Financial Section

Five-Year Summary

Shindengen Electric Manufacturing Co., Ltd. and its Subsidiaries
(Years ended March 31)

Millions of yen

	2021	2020	2019	2018	2017*
Net sales	¥ 80,437	¥ 92,966	¥ 94,703	¥ 92,177	¥ 90,415
Operating income (loss)	(1,080)	1,757	5,639	6,854	5,103
Profit (loss) before income taxes	(5,077)	1,126	5,731	7,098	4,813
Profit (loss) attributable to owners of parent	(5,562)	(4,156)	3,877	5,294	3,389
Profit (loss) attributable to owners of parent per share—basic	¥ (539.73)	¥ (403.48)	¥ 376.41	¥ 513.91	¥ 328.97
Cash dividends per share for the period (Common stock)**	0	62.50	125.00	125.00	125.00
Total assets	¥127,807	¥121,560	¥128,670	¥133,707	¥128,530
Total current assets	74,274	73,494	79,874	83,404***	81,192
Property, plant and equipment	36,091	31,389	27,496	25,937	25,018
Total shareholders' equity	49,478	55,676	61,112	58,525	54,529
Net cash provided by operating activities	(3,618)	5,829	3,495	9,335	7,612
Net cash used in investing activities	(5,676)	(9,649)	(5,875)	(4,823)	(3,537)
Net cash used in financing activities	9,936	(2,336)	(4,605)	(3,025)	(4,430)
Cash and cash equivalents at end of the year	26,646	26,337	32,505	39,626	38,272

* From the year ended March 31, 2018, the Company is translating the revenue and expenses of its overseas consolidated subsidiaries into Japanese yen using the average exchange rate for each currency over the fiscal period under review. Previously, the exchange rates prevailing at the balance sheet date were used. This change has been applied retrospectively to the figures for the year ended March 31, 2017.

** Shindengen executed a share consolidation on October 1, 2017, at a ratio of 10 common shares to one. Per-share figures have been adjusted accordingly.

*** The Company and its consolidated subsidiaries have adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018) (hereinafter, the "Partial Amendments") for the beginning of the fiscal year ended March 31, 2019. As such, deferred tax assets and deferred tax liabilities are included within investments and other assets and long-term liabilities, respectively, and related income tax disclosures have been expanded.

As a result, ¥1,058 million of deferred tax assets in current assets in consolidated balance sheet as of March 31, 2018 have been reclassified and included within ¥6,016 million of deferred tax assets in investments respectively.

Management's Discussion and Analysis

Scope of Consolidation

During the fiscal year ended March 31, 2021 (fiscal 2020), the Shindengen Group included the Company, 18 consolidated subsidiaries, three non-consolidated subsidiaries and two affiliated companies accounted for under the equity method.

Operating Results

Performance Overview

We are operating our businesses in line with the basic policy of the 15th Medium Term Business Plan, "Advancing product strategy for sustainable growth." Beginning with an expansion of our lineup of products that conform to standards for automotive electronics components, we are reinforcing product development for medium- to long-term growth, including DC/DC converters for eco-friendly vehicles and quick chargers for EVs. Furthermore, to build an earnings structure resilient to changes in the market environment, the Group is advancing structural business reforms, such as revising development and production systems, rationalizing unprofitable products and adjusting staffing levels.

Under these circumstances, consolidated net sales decreased 13.5% year on year to ¥80,437 million. Operating loss was ¥1,080 million (compared with operating income of ¥1,757 million in the previous fiscal year), while ordinary loss was ¥1,164 million (compared with ordinary income of ¥1,598 million in the previous fiscal year). Reflecting the recording of extraordinary loss related to business structure reforms, the Company recorded a loss attributable to owners of the parent of ¥5,562 million, compared with a loss attributable to owners of the parent of ¥4,156 million in the previous fiscal year.

Operating Conditions by Business Segment

Electronic Device

In the Electronic Device segment, net sales amounted to ¥29,214 million, down 5.7% year on year, and operating income came to ¥85 million, compared with operating loss of ¥242 million in the previous fiscal year.

Although sales in the mainstay automobile and consumer electronics markets recovered in the second half of the fiscal year, production adjustments at the start of the year had a significant impact. As a result, overall segment revenue decreased year on year. However, due to our efforts to compensate for the decrease in revenue, such as reducing business expenses and cost of sales, the segment recorded a net profit.

Car Electronics

In the Car Electronics segment, net sales amounted to ¥41,630 million, down 19.4% year on year, and operating income came to ¥2,195 million, down 63.5%.

Sales of motorcycle products in India rapidly recovered from the crisis caused by the suspension of operations due to lockdowns, but recovery was weaker in the mainstay Indonesian market, due in part to continued restrictions on economic activity. Sales of products for four-wheel vehicles

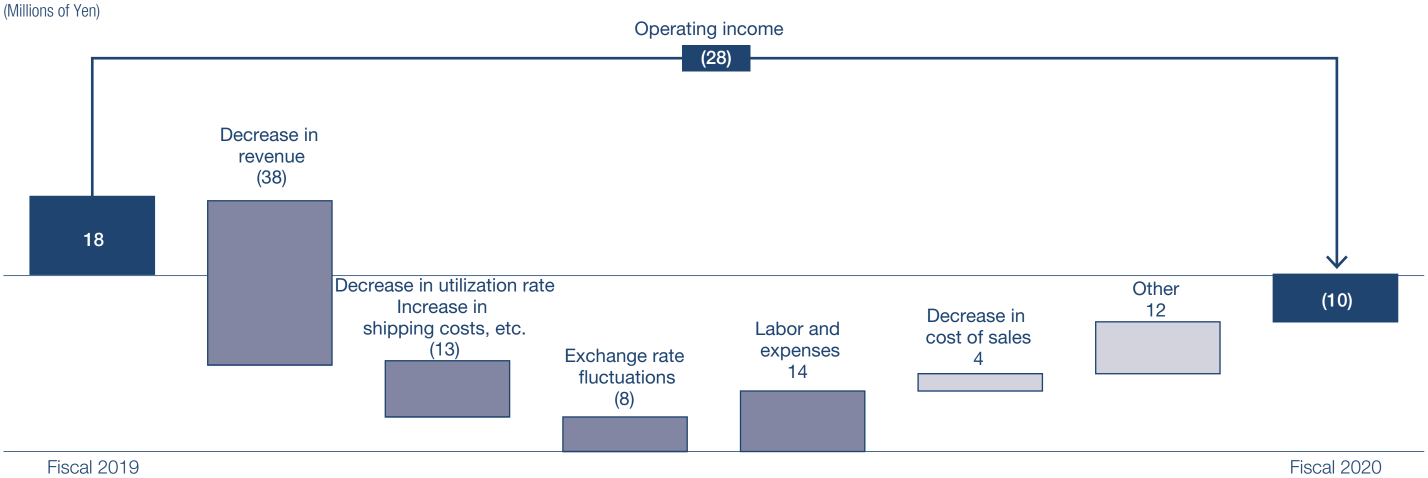
Operating Results

(Millions of Yen)

	Fiscal 2020	Fiscal 2019	Change	Change (%)
Net sales	80,437	92,966	(12,528)	(13.5)
Operating income (loss)	(1,080)	1,757	(2,837)	—
Profit (loss) attributable to owners of the parent	(5,562)	(4,156)	(1,406)	—

Analysis of Change in Operating Income (Year on Year)

(Millions of Yen)



recovered in the second half of the fiscal year but remained lackluster overall. As a result, segment revenue decreased year on year. Earnings also decreased, reflecting the significant impact of the decrease in revenue.

Energy Systems & Solutions Business*

In the Energy Systems & Solutions Business segment, net sales amounted to ¥8,764 million, down 6.8% year on year, while operating income rose to ¥604 million, compared with operating loss of ¥142 million in the previous fiscal year.

Sales of communication products were firm, due in part to the development of 5G infrastructure, but sales of other products decreased. As a result, overall segment revenue decreased year on year. The rebound to net profit was due mainly to steady sales of communication products and the rationalizing of unprofitable products.

Other

Other net sales amounted to ¥829 million, down 11.0% year on year, and operating income came to ¥23 million, up 13.7% year on year.

* The reportable segments have been reclassified from the consolidated fiscal year under review. The Energy Systems & Solutions Business has been classified as a reportable segment due to its increased financial materiality to accounting. Before the change, Shindengen had two reportable segments: Electronic Device and Car Electronics. After the change, the Company has three reportable segments: Electronic Device, Car Electronic and Energy Systems & Solutions Business.
Segment information for the previous fiscal year is presented based on this reclassification.

For information on the performance of each business segment (excluding Other), please refer to Business Segments. Note that, except where otherwise specified, intersegment transactions have been eliminated from segment performance throughout this report.

Earnings and Expenses

Fiscal 2020 operating loss was ¥1,080 million, compared with operating income of ¥1,757 million in the previous fiscal year, and the operating income margin declined from 1.9% to negative 1.3%. This decrease was mainly due to lower revenue, a decrease in plant capacity utilization due to pandemic-related restrictions on economic activities, higher shipping costs, and exchange rate fluctuations.

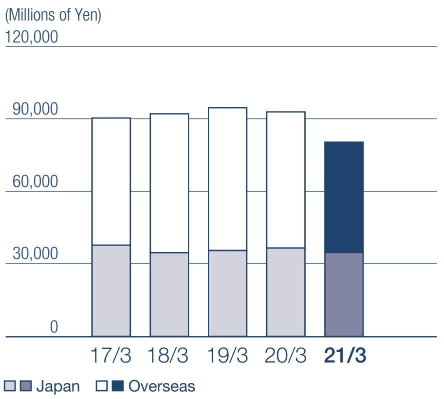
Net other income and expense included ¥327 million in dividends income and other factors that rose year on year, but also factors that were down, such as ¥103 million in equity in earnings of affiliates and ¥80 million in interest income, as well as ¥548 million in financing expenses. Under extraordinary income, the Company recorded gain on sale of investment securities of ¥333 million. Under extraordinary losses, the Company recorded impairment loss at the Hanno Factory of ¥1,586 million and ¥1,025 million in relocation expenses for the Asaka Office. As a result, net other loss amounted to ¥3,997 million, and loss before income taxes came to ¥5,077 million.

