosure agreement, etc. (in the amount of US$25 million) with the American Arbitration Association from the seller's advisor of a business investment project that we had considered acquiring in the U.S. In January 2024, however, the arbitral proceeding was officially terminated by the decision of the arbitral tribunal due to the seller's advisor's failure to follow the procedures necessary for the proceeding.

(4) Discounted notes receivable ¥4,923 million

(5) Monetary receivables from and payables to subsidiaries and affiliates (excluding those presented separately)

Short-term monetary receivables	¥30,995 million
Short-term monetary payables	¥79,618 million
Long-term monetary payables	¥123 million

(6) Breakdown of inventories

Merchandise and finished goods	¥54,163 million
Goods in transit	¥12,907 million
Work in progress	¥124 million
Total	¥67,194 million

(7) Regarding the accounting treatment of matured notes at the end of the fiscal year, settlement is processed based on their clearing days.

Since the last day of the current fiscal year was a financial institution holiday, the following matured notes are included in the balance at the end of the fiscal year.

Notes receivable	¥642 million
Notes payable	¥1 million

4. Notes to non-consolidated statement of income

Transactions with subsidiaries and affiliates

Revenue	¥74,163 million
Purchases	¥106,065 million
Non-operating transactions	¥9,553 million

5. Notes to non-consolidated statement of changes in equity

Type of stock and number of shares of treasury stock at the end of the current fiscal year

Common stock	917,318 shares

(Note) Total of treasury shares includes the Company's shares owned by the stock issuance trust for officers (start of the current fiscal year: 667,100 shares, end: 651,500 shares). The total reduction in shares transferred under the stock issuance trust for officers included in treasury shares was 15,600 shares in the current fiscal year.

6. Notes on tax effect accounting

Deferred tax assets mainly arise from the amount of impairment loss on investments in securities not permitted for tax purposes, tax loss carryforwards, and the excess over the amount of allowance for doubtful accounts deductible for tax purposes, and valuation allowances are deducted. Deferred tax liabilities mainly arise from net unrealized gains on securities.

The Company engages in accounting treatment of income taxes and local income taxes as well as that of the relevant tax effect accounting and its disclosure, pursuant to the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021).

7. Notes on related party transactions

(Million yen)

Type	Name of company, etc.	Percentage of voting rights, etc. owning (owned)	Relationship with related party	Type of transaction	Transaction amount (Note 6)	Accounting title	Ending balance (Note 6)
Subsidiaries	Kanematsu Foods Corp.	(Owning) Direct: 100.00%	The Company’s supplier/customer Financial support Concurrent positions of officers	Sale of products (Note 1)	32,827	Accounts receivable	7,961
	Kanematsu Electronics Ltd.	(Owning) Direct: 100.00%	The Company’s supplier/customer Fund management Concurrent positions of officers	Depositing of funds (Note 3)	28,441	Deposits received	28,441
	KEL Technical service Ltd.	(Owning) Indirect: 100.00%	Fund management	Depositing of funds (Note 3)	10,791	Deposits received	10,791
	Kanematsu Advanced Materials Corp.	(Owning) Direct: 100.00%	The Company’s supplier/customer Financial support Concurrent positions of officers	Repayment of funds (Note 3)	1,097	Short-term loans to affiliates	4,489
				Receipt of interest (Note 2)	86	–	–
	Kanematsu Futuretech Solutions Corporation	(Owning) Direct: 100.00%	The Company’s supplier/customer Financial support Concurrent positions of officers	Repayment of funds (Note 3)	1,435	Short-term loans to affiliates	8,051
				Receipt of interest (Note 2)	84	–	–
	Kanematsu USA Inc.	(Owning) Direct: 100.00%	Overseas subsidiary The Company’s supplier/customer Concurrent positions of officers	Sale of products (Note 1)	8,991	Accounts receivable	4,645
				Purchase of products (Note 4)	67,495	Import bills payable	17,428
						Accounts payable	565
	Kanematsu (China) Co., Ltd.	(Owning) Direct: 100.00%	Overseas subsidiary The Company’s supplier/customer Concurrent positions of officers	Guarantee of obligation (Note 5)	5,780	–	–
				Receipt of guarantee commission (Note 5)	26	–	–
	Kanematsu Korea Corporation	(Owning) Direct: 100.00%	Overseas subsidiary The Company’s supplier/customer Concurrent positions of officers	Guarantee of obligation (Note 5)	8,741	–	–
				Receipt of guarantee commission (Note 5)	27	–	–

<Transaction-related conditions and policies for determining such conditions, etc.>

(Notes)
1. For sale of products, the price is determined through negotiation with consideration given to the prevailing market prices.
2. For lending of funds, interest rates on loans are determined based on market interest rates.
3. Lending and depositing of funds relates to “cash management system,” and the transaction amount represents the amount of net increase or decrease.
4. For purchase of products, the price is determined through negotiation with consideration given to the prevailing market prices.
5. Guarantee of obligation is a guarantee provided for borrowings, etc. of this company, and the amount of guarantee commission received is determined with consideration given to the actual trading price.
6. Transaction amounts do not include consumption taxes. Ending balance includes consumption taxes.

8. Notes on revenue recognition

(Useful information for understanding revenue)

The useful information for understanding revenue is provided in the “1-4 Standards for revenue and expense recognition” of the Notes to the Non-consolidated Financial Statements.

9. Notes on per share information

(1)	Net assets per share	¥1,382.34
(2)	Net income per share	¥118.98

(Note) With regard to the number of outstanding shares at the end of the fiscal year used to calculate net assets per share and the average number of common stock during the period used to calculate net income per share, the portion of shares held under own name has been deducted, and the Company’s shares held under the stock issuance trust for officers (end of the current fiscal year: 651,500 shares, average number of shares during the period: 657,130 shares) have been deducted for calculation purposes.