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May 10, 2024

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under Japanese GAAP)

Company name: Takachiho Koheki Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 2676  
 URL: <https://www.takachiho-kk.co.jp>  
 Representative: Takanobu Ide, President and CEO  
 Inquiries: Masaya Iwamoto, General Manager of Administrative Department  
 Telephone: +81-3-3355-1111  
 Scheduled date of annual general meeting of shareholders: June 26, 2024  
 Scheduled date to commence dividend payments: June 27, 2024  
 Scheduled date to file annual securities report: June 27, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	25,224	8.0	1,465	6.5	1,835	15.6	1,437	19.3
March 31, 2023	23,360	12.4	1,376	34.4	1,588	27.3	1,205	37.2

Note: Comprehensive income For the fiscal year ended March 31, 2024: ¥1,857 million [9.4%]  
 For the fiscal year ended March 31, 2023: ¥1,698 million [63.1%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2024	158.46	157.87	8.6	8.1	5.8
March 31, 2023	134.69	134.21	7.7	7.4	5.9

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended March 31, 2024: ¥- million  
 For the fiscal year ended March 31, 2023: ¥9 million

#### (2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	22,963	16,835	73.3	1,851.62
March 31, 2023	22,133	16,432	74.2	1,811.32

Reference: Equity  
 As of March 31, 2024: ¥16,830 million  
 As of March 31, 2023: ¥16,424 million

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	1,642	29	-1,459	4,871
March 31, 2023	-1,387	522	-303	4,509

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	-	24.00	-	109.00	133.00	1,210	98.7	7.6
Fiscal year ended March 31, 2024	-	53.00	-	105.00	158.00	1,444	99.7	8.6
Fiscal year ending March 31, 2025 (Forecast)	-	58.00	-	102.00	160.00		97.6	

Notes: 1. The total amount of dividends includes dividends paid on the shares of the Company held by Custody Bank of Japan, Ltd. (Trust E Unit) (7,700,700 yen for FY3/23 and 9,148,200 yen for FY3/24).

2. The annual dividend per share for FY3/24 is calculated by dividing the total profit (1,437 million yen) by the number of shares at the end of the period (9,147,568 shares), including our shares held by Custody Bank of Japan, Ltd. (Trust E Unit). The dividend payout ratio (99.7%) is calculated by dividing the annual dividend per share by the basic earnings per share.

### 3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months	12,400	-2.6	770	7.9	750	-29.1	540	-24.8	59.41
Full year	26,900	6.6	2,050	39.9	2,000	8.9	1,490	3.6	163.92

\* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	10,171,800 shares
As of March 31, 2023	10,171,800 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2024	1,082,132 shares
As of March 31, 2023	1,104,190 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	9,072,857 shares
Fiscal year ended March 31, 2023	8,949,187 shares

Note: The number of treasury shares at the end of the period includes Company shares held by Custody Bank of Japan, Ltd., (trust account E) as trust assets related to the Board Benefit Trust (BBT) system (57,900 shares in the FY3/23, and 57,900 shares in the FY3/24). In addition, the number of treasury shares to be deducted in calculating the average number of shares during the period include Company shares (61,005 shares for the FY3/23 and 57,900 shares for the FY3/24) held by Custody Bank of Japan, Ltd., (Trust Account E) as trust assets related to the Board Benefit Trust (BBT) system.

**[Reference] Overview of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	21,091	9.4	1,449	26.5	1,861	39.6	1,504	51.3
March 31, 2023	19,276	14.7	1,145	29.6	1,333	8.5	994	13.2

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	165.84	165.22
March 31, 2023	111.12	110.74

**(2) Non-consolidated financial position**

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	22,394	17,097	76.3	1,880.43
March 31, 2023	21,556	16,827	78.0	1,854.87

Reference: Equity

As of March 31, 2024: ¥17,092 million  
As of March 31, 2023: ¥16,819 million

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

The forward-looking statements regarding future performance in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. Therefore, the Company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

(How to obtain supplementary financial statements)

We are planning to hold a briefing session for institutional investors and analysts on Tuesday, May 28, 2024.

The financial results briefing materials distributed at this briefing will be posted on our website immediately after the event.

○Table of Contents to the Attached Materials

1. Overview of Operating Results/Financial Position .....	2
(1) Overview of Operating Results in the period under review .....	2
(2) Overview of financial standing in the period under review .....	5
(3) Basic Policy for distribution of profit and the Dividends for the current and next fiscal years .....	6
2. Corporate Group Status .....	7
3. Management Policies .....	11
4. Basic stance relating to the selection of accounting standards .....	12
5. Consolidated financial statements .....	13
(1) Consolidated Balance Sheet .....	13
(2) Consolidated Income Statement and Statements of Comprehensive Income .....	15
Consolidated Income Statements .....	15
Consolidated Statements of Comprehensive Income .....	16
(3) Consolidated Statements of Changes in Net Assets .....	17
(4) Consolidated Statement of Cash Flow .....	19
(5) Note on going-concern assumption .....	20
(6) Significant matters constituting the basis for the preparation of consolidated financial statements .....	20
(7) Notes on Consolidated Financial Statements .....	23
(Change in accounting policy) .....	23
(Additional Information) .....	23
(Consolidated Balance Sheet) .....	23
(Consolidated Statement of Changes in Net Assets) .....	24
(Segment information etc.) .....	26
(Per-share information) .....	29
(Revenue recognition) .....	30
(Significant Subsequent Event) .....	30
6. Non-consolidated Financial Statements .....	31
(1) Balance Sheet .....	31
(2) Income Statements .....	33
(3) Statements of Changes in Net Assets .....	34
7. Other .....	36
(1) Purchases, orders received, and sales .....	36

## 1. Overview of Operating Results/Financial Position

### (1) Overview of Operating Results in the period under review

#### (i) Operating Results for the current consolidated fiscal year

Japan's economy during the consolidated fiscal period under review showed a gentle recovery while lagging in some areas. A gentle economic recovery is expected in the future, thanks to the impact of various policy under conditions of improving employment and income environments. However, amid continuing economic downturns overseas, such as tightening global money markets and concerns about economic prospects in China, there is a risk of downward pressure on Japan's economy. Additionally, it needs to pay sufficient attention to the effects of skyrocketing prices of raw materials, the situation in the Middle East, and trends in the money and capital markets.

While the markets in which the Group operates show continued intensification of competition, the Group is striving to grow highly profitable businesses among its core business segments while also growing its service businesses and creating new businesses and new business models, aiming to realize sustained growth and medium- to long-term increases in corporate value.

Specifically, in the Cloud Service and Support Segment it is striving to grow MSP services and develop new markets for cloud-based services and other solutions, while also growing its maintenance services.

In the System Segment, it is striving to increase the added value of its core products of Electronic Article Surveillance Systems, CCTV, and Access Control Systems, to strengthen sales of Cloud-based wireless LAN Systems and cloud security products, and to grow its RFID systems and retail security solutions including labor-saving systems.

At the same time, in the Device Segment it is focusing on sales growth and growing solution businesses in the electronics business, particularly in the telecommunications infrastructure market, the industrial devices market based mainly on IoT, the amusement market, and the automotive market, while in the mechatronics business it is focusing on areas including the industrial devices market for semiconductor manufacturing equipment and similar products, which can be expected to show continued growth, sale of Mechanical Components for household equipment in the North America, ASEAN, and Chinese markets, development of the automotive interior parts market in Japan and around the world, and development of modular products.

Under these conditions, business results in the consolidated fiscal period under review showed YoY growth of 8.0% in net sales to 25,224 million yen, thanks to progress in securing the balances of orders received for Electronics Products and strong sales of electronic parts for industrial machinery.

A look at profit shows that for the above reasons the Company recorded its highest level since its listing, as operating profit rose by 6.5% YoY to 1,465 million yen and ordinary profit, driven by factors such as recording gains on revaluation of foreign-currency transactions, was up 15.6% YoY to 1,835 million yen. Net income attributable to owners of the parent grew by 19.3% YoY to 1,437 million yen, thanks to gains on sale of investment securities.

The operating results of each segment are as follows:

#### (Cloud Service and Support Segment)

The Cloud Service and Support Segment sales increased by 6.1% YOY to 2,531 million yen and operating income decreased by 4.1% YOY to 486 million yen. This was due to steady growth in sales thanks to maintenance revenues for such products as Access Control Systems and network products, the increased number of MSP service contracts, and growth in the lineup of cloud services, although mailing system maintenance parts exerted downward pressure on operating profit due to rising purchasing costs as a result of the devalued yen and to recording of losses on inventory revaluation.

(\*MSP services: The Company's proprietary subscription services for maintenance of cloud products and monitoring their operation)

#### (System Segment)

Net sales in the System Segment rose by 2.4% YoY to 9,857 million yen, while the segment recorded an operating loss of 29 million yen, down 122 million yen YoY due to additional construction on fire-prevention systems in Thailand.

Net sales of Retail Solution Products were up 2.9% YoY to 3.242 billion yen due to higher sales of RFID product control solutions for apparel and Security Systems as well as favorable performance of Electronic Article Surveillance systems for drug stores.