Segment Net Sales

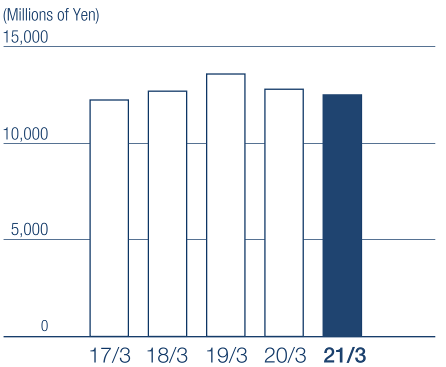
(Millions of Yen)

	Fiscal 2020	Fiscal 2019	Change	Change (%)
Electronic Device	29,214	30,989	(1,775)	(5.7)
Car Electronics	41,630	51,638	(10,007)	(19.4)
Energy Systems & Solutions	8,764	9,407	(643)	(6.8)
Other	829	932	(103)	(7.2)
Total	80,437	92,966	(12,529)	(13.5)

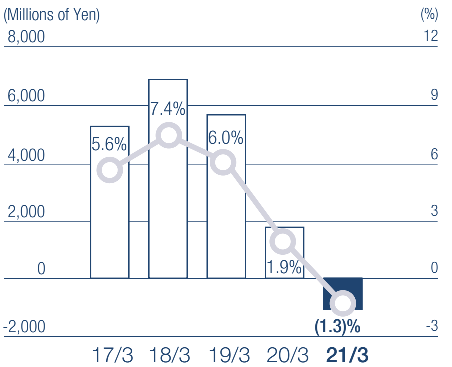
Net Sales



Selling, General and Administrative Expenses



Operating Income (loss) Operating Income Margin



Segment Operating Income

(Millions of Yen)

	Fiscal 2020	Fiscal 2019	Change	Change (%)
Electronic Device	85	(242)	327	—
Car Electronics	2,195	6,023	(3,827)	(63.5)
Energy Systems & Solutions	604	(142)	746	—
Other	23	20	(3)	13.7
Adjustments and eliminations*	(3,987)	(3,902)	(86)	—
Total	(1,080)	1,757	(2,838)	—

* The figures shown above for adjustments and eliminations include corporate expenses not allocated to the reportable segments. Corporate expenses comprise mainly general and administration expenses not attributable to the reportable segments.

After subtracting income taxes, loss attributable to owners of the parent amounted to ¥5,562 million, and net loss per share widened from ¥403.48 in fiscal 2019 to a loss per share of ¥539.73. As a result, the net income (loss) margin widened from negative 4.5% in fiscal 2019 to negative 6.9%, and ROE fell from negative 7.4% to negative 10.8%.

Comprehensive loss came to ¥3,163 million, compared with comprehensive loss of ¥4,979 million in the previous fiscal year.

Financial Position

Assets, Liabilities and Net Assets

Total assets as of March 31, 2021 stood at ¥127,807 million, up ¥6,247 million year on year. This was mainly due to increases in property, plant and equipment and investment securities.

Total liabilities at the end of the fiscal year were up ¥10,046 million year on year to ¥78,394 million. This was mainly attributable to an increase in long-term loans payable.

Total net assets at the end of the fiscal year under review stood at ¥49,413 million, down ¥3,799 million from a year prior. This was mainly because of a decrease in capital surplus.

As a result, net assets per share were ¥4,794.83.

Cash Flows

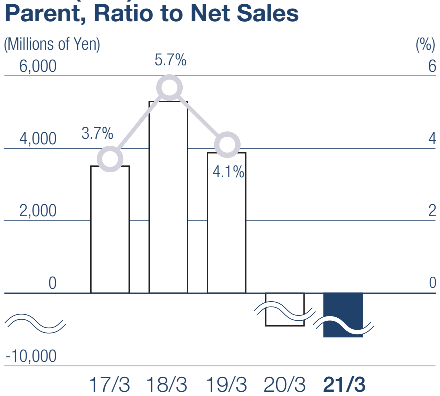
Cash and cash equivalents (net cash) at the end of the fiscal year under review came to ¥26,646 million, an increase of ¥309 million from the end of fiscal 2019. This was the result of ¥3,618 million in cash used in operating activities, ¥5,676 million in net cash used in investing activities, and ¥9,936 million in net cash provided by financing activities.

Net cash used in operating activities was ¥3,618 million, compared with net cash provided by operating activities of ¥5,828 million in the previous fiscal year. This was mainly due to loss before income taxes of ¥5,077 million.

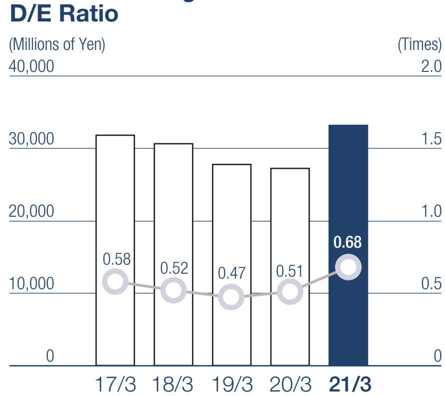
Net cash used in investing activities was ¥5,676 million, compared with ¥9,649 million in the previous fiscal year. This was due mainly to ¥6,197 million used in the purchase of property, plant and equipment.

Net cash provided by financing activities was ¥9,336 million, compared with net cash used in financing activities of ¥2,336 million in the previous fiscal year. The scheduled repayment of ¥4,525 million in long-term loans payable and ¥1,475 million used for the redemption of bonds were offset by proceeds of ¥15,000 million from long-term loans payable.

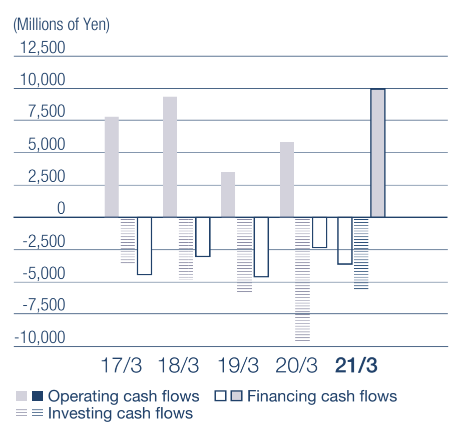
Profit (loss) Attributable to Owners of Parent, Ratio to Net Sales



Interest-Bearing Debt D/E Ratio



Cash Flows



Consolidated Balance Sheets

Shindengen Electric Manufacturing Co., Ltd. and its subsidiaries
At March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	**2021**
ASSETS			
Current assets:			
Cash and deposits (Notes 4, 6)	**¥ 26,646**	¥ 26,337	**$ 240,662**
Notes and accounts receivable-trade (Note 6)	**18,589**	18,958	**167,895**
Less: Allowance for doubtful accounts	**(21)**	(19)	**(195)**
	18,568	18,939	**167,700**
Inventories (Note 5)	**23,070**	23,382	**208,367**
Other	**5,990**	4,836	**54,097**
Total current assets	**74,274**	73,494	**670,826**
Property, plant and equipment:			
Buildings and structures (Note 8)	**6,594**	8,045	**59,558**
Machinery, equipment and vehicles (Note 8)	**8,596**	9,948	**77,640**
Land	**4,536**	5,372	**40,963**
Lease assets-tangible (Notes 8, 22)	**1,238**	1,102	**11,181**
Construction in progress	**13,218**	5,327	**119,377**
Other, net (Note 8)	**1,909**	1,595	**17,244**
Property, plant and equipment	**36,091**	31,389	**325,963**
Investments and other assets:			
Investment securities (Notes 6, 7, 11)	**15,370**	12,456	**138,823**
Deferred tax assets (Note 13)	**335**	2,138	**3,022**
Software	**649**	819	**5,858**
Lease assets-intangible (Note 22)	**14**	19	**123**
Allowance for doubtful accounts	**(49)**	(48)	**(439)**
Other	**1,123**	1,293	**10,147**
Total investments and other assets	**17,442**	16,677	**157,536**
Total assets	**¥127,807**	¥121,560	**$1,154,323**

The accompanying notes are an integral part of the statements.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	**2021**
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable-trade (Note 6)	**¥ 14,444**	¥ 16,094	**$ 130,451**
Short-term loans payable (Notes 6, 9)	**5,125**	4,525	**46,288**
Current portion of bonds (Notes 6, 9)	**1,525**	1,475	**13,773**
Lease obligations (Notes 6, 9)	**464**	336	**4,193**
Income taxes payable (Note 6)	**48**	151	**436**
Provision for bonuses	**764**	931	**6,897**
Other	**9,301**	5,917	**84,006**
Total current liabilities	**31,671**	29,429	**286,045**
Noncurrent liabilities:			
Bonds payable (Notes 6, 9)	**5,300**	4,825	**47,868**
Long-term loans payable (Notes 6, 9)	**25,075**	15,200	**226,472**
Lease obligations (Notes 6, 9)	**1,065**	873	**9,622**
Deferred tax liabilities (Note 13)	**407**	777	**3,673**
Liability for retirement benefits (Note 10)	**12,761**	14,782	**115,252**
Provision for product warranties	**1,897**	2,277	**17,135**
Asset retirement obligations	**170**	140	**1,540**
Other	**48**	45	**426**
Total noncurrent liabilities	**46,723**	38,919	**421,988**
Contingent liabilities (Note 12)			
Net assets (Note 24):			
Shareholders' equity:			
Capital stock	**17,823**	17,823	**160,975**
Capital surplus	**7,732**	7,738	**69,832**
Retained earnings	**24,046**	30,252	**217,181**
Treasury stock	**(123)**	(137)	**(1,109)**
Total shareholders' equity	**49,478**	55,676	**446,879**
Accumulated other comprehensive income (loss):			
Unrealized holding gain on available-for-sale securities	**2,898**	792	**26,173**
Foreign currency translation adjustment	**(2,678)**	(1,759)	**(24,191)**
Retirement benefits liability adjustments	**(285)**	(1,497)	**(2,571)**
Total accumulated other comprehensive income (loss)	**(65)**	(2,464)	**(589)**
Total net assets	**49,413**	53,212	**446,290**
Total liabilities and net assets	**¥ 127,807**	¥ 121,560	**$1,154,323**
Per share of common stock:			
Net assets (Yen) (U.S. dollars)	**¥4,794.83**	¥5,165.32	**$ 43.31**

Consolidated Statements of Income and Comprehensive Income

Shindengen Electric Manufacturing Co., Ltd. and its subsidiaries
For the years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	**2021**
Net sales	**¥80,437**	¥92,966	**$726,490**
Cost of sales (Note 15)	**69,018**	78,414	**623,355**
Gross profit	**11,419**	14,552	**103,135**
Selling, general and administrative expenses (Notes 14, 15)	**12,499**	12,795	**112,891**
Operating income	**(1,080)**	1,757	**(9,756)**
Other income (expense):			
Interest income	**80**	138	**718**
Dividends income	**327**	382	**2,950**
Royalty income	**16**	19	**141**
Equity in earnings of affiliates	**103**	204	**934**
Subsidies for employment adjustment	**149**	—	**1,341**
Interest expenses	**(217)**	(199)	**(1,956)**
Foreign exchange losses	**(45)**	(568)	**(409)**
Financing expenses	**548**	—	**4,953**
Gain on sales of investment securities	**333**	—	**3,009**
Gain on sales of non-current assets (Note 16)	**3**	—	**23**
Impairment loss (Note 18)	**(1,586)**	(473)	**(14,326)**
Transfer expenses	**(1,025)**	—	**(9,261)**
Special retirement expenses	**(902)**	—	**(8,144)**
Loss on sales of non-current assets (Note 17)	**(369)**	—	**(3,332)**
Loss related to COVID-19 (Note 19)	**(148)**	—	**(1,333)**
Loss on valuation of shares of subsidiaries and associates	**(100)**	—	**(903)**
Loss on support to subsidiaries and associates	**(77)**	—	**(695)**
Loss on valuation of investment securities	**(41)**	—	**(375)**
Other, net	**(1,046)**	(134)	**(9,432)**
	(3,997)	(631)	**(36,097)**
Profit before income taxes	**(5,077)**	1,126	**(45,853)**
Income taxes (Note 13):			
Current	**534**	1,004	**4,822**
Deferred	**(49)**	4,278	**(442)**
Total income taxes	**485**	5,282	**4,380**
Profit (loss)	**(5,562)**	(4,156)	**(50,233)**
Profit (loss) attributable to owners of parent	**¥ (5,562)**	¥ (4,156)	**$ (50,233)**

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	**2021**
Profit (loss) attributable to owners of parent	**¥ (5,562)**	¥ (4,156)	**$ (50,233)**
Other comprehensive income			
Unrealized holding loss (gain) on available-for-sale securities	**2,106**	(928)	**19,017**
Foreign currency translation adjustment	**(996)**	104	**(8,998)**
Retirement benefits liability adjustments	**1,212**	205	**10,948**
Share of other comprehensive loss of affiliates accounted for using equity method	**77**	(204)	**698**
Total other comprehensive income (Note 20)	**2,399**	(823)	**21,665**
Comprehensive income	**¥ (3,163)**	¥ (4,979)	**$ (28,568)**
Comprehensive income attributable to:			
Owners of parent	**¥ (3,163)**	¥ (4,979)	**$ (28,568)**
Non-controlling interests	**—**	—	**—**

	Yen		U.S. dollars (Note 3)
	2021	2020	**2021**
Per share of common stock [Notes 2 (13), 23]:			
Profit attributable to owners of parent:			
Basic	**¥(539.73)**	¥(403.48)	**$ (4.88)**
Diluted	**—**	—	**—**
Cash dividends per share for the period (Common stock)	**62.50**	62.50	**0.56**
Weighted average number of ordinary shares (thousands)	**10,305**	10,301	**—**

Note: A share consolidation of the Company's common stock was implemented at a ratio of 1 share per 10 shares on October 1, 2017.
The accompanying notes are an integral part of the statements.