In the Business Solution Products, completion of delivery of mailing systems for which procurement of equipment had been delayed, in addition to strong sales of Access Control Systems for offices of foreign-affiliated firms and network products, contributed to YoY growth of 5.5% in net sales, to 3,575 million yen.

Net sales of Global Products were down 1.6% YoY to 3.039 billion yen due to lower sales of fire-prevention systems as construction plans for power plants were delayed, although performance of security systems for apparel stores in Thailand was favorable.

(Device Segment)

The Device Segment sales increased by 13.1% YOY to 12,835 million yen and operating income increased by 29.9 % YOY to 1,008 million yen.

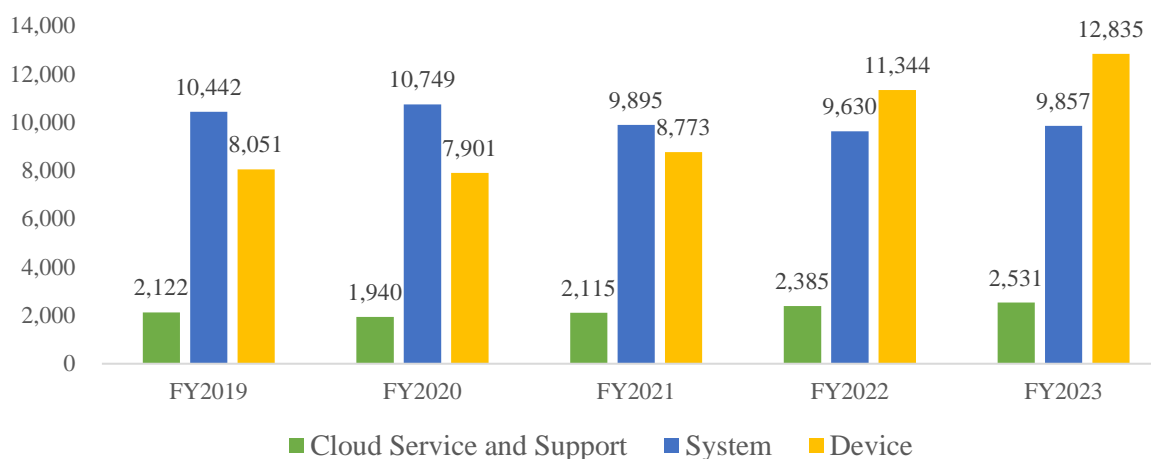
In the Electronics Products, sales increased thanks to progress on the balance of orders received at the end of the previous fiscal year. In addition, strong sales of products from NTCJ, which we concluded a distributorship agreement in 2021, and increased new adoption for consumer devices, business devices, and amusement resulted in sales growth of 20.2% YoY to 8.344 billion yen.

(\*NTCJ: Nuvoton Technology Corporation Japan)

In the Mechatronics Products, strong sales of Mechanical Components to update bank terminals to handle new banknotes, components for power generation facilities, and to the amusement market thanks to use of linear-motion components, such as the new products, Spiral Shaft, in smart amusement devices, contributed to YoY growth of 2.0% in net sales to 4.491 billion yen.

(millions of yen)

## Sales by Segment



### (ii) Future Outlook

Japan's economy during the consolidated fiscal period under review showed a gentle recovery while lagging in some areas. A gentle economic recovery is expected in the future, thanks to the impact of various policy under conditions of improving employment and income environments. However, amid continuing economic downturns overseas, such as tightening global money markets and concerns about economic prospects in China, there is a risk of downward pressure on Japan's economy. Additionally, it needs to pay sufficient attention to the effects of skyrocketing prices of raw materials, the situation in the Middle East, and trends in the money and capital markets.

Under such conditions, after establishing "Challenges for Creation: Creating new value in a new normal era towards 100th anniversary." the new medium-term management plan for the period through FY 2024, the Group made progress toward further business growth under the basic policy of concentrating on high value-added businesses transformation and creating new value by strengthening the management base.

In addition, from the previous consolidated fiscal year, we separated the cloud services and maintenance businesses from the System Segment, as growth businesses, migrating them to the new Cloud Service and Support Segment. This change is intended to reflect their growth potential and profit potential.

In the Cloud Service and Support Segment, to realize a shift from sale of products to sale of services the Company will grow sales further for subscription-model MSP services, the Cloom in-house development service to realize smart offices, and maintenance and other services for equipment sold in the System Segment.

In the System Segment, for the retail industry, we will strive to promote sales of store security systems such as Electronic Article Surveillance Systems and facial recognition systems, as well as smart store solutions applying RFID and imaging AI analysis technologies, which are effective labor-saving measures for improving store operation efficiency and complementing staffing shortages. For office use, we will focus on expanding sales of network security systems for cloud-based Wi-Fi LAN networks and secure, reliable remote access, in response to market growth in the cloud business, as well as Access Control Systems for the data center, for which demand is expected to growth even further. In addition, in the Global Business Segment the Company will make steady progress addressing the areas of fire-prevention systems for power plants in connection with growing electricity demand in the ASEAN region and security systems for the retail sector in Thailand, where inbound demand is booming.

With regard to the Device Segment, we will strive to develop the telecommunications infrastructure market in the Electronics Business and the industrial equipment market area centered on the Semiconductor manufacturing equipment sector, as well as the solutions business fusing software with sensors and other products. In the Mechatronics Business, we will promote the sales in the digital industrial machinery field, where growth is projected, and high-value-added unit products for the housing equipment markets in the U.S. and China.

Based on the above, we forecast net sales of 26.9 billion yen, ordinary income of 2.0 billion yen, and net income attributable to owners of the parent of 1.49 billion yen.



(2) Overview of financial standing in the period under review

(i) Status of assets, liabilities, and net asset

Total assets at the end of the consolidated fiscal year under review stood at 22,963 million yen, up 830 million yen from the end of the previous consolidated fiscal year. This was due to factors that included an increase of 362 million yen in cash and deposits and investment securities increased by 422 million yen.

Liabilities increased 426 million yen from the end of the previous consolidated fiscal year to 6,127 million yen. This was due to an increase of 416 million yen in income taxes payable.

Net assets increased by 403 million yen YOY to 16,835 million yen. This was due to factors that included the valuation difference on available-for-sale securities increased by 220 million yen and foreign currency translation adjustment increased by 166 million yen. The equity-to-asset ratio decreased by 0.9 points from the end of the previous consolidated fiscal year to 73.3%.

(ii) Status of Cash flow

Cash and cash equivalents as of the end of the current consolidated fiscal year increased by 362 million yen (8.0%) YOY to 4,871 million yen.

(Cash flow from operating activities)

Cash flow from operating activities during the current consolidated fiscal year increased by 3,030 million yen YOY to 1,642 million yen. This resulted from factors that included profit before income taxes of 2,116 million yen, income taxes paid of 285 million yen, and gain on the sale of investment securities of 280 million yen as well as an increase of 257 million yen in prepaid expenses, which was offset by a decrease of 299 million yen in trade receivables.

(Cash flow from investing activities)

Cash flow from investing activities during the current consolidated fiscal year decreased by 493 million yen YOY to 29 million yen.

(Cash flow from financing activities)

Cash flow from financing activities during the current consolidated fiscal year decreased by 1,155 million yen YOY to -1,459 million yen. This was due to factors that included payment of 1,480 million yen in dividends.

Index	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Equity-to-asset ratio (%)	73.2	72.7	72.9	74.2	73.3
Capital adequacy ratio based on current market value (%)	46.0	51.4	64.3	101.3	150.4
Interest coverage ratio	192.2	—	4,123.5	—	—

Note: The above indexes are calculated according to the following formula:

Equity-to-asset ratio = owner's equity/total assets

Capital adequacy ratio based on current market value = market capitalization/total assets

Interest coverage ratio = operating cash flow/interest expenses paid

1. Each index is calculated based on the consolidated financial numerical values.

2. Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year by the number of shares issued at the end of the fiscal year (after deduction of treasury shares). The number of shares of treasury stock includes Company stock held by the Board benefit trust (BBT). (Fiscal Year Ended March 31, 2023: 57,900 shares; Fiscal Year Ended March 31, 2024: 57,900 shares)

3. Operating cash flow represents cash flow from operating activities. Interest expenses paid represent the relevant amount paid in the Consolidated Cash Flow Statements.

(3) Basic Policy for distribution of profit and the Dividends for the current and next fiscal years

(i) Basic Policy for distribution of profit

As announced in the medium-term management plan, the Company aims to maintain a payout ratio of 100% until ROE reaches an average of 8% over the three-year period starting from the previous year, the first year of the medium-term management plan. This is intended to provide returns to shareholders actively without accumulating equity capital with the aim of implementing management conscious of capital profitability. The minimum dividend remains 24 yen/year.

(ii) Dividends for the current and next fiscal years:

Regarding dividends at the end of the current fiscal year, the results for the current fiscal year are as described in 1. Overview of Operating Results/Financial Position (1) Overview of operating results in the period under review.

Since the Company paid interim dividends of 53 yen/share, in line with the Company's policy on returns to shareholders calling for a payout ratio of 100%, it plans to pay year-end dividends of 105 yen/share for total annual dividends of 158 yen/share, up 25 yen from the previous fiscal year.

In line with the policy on returns to shareholders referred to above, based on consolidated business performance forecasts the Company plans to pay interim dividends of 58 yen/share and year-end dividends of 102 yen/share, for total annual dividends of 160 yen/share, in the next fiscal year.