Consolidated Statements of Changes in Net Assets

Shindengen Electric Manufacturing Co., Ltd. and its subsidiaries
For the years ended March 31, 2021 and 2020

Millions of yen

						Shareholders' equity
	Number of shares issued (Note 24)	Capital stock	Capital surplus	Retained earnings	Treasury stock (Note 24)	Total shareholders' equity
Balance at March 31, 2019	10,339	¥17,823	¥7,739	¥35,696	¥(146)	¥61,112
Cash dividends paid				(1,288)		(1,288)
Profit attributable to owners of parent				(4,156)		(4,156)
Purchase of treasury stock					(1)	(1)
Disposal of treasury stock			(1)		10	9
Net changes in items other than those in shareholders' equity						
Balance at March 31, 2020	10,339	17,823	7,738	30,252	(137)	55,676
Cash dividends paid				**(644)**		**(644)**
Profit attributable to owners of parent				**(5,562)**		**(5,562)**
Purchase of treasury stock					**(1)**	**(1)**
Disposal of treasury stock			**(6)**		**15**	**9**
Net changes in items other than those in shareholders' equity						
Balance at March 31, 2021	**10,339**	**¥17,823**	**¥7,732**	**¥24,046**	**¥(123)**	**¥49,478**

Millions of yen

				Accumulated other comprehensive income (loss)	
	Unrealized holding gain on available-for-sale securities	Foreign currency translation adjustment	Retirement benefits liability adjustments (Note 10)	Total accumulated other comprehensive income (loss)	Total net assets
Balance at March 31, 2019	¥1,720	¥(1,659)	¥(1,702)	¥(1,641)	¥59,470
Cash dividends paid					(1,288)
Profit attributable to owners of parent					(4,156)
Purchase of treasury stock					(1)
Disposal of treasury stock					9
Net changes in items other than those in shareholders' equity	(928)	(100)	205	(823)	(823)
Balance at March 31, 2020	792	(1,759)	(1,497)	(2,464)	53,212
Cash dividends paid					**(644)**
Profit attributable to owners of parent					**(5,562)**
Purchase of treasury stock					**(1)**
Disposal of treasury stock					**9**
Net changes in items other than those in shareholders' equity	**2,106**	**(919)**	**1,212**	**2,399**	**2,399**
Balance at March 31, 2021	**¥2,898**	**¥(2,678)**	**¥ (285)**	**¥ (65)**	**¥49,413**

The accompanying notes are an integral part of the statements.

					Thousands of U.S. dollars (Note 3)
					Shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock (Note 24)	Total shareholders' equity
Balance at March 31, 2020	**$160,975**	**$69,889**	**$273,229**	**$(1,240)**	**$502,853**
Cash dividends paid			(5,815)		(5,815)
Profit attributable to owners of parent			(50,233)		(50,233)
Purchase of treasury stock				(10)	(10)
Disposal of treasury stock		(57)		141	84
Net changes in items other than those in shareholders' equity					
Balance at March 31, 2021	**$160,975**	**$69,832**	**$217,181**	**$(1,109)**	**$446,879**

					Thousands of U.S. dollars (Note 3)
	Accumulated other comprehensive income (loss)				
	Unrealized holding gain on available-for-sale securities	Foreign currency translation adjustment	Retirement benefits liability adjustments (Note 10)	Total accumulated other comprehensive income (loss)	Total net assets
Balance at March 31, 2020	**$ 7,156**	**$(15,891)**	**$(13,519)**	**$(22,254)**	**$546,449**
Cash dividends paid					(5,815)
Profit attributable to owners of parent					(50,233)
Purchase of treasury stock					(10)
Disposal of treasury stock					84
Net changes in items other than those in shareholders' equity	19,017	(8,300)	10,948	21,665	21,665
Balance at March 31, 2021	**$26,173**	**$(24,191)**	**$ (2,571)**	**$ (589)**	**$446,290**

The accompanying notes are an integral part of the statements.

Consolidated Statements of Cash Flows

Shindengen Electric Manufacturing Co., Ltd. and its subsidiaries
For the years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	**2021**
Operating activities:			
Profit before income taxes	**¥ (5,077)**	¥ 1,126	**$ (45,853)**
Depreciation and amortization	**4,735**	5,176	**42,769**
Bond issuance cost	**54**	6	**485**
Impairment loss	**1,586**	473	**14,326**
Decrease (increase) in provision for bonuses	**(168)**	(179)	**(1,513)**
Decrease in provision for product warranties	**(380)**	(414)	**(3,429)**
Increase in liability for retirement benefits	**(241)**	(202)	**(2,178)**
Loss (gain) on sales of investment securities	**(333)**	—	**(3,009)**
Interest and dividends income	**(406)**	(520)	**(3,669)**
Interest expenses	**217**	199	**1,956**
Decrease in notes and accounts receivable-trade	**41**	110	**369**
Decrease in inventories	**(32)**	347	**(286)**
Decrease in consumption taxes refund receivable	**(1,219)**	242	**(11,013)**
Increase (decrease) in accounts receivable-other	**(344)**	(9)	**(3,108)**
Increase in notes and accounts payable-trade	**(1,359)**	933	**(12,270)**
Loss on disposal of property, plant and equipment	**49**	28	**439**
Loss related to COVID-19	**148**	—	**1,333**
Other, net	**(463)**	(921)	**(4,175)**
Sub total	**(3,192)**	6,395	**(28,826)**
Interest and dividends received	**420**	517	**3,789**
Interest paid	**(217)**	(204)	**(1,958)**
Income taxes paid	**(629)**	(879)	**(5,684)**
Net cash provided by operating activities	**(3,618)**	5,829	**(32,679)**
Investing activities:			
Purchases of investment securities	**(50)**	—	**(451)**
Proceeds from sales of investment securities	**507**	—	**4,579**
Purchase of property, plant and equipment	**(6,197)**	(9,048)	**(55,971)**
Proceeds from sales of property, plant and equipment	**326**	21	**2,949**
Purchase of intangible assets	**(184)**	(212)	**(1,662)**
Other, net	**(78)**	410	**(706)**
Net cash used in investing activities	**(5,676)**	(9,649)	**(51,262)**
Financing activities:			
Proceeds from long-term loans payable	**15,000**	6,000	**135,477**
Repayment of long-term loans payable	**(4,525)**	(5,750)	**(40,869)**
Proceeds from issuance of bonds	**1,946**	—	**17,579**
Redemption of bonds	**(1,475)**	(981)	**(13,322)**
Purchase of treasury stock	**(1)**	(1)	**(11)**
Repayment for finance lease obligations	**(365)**	(316)	**(3,296)**
Cash dividends paid	**(644)**	(1,288)	**(5,815)**
Net cash used in financing activities	**9,336**	(2,336)	**89,743**
Effect of exchange rate change on cash and cash equivalents	**(334)**	(12)	**(3,014)**
Net decrease (increase) in cash and cash equivalents	**308**	(6,168)	**2,788**
Cash and cash equivalents at beginning of the year	**26,338**	32,505	**237,874**
Cash and cash equivalents at end of the year (Note 4)	**¥26,646**	¥26,337	**$240,662**

The accompanying notes are an integral part of the statements.

Notes to Consolidated Financial Statements
Shindengen Electric Manufacturing Co., Ltd. and its subsidiaries

1. Basis of presentation

(1) Accounting principles and presentation
The accompanying consolidated financial statement of Shindengen Electric Manufacturing Co., Ltd. (the "Company") and its subsidiaries (the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the applications and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau (a regional branch organization of the Ministry of Finance in Japan) have been reclassified in these accounts for the convenience of readers outside Japan.

Certain items in the prior years' financial statements have been reclassified to conform to the current year's presentation.

(2) Scope of consolidation
The Company has 21 subsidiaries (controlling companies-companies whose decision-making is controlled, 18 consolidated subsidiaries, 3 non-consolidated subsidiaries, 2 affiliated companies) as of March 31, 2021 and had 21 subsidiaries as of March 31, 2020.

The consolidated financial statements for the years ended March 31, 2021 and 2020 include the accounts of the Company and its 18 subsidiaries, respectively.

The major consolidated subsidiaries are listed below.

	Equity ownership percentage
• Akita Shindengen Co., Ltd.	100.0%
• Higashine Shindengen Co., Ltd.	100.0%
• Okabe Shindengen Co., Ltd.	100.0%
• Lumphun Shindengen Co., Ltd.	100.0%
• Shindengen (Thailand) Co., Ltd.	100.0%

In the accompanying consolidated financial statements, the accounts of the 11 overseas subsidiaries for the year ended December 31, 2020 are consolidated with the accounts of the Company for the year ended March 31, 2021, as their fiscal year ends on December 31.

The remaining 3 unconsolidated subsidiaries as of March 31, 2021 are insignificant in terms of total assets, net sales, profit or loss and retained earnings and therefore have been excluded from consolidation.

The major unconsolidated subsidiary is listed below.

• Shindengen Lao Co., Ltd.

(3) Elimination and consolidation
For the purpose of preparing the consolidated financial statements, all significant inter-company transactions, account balances and unrealized profits among the Companies have been entirely eliminated.

(4) Investments in unconsolidated subsidiaries and affiliates
The Company has 3 unconsolidated subsidiaries and 2 affiliates (influencing companies-companies whose financial and operating or business decision making can be influenced to a material degree, and which are not subsidiaries) at March 31, 2021.

The investments in 2 affiliates are accounted for using the equity method. Investments in unconsolidated subsidiaries not accounted for using the equity method are stated at cost less impairment loss, due to their insignificant effect on the consolidated financial statements.

The major affiliate accounted for by the equity method is listed below.