## 2. Corporate Group Status

Our Group consists of 11 companies, namely, the Company, 9 consolidated subsidiaries, and 1 unconsolidated subsidiary. The Group carries out a variety of business operations and is engaged in the export, import, and sale of products, and the provision of services, such as installation, maintenance, system design and system operation subcontracting, by seeking and securing high-tech electronics products from outstanding overseas manufacturers.

We currently handle the products such as security systems, other system equipment, application software, semiconductor/electronic parts, and mechanical components.

The positioning of products and the correlation between segments and products in our business is as follows:

### <Cloud Service and Support Segment>

#### (Cloud Service and Support Products)

We provide maintenance, system operation outsourcing, and operation monitoring services for various products in the cloud service (including MSP service) and System Segments.

To enhance customer satisfaction through a prompt response, we also offer services 24 hours a day, 365 days a year from 300 service bases throughout Japan.

### <System Segment>

#### (Retail Solution Products)

We are engaged in system design, sales, installation, and system operation support services for store management equipment intended for purposes such as sales support and labor saving. These include Electronic Article Surveillance and video monitoring security systems (surveillance cameras and surveillance video recording equipment), security tags and other security devices, customer traffic counters, and AI vending machines. We conduct sales to a wide variety of customers in the retail and distribution industries, ranging from large-scale stores such as shopping centers to small stores such as drugstores.

Mighty Cube Co., Ltd. develops and sells self-alarming tag systems for Electronic Article Surveillance and carries out transactions with various customers, including home improvement store and electronic stores.

#### (Business Solution Products)

We design, build, install, and sell equipment for the latest electronics technology application systems for office buildings, data centers, factories, and other corporate-related facilities. These include Access Control Systems, network system equipment (Cloud-based Wireless LAN Systems), and consulting and designing systems for Electronic Article Surveillance/video monitoring security. We also handle RFID tags for logistics/inventory control systems and related peripheral equipment, as well as automated postal mail inserters (folding and inserting machines) for postal mail.

Mighty Cube Co., Ltd., as the leading RFID technology company in Japan, is engaged in the system development, sales, etc., of RFID Tags (contactless IC chips) and peripheral equipment (readers/writers).

#### (Global Products)

We design, establish, install, and sell Advanced Fire Protection Systems which contribute to office buildings, commercial facilities, power-generating energy-related plants, natural gas/petrochemical plants, etc.

Takachiho Fire, Security & Services (Thailand) Ltd. of Thailand is engaged in consulting and designing systems for Electronic Article Surveillance/video monitoring security, etc., and selling Electronic Article Surveillance Systems, Access Control Systems, surveillance cameras, Fire Protection Systems, etc.

Guardfire Limited and Guardfire Singapore Pte. Ltd., are engaged in designing and selling Advanced Fire Protection Systems in Southeast Asia.

<Device Segment>

(Electronics Products)

We are engaged in sales and consulting (design support for electronic equipment) of various types of semiconductors as represented by analog IC, sensors such as silicon microphone and electronic parts. These products are used in various areas, such as industrial electronics equipment, IP-PBX (private branch exchange) and information-telecommunications equipment including smartphones.

Takachiho Koheki (H.K.) Limited and Takachiho Trading (Shanghai) Co., Ltd. sell the above products in China and Southeast Asia.

(Mechatronics Products)

We are engaged in selling and consulting in mechanical components that enhance safety, convenience, and comfort, such as slide rails, gas springs, soft close dampers, and lifting systems. These products are used for opening and closing/withdrawal/safety mechanism (slide rails/gas springs/cylinder lock systems) of ATMs, etc., at financial institutions and convenience stores, withdrawal/lifting mechanism (slide rails/lifting systems) of built-in kitchen systems, paper feeding mechanism (slide rails/dampers) of copiers, etc.

Takachiho Koheki (H.K.) Limited, Takachiho Trading (Shanghai) Co., Ltd., and Takachiho America, Inc. sell the above products in China, Southeast Asia, and the United States.

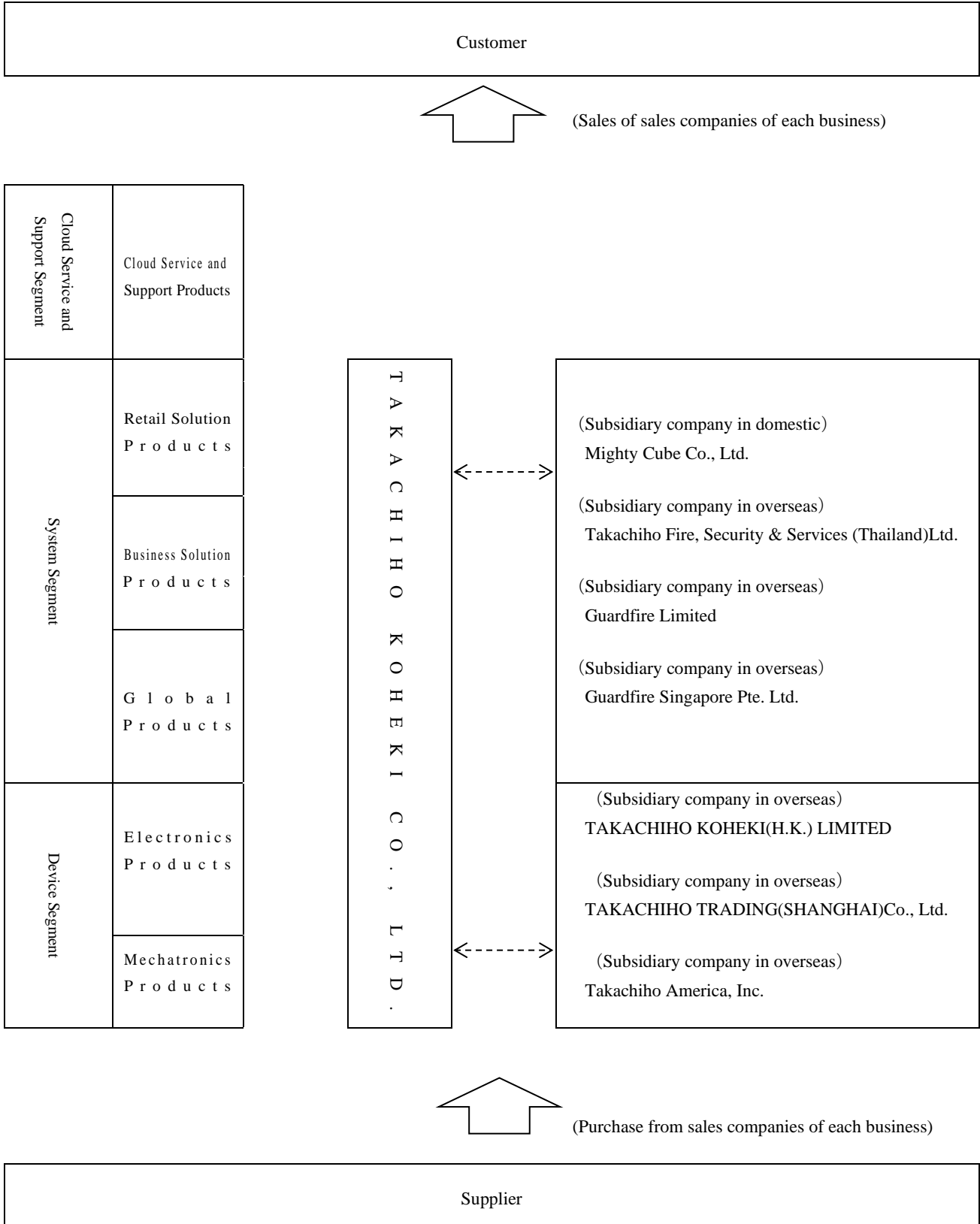
Correlation between Segment and Products:

Segment	Contents of main businesses	Principal companies
<b>Cloud Service and Support</b>		
Cloud Service and Support Products	System maintenance, system operation outsourcing, and operation monitoring services for various products in the cloud service (including MSP service) and System Segments	TAKACHIHO KOHEKI CO., LTD.
<b>System</b>		
Retail Solution Products	Sales and designing/installation of various types of systems, such as electronic article surveillance systems (Shoplifting prevention devices, sensor cable type alarm units, security tags, etc.) and video monitoring systems	TAKACHIHO KOHEKI CO., LTD.
		Mighty Cube Co., Ltd.
Business Solution Products	Sales and designing/installation of various types of systems, such as Access Control Systems, video monitoring systems, network system equipment (Cloud-based Wireless LAN Systems), RFID tags for logistics/inventory control systems, etc., related peripheral equipment and automated insertion systems (Mail inserters), etc.	TAKACHIHO KOHEKI CO., LTD.
		Mighty Cube Co., Ltd.
Global Products	Sales, designing, building, and installation of various types of systems for Advanced Fire Protection Systems, etc.	Takachiho Fire, Security & Services(Thailand) Ltd.
		Guardfire Limited
		Guardfire Singapore Pte.Ltd.
<b>Device</b>		
Electronics Products	Sale of various semiconductors (analog ICs etc.), sensors (silicon microphones etc.), and electronic parts	TAKACHIHO KOHEKI CO., LTD.
		TAKACHIHO KOHEKI (H.K.)LIMITED
		TAKACHIHO TRADING (SHANGHAI) CO., LTD.
Mechatronics Products	Sales of mechanical components, etc., for safety/labor saving, such as slide rails, gas springs, cylinder lock systems, dampers and lifting systems	TAKACHIHO KOHEKI CO., LTD.
		TAKACHIHO KOHEKI (H.K.)LIMITED
		TAKACHIHO TRADING (SHANGHAI) CO., LTD. Takachiho America, Inc.

Note: Terms such as product names and technical terminology:

- (1) Security Tags: Special tags attached to products that enable shoplifting prevention devices to work.
- (2) Cloud-based Wireless LAN System: a system capable of managing wireless LAN access points on the net.
- (3) RFID tags: Special tags with micro-IC chips having product information and antennas built in.
- (4) Mail inserters (folding and inserting machines): Automated equipment for selection/enclosing and sealing operations of postal mail
- (5) Slide Rails: Metallic rails with ball bearings built in that enable the easy pulling of heavy loads or drawers.
- (6) Gas Springs: Using nitrogen gas, these springs enable heavy doors to be easily pulled upward or downward through the repulsion force of the gas
- (7) Dampers: Cushioning mechanisms that make use of oil viscosity resistance to absorb shock when opening or closing a drawer.

The overview of the Group's business is as follows:



Note: Dotted lines represent transactions within the Group.

### 3. Management Policies

#### (1) Basic management policies of the Company

The Company promotes its management based on the corporate philosophy of creation at the heart of our business activities and through its technological expertise. As a technology trading company, the Company will pursue three principal goals: (1) Enhance customer satisfaction; (2) Gain worldwide trust by enhancing our technological expertise, skills, and humanity; and (3) Contribute to society by making concerted efforts for paving the way to a bright future.

Our group conducts business activities by maintaining Safety/Security/Comfort as a core mission. As a technology trading company, by leveraging our extensive track record and experience and providing highly specialized solutions, we intend to enhance customer corporate value.

In recognizing our CSR (Corporate Social Responsibility) as a corporate citizen and through the implementation of responsible, sincere, and transparent business activities, our Group will promote management that can be trusted by all stakeholders and maintain and improve company's value.

#### (2) Targeted management indexes

The Group created, "Challenges for Creation: Creating new value in a new normal era towards 100th anniversary," the three-year medium-term management plan for the period from FY 2022 through FY 2024, and takes a variety of measures.

This plan includes the following targets for its final fiscal year of FY 2024: consolidated net sales of 26.9 billion yen, consolidated ordinary income of 2 billion yen, consolidated net income of 1.49 billion yen, and ROE of 8%.

#### (3) Medium- to long-term management strategies of the Company

##### (i) Recognition of business environment

The Company's business domains are expected to grow as a result of the following factors: increasing investment related to work-style reforms for the new normal (e.g., teleworking and contactless customer service), reforms to logistics and store operations rooted in the labor shortage, accelerating use of IT to improve corporate internal efficiency, adoption of factory IT in response to progress on adoption of 5G mobile technologies, adoption of robotics, and further growth in demand for semiconductors and electronic devices.

##### (ii) Medium-term management policy

We will aim to increase corporate value while realizing sustainable growth under the basic policy of "Concentrating on high value-added businesses transformation" and "Creating new value by strengthening the management base."

Based on its strengths of marketing abilities to identify market needs accurately, discernment to identify state-of-the-art products worldwide, technological prowess to continuously provide new value and products to the market, and the abilities to deliver consulting, development design services, and after-sales services backed by our high technological abilities, the Group will implement the following strategies to deliver solutions to customers' challenges and social issues and realize a more enriched society by striving toward new business innovations as the core of the medium-term management plan, "Challenges for Creation: Creating new value in a new normal era towards 100th anniversary."

##### (iii) Management strategies

Growth initiatives for business transformation

###### A) Promotion and deepening "Loyal customer strategy" (Note)

- i. Maximizing Group synergies above and beyond company and organizational boundaries
- ii. Identifying potential needs and deploying new products and new solutions based on the relations of trust built up with customers over many years
- iii. Increasing market share by focusing on businesses with high revenue and growth potential

Note: Loyal Customer Strategy means the strategy that aims to strengthen customer relationships by providing added value, creating satisfied customers.

###### B) Growing service businesses

- i. Establishing subscription businesses through new products and services
- ii. Establishing unit and solutions businesses backed by added value in addition to sales of individual products
- iii. Increasing customer satisfaction utilizing knowledge sites and platforms

###### C) Creating core businesses for the future

- i. Utilizing the networks and specializations of venture capital and the Silicon Valley Innovation Center
- ii. Investing in creation of new businesses and business models

###### D) Enhancing the management foundations that support our businesses

- i. Shifting management resources toward priority businesses <Implementing business portfolio management>
- ii. Business model innovation through digital transformation (DX) <Internal processes aiming toward digitalization of marketing and sales methods and technological services, improved internal business efficiency, and increased productivity>
- iii. Enhancing human-resource development and investment <Building organizations to realize business section

- strategies and hiring and development of human resources to enable enhancement of management abilities and rapid business growth>
- iv. Improving capital efficiency <Improving inventory controls and turnover periods for receivables and payables, designing decision-making standards based on ascertaining earnings on an operating-income basis for each transaction>

E) 3 billion yen of strategic investment

- i. Strengthening of internal foundation
- ii. Investment in realizing the needs of loyal customers
- iii. Investment in growing service businesses
- iv. Launch and commercialization of new businesses and business models

F) Building robust governance structures

- i. Establishment of an investment committee and enhancement of oversight, review, and monitoring functions in execution of investment
- ii. Establishment of a nomination and remuneration committee to secure fairness, objectivity, and transparency
- iii. Advancing management reflecting the perspective of shareholders, by establishing a capital efficiency indicator as a KPI in the process of decision making on the performance-linked portion of executive compensation

(4) Issues to be addressed by the Company

Based on the medium-term management plan 2022-2024 "Challenges for Creation: Creating new value in a new normal era towards 100th anniversary " announced on February 8, 2022, the Group will address the following issues in order to increase corporate value and realize business growth.

- (i) Growth initiatives toward new business innovation
  - (ii) Initiatives toward increasing capital profitability
  - (iii) Environmental, society, and governance (ESG) initiatives to support the new medium-term management plan
- Details are described under (3) Medium- to long-term management strategies of the Company.

All listing criteria for the Prime Market were satisfied as of March 31, 2023.

For details, see "Notice Concerning Compliance with Prime Market Listing Maintenance Standards," issued May 12, 2023.

#### 4. Basic stance relating to the selection of accounting standards

In consideration of factors such as the cost of maintaining a structure for preparation of consolidated financial statements based on the International Financial Reporting Standards (IFRS), the Company has adopted a policy of continuing to prepare consolidated financial statements based on Japanese GAAP for now.

Furthermore, taking into account the trend of foreign stock ownership ratio and the trend of the application of International Financial Reporting Standards (IFRS) by other domestic companies in the same industry, we intend to consider applying International Financial Reporting Standards.



## 5. Consolidated financial statements

### (1) Consolidated Balance Sheet

(Unit: Millions of yen)

	Previous consolidated fiscal year (as of March 31, 2023)	Current consolidated fiscal year (as of March 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	4,509	4,871
Notes receivable - trade	376	128
Accounts receivable - trade	5,557	5,609
Contract assets	815	716
Electronically recorded monetary claims – operating	797	848
Merchandise and finished goods	4,880	5,143
Raw materials	195	217
Prepaid expenses	981	1,240
Other	188	114
Allowance for doubtful accounts	-0	-2
<b>Total current assets</b>	<b>18,302</b>	<b>18,887</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	200	183
Other, net	245	276
<b>Total property, plant and equipment</b>	<b>*1 446</b>	<b>*1 459</b>
Intangible assets		
Other	233	171
<b>Total intangible assets</b>	<b>233</b>	<b>171</b>
Investments and other assets		
Investment securities	*2 2,586	*2 3,009
Deferred tax assets	119	8
Leasehold and guarantee deposits	333	325
Other	112	101
Allowance for doubtful accounts	-0	-0
<b>Total investments and other assets</b>	<b>3,151</b>	<b>3,444</b>
<b>Total non-current assets</b>	<b>3,831</b>	<b>4,075</b>
<b>Total assets</b>	<b>22,133</b>	<b>22,963</b>

(Unit: Millions of yen)

	Previous consolidated fiscal year (as of March 31, 2023)	Current consolidated fiscal year (as of March 31, 2024)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,059	2,924
Income taxes payable	124	540
Contract liabilities	947	1,067
Lease liabilities	—	10
Provision for bonuses	387	302
Provision for bonuses for directors (and other officers)	34	57
Other	398	504
Total current liabilities	4,952	5,407
Non-current liabilities		
Long-term accounts payable - other	20	—
Provision for executive share-based compensation	9	21
Retirement benefit liability	679	619
Lease liabilities	—	39
Other	40	38
Total noncurrent liabilities	748	719
Total liabilities	5,700	6,127
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,209	1,209
Capital surplus	1,375	1,381
Retained earnings	13,979	13,938
Treasury shares	-1,085	-1,064
Total shareholders' equity	15,478	15,464
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	691	911
Foreign currency translation adjustment	227	394
Remeasurements of defined benefit plans	26	60
Total accumulated other comprehensive income	946	1,366
Share acquisition rights	8	4
Non-controlling interests	0	0
Total net assets	16,432	16,835
Total liabilities and net assets	22,133	22,963