• Shindengen Mechatronics Co., Ltd.

(5) Translation of foreign currency financial statements (accounts of overseas subsidiaries)
Assets, liabilities and net assets of overseas subsidiaries are translated into Japanese yen using the exchange rates prevailing at the balance sheet date except shareholders' equity, which is translated at the historical rates.

Differences in Japanese yen amounts arising from the use of different exchange rates are presented as "Foreign currency translation adjustment" in the accompanying consolidated financial statements.

(6) Revaluation of assets and liabilities of subsidiaries
The Company adopts the "full fair value method" in which all assets and liabilities of the subsidiaries are remeasured at fair value as of the acquisition of the control.

(7) Cash and cash equivalents
Cash and cash equivalents in the consolidated statements of cash flows are composed of cash in hand, bank deposits, which are able to be withdrawn on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuation in value.

2. Summary of significant accounting policies

(1) Financial instruments
(A) Securities
Securities held by the Company and its subsidiaries are classified into two categories: "held-to maturity", or "other securities". Held-to maturity securities are carried at cost.

Mark-to-market accounting is adopted for other securities. In accordance with this method, these securities with market quotations are carried at fair value that is reasonably determinable based on current market quotes on the balance sheet date, with net unrealized gains and losses, net of related tax, reported separately in net assets. Realized gains or losses on securities sold are determined based on the moving-average method. If fair value is not available, securities are carried at cost, which is determined by the moving-average method.

In cases where the fair value of equity securities issued by unconsolidated subsidiaries and affiliates or other securities has declined significantly and such impairment of the value is not deemed temporary, these securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

(B) Derivatives
All derivatives are carried at fair value, with changes in fair value included in net profit or loss for the period in which they arise, except for derivatives that are designated as "hedging instruments".

(2) Inventories
Inventories held by the Company and the domestic consolidated subsidiaries are carried at cost, which is determined principally by the average method (reducing book value of inventories when their contribution to profitability declines).

Inventories held by overseas consolidated subsidiaries are valued at the lower of cost or market value, which is determined by the moving average method.

(3) Depreciation method for tangible assets (excluding lease assets)

Depreciation for property, plant and equipment held by the Company and its domestic consolidated subsidiaries is calculated using the declining-balance method. Depreciation of property, plant and equipment held by overseas consolidated subsidiaries is calculated primarily by the straight-line method.

The estimated useful lives of assets are principally as follows:

- Buildings - 3 to 50 years
- Machinery and equipment - 4 to 10 years

(4) Amortization method for intangible assets (excluding lease assets)

Amortization for software and other intangible assets is calculated based on the straight-line method over 5 years of their estimated useful lives.

(5) Depreciation method for lease assets

Depreciation for lease assets is calculated based on the straight-line method over the lease period assuming no residual value.

(6) Allowance for doubtful accounts

The allowance for doubtful accounts is calculated based on the aggregate amount of estimated credit losses for doubtful receivables plus an amount for receivables other than doubtful receivables calculated using historical write-off experience over a certain period

(7) Provision for bonuses

Provision for bonuses is provided based on the amount of expected future payments of bonuses, attributable to the fiscal year.

(8) Provision for product warranties

The Company estimates and accrues the costs of warranty repair for products sold in reserve for future expenses.

(9) Retirement benefits

Accrued retirement benefits and prepaid pension cost for employees have been recorded mainly at the amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of balance sheet date. The retirement benefit obligation for employees is attributed to each period by the benefit formula method.

The unrecognized prior service costs are amortized on the straight-line basis over a term that does not exceed the average remaining service period of employees who are expected to receive benefits under the plans (mainly 13 years) from the year in which they arise, and unrecognized actuarial differences are amortized on the straight-line basis over a term that does not exceed the average remaining service period of employees who are expected to receive benefits under the plans (mainly 13 years) from the next year in which they arise

(10) Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net profit or loss for the period.

(11) Hedge accounting

Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred. As for the hedge accounting method, special treatment is adopted for interest rate swaps that meet the requirements for special treatment. Hedging instruments are interest rate swap transactions and hedged items are interest of loans payable. The Companies enter into interest rate swap transactions in order to reduce future interest rate risks from financial liabilities.

(12) Income taxes

The income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local inhabitants' taxes and enterprise taxes.

The Companies adopt deferred tax accounting. Income taxes are determined using the asset and liability approach, whereby deferred tax assets and liabilities are recognized in respect of temporary differences between the tax bases of assets and liabilities and those as reported in the financial statements.

Deferred tax assets relating to tax loss carryforwards are recorded because the Japanese accounting standard requires that the benefit of tax loss carryforwards be estimated and recorded as an asset, with a deduction of the valuation allowance if it is expected that some portion or all of the deferred tax assets will not be realized.

(13) Profit attributable to owners of parent per share

Profit attributable to owners of parent per share is based upon the weighted average number of shares of common stock outstanding less the number of treasury stock during each period.

(14) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(15) Important accounting estimates (Impairment of non-current assets)

① Amount recorded in the consolidated financial statements for the current consolidated fiscal year

The Company determined that there was an indication of impairment for the asset group in the Device business (book value of the non-current assets amounting ¥12,830 million ($115,870 thousand)) due to the fact that it has continuously posted operating losses. However, in determining whether to recognize an impairment loss, the Company did not recognize an impairment loss because the total undiscounted future cash flows from the asset group exceeded its carrying amount.

② Information related to the important accounting estimates of recognized items

a. Calculation method

The grouping of the business assets is considered on the basis of the mutual complementarity of the cash flows by affinity of manufacturing process based on the classification of the management accounting. If there is an indication of impairment such as a significant decline in the profitability or market value of the assets or asset group, the impairment review is performed by comparing undiscounted future cash flows based on the business plan of the asset group with the carrying amount. As the result of the impairment review, in case the carrying amount exceeds the undiscounted future cash flows and the Company determines that impairment loss should be recognized, it is written down to its recoverable amount (the greater of fair value less cost to sell and value in use) and the written-down amount is recognized as impairment loss.

b. Key assumptions

The future cash flows derived from this asset group are estimated based on the business plan for the following fiscal year approved by the Board of

Directors over the remaining economic useful lives of the major assets.

Sales volume and raw material prices as major assumptions underlying the business plan are estimated by taking into account trends in demand from the past, market forecasts, market prices, and other factors.

The COVID-19 infection is re-expanding in some areas and the it is still uncertain when the infection is curbed. The Company assumes that the situation in the fourth quarter of FY2021 will continue in FY 2022 based on available information.

c. Impact on consolidated financial statements for the next consolidated fiscal year

The estimation is based on information available at the date of the consolidated financial statements. However, it would have a significant impact on the consolidated financial statements for the next consolidated fiscal year in case sufficient future cash flows cannot be expected due to the changes of future economic environment or the impact of COVID-19 infection.

(Recoverability of deferred tax assets)

① Amount recorded in the consolidated financial statements for the current consolidated fiscal year

Deferred tax assets (net) ¥334 million ($3,022 thousand)

② Information related to the important accounting estimates of recognized items

a. Calculation method

The deferred tax assets which are determined to be effective that it will ease future tax burden are recorded based on the estimation of the taxable income forecasted from the future business plan.

b. Key assumptions

The future cash flows derived from this asset group are estimated based on the business plan for the following fiscal year approved by the Board of Directors over the remaining economic useful lives of the major assets.

Sales volume and raw material prices as major assumptions underlying the business plan are estimated by taking into account trends in demand from the past, market forecasts, market prices, and other factors.

The COVID-19 infection is re-expanding in some areas and the it is still uncertain when the infection is curbed. The Company assumes that the situation in the fourth quarter of FY2021 will continue in FY 2022 based on available information.

③ Impact on consolidated financial statements for the next consolidated fiscal year

The estimation is based on information available at the date of the consolidated financial statements. However, it would have a significant impact on the consolidated financial statements for the next consolidated fiscal year in case sufficient taxable income cannot be earned due to the changes of future economic environment or the impact of COVID-19 infection.

(16) Accounting standards issued but not yet effective

Accounting Standards for Revenue Recognition

On March 31, 2020, the ASBJ issued “Accounting Standard for Revenue Recognition.”(ASBJ Statement No.29) and “ Implementation Guidance on the disclosure for Fair Value Measurement of Financial Instruments.”(ASBJ Guidance No.19). On March 26, 2021, the ASBJ issued “Implementation Guidance on Accounting Standard for Revenue Recognition.”(ASBJ Guidance No.30).

(A) Overview

The IASB and the FASB jointly developed a comprehensive accounting standard for revenue recognition, and in May 2014, “Revenue from Contracts with Customers”. (IFRS 15 under the IASB, Topic 606 under the FASB) was published. IFRS 15 became effective from the fiscal year beginning on or after January 1, 2018 while Topic 606 became effective from annual reporting periods beginning after December 15, 2017. The comprehensive accounting standard for revenue recognition was developed by the ASBJ based on the developments above, and was published together with the application guidelines.

The basic policy for the development of the accounting standard for revenue recognition by the ASBJ was to incorporate the fundamental principles of IFRS15 in order to bring about one of the benefits of developing the new standard, to allow for comparability with financial statements prepared under IFRS15. In instances where accounting treatment previously practiced in Japan for certain accounts must be factored, alternative treatment- is added to the extent the comparability element is not diminished.

(B) Scheduled date of adoption

The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(C) Impact of the adoption of accounting standard and implementation guidance

The Company is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on its consolidated financial statements.

Accounting Standard for Fair Value Measurement and Related Implementation Guidance

On July 4, 2019, the Accounting Standards Board of Japan (ASBJ) issued “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30), and “Implementation Guidance on Accounting Standard for Fair Value Measurement ” (ASBJ Guidance No. 31), along with related updates to “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9), and “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10), and “Implementation Guidance on Disclosures about Fair Value of Financial Instruments.” (ASBJ Guidance No. 19).

(A) Overview

The ASBJ developed an “Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (hereinafter collectively, the “Fair Value Measurement Standard”), which provide guidance for fair value measurement in order to improve comparability with internationally recognized accounting standards. The Fair Value Measurement Standard is applied with respect to the fair value of the following items;

- Financial instruments defined in “Accounting Standard for Financial Instruments”
- Inventories held for trading purposes defined in “Accounting Standard for Measurement of Inventories”

(B) Scheduled date of adoption

The Company expects to adopt the accounting standards and related implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(C) Impact of the adoption of accounting standard and implementation guidance

The Company is currently evaluating the effect of the adoption of the accounting standards and related implementation guidance on its consolidated financial statements.

(1) Application of "Accounting Standards for Disclosure of Accounting Estimates"

"Accounting Standards for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) had been applied from the current consolidated fiscal year, and it described on the notes regarding important accounting estimates.

However, in the note, the contents related to the previous consolidated fiscal year are not described in accordance with the transitional treatment stipulated in the proviso of paragraph 11 of the ASBJ Statement.

3. United States dollar amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥ 110.72=U.S. $ 1, the approximate rate of exchange prevailing at March 31, 2021 has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.