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

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2022, to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023, to March 31, 2024)
Sales	23,360	25,224
Cost of sales	17,522	19,173
Gross profit	5,838	6,051
Selling, general and administrative expenses	4,461	4,585
Operating profit	1,376	1,465
Non-operating income		
Interest income	3	45
Dividend income	44	65
Foreign exchange gains	191	293
Insurance claim income	5	2
Share of profit of entities accounted for using equity method	9	—
Other	16	20
Total non-operating income	270	428
Non-operating expenses		
Office transfer expenses	6	—
Commission expenses	2	2
Loss on investments in investment partnerships	48	52
Other	0	3
Total non-operating expenses	58	57
Ordinary profit	1,588	1,835
Extraordinary income		
Gain on reversal of share acquisition rights	0	—
Gain on sale of investment securities	—	280
Total extraordinary income	0	280
Extraordinary losses		
Impairment loss	19	—
Loss on retirement of non-current assets	2	—
Loss on sales of land	82	—
Total extraordinary losses	103	—
Profit before income taxes	1,485	2,116
Income taxes - current	320	676
Income taxes - deferred	-40	2
Total income taxes	280	678
Profit	1,205	1,437
Profit attributable to owners of parent	1,205	1,437

(Consolidated Statement of Comprehensive Income)

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2022, to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023, to March 31, 2024)
Profit	1,205	1,437
Other comprehensive income		
Valuation difference on available-for-sale securities	317	220
Foreign currency translation adjustment	186	166
Remeasurements of defined benefit plans	-10	33
Total other comprehensive income	493	419
Comprehensive income	1,698	1,857
(Breakdown)		
Comprehensive income attributable to owners of parent	1,698	1,857

## (3) Consolidated Statements of Changes in Net Assets

Previous consolidated fiscal year (from April 1, 2022, to March 31, 2023)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Starting balance	1,209	1,193	13,377	-1,218	14,561
Changes of items during period					
Dividends of surplus			-603		-603
Profit attributable to owners of parent			1,205		1,205
Purchase of treasury shares				-0	-0
Disposal of treasury shares		182		132	315
Net changes of items other than shareholders' equity					
Total changes of items during period	—	182	602	132	916
Ending balance	1,209	1,375	13,979	-1,085	15,478

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Starting balance	373	41	37	452	11	0	15,025
Changes of items during period							
Dividends of surplus							-603
Profit attributable to owners of parent							1,205
Purchase of treasury shares							-0
Disposal of treasury shares							315
Net changes of items other than shareholders' equity	317	186	-10	493	-3		489
Total changes of items during period	317	186	-10	493	-3	—	1,406
Ending balance	691	227	26	946	8	0	16,432

Current Consolidated Fiscal Year (from April 1, 2023, to March 31, 2024)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Starting balance	1,209	1,375	13,979	-1,085	15,478
Changes of items during period					
Dividends of surplus			-1,478		-1,478
Profit attributable to owners of parent			1,437		1,437
Purchase of treasury shares				-0	-0
Disposal of treasury shares		6		21	27
Net changes of items other than shareholders' equity					
Total changes of items during period	—	6	-41	21	-13
Ending balance	1,209	1,381	13,938	-1,064	15,464

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Starting balance	691	227	26	946	8	0	16,432
Changes of items during period							
Dividends of surplus							-1,478
Profit attributable to owners of parent							1,437
Purchase of treasury shares							-0
Disposal of treasury shares							27
Net changes of items other than shareholders' equity	220	166	33	419	-3		416
Total changes of items during period	220	166	33	419	-3	—	403
Ending balance	911	394	60	1,366	4	0	16,835

## (4) Consolidated Statement of Cash Flow

(Unit: Millions of yen)

	Previous consolidated fiscal year (From April 1, 2022, to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023, to March 31, 2024)
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,485	2,116
Depreciation	185	199
Impairment loss	19	0
Loss (gain) on sales of non-current assets	82	—
Gain on reversal of share acquisition rights	-0	—
Interest and dividend income	-47	-111
Share of loss (profit) of entities accounted for using equity method	-9	—
Gain (loss) on sale of investment securities	-0	-280
Increase (decrease) in provision for bonuses	92	-85
Increase (decrease) in provision for bonuses for directors (and other officers)	4	22
Increase (decrease) in allowance for doubtful accounts	-0	2
Increase (decrease) in retirement benefit liability	-20	-11
Loss (gain) on investments in investment partnerships	48	52
Decrease (increase) in contract assets	587	158
Decrease (increase) in electronically recorded monetary claims	-118	-50
Decrease (increase) in trade receivables	-1,306	299
Decrease (increase) in inventories	-1,798	-247
Increase (decrease) in contract liabilities	26	112
Increase (decrease) in trade payables	-65	-250
Decrease (increase) in prepaid expenses	-188	-257
Increase (decrease) in accounts payable - other	47	-8
Increase (decrease) in accrued consumption taxes	22	40
Other	-42	115
Subtotal	-998	1,815
Interest and dividends received	47	111
Income taxes paid	-436	-285
Income taxes refunded	—	0
<b>Cash flows from operating activities</b>	<b>-1,387</b>	<b>1,642</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	-134	-68
Proceeds from sales of property, plant and equipment	30	0
Purchase of investment securities	-428	-198
Proceeds from sales of investment securities	25	325
Purchase of intangible assets	-33	-30
Proceeds from withdrawal of time deposits	1,100	—
Payments of leasehold and guarantee deposits	-42	-0
Proceeds from refund of leasehold and guarantee deposits	4	0
<b>Cash flow from investing activities</b>	<b>522</b>	<b>29</b>
<b>Cash flow from financing activities</b>		
Dividends paid	-604	-1,480
Purchase of treasury shares	-0	-0
Repayment of lease liabilities	—	-3
Proceeds from exercise of share options	19	24
Proceeds from sales of treasury shares	281	—
<b>Cash flow from financing activities</b>	<b>-303</b>	<b>-1,459</b>
Effect of exchange rate change on cash and cash equivalents	69	150
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-1,099</b>	<b>362</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>5,608</b>	<b>4,509</b>
<b>Cash and cash equivalents at end of period</b>	<b>4,509</b>	<b>4,871</b>

(5) Note on going-concern assumption

Not applicable.

(6) Significant matters constituting the basis for the preparation of consolidated financial statements

(i) Range of consolidation

a. Number of consolidated subsidiaries: 9 companies

Name of consolidated subsidiaries:

...Mighty Cube Co., Ltd.

TAKACHIHO KOHEKI(H.K.)LIMITED

TAKACHIHO TRADING (SHANGHAI) CO., LTD.

Takachiho Fire,Security & Services(Thailand)Ltd.

Guardfire Limited

Guardfire Singapore Pte.Ltd.

TK Thai Holdings Co.,Ltd.

TK Fire Fighting Co.,Ltd.

Takachiho America,Inc.

b. Number of non-consolidated subsidiaries: 1 company

Name of non-consolidated subsidiary:

...TKTEC Co., Ltd.

It is a small company with an insignificant effect, and it is unconsolidated.

(ii) Application of equity method

a. Affiliated company accounted for by the equity method: 0

b. Non-consolidated subsidiaries not accounted for by equity method: 1

Name of non-consolidated subsidiary not accounted for by equity method:

...TKTEC Co., Ltd.

It is a small company with an insignificant effect, and it is not accounted for by the equity method.

(iii) Fiscal year of consolidated subsidiaries

Among consolidated subsidiaries, the fiscal years of Takachiho Koheki (H.K.) Limited, Takachiho Trading (Shanghai) Co., Ltd., and Takachiho America, Inc. end on December 31. Since the difference between the ending date of the fiscal years of these subsidiaries and that of the Company is no more than three months, consolidation is based on the financial statements as of the ending date of the fiscal years of these consolidated subsidiaries. For significant transactions conducted from December 31 to the consolidated closing date, adjustments necessary for consolidation were made.

(iv) Accounting criteria

a. Criteria and methods for evaluating significant assets

A) Securities

Other securities

Other than shares of stock etc. without market prices

.....Market value method, based on the market price as of the last day of the consolidated fiscal year (Appraisal differences are handled by means of the direct net asset influx method and their cost is based on the gross average method)

Shares of stock etc. without market prices

...Mainly evaluated at cost by gross average method

B) Inventories

Mainly the cost method based on the moving average method (balance sheet values are calculated using the book value reduction method based on a decline in profitability)



- b. Depreciation methods for critical depreciable assets
- A) Property, plant and equipment (excluding leased assets)
- The straight-line method is used for tangible fixed assets of the Company and its consolidated subsidiaries.
- The main useful lives are as follows:
- Buildings and structures: 3-50 years
- Tools, furniture, and fixtures: 2-20 years
- B) Intangible assets
- The straight-line method was used.
- The amortization period is the internally usable period (5 years) for software for internal use and the estimated effective life (3 years) for software for sale.
- C) Leased assets
- Leased assets related to finance lease transactions not involving transfer of ownership
- The straight-line method was used, employing the term of the lease as the useful life and a residual value of zero.
- c. Criteria for provision of significant allowance and reserves
- A) Allowance for doubtful accounts
- To prepare for credit losses, an allowance equal to the estimated amount of uncollectible claims was provided.
- i. General claims
- ...The method based on actual percentage of bad debts was used.
- ii. Doubtful claims, claims in bankruptcy and reorganization claims
- ...An allowance equal to the estimated amount of uncollectible claims was provided after reviewing the collectability of each claim.
- B) Provision for bonuses
- To prepare for the payment of bonuses to employees, among the estimated amount to be paid in the future, the portion attributable to the current consolidated fiscal year was provided.
- C) Provision for bonuses for directors (and other officers)
- To prepare for the payment of bonuses to directors, among the estimated amount to be paid in the future, the portion attributable to the current consolidated fiscal year was provided.
- D) Provision for executive share-based compensation
- To prepare for issuance of shares to directors, among the estimated amount to be issued in the future, the portion attributable to the current consolidated fiscal year was provided.
- d. Accounting standards for income and expenses
- The details of the main performance obligations in important businesses related to income arising from contracts with customers of the Company and consolidated subsidiaries and the normal timing of fulfillment of such performance obligations (the normal timing of recognition of income) are described below.
- A) Sale of products
- In sale of products to customers in Japan, income is recognized at the point in time at which the customer has completed acceptance inspection of the products, as the time at which the customer secures control over the merchandise and the performance obligation has been fulfilled. However, when the period from the time of shipment to the time of transfer of the product to the customer is the normal period, income is recognized at the time of shipment.
- In sale of products through export, including trilateral transactions, income is recognized at the time risks of the product transfer to the customer, based on the trade conditions and other terms of Incoterms.
- B) Licenses, maintenance, etc.
- Income over a fixed period, such as that from sale of software licenses for fixed periods of use and provision of services under which customers receive for a fixed period maintenance and other services for products sold, is recognized in principle over the period of service provision based on the relevant contract etc.
- C) Product sales and design related to long-term construction contracting
- The Group's businesses include design and sale of advanced fire-prevention systems related to long-term construction contracting in Southeast Asia. In such transactions, performance obligations are considered to be satisfied over a fixed period in accordance with the progress of construction. The revenue is recognized over a fixed period by estimating the progress according to the percentage of incurred cost to estimated total cost.

e. Criteria for recording liabilities associated with retirement benefits

To prepare for payment of retirement allowances to employees, the amount recognized to arise at the end of the current consolidated fiscal year was recorded,

based on the estimated amounts of retirement benefit obligations and pension assets at the end of the current consolidated fiscal year. In calculating the retirement benefit obligations, estimated retirement benefits were attributed to the period until the end of the current consolidated fiscal year, based on the benefit formula.

Actuarial differences distributed by specific years (5 years) within the average remaining service period of employees as of their occurrence were mainly expensed from the following consolidated fiscal year.

Unrecognized actuarial differences were recorded at re-measurements of defined benefit plans of accumulated other comprehensive income in the net assets after the adjustment of tax effects.

To prepare for the payment of retirement allowances to executive officers, additionally, the base amount at the end of the current consolidated fiscal year was recorded according to the internal rules on executive officers.

f. Criteria for converting significant foreign currency assets or liabilities into Japanese yen

Foreign currency monetary claims and liabilities are converted into Japanese yen at the exchange rate at the end of the consolidated fiscal year and differences in conversion are recorded in profit or loss. Assets and liabilities and income and expenses of foreign subsidiaries are converted into Japanese yen at the rate of the closing date and differences in conversion are recorded in the foreign currency translation adjustment of the net assets.

g. Scope of cash in consolidated cash flow statements

Cash in the consolidated cash flow statements (cash and cash equivalents) include cash on hand, deposits that can be withdrawn at any time and liquid short-term investments with little risk of fluctuation in value with a period to maturity of 3 months or less.

h. Important hedge accounting methods

A) Hedge accounting methods

Deferred hedge accounting is employed in principle.

B) Means and subjects of hedging

Means of hedging

Derivative transactions (forward foreign-exchange contracts)

Subjects of hedging

Assets and liabilities exposed to risk of exchange-rate fluctuations

C) Hedging policy

The policy calls for use of derivative transactions only when there are assets or liabilities subject to hedging at the present time or in the future. Derivative transactions are not used for purposes such as securing short-term trading gains or speculation.

D) Methods of assessing efficacy of hedging

Determination of the efficacy of hedging is omitted for forward foreign-exchange contracts, which are highly effective as hedges.

(7) Notes on Consolidated Financial Statements

(Change in accounting policy)

Not applicable.

(Additional Information)

(Performance-linked stock compensation system for directors)

Based on a resolution of the 70th Annual General Meeting of Shareholders, which met June 25, 2021, the Company has adopted a performance-linked stock compensation system for directors (hereinafter, this does not include outside directors).

1. Transaction overview

Under this system, the Company's shares are acquired through a trust using the money contributed by the Company, and the Company's shares and the Company's shares are marketed through the trust based on the points given to the directors in accordance with the officer stock benefit rules established by the Company. It is a performance-linked stock-based compensation system that delivers money equivalent to the amount converted in.

Directors will receive benefits in the form of Company shares after the end of the medium-term management plan (from the consolidated fiscal year ending at the end of March 2023 through the consolidated fiscal year ending at the end of March 2025). In principle, retired directors will receive the benefits at a predetermined time after they retire.

2. Own shares remaining in the trust

Shares of Company stock remaining in the trust are recorded as treasury shares under net assets at their book values (not including amounts of associated expenses) in trust. The book value and number of shares of such stock were 67.916 million yen and 57,900 shares as of the end of the previous consolidated fiscal year and 67.916 million yen and 57,900 shares as of the end of the current consolidated fiscal year.

(Details of important accounting estimates related to identified items)

In judging the recoverability of deferred tax assets, the Company and consolidated subsidiaries take into consideration projected taxable income based on projections of a certain reasonable level of future business results and recoverability based on the schedule for the fiscal years in which future temporary decreases are projected to be canceled. There also is a possibility that such factors as future fluctuations in uncertain economic conditions could have a material impact on deferred tax assets and net income on the consolidated financial statements for the next consolidated fiscal year and beyond.

(Consolidated Balance Sheet)

\*1 Accumulated depreciation of property, plant and equipment

	Previous consolidated fiscal year (as of March 31, 2023)	Current consolidated fiscal year (as of March 31, 2024)
	911 million yen	931 million yen

\*2 Item related to non-consolidated subsidiaries and affiliated companies

	Previous consolidated fiscal year (as of March 31, 2023)	Current consolidated fiscal year (as of March 31, 2024)
Investment securities (stock)	32 million yen	32 million yen

(Consolidated Statement of Changes in Net Assets)

Previous consolidated fiscal year (from April 1, 2022, to March 31, 2023)

1. Type and total number of shares issued and type and number of treasury shares

	Number of shares at the beginning of the current consolidated fiscal year (shares)	Increase in shares during the current consolidated fiscal year (shares)	Decrease in shares during the current consolidated fiscal year (shares)	Number of shares at the end of the current consolidated fiscal year (shares)
Shares issued				
Common stock	10,171,800	—	—	10,171,800
Total	10,171,800	—	—	10,171,800
Treasury shares				
Common stock (Note)	1,238,578	112	134,500	1,104,190
Total	1,238,578	112	134,500	1,104,190

Note 1: The 112-share increase resulting from the purchase of shares less than 1 unit.

2. The decrease of 134,500 shares in common stock held as treasury shares resulted from market sales of 2,000 shares by the Board benefit trust (BBT), 8,100 shares provided to executives as benefits, 17,400 shares from exercise of stock options, and sale of 107,000 shares under a Board of Directors resolution.

3. The number of shares of Company stock held by the Board benefit trust (BBT) included in treasury shares was 68,000 shares at the beginning of the period and 57,900 shares at the end of the period.

2. Subscription rights to shares and treasury subscription rights to shares

Segment	Breakdown of share acquisition rights	Type of stock subject to subscription rights to shares	Number of shares subject to subscription rights to shares (shares)				Balance at end of the current consolidated fiscal year (million yen)
			Beginning of the current consolidated fiscal year	Increase during the current consolidated fiscal year	Decrease during the current consolidated fiscal year	End of the current consolidated fiscal year	
Submitting company	Share acquisition rights as stock options	—	—	—	—	—	8
Total		—	—	—	—	—	8

3. Dividends

(1) Dividends paid

(Resolved)	Type of stock	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 28, 2022	Common stock	387	43.00 yen	March 31, 2022	June 29, 2022
Board of Directors meeting held on November 8, 2022	Common stock	216	24.00 yen	September 30, 2022	December 6, 2022

Note 1: The total amount of dividends based on a resolution in Annual General Meeting of Shareholders held June 28, 2022, includes 2,924,000 yen in dividends on shares of Company stock held by Board benefit trust (BBT).

2. The total amount of dividends under the resolution of the Board of Directors meeting held November 8, 2022, includes 1,389,000 yen in dividends on shares of the Company stock held by the Board benefit trust (BBT).