4. Cash flow information

Cash and cash equivalents as of March 31, 2021 and 2020 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Cash and deposits	**¥26,646**	¥26,337	**$240,662**
Cash and cash equivalents	**¥26,646**	¥26,337	**$240,662**

Significant finance lease transactions without cash flow for the years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Lease assets	**¥454**	¥493	**$4,108**
Lease obligations	**503**	527	**4,552**

5. Inventories

Inventories held by the Companies as of March 31, 2021 and 2020 are the follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Finished products	**¥ 7,593**	¥ 7,638	**$ 68,583**
Raw materials	**10,977**	11,184	**99,137**
Work in process	**4,500**	4,560	**40,647**
	¥23,070	¥23,382	**$208,367**

The cost of sales includes write-downs of inventories of ¥ 288 million ($2,598 thousand), and ¥642 million for the years ended March 31, 2021 and 2020, respectively, reflecting reduced profitability of inventory held for normal sales purposes.

6. Financial instruments

① Overview

(1) Policy for financial instruments

The Companies raise funds mainly through bank borrowings and issuing bonds. The Companies manage temporary cash surpluses through low-risk and short-term financial assets. The Companies uses derivatives for the purpose of reducing risks, and does not enter into derivatives for speculative purposes.

(2) Types of financial instruments and related risk

Trade receivables (notes and accounts receivable-trade) are exposed to credit risk in relation to customers. In addition, the Companies are exposed to foreign currency exchange risk arising from receivables denominated in foreign currencies.

Investment securities (mainly composed of the shares of common stock) are exposed to market risk.

Trade payables (notes and accounts payable-trade) have payment due dates within 1 year. Trade payables denominated in foreign currency are exposed to foreign currency exchange risk.

Short-term loans payables are raised mainly in connection with funding the working capital. Long-term loans payable, bonds payable, and lease obligations are taken out mainly for the purpose of making capital investments, settled within 7 years from the balance sheet date, and partially exposed to interest rate fluctuation risk.

Regarding derivatives, the Companies enter into forward foreign exchange contracts to reduce future foreign currency exchange risk arising from the receivables and payables denominated in foreign currencies. The forward exchange contracts volume is limited to the balance of each asset or liability denominated in foreign currencies. The Companies enter into interest rate swap transactions to reduce future interest rate risks deriving from financial assets or liabilities. The amount of the swap contracts is limited to the balance of the underlying financial assets or liabilities. Forward foreign exchange contracts are exposed to currency rate fluctuation risks. Interest rate swap transactions are exposed to interest rate risks.

Information regarding the method of hedge accounting, hedging instruments, hedged items, and hedging policy is disclosed in "Hedge accounting".

(3) Risk management for financial instruments

(A) Monitoring of credit risks (default of the customers, or other)

In accordance with the Company's internal rule "Management rule of operating receivables", the Sales Dept. and Finance Dept. periodically monitor the balance of transactions involving main customers, as a part of balance management, and grasp at an early stage any increase in customer credit risks from deterioration in financial condition or other phenomenon. In the subsidiary companies, there are almost the same management systems according to "Management rule of operating receivables". The Companies also believe that the credit risk of derivatives is insignificant as it enters into derivative transactions only with financial institutions which have a sound credit profile.

(B) Monitoring of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)

The Company has "Management rule of derivatives" that sets forth basic policy, procedures, and upper position limits on derivative transactions. Based on this rule, the Finance Dept. executes derivative contracts. The status of each transaction is reported at the board of director's meeting on a quarterly basis. The same rule is adopted and followed by its subsidiaries. For marketable securities and investment securities, the Company periodically reviews the fair values of such financial instruments and the financial position of the issuers. In addition, the Company monitors the market price for stocks with market values on a quarterly basis.

(C) Monitoring of liquidity risk (the risk that the Companies may not be able to meet their obligations on scheduled due dates)

The Company prepares and updates its cash flow plans on a timely basis, and maintains the liquidity on hand to manage liquidity risk.

(4) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value. In addition, the notional amounts of derivatives in Note 21, Derivatives and hedging activities, are not necessarily indicative of the actual market risk involved in derivative transactions.

② Estimated fair value of financial instruments

Carrying value, estimated fair value, and unrealized gain (loss) of financial instruments on the consolidated financial balance sheets as of March 31, 2021, and 2020 are as follows. Financial instruments for which it is extremely difficult to determine the fair value are not included (Please refer to Note 2 below).

Millions of yen

2021	Carrying value	Estimated fair value	Unrealized gain (loss)
(1) Cash and deposits	**¥26,646**	**¥26,646**	**¥ —**
(2) Notes and accounts receivable-trade	**18,589**	**18,589**	**—**
(3) Income taxes receivable	**757**	**757**	**—**
(4) Investment securities	**11,917**	**11,917**	**—**
Assets total	**¥57,909**	**¥57,909**	**—**
(1) Notes and accounts payable-trade	**14,444**	**14,444**	**—**
(2) Short-term loans payable	**5,125**	**5,125**	**—**
(3) Current portion of bonds	**1,525**	**1,525**	**—**
(4) Lease obligations (short-term)	**464**	**464**	**—**
(5) Income taxes payable	**48**	**48**	**—**
(6) Bonds payable	**5,300**	**5,198**	**(102)**
(7) Long-term loans payable	**25,075**	**25,356**	**281**
(8) Lease obligations (long-term)	**1,065**	**963**	**(102)**
Liabilities total	**¥53,046**	**¥53,123**	**¥ 77**
Derivatives (Note)	**¥ (14)**	**¥ (14)**	**¥ —**

Millions of yen

2020	Carrying value	Estimated fair value	Unrealized gain (loss)
(1) Cash and deposits	¥26,337	¥26,337	¥ —
(2) Notes and accounts receivable-trade	¥18,958	¥18,958	—
(3) Income taxes receivable	860	860	—
(4) Investment securities	9,125	9,125	—
Assets total	¥55,280	¥55,280	¥ —
(1) Notes and accounts payable-trade	16,094	16,094	—
(2) Short-term loans payable	4,525	4,525	—
(3) Current portion of bonds	1,475	1,475	—
(4) Lease obligations (short-term)	336	336	—
(5) Income taxes payable	151	151	—
(6) Bonds payable	4,825	4,751	(74)
(7) Long-term loans payable	15,200	15,150	(50)
(8) Lease obligations (long-term)	873	799	(74)
Liabilities total	¥43,478	¥43,280	¥(198)
Derivatives (Note)	¥ 36	¥ 36	¥ —

Thousands of U.S. dollars

2021	Carrying value	Estimated fair value	Unrealized gain (loss)
(1) Cash and deposits	**$240,662**	**$240,662**	**$ —**
(2) Notes and accounts receivable-trade	**167,895**	**167,895**	**—**
(3) Income taxes receivable	**6,835**	**6,835**	**—**
(4) Investment securities	**107,627**	**107,627**	**—**
Assets total	**$523,019**	**523,019**	**—**
(1) Notes and accounts payable-trade	**130,452**	**130,452**	**—**
(2) Short-term loans payable	**46,288**	**46,288**	**—**
(3) Current portion of bonds	**13,773**	**13,773**	**—**
(4) Lease obligations (short-term)	**4,193**	**4,193**	**—**
(5) Income taxes payable	**436**	**436**	**—**
(6) Bonds payable	**47,868**	**46,948**	**(920)**
(7) Long-term loans payable	**226,472**	**229,006**	**2,534**
(8) Lease obligations (long-term)	**9,622**	**8,701**	**(921)**
Liabilities total	**$479,104**	**$479,797**	**$ 693**
Derivatives (Note)	**$ (129)**	**$ (129)**	**$ —**

Note: The value of assets and liabilities arising from derivatives is shown at net value, and with the amount in parentheses representing net liability position.

Note 1. Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions.

(Assets)

(1) Cash and deposits
(2) Notes and accounts receivable-trade
(3) Income taxes receivable
Since these items are settled in a short period of time, their carrying value approximates fair value.
(4) Investment securities
The fair value of stocks held as other securities is based on quoted market prices. Information of marketable securities and investments classified by holding purpose are disclosed in "securities".

(Liabilities)

(1) Notes and accounts payable-trade
(2) Short-term loans payable
(3) Current portion of bonds
(4) Lease obligations (short term)
(5) Income taxes payable
Since these items are settled in a short period of time, their carrying value approximates fair value.
(6) Bonds payable
(8) Lease obligations (long-term)
The fair values of bonds payable and lease obligations are based on the present values of the total of principal and interest discounted by an interest rate determined, taking into account their remaining period, and credit risks of the Company itself.

(7) Long-term loans payable

The fair values of long-term loans payable are based on the present value of the total of principal and interest discounted by an interest rate determined, taking into account their remaining period, and credit risks of the Company itself. Since the deferral hedge accounting has been applied, the market value of interest swap contracts is included in fair value of the long-term loans payable with floating interest rates.

As for the hedge accounting method, special treatment is adopted for interest rate swaps that meet the requirements for special treatment.

(Derivatives)

Disclosed in "Derivatives and hedging activities"

Note 2. Financial instruments for which it is extremely difficult to determine the fair value.

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Unlisted stocks	**¥3,454**	¥3,330	**$31,196**

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in the above "(4) Investment securities".

Note 3. Redemption schedule for receivables.

Millions of yen

March 31, 2021	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	**¥26,641**	**¥—**	**¥—**	**¥—**
Notes and accounts receivable-trade	**18,589**	**—**	**—**	**—**
Total	**¥45,230**	**¥—**	**¥—**	**¥—**

Millions of yen

March 31, 2020	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	¥26,332	¥—	¥—	¥—
Notes and accounts receivable-trade	18,958	—	—	—
Total	¥45,290	¥—	¥—	¥—

Thousands of U.S. dollars

March 31, 2021	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	**$240,613**	**$—**	**$—**	**$—**
Notes and accounts receivable-trade	**167,895**	**—**	**—**	**—**
Total	**$408,508**	**$—**	**$—**	**$—**

Note 4. The redemption schedule for bonds payable, long-term loans payable, lease obligations (long-term), and other liabilities.

Millions of yen

March 31, 2021	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 year through 3 years	Due after 3 year through 4 years	Due after 4 year through 5 years	Due after 5 years
Short-term loans payable	**¥5,125**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Current portion of bonds	**1,525**	**—**	**—**	**—**	**—**	**—**
Lease obligations (short-term)	**464**	**—**	**—**	**—**	**—**	**—**
Bonds payable	**—**	**1,450**	**1,500**	**1,025**	**525**	**800**
Long-term loans payable	**—**	**5,100**	**5,625**	**5,075**	**4,400**	**4,875**
Lease obligations (long-term)	**—**	**367**	**248**	**240**	**92**	**118**
Total	**¥7,114**	**¥6,917**	**¥7,373**	**¥6,340**	**¥5,017**	**¥5,793**

March 31, 2020	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 year through 3 years	Due after 3 year through 4 years	Due after 4 year through 5 years	Due after 5 years
						Millions of yen
Short-term loans payable	¥4,525	¥ —	¥ —	¥ —	¥ —	¥ —
Current portion of bonds	1,475	—	—	—	—	—
Lease obligations (short-term)	336	—	—	—	—	—
Bonds payable	—	1,525	1,450	1,100	625	125
Long-term loans payable	—	4,625	4,050	2,625	2,075	1,825
Lease obligations (long-term)	—	414	179	135	133	12
Total	¥6,336	¥6,564	¥5,679	¥3,860	¥2,833	¥1,962

March 31, 2021	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 year through 3 years	Due after 3 year through 4 years	Due after 4 year through 5 years	Due after 5 years
						Thousands of U.S. dollars
Short-term loans payable	**$46,288**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Current portion of bonds	**13,773**	**—**	**—**	**—**	**—**	**—**
Lease obligations (short-term)	**4,193**	**—**	**—**	**—**	**—**	**—**
Bonds payable	**—**	**13,096**	**13,548**	**9,257**	**4,742**	**7,225**
Long-term loans payable	**—**	**46,062**	**50,804**	**45,836**	**39,740**	**44,030**
Lease obligations (long-term)	**—**	**3,319**	**2,238**	**2,165**	**836**	**1,064**
Total	**$64,254**	**$62,477**	**$66,590**	**$57,258**	**$45,318**	**$52,319**

7. Securities

Information regarding securities classified as held-to-maturity securities and other securities (stock) as of March 31, 2021 and 2020 are as follows:

Held-to-maturity securities (Certificate of deposit)

For the year ended March 31, 2021
No current report

For the year ended March 31, 2020
No current report

Other securities (stock)

	Carrying value	Acquisition cost	Unrealized gain (loss)
			Millions of yen
			2021
Other securities with carrying values exceeding acquisition costs	**¥11,772**	**¥7,645**	**¥4,127**
Other securities with carrying values not exceeding acquisition costs	**144**	**200**	**(56)**
Total	**¥11,916**	**¥7,845**	**¥4,071**

	Carrying value	Acquisition cost	Unrealized gain (loss)
			Millions of yen
			2020
Other securities with carrying values exceeding acquisition costs	¥3,453	¥1,531	¥1,922
Other securities with carrying values not exceeding acquisition costs	5,673	6,488	(815)
Total	¥9,126	¥8,019	¥1,107

	Carrying value	Acquisition cost	Unrealized gain (loss)
			Thousands of U.S. dollars
			2021
Other securities with carrying values exceeding acquisition costs	**$106,324**	**$69,046**	**$37,278**
Other securities with carrying values not exceeding acquisition costs	**1,304**	**1,808**	**(504)**
Total	**$107,628**	**$70,854**	**$36,774**

Unlisted stocks are not included in the above tables because there are no quoted market prices available and it is extremely difficult to determine the fair value.

Carrying values of securities without fair value as of March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Unlisted stocks	**¥128**	¥78	**$1,156**

Other securities sold during the consolidated fiscal year

	Sale amount	Total gain on sales	Total loss on sales
			Millions of yen
			2021
Other securities	**¥507**	**¥333**	**¥—**
Debentures	**—**	**—**	**—**
Others	**—**	**—**	**—**
Total	**¥ —**	**¥ —**	**¥—**

	Thousands of U.S. dollars		
	2021		
	Sale amount	Total gain on sales	Total loss on sales
Other securities	**$4,579**	**$3,009**	**$—**
Debentures	**—**	**—**	**—**
Others	**—**	**—**	**—**
Total	**$ —**	**$ —**	**$—**

8. Accumulated depreciation

The accumulated depreciation of property, plant and equipment as of March 31, 2021 and 2020 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Property, plant and equipment	**¥85,567**	¥86,879	**$772,820**

9. Short-term borrowings and long-term debt

Short-term borrowings and long-term debt at March 31, 2021 and 2020 are as follow:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Current portion of long-term debt	**¥ 5,125**	¥ 4,525	**$ 46,288**
Current portion of bonds	**1,525**	1,475	**13,773**
Current portion of lease obligations	**464**	336	**4,193**
Long-term debt	**31,440**	20,898	**283,962**
	¥38,554	¥27,234	**$348,216**

Long-term debt as of March 31, 2021 and 2020 are as follow:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Long-term loans from banks and other financial institutions	**¥30,200**	¥19,725	**$272,758**
0.55% bonds due June 30, 2021	**25**	125	**226**
0.49% bonds due September 30, 2022	**150**	250	**1,355**
0.23% bonds due June 30, 2023	**225**	325	**2,032**
0.14% bonds due March 31, 2023	**300**	450	**2,710**
0.14% bonds due June 30, 2023	**375**	525	**3,387**
0.051% bonds due March 29, 2024	**600**	800	**5,419**
0.059% bonds due June 28, 2024	**700**	900	**6,322**
0.25% bonds due June 28, 2024	**325**	425	**2,935**
0.330% bonds due June 30, 2025	**425**	500	**3,839**
0.072% bonds due March 31, 2025	**800**	1,000	**7,225**
0.082% bonds due June 30, 2025	**900**	1,000	**8,129**
0.370% bonds due June 24, 2028	**2,000**	—	**18,064**
Lease obligations	**1,529**	1,209	**13,815**
	38,554	27,234	**348,216**
Less: Current portion	**(7,114)**	(6,336)	**(64,254)**
	¥31,440	¥20,898	**$283,962**

The approximate weighted average interest rate of long-term loans from banks as of March 31, 2021 is 0.6%.

The aggregate annual maturity of long-term debt outstanding as of March 31, 2021 during the succeeding five-year period (except within one year) is as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2022	¥6,917	$62,477
2023	7,373	66,590
2024	6,340	57,258
2025	5,017	45,318

10. Retirement plans and severance indemnities

The Company and its consolidated domestic subsidiaries have a funded pension program to cover the employees' retirement benefits. The amount of such retirement benefits is determined by reference to the latest rate of pay, length of service and conditions under which retirement occurs.

Certain overseas subsidiaries provide defined contribution pension plans or defined benefit plans.

The changes in the retirement benefit obligation during the years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Balance at the beginning of the year	**¥28,808**	¥28,475	**$260,186**
Service cost	**1,470**	1,508	**13,279**
Interest cost	**91**	82	**826**
Actuarial gain or loss	**(483)**	(139)	**(4,366)**
Retirement benefit paid	**(2,145)**	(1,136)	**(19,376)**
Other	**(40)**	(18)	**(360)**
Balance at the end of the year	**¥27,701**	¥28,808	**$250,189**

Certain subsidiaries provide in the retirement benefit obligation of simple method.

The changes in plan assets during the years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Balance at the beginning of the year	**¥14,026**	¥13,169	**$126,681**
Expected return on plan assets	**43**	46	**391**
Actuarial gain or loss	**936**	(163)	**8,454**
Contributions by the Company	**1,121**	1,636	**10,123**
Retirement benefits paid	**(1,208)**	(662)	**(10,912)**
Other	**22**	(1)	**200**
Balance at the end of the year	**¥14,940**	¥14,026	**$134,937**

Certain subsidiaries provide simple method.

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2021 and 2020 for the Company's and consolidated subsidiaries' defined benefit plans.

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Funded retirement benefit obligation	**¥15,347**	¥15,930	**$138,611**
Plan assets as fair value	**(14,940)**	(14,026)	**(134,937)**
	407	1,904	**3,674**
Unfunded retirement benefit obligation	**12,354**	12,878	**111,578**
Net liability for retirement benefits in the balance sheet	**12,761**	14,782	**115,252**
Liability for retirement benefits	**12,761**	14,782	**115,252**
Net liability for retirement benefits in the balance sheet	**¥12,761**	¥14,782	**$115,252**

The components of retirement benefit expense for the years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Service cost	**¥1,470**	¥1,508	**$13,279**
Interest cost	**91**	82	**826**
Expected return on plan assets	**(43)**	(46)	**(391)**
Amortization of actuarial difference	**353**	374	**3,187**
Amortization of prior service cost	**8**	8	**69**
Other	**(23)**	8	**(204)**
Retirement benefit expense	**¥1,856**	¥1,934	**$16,766**

The components of retirement benefits liability adjustments (before tax effect), included in other comprehensive income (loss) for the years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Actuarial difference	**¥1,770**	¥340	**$15,987**
Prior service cost	**8**	8	**69**
Total	**¥1,778**	¥348	**$16,056**

The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Unrecognized prior service cost	**¥ 71**	¥ 78	**$ 639**
Unrecognized actuarial difference	**243**	2,014	**2,199**
Total	**¥314**	¥2,092	**$2,838**

The fair value of plan assets, by major categories, as a percentage of total plan assets as of March 31, 2021 and 2020 are as follows:

	2021	2020
Bonds	**64%**	72%
Stocks	**21%**	6%
Cash on hand and in banks	**6%**	13%
Other	**9%**	9%
Total	**100%**	100%

The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans were as follows:

	2021	2000
Discount rates	**0.2%-0.3%**	0.2%-0.3%
Expected rates of return on plan assets	**0.2%-0.3%**	0.2%-0.3%
Expected future salary increases rates	**2.4%-4.6%**	2.5%-4.2%

The Company and certain consolidated subsidiaries' contributions for defined contribution plans are as of March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Defined contribution plans	**¥161**	¥183	**$1,454**

11. Investments in unconsolidated subsidiaries and affiliates

Investments in unconsolidated subsidiaries and affiliates as of March 31, 2020 and 2021 are as follow:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Investments in securities (Stocks)	**¥3,326**	¥3,252	**$30,040**
Other (Investments in capital)	**103**	103	**927**

12. Contingent liabilities

The Companies are contingently liable for guarantees of housing loans of employees as of March 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Housing loans of employees	**¥19**	¥26	**$173**

13. Income taxes

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries consist of corporation tax, inhabitants' taxes and enterprise tax, which, in the aggregate, resulted in a statutory rate of approximately 30.6% for the years ended March 31, 2020. Note is omitted because it's a net loss before taxes for the years ended March 31, 2021. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The reconciliation between the effective tax rates reflected in the consolidated statement of income and the effective statutory tax rate for the years ended March 31, 2021 and 2020 are as follows:

	2021	2020
Statutory tax rate	**—%**	30.6%
Effect of:		
Non-deductible items such as entertainment	**—**	1.1
Non-deductible items such as entertainment, dividend received	**—**	(49.8)
Dividend received from overseas consolidated subsidiaries	**—**	46.8
Foreign tax credit	**—**	21.0
Different tax rate applied to overseas consolidated subsidiaries	**—**	(19.3)
Unrealized inventory	**—**	22.7
Gain (loss) of valuation allowance	**—**	414.4
Others	**—**	1.8
Effective tax rate	**—%**	469.3%

The significant components of deferred tax assets and liabilities as of March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Deferred tax assets:			
Liability for retirement benefits	**¥ 3,684**	¥4,360	**$33,277**
Provision for product warranties	**581**	697	**5,247**
Depreciation and amortization	**1,013**	433	**9,153**
Provision for bonuses	**236**	284	**2,133**
Allowance for doubtful accounts	**15**	14	**133**
Loss on valuation of inventories	**369**	500	**3,330**
Impairment loss	**469**	298	**4,234**
Loss on valuation of shares of subsidiaries and associates	**481**	—	**4,347**
Asaka Office transfer expenses	**427**	—	**3,855**
Loss carried forward for tax purposes	**1,924**	719	**17,378**
Other	**911**	1,094	**8,227**
Subtotal of deferred tax assets	**10,110**	8,399	**91,314**
Valuation allowance for net operating loss carryforwards (Note 2)	**(1,913)**	(659)	**(17,275)**
Valuation allowance for deductible temporary differences (Note 1)	**(6,155)**	(5,585)	**(55,597)**
Less valuation allowance	**(8,068)**	(6,244)	**(72,872)**
Total of deferred tax assets	**2,042**	2,155	**18,442**
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	**(1,215)**	(314)	**(10,977)**
Asset retirement obligations	**(1)**	(2)	**(11)**
Other	**(897)**	(478)	**(8,104)**
Total of deferred tax liabilities	**(2,114)**	(794)	**(19,092)**
Net deferred tax assets	**¥ (72)**	¥1,361	**$ (650)**

Notes: 1. The movement in valuation allowances is mainly due to the deferred tax assets recorded by the domestic consolidated subsidiary being fully applied to valuation allowance in the current period.
2. A breakdown of net operating loss carryforwards and valuation allowance by expire dates as of March 31, 2021 is as follows;

							Millions of yen
March 31, 2021	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Net operating loss carryforwards (a)	**¥—**	**¥ 3**	**¥ 1**	**¥ 2**	**¥27**	**¥1,891**	**¥1,924**
Valuation allowance	**—**	**—**	**—**	**—**	**(24)**	**(1,889)**	**(1,913)**
Deferred tax asset	**—**	**3**	**1**	**2**	**3**	**2**	**11**

							Thousands of U.S. dollars
March 31, 2021	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Net operating loss carryforwards (a)	**$—**	**$27**	**$ 5**	**$18**	**$247**	**$17,082**	**$17,379**
Valuation allowance	**—**	**—**	**—**	**—**	**(216)**	**(17,059)**	**(17,275)**
Deferred tax asset	**—**	**27**	**5**	**18**	**31**	**23**	**104**

(a) The amount is determined by multiplying the corresponding net operating loss carryforwards by the effective statutory tax rate.