(2) Among dividends whose record date belongs to the current consolidated fiscal year, those whose effective date falls in the next consolidated fiscal year

The following resolution is planned.

(Resolved)	Type of stock	Total dividends (million yen)	Dividend resource	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 28, 2023	Common stock	994	Retained earnings	109.00 yen	March 31, 2023	June 29, 2023

Note 1: The total amount of dividends based on a resolution in Annual General Meeting of Shareholders held June 28, 2023, includes 6,311,000 yen in dividends on shares of Company stock held by Board benefit trust (BBT).

Current consolidated fiscal year (from April 1, 2023, to March 31, 2024)

1. Type and total number of shares issued and type and number of treasury shares

	Number of shares at the beginning of the current consolidated fiscal year (shares)	Increase in shares during the current consolidated fiscal year (shares)	Decrease in shares during the current consolidated fiscal year (shares)	Number of shares at the end of the current consolidated fiscal year (shares)
Shares issued				
Common stock	10,171,800	—	—	10,171,800
Total	10,171,800	—	—	10,171,800
Treasury shares				
Common stock (Note)	1,104,190	142	22,200	1,082,132
Total	1,104,190	142	22,200	1,082,132

Note 1: The 142-share increase resulting from the purchase of shares less than 1 unit.

2. The decrease in treasury shares of 22,200 shares of common stock was due to the exercise of share acquisition rights.

3. The number of shares of Company stock held by the Board benefit trust (BBT) included in treasury shares was 57,900 shares at the beginning of the period and 57,900 shares at the end of the period.

2. Subscription rights to shares and treasury subscription rights to shares

Segment	Breakdown of share acquisition rights	Type of stock subject to subscription rights to shares	Number of shares subject to subscription rights to shares (shares)				Balance at end of the current consolidated fiscal year (million yen)
			Beginning of the current consolidated fiscal year	Increase during the current consolidated fiscal year	Decrease during the current consolidated fiscal year	End of the current consolidated fiscal year	
Submitting company	Share acquisition rights as stock options	—	—	—	—	—	4
Total		—	—	—	—	—	4

3. Dividends

(1) Dividends paid

(Resolved)	Type of stock	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 28, 2023	Common stock	994	109.00 yen	March 31, 2023	June 29, 2023
Board of Directors meeting held on November 7, 2023	Common stock	484	53.00 yen	September 30, 2023	December 5, 2023

Note 1: The total amount of dividends based on a resolution in Annual General Meeting of Shareholders held June 28, 2023, includes 6,311,000 yen in dividends on shares of Company stock held by Board benefit trust (BBT).

2. The total amount of dividends under the resolution of the Board of Directors meeting held November 7, 2023, includes 3,068,000 yen in dividends on shares of the Company stock held by the Board benefit trust (BBT).

(2) Among dividends whose record date belongs to the current consolidated fiscal year, those whose effective date falls in the next consolidated fiscal year

The following resolution is planned.

(Resolved)	Type of stock	Total dividends (million yen)	Dividend resource	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 26, 2024	Common stock	960	Retained earnings	105.00 yen	March 31, 2024	June 27, 2024

Note 1: The total amount of dividends based on a resolution in Annual General Meeting of Shareholders held June 26, 2024, includes 6,079,000 yen in dividends on shares of Company stock held by Board benefit trust (BBT).

(Segment information etc.)

[Segment Information]

1. Summary of reporting segments

Our group's reporting segments are that among components of our group separated financial information is available, and they are regularly reviewed by the board of directors to evaluate decisions concerning the allocation of management resources and business results.

Our group establishes organizational units suited to the characteristics of products/services and prepares comprehensive strategies for Japan and overseas.

The Cloud Service and Support Segment engages in the cloud subscription service business and maintenance business. The Systems segment provides consulting on system equipment, system design and sales, and delivery installation, for security products in particular. The Device segment sells products such as semiconductors and mechanical components and offers consulting services for these products.

2. Methods for calculating amounts of sales, profit or loss, assets, liabilities, and other items for each reporting segment

Reported accounting methods for business segments are almost the same as those described in the significant matters constituting the basis for the preparation of the consolidated financial statements.

3. Information concerning amounts of sales, profit or loss, assets, liabilities, and other items for each reporting segment

Previous consolidated fiscal year (from April 1, 2022, to March 31, 2023)

(Unit: Millions of yen)

	Cloud Service and Support	System	Device	Total	Adjustments Notes 1:	Amount on consolidated financial statements
Sales						
Sales to external customers	2,385	9,630	11,344	23,360	—	23,360
Internal sales and transfers between segments	—	—	—	—	—	—
Total	2,385	9,630	11,344	23,360	—	23,360
Segment profit	506	92	776	1,376	—	1,376
Segment assets	1,212	7,940	7,419	16,573	5,560	22,133
Other items						
Depreciation	7	19	18	45	139	185
Impairment loss	—	2	6	9	9	19
Increase in property, plant and equipment and non-current intangible assets	19	46	36	102	53	155

Note 1: Adjustments are as follows:

(1) Adjustments to segment assets of 5,560 million yen is the whole-company assets not attributed to reporting segments.

The whole-company assets mainly represent surplus working capital (cash and deposits), funds for long-term investment (investment securities) and assets related to administrative departments such as the general affairs department.

(2) Adjustments to depreciation of 139 million yen are mainly depreciation of assets related to administrative departments such as the general affairs department.

(3) Adjustment to the impairment loss of 9 million yen includes the loss of telephone subscription rights.

(4) Adjustments to increase in property, plant and equipment and non-current intangible assets of 53 million yen are mainly increases in assets related to administrative departments such as the general affairs department.

Current consolidated fiscal year (from April 1, 2023, to March 31, 2024)

(Unit: Millions of yen)

	Cloud Service and Support	System	Device	Total	Adjustments Notes 1:	Amount on consolidated financial statements
Sales						
Sales to external customers	2,531	9,857	12,835	25,224	—	25,224
Internal sales and transfers between segments	—	—	—	—	—	—
Total	2,531	9,857	12,835	25,224	—	25,224
Segment profit	486	-29	1,008	1,465	—	1,465
Segment assets	1,701	7,455	7,772	16,929	6,033	22,963
Other items						
Depreciation	9	18	27	56	143	199
Impairment loss	—	—	—	—	—	—
Increase in property, plant and equipment and non-current intangible assets	21	20	10	52	95	148

Note 1: Adjustments are as follows:

- (1) Adjustments to segment assets of 6,033 million yen is the whole-company assets not attributed to reporting segments. The whole-company assets mainly represent surplus working capital (cash and deposits), funds for long-term investment (investment securities) and assets related to administrative departments such as the general affairs department.
- (2) Adjustments to depreciation of 143 million yen are mainly depreciation of assets related to administrative departments such as the general affairs department.
- (3) Adjustments to increase in property, plant and equipment and non-current intangible assets of 95 million yen are mainly increases in assets related to administrative departments such as the general affairs department.

[Related information]

Previous consolidated fiscal year (from April 1, 2022, to March 31, 2023)

1. Information by product and service

Description is omitted because product and service segments are the same as reporting segments.

2. Information by region

(1) Net sales

(Unit: Millions of yen)

Japan	Asia		Other	Total
		Thailand (included in above)		
17,172	5,884	2,901	304	23,360

Note 1: Sales are categorized by country or region based on the customer's location.

2. Methods of categorization by country or region

Categorized by geographical proximity.

3. Main countries or regions belonging to each category

Asia: The nations of East Asia and Southeast Asia

(2) Property, plant and equipment

Description is omitted because the amount of property, plant and equipment located in Japan is above 90% of that in the consolidated balance sheet.

3. Information by major customer

Description is omitted because among sales to external customers, there are no sales to a specific customer accounting for 10% or more of sales in the consolidated income statements.

Current consolidated fiscal year (from April 1, 2023, to March 31, 2024)

1. Information by product and service

Description is omitted because product and service segments are the same as reporting segments.

2. Information by region

(1) Net sales

(Unit: Millions of yen)

Japan	Asia		Other	Total
		Thailand (included in above)		
18,313	6,650	2,442	261	25,224

Note 1: Sales are categorized by country or region based on the customer's location.

2. Methods of categorization by country or region

Categorized by geographical proximity.

3. Main countries or regions belonging to each category

Asia: The nations of East Asia and Southeast Asia

(2) Property, plant and equipment

Description is omitted because the amount of property, plant and equipment located in Japan is above 90% of that in the consolidated balance sheet.

3. Information by major customer

Description is omitted because among sales to external customers, there are no sales to a specific customer accounting for 10% or more of sales in the consolidated income statements.