14. Major items in selling, general and administrative expenses

Major items in selling, general and administrative expenses for the years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Freight and transportation	**¥2,131**	¥1,867	**$19,247**
Employees' salaries and wages	**2,707**	2,734	**24,449**
Provision for bonuses	**115**	145	**1,041**
Net pension expenses related to retirement benefits	**465**	419	**4,202**
Research and development expenses	**2,390**	2,628	**21,582**

15. Research and development expenses

Research and development expenses charged to income for the years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Research and development expenses	**¥4,964**	¥5,035	**$44,837**

16. Gain on sales of non-current assets

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Buildings	**¥3**	¥—	**$23**
Total	**¥3**	¥—	**$23**

17. Loss on sales of non-current assets

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Land	**¥353**	¥—	**$3,191**
Buildings and Structures, etc.	**16**	—	**141**
Total	**¥369**	¥—	**$3,332**

18. Impairment loss

For the years ended March 31, 2021 and 2020, the Company recognized impairment loss on the following asset groups.

(Summary of assets group which recognized impairment loss)

For the year ended March 31, 2021

Use	Type of assets	Location	Millions of yen	Thousands of U.S. dollars
Idle assets	Buildings, etc.	Hanno-shi Saitama-ken	**¥1,253**	**$11,321**
Idle assets	Land, etc.	Yurihonzyou-shi Akita-ken	**¥229**	**$2,064**
Idle assets	Land, Buildings, etc.	Hidaka-shi Saitama-ken	**¥104**	**$941**

For the year ended March 31, 2020

Use	Type of assets	Location	Millions of yen	Thousands of U.S. dollars
Company housing for employees	Land Buildings, etc.	Hanno-shi Saitama-ken	¥409	$3,763
Idle assets	Buildings, etc.	Hanno-shi Saitama-ken	¥ 27	$ 250
Idle assets	Land Buildings, etc.	Katsuura-shi Chiba-ken	¥ 22	$ 203
Energy Systems business	Machinery, etc.	Koufu-shi Yamanashi-ken	¥ 14	$ 129

(Recognition of impairment loss)

For the year ended March 31, 2021, the carrying amount of idle assets is reduced to the recoverable amount, due to a decline in the fair value. As a result, the Company recognizes impairment loss. The details of impairment loss are as follows;

For the year ended March 31, 2021

Type of assets	Millions of yen	Thousands of U.S. dollars
Building	**¥1,233**	**$11,141**
Land	**304**	**2,743**
Structure	**49**	**442**
Total	**¥1,586**	**$14,326**

For the year ended March 31, 2020, the Company's housing for employees were disposed through sale due to establishment of the new office. The carrying amount of idle assets were reduced to the recoverable amount, due to a decline in the fair value, while the carrying amount for manufacturing equipment "Energy Systems business" product, was also reduced to the recoverable amount, due to a significant decline in the profitability of the assets group. As a result of the above, the Company recognized impairment loss in the current period. The detail of the impairment loss is as follows;

For the year ended March 31, 2020

Type of assets	Millions of yen
Land	¥334
Building	125
Machinery	10
Equipment	4
Total	¥473

(Assets grouping)

The assets grouping is based on the management accounting classification, taking into account the cash flow interaction from the similarity of manufacturing processes.

(Calculation of recoverable amount)

For the years ended March 31, 2021 and 2020, the recoverable amount of the idle assets is measured at the net sales value primarily calculated in accordance with "Japanese Real Estate Appraisal Standards" and adjusted by "assessed value of fixed assets under property tax".

19. Loss related to COVID-19

For the year ended March 31, 2021
No current report

For the year ended March 31, 2020
Fixed costs (personnel costs, depreciation costs, etc.) incurred during the factory shutdown period as a result of the lockdown of Asian countries due to the effects of the COVID-19.

20. Comprehensive income

Reclassifications adjustments and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Unrealized holding gain on available-for-sale securities			
Amount arising during the year	**¥2,980**	¥(1,310)	**$26,913**
Reclassification adjustments to profit or loss	**27**	—	**240**
Amount before income tax effect	**3,007**	(1,310)	**27,153**
Income tax effect	**(901)**	382	**(8,136)**
Total	**2,106**	(928)	**19,017**
Foreign currency translation adjustment			
Amount arising during the year	**(996)**	104	**(8,998)**
Retirement benefits liability adjustments			
Amount arising during the year	**1,417**	(35)	**12,800**
Reclassification adjustments to profit or loss	**361**	382	**3,256**
Amount before income tax effect	**1,778**	347	**16,056**
Income tax effect	**(566)**	(142)	**(5,108)**
Total	**1,212**	205	**10,948**
Share of other comprehensive income (loss) of affiliates accounted for using equity method			
Amount arising during the year	**77**	(204)	**698**
Reclassification adjustments to profit or loss	**—**	—	**—**
Amount before income tax effect	**77**	(204)	**698**
Income tax effect	**0**	0	**0**
Total	**77**	(204)	**698**
Total other comprehensive income	**¥2,399**	¥ (823)	**$21,665**

21. Derivatives and hedging activities

Outstanding forward currency exchange contracts at March 31, 2021 and 2020 are follows, except for transactions accounted for using hedge accounting.

			Millions of yen
At March 31, 2021	Notional amount	Fair value	Unrealized gain (loss)
Forward currency exchange contracts:			
Sell			
Thai Baht	**¥1,006**	**¥(13)**	**¥(13)**
Indonesia rupiah	**86**	**(2)**	**(2)**
Vietnamese dong	**—**	**—**	**—**

			Millions of yen
At March 31, 2020	Notional amount	Fair value	Unrealized gain (loss)
Forward currency exchange contracts:			
Sell			
Thai Baht	¥923	¥37	¥37
Indonesia rupiah	225	(1)	(1)
Vietnamese dong	—	—	—

			Thousands of U.S. dollars
At March 31, 2021	Notional amount	Fair value	Unrealized gain (loss)
Forward currency exchange contracts:			
Sell			
Thai Baht	**$9,089**	**$(113)**	**$(113)**
Indonesia rupiah	**780**	**(16)**	**(16)**
Vietnamese dong	**—**	**—**	**—**

(Calculation of fair value)
Forward currency exchange contracts
The estimated fair value of these forward currency exchange contracts is determined using forward foreign exchange rate at March 31, 2021 and 2020.

Interest rate swap contracts accounted for using hedge accounting at March 31, 2021 and 2020 are as follows:

			Millions of yen
At March 31, 2021	Notional amount	Maturing after one year	Fair value
Interest rate swap contracts:			
Receive floating and pay fixed: (Note)			
Long-term loans payable	**¥7,425**	**¥4,850**	**¥—**

			Millions of yen
At March 31, 2020	Notional amount	Maturing after one year	Fair value
Interest rate swap contracts:			
Receive floating and pay fixed: (Note)			
Long-term loans payable	¥9,975	¥7,425	¥—

At March 31, 2021	Notional amount	Maturing after one year	Fair value
			Thousands of U.S. dollars
Interest rate swap contracts:			
Receive floating and pay fixed: (Note)			
Long-term loans payable	**$67,061**	**$43,804**	**$—**

Note: Interest rate swap contracts which qualify for hedge accounting and meet specific matching criteria are not re-measured at market value and the fair value of such interest rate swap contracts are included in that of the long-term loans payable.

22. Leases

(Finance lease transactions which do not transfer ownership of the assets)

The leased tangible assets are principally research and development equipment (machinery), and the leased intangible asset is software.

Depreciation method of leased assets is calculated as disclosed in Note 2 (5).

23. Segment information

(1) Reportable segment overview

The Company's reportable operating segments are components of an entity for which separate financial information is available, and they are evaluated regularly by the board of directors in determining the allocation of management resources and in assessing performance.

The Company formulates comprehensive domestic and overseas strategies for the products that its business divisions provide.

The classification of the reportable segment has changed from the current fiscal year. Going forward, the reporting segments will consist of three segments, Device business, Car Electronics business, and Energy Systems business. Energy Systems business is included in the reporting segments because the monetary standard has increased its accounting importance.

The Company's business is organized into three reportable segments — Device business, Car Electronics business and Energy System Energy business — which form the base of its business divisions.

The Device business manufactures diodes, thyristors, MOSFET, high-withstand voltage power ICs and power modules. The Car Electronics business mainly manufactures electronics components for motorcycles and automobiles, along with general purpose inverters. The Energy System business which used to be recognized as "The Next Generation Energy business", primarily manufactures power conditioners for photovoltaic generators, power storage systems, recharging stands for electric vehicles, power supplies for information and communication equipment.

(2) Method of calculating sales, income (loss), identifiable assets/liabilities and other items by reportable segment

The accounting method for calculating sales, income (loss), identifiable assets / liabilities and other items by reportable segment is based on the same method applied to consolidated financial statements. Income by reportable segment is based on operating income. In addition, inter-segment sales and transfers are primarily based on market prices or manufacturing costs.