(Per-share information)

	Previous consolidated fiscal year (from April 1, 2022, to March 31, 2023)	Current consolidated fiscal year (from April 1, 2023, to March 31, 2024)
Net assets per share	1,811.32 yen	1,851.62 yen
Basic earnings per share	134.69 yen	158.46 yen
Fully diluted earnings per share	134.21 yen	157.87 yen

Note: Basis for calculating basic earnings per share and fully diluted earnings per share is as follows:

	Previous consolidated fiscal year (from April 1, 2022, to March 31, 2023)	Current consolidated fiscal year (from April 1, 2023, to March 31, 2024)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	1,205	1,437
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent associated with common stock (million yen)	1,205	1,437
Average number of common stocks during the period (thousand shares)	8,949	9,072
Fully diluted earnings per share		
Adjustments to net income attributable to owners of parent (million yen)	—	—
An increase in shares of common stock (thousand shares)	31	34
(Of this, share acquisition rights (thousand shares))	(31)	(34)
Summary of dilutive shares not included to calculate fully diluted earnings per share because of no dilutive effect	—	—

Note: In calculation of basic earnings per share and fully diluted earnings per share, the number of shares of Company stock held by the board benefit trust (BBT) is included in treasury stock deducted in calculation of average shares during the period (61,005 shares during the previous consolidated fiscal year, 57,900 shares during the consolidated fiscal year under review).

(Revenue recognition)

The following information breaks down the revenue generated from contracts with customers by product type.

(Unit: Millions of yen)

Segment	Previous consolidated fiscal year (from April 1, 2022, to March 31, 2023)	Current consolidated fiscal year (from April 1, 2023, to March 31, 2024)
Cloud Service and Support Products	2,385	2,531
Cloud Service and Support Total	2,385	2,531
Retail Solution Products	3,152	3,242
Business Solution Products	3,390	3,575
Global Products	3,087	3,039
System Total	9,630	9,857
Electronics Products	6,941	8,344
Mechatronics Products	4,403	4,491
Device Total	11,344	12,835
Revenue from contracts with customers	23,360	25,224
Other revenues	—	—
Sales to external customers	23,360	25,224

(Significant Subsequent Event)

Not applicable.

## 6. Non-consolidated Financial Statements

### (1) Balance Sheet

(Unit: Millions of yen)

	Previous fiscal year (as of March 31, 2023)	Current fiscal year (as of March 31, 2024)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,549	2,579
Notes receivable - trade	374	128
Accounts receivable - trade	4,407	4,777
Electronically recorded monetary claims – operating	797	843
Products	3,928	4,160
Prepaid expenses	961	1,218
Short-term loans receivable from subsidiaries and associates	117	83
Other	142	44
Allowance for doubtful accounts	-0	—
Total current assets	13,278	13,836
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings, net	196	179
Tools, furniture and fixtures, net	226	210
Leased assets, net	—	49
Other, net	2	2
Total property, plant and equipment	425	441
Intangible assets	225	158
<b>Investments and other assets</b>		
Investment securities	2,554	2,977
Shares of subsidiaries and associates	4,570	4,570
Long-term loans receivable from subsidiaries and associates	173	174
Deferred tax assets	91	18
Leasehold and guarantee deposits	322	315
Other	14	14
Allowance for doubtful accounts	-98	-112
Total investments and other assets	7,627	7,957
Total non-current assets	8,277	8,557
<b>Total assets</b>	<b>21,556</b>	<b>22,394</b>

(Unit: Millions of yen)

	Previous fiscal year (as of March 31, 2023)	Current fiscal year (as of March 31, 2024)
<b>Liabilities</b>		
Current liabilities		
Electronically recorded obligations - operating	193	198
Accounts payable - trade	2,417	2,273
Income taxes payable	98	540
Contract liabilities	814	990
Lease liabilities	—	10
Provision for bonuses	346	266
Provision for bonuses for directors (and other officers)	34	57
Other	276	395
<b>Total current liabilities</b>	<b>4,181</b>	<b>4,732</b>
Non-current liabilities		
Long-term accounts payable - other	20	—
Provision for executive share-based compensation	9	21
Provision for retirement benefits	490	475
Lease liabilities	—	39
Other	26	27
<b>Total noncurrent liabilities</b>	<b>547</b>	<b>563</b>
<b>Total liabilities</b>	<b>4,729</b>	<b>5,296</b>
Net assets		
Shareholders' equity		
Share capital	1,209	1,209
Capital surplus		
Legal capital surplus	1,171	1,171
Other capital surplus	205	211
<b>Total capital surplus</b>	<b>1,377</b>	<b>1,383</b>
Retained earnings		
Legal retained earnings	198	198
Other retained earnings		
General reserve	9,395	9,395
Retained earnings brought forward	5,033	5,058
<b>Total retained earnings</b>	<b>14,626</b>	<b>14,652</b>
Treasury shares	-1,085	-1,064
<b>Total shareholders' equity</b>	<b>16,127</b>	<b>16,180</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	691	911
<b>Total valuation and translation adjustments</b>	<b>691</b>	<b>911</b>
Share acquisition rights	8	4
<b>Total net assets</b>	<b>16,827</b>	<b>17,097</b>
<b>Total liabilities and net assets</b>	<b>21,556</b>	<b>22,394</b>

## (2) Income Statements

(Unit: Millions of yen)

	Previous fiscal year (From April 1, 2022, to March 31, 2023)	Current fiscal year (From April 1, 2023, to March 31, 2024)
Sales	19,276	21,091
Cost of sales	14,764	16,180
Gross profit	4,512	4,910
Selling, general and administrative expenses	3,366	3,460
Operating profit	1,145	1,449
Non-operating income		
Interest income	3	36
Dividend income	77	161
Foreign exchange gains	183	264
Insurance claim income	5	2
Other	12	16
Total non-operating income	282	482
Non-operating expenses		
Commission expenses	2	2
Loss on investments in investment partnerships	48	52
Provision of allowance for doubtful accounts	44	14
Other	0	1
Total non-operating expenses	95	70
Ordinary profit	1,333	1,861
Extraordinary income		
Gain on reversal of share acquisition rights	0	—
Gain on sale of investment securities	—	280
Total extraordinary income	0	280
Extraordinary losses		
Impairment loss	9	—
Loss on retirement of non-current assets	2	—
Loss on sales of land	82	—
Total extraordinary losses	94	—
Profit before income taxes	1,239	2,142
Income taxes - current	263	659
Income taxes - deferred	-17	-21
Total income taxes	245	637
Profit	994	1,504

## (3) Statements of Changes in Net Assets

Previous fiscal year (from April 1, 2022, to March 31, 2023)

(Unit: Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Starting balance	1,209	1,171	23	1,195	198	9,395	4,641	14,235
Changes of items during period								
Dividends of surplus							-603	-603
Profit							994	994
Purchase of treasury shares								
Disposal of treasury shares			182	182				
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	182	182	—	—	391	391
Ending balance	1,209	1,171	205	1,377	198	9,395	5,033	14,626

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Starting balance	-1,218	15,421	373	373	11	15,806
Changes of items during period						
Dividends of surplus		-603				-603
Profit		994				994
Purchase of treasury shares	-0	-0				-0
Disposal of treasury shares	132	315				315
Net changes of items other than shareholders' equity			317	317	-3	314
Total changes of items during period	132	706	317	317	-3	1,020
Ending balance	-1,085	16,127	691	691	8	16,827

Current fiscal year (from April 1, 2023, to March 31, 2024)

(Unit: Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Starting balance	1,209	1,171	205	1,377	198	9,395	5,033	14,626
Changes of items during period								
Dividends of surplus							-1,478	-1,478
Profit							1,504	1,504
Purchase of treasury shares								
Disposal of treasury shares			6	6				
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	6	6	—	—	25	25
Ending balance	1,209	1,171	211	1,383	198	9,395	5,058	14,652

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Starting balance	-1,085	16,127	691	691	8	16,827
Changes of items during period						
Dividends of surplus		-1,478				-1,478
Profit		1,504				1,504
Purchase of treasury shares	-0	-0				-0
Disposal of treasury shares	21	27				27
Net changes of items other than shareholders' equity			220	220	-3	216
Total changes of items during period	21	53	220	220	-3	270
Ending balance	-1,064	16,180	911	911	4	17,097

## 7. Other

### (1) Purchases, orders received, and sales

#### (i) Purchases

(Unit: Millions of yen)

Segment	Previous consolidated fiscal year (from April 1, 2022, to March 31, 2023)	Current consolidated fiscal year (from April 1, 2023, to March 31, 2024)
Cloud Service and Support	1,342	1,318
System	6,518	6,738
Device	10,727	10,369
Total	18,588	18,427

#### (ii) Orders received

(Unit: Millions of yen)

Segment	Previous consolidated fiscal year (from April 1, 2022, to March 31, 2023)		Current consolidated fiscal year (from April 1, 2023, to March 31, 2024)	
	Orders received	Balance of orders received	Orders received	Balance of orders received
Cloud Service and Support	2,418	988	2,461	918
System	9,971	4,055	9,763	3,961
Device	13,702	7,722	10,951	5,837
Total	26,092	12,765	23,176	10,717

#### (iii) Sales performance

(Unit: Millions of yen)

Segment	Previous consolidated fiscal year (from April 1, 2022, to March 31, 2023)	Current consolidated fiscal year (from April 1, 2023, to March 31, 2024)
Cloud Service and Support Products	2,385	2,531
Cloud service and support, total	2,385	2,531
Retail Solution Products	3,152	3,242
Business Solution Products	3,390	3,575
Global Products	3,087	3,039
System Total	9,630	9,857
Electronics Products	6,941	8,344
Mechatronics Products	4,403	4,491
Device Total	11,344	12,835
Total	23,360	25,224