(3) Net sales and income or loss and assets by reportable segment

For the year ended March 31, 2021	Device business	Car Electronics business	Energy System business	Other (Note 1)	Total	Adjustments and Eliminations (Note 2)	Consolidated (Note 3)
							Millions of yen
Sales							
Outside customers	**¥29,214**	**¥41,630**	**¥8,764**	**¥829**	**¥80,437**	**¥ —**	**¥80,437**
Inter-segment	**5,066**	**2**	**—**	**—**	**5,068**	**(5,068)**	**—**
Total	**34,280**	**41,632**	**8,764**	**829**	**85,505**	**(5,068)**	**80,437**
Segment income (loss)	**85**	**2,195**	**604**	**23**	**2,907**	**(3,987)**	**(1,080)**
Segment assets	**35,102**	**31,377**	**6,902**	**243**	**73,624**	**54,183**	**127,807**
Depreciation and amortization	**2,708**	**1,576**	**169**	**—**	**4,453**	**282**	**4,735**
Increase in property, plant and equipment and intangible assets	**1,864**	**744**	**26**	**—**	**2,634**	**9,186**	**11,820**

Thousands of U.S. dollars

For the year ended March 31, 2021	Device business	Car Electronics business	Energy System business	Other (Note 1)	Total	Adjustments and Eliminations (Note 2)	Consolidated (Note 3)
Sales							
Outside customers	**$263,852**	**$375,996**	**$79,150**	**$7,492**	**$726,490**	**$ —**	**$726,490**
Inter-segment	**45,758**	**17**	**—**	**—**	**45,775**	**(45,775)**	**—**
Total	**309,610**	**376,013**	**79,150**	**7,492**	**772,265**	**(45,775)**	**726,490**
Segment income (loss)	**769**	**19,828**	**5,454**	**211**	**26,262**	**(36,018)**	**(9,756)**
Segment assets	**317,030**	**283,391**	**62,336**	**2,199**	**664,956**	**489,367**	**1,154,323**
Depreciation and amortization	**24,459**	**14,235**	**1,526**	**—**	**40,220**	**2,549**	**42,769**
Increase in property, plant and equipment and intangible assets	**16,833**	**6,720**	**236**	**—**	**23,789**	**82,970**	**106,759**

Notes: 1. The “Other” category includes business activities not included in the reportable segments, such as solenoid business.
2. Details of “Adjustments and eliminations” are below:
(1) Segment loss totaling ¥3,988 million ($36,018 thousand) posted under “Adjustments and eliminations” includes “Corporate expenses” that have not been allocated to the reportable segment. “Corporate expenses” are primarily general and administrative expenses that cannot be attributed to any reportable segments.
(2) Segment assets totaling ¥54,183 million ($489,367 thousand) posted under “Adjustments and eliminations” comprise corporate assets of ¥54,169 million ($488,243 thousand) not allocated to the reportable segments and other adjustments of ¥14 million ($124 thousand).
(3) Depreciation and amortization totaling ¥282 million ($2,549 thousand) posted under “Adjustments and eliminations” mainly comprises corporate expenses not attributable to the reportable segments.
(4) The increases in property, plant and equipment and intangible assets totaling ¥9,186 million ($82,970 thousand) posted under “Adjustments and eliminations” mainly comprises corporate assets not attributable to the reportable segments.
3. Segment income (loss) is adjusted to operating income stated on the Consolidated Statement of Income and Comprehensive Income for the year ended March 31, 2021

Millions of yen

For the year ended March 31, 2020	Device business	Car Electronics business	Energy System business	Other (Note 1)	Total	Adjustments and Eliminations (Note 2)	Consolidated (Note 3)
Sales							
Outside customers	¥30,989	¥51,638	¥9,407	¥932	¥92,966	¥ —	¥92,966
Inter-segment	6,495	3	—	—	6,498	(6,498)	—
Total	37,484	51,641	9,407	932	99,464	(6,498)	92,966
Segment income (loss)	(242)	6,023	(142)	20	5,659	(3,902)	1,757
Segment assets	37,680	33,554	6,503	214	77,951	43,609	121,560
Depreciation and amortization	2,986	1,648	203	—	4,837	339	5,176
Increase in property, plant and equipment and intangible assets	3,103	1,668	68	—	4,839	4,563	9,402

Notes: 1. The “Other” category includes business activities not included in the reportable segments, such as solenoid business.
2. Details of “Adjustments and eliminations” are below:
(1) Segment loss totaling ¥3,902 million posted under “Adjustments and eliminations” includes “Corporate expenses” that have not been allocated to the reportable segment. “Corporate expenses” are primarily general and administrative expenses that cannot be attributed to any reportable segments.
(2) Segment assets totaling ¥43,609 million posted under “Adjustments and eliminations” comprise corporate assets of ¥43,581 million not allocated to the reportable segments and other adjustments of ¥28 million.
(3) Depreciation and amortization totaling ¥339 million posted under “Adjustments and eliminations” mainly comprises corporate expenses not attributable to the reportable segments.
(4) The increases in property, plant and equipment and intangible assets totaling ¥4,563 million posted under “Adjustments and eliminations” mainly comprises corporate assets not attributable to the reportable segments.
3. Segment income (loss) is adjusted to operating income stated on the Consolidated Statement of Income and Comprehensive Income for the year ended March 31, 2020

(Related Information)

1. Information by finished product and service

The corresponding information is identical to data disclosed under "Segment Information." Accordingly, this information has been omitted.

2. Information by geographic segment

(1) Net sales

For the year ended March 31, 2021

Millions of yen

Japan	Thailand	Indonesia	Vietnam	Asia (other)	Other area	Total
¥34,731	**¥8,635**	**¥8,289**	**¥7,091**	**¥17,952**	**¥3,739**	**¥80,437**

For the year ended March 31, 2020

Millions of yen

Japan	Thailand	Indonesia	Vietnam	Asia (other)	Other area	Total
¥36,600	¥9,297	¥13,840	¥9,587	¥19,330	¥4,312	¥92,966

For the year ended March 31, 2021

Thousands of U.S. dollars

Japan	Thailand	Indonesia	Vietnam	Asia (other)	Other area	Total
$313,686	**$77,985**	**$74,862**	**$64,044**	**$162,142**	**$33,771**	**$726,490**

Note: Net sales are based on the location of customers classified according to country or region.

(2) Property, plant and equipment

As of March 31, 2021

Millions of yen

Japan	Thailand	Indonesia	Asia (other)	Other area	Total
¥26,929	**¥3,276**	**¥1,420**	**¥4,456**	**¥10**	**¥36,091**

As of March 31, 2020

Millions of yen

Japan	Thailand	Indonesia	Asia (other)	Other area	Total
¥21,579	¥3,795	¥1,626	¥4,379	¥10	¥31,389

As of March 31, 2021

Thousands of U.S. dollars

Japan	Thailand	Indonesia	Asia (other)	Other area	Total
$243,218	**$29,584**	**$12,821**	**$40,247**	**$93**	**$325,963**

(3) Information by major customer

For the years ended March 31, 2021 and 2020, the major customer that accounted for 10% or more of total net sales recorded in the Consolidated Statements of Income and Comprehensive Income is as follows.

For the year ended March 31, 2021
No current report

For the year ended March 31, 2020

Millions of yen

Major Customer	Net Sales	Segment
PT Astra Honda Motor	¥12,307	Car Electronics business

(Information of impairment loss on property, plant and equipment by reportable segment)

For the year ended March 31, 2021

Millions of yen

	Device business	Car Electronics business	Energy System business	Other	Adjustments and Eliminations	Total
Impairment loss	**¥229**	**¥—**	**¥104**	**¥—**	**¥1,253**	**¥1,586**

For the year ended March 31, 2020

Millions of yen

	Device business	Car Electronics business	Energy System business	Other	Adjustments and Eliminations	Total
Impairment loss	¥—	¥—	¥14	¥—	¥459	¥473

For the year ended March 31, 2021

Thousands of U.S. dollars

	Device business	Car Electronics business	Energy System business	Other	Adjustments and Eliminations	Total
Impairment loss	**$2,064**	**$—**	**$941**	**$—**	**$11,321**	**$14,326**

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

For the year ended March 31, 2021
No current report

For the year ended March 31, 2020
No current report

24. Consolidated statements of changes in net assets

(1) Categories and numbers of stock issued

For the year ended March 31, 2021

Thousands of shares

	Number of shares at beginning of the year	Increase in numbers of shares	Decrease in numbers of shares	Number of shares at end of the year
(Shares issued)				
Common stock	**10,339**	**—**	**—**	**10,339**
Total	**10,339**	**—**	**—**	**10,339**

For the year ended March 31, 2020

Thousands of shares

	Number of shares at beginning of the year	Increase in numbers of shares	Decrease in numbers of shares	Number of shares at end of the year
(Shares issued)				
Common stock	10,339	—	—	10,339
Total	10,339	—	—	10,339

Note: The decrease in the number of shares is due to the consolidation of shares.

(2) Categories and numbers of treasury stock

For the year ended March 31, 2021

Thousands of shares

	Number of shares at beginning of the year	Increase in numbers of shares	Decrease in numbers of shares	Number of shares at end of the year
(Shares of treasury stock)				
Common stock	**37**	**0**	**4**	**33**
Total	**37**	**0**	**4**	**33**

Note: The increase in the number of shares is due to purchase of fractional shares.
The decrease in the number of share is due to disposal of treasury stock with restricted stock compensation.

For the year ended March 31, 2020

Thousands of shares

	Number of shares at beginning of the year	Increase in numbers of shares	Decrease in numbers of shares	Number of shares at end of the year
(Shares of treasury stock)				
Common stock	39	0	2	37
Total	39	0	2	37

Note: The increase in the number of shares is due to purchase of fractional shares.
The decrease in the number of share is due to disposal of treasury stock with restricted stock compensation.

(3) Dividends

(A) Dividends paid for the year ended March 31, 2021

Resolution	Share class	Cash dividends paid	Cash dividends per share	Year ended	Dividend effective date
Ordinary general meeting of shareholders on June 26, 2020	Common stock	**¥643 million**	**¥62.50**	March 31, 2020	June 29, 2020

(B) Dividends paid for the year ended March 31, 2020

Resolution	Share class	Cash dividends paid	Cash dividends per share	Year ended	Dividend effective date
Ordinary general meeting of shareholders on June 27, 2019	Common stock	¥1,288 million	¥125.00	March 31, 2019	June 28, 2019

(C) Dividends with the cut-off date in the year ended March 31, 2021 and the effective date in the year ending March 31, 2022

No current report

(D) Dividends with the cut-off date in the year ended March 31, 2020 and the effective date in the year ended March 31, 2021

Resolution	Share class	Cash dividends paid	Cash dividends per share	Year ended	Dividend effective date
Ordinary general meeting of shareholders on June 26, 2020	Common stock	¥643 million	¥62.50	March 31, 2020	June 29, 2020

25. Profit attributable to owners of parent per share

The calculation of profit attributable to owners of parent per share for the years ended March 31, 2021 and 2020 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Profit (loss) attributable to owners of parent	**¥(5,562)**	¥ (4,156)	**$(50,233)**
Amounts not attributable to common stock	**—**	—	**—**
Profit (loss) attributable to owners of parent to common stock	**(5,562)**	(4,156)	**(50,233)**
Weighted average number of ordinary shares (thousands)	**10,305**	10,301	**—**

Diluted profit attributable to owners of parent per share was not calculated herein since the Company had no dilutive securities, such as convertible bonds or warrants.

26. Financial covenants clauses

For the year ended March 31,2020
Not applicable.

For the year ended March 31,2021
Some of the loan agreements (including syndicated loans) have the following main financial covenants clauses of the loans at the end of the consolidated fiscal year.
(¥500 million out of short-term loans payable, ¥12,500 million out of long-term loans payable)

① After the fiscal year ending March 31, 2021, the amount of net assets on the consolidated balance sheet on the last day of each fiscal year and the last day of the second quarter should keep at least 50% of the amount of net assets on the consolidated balance sheet as of the end of the fiscal year ending March 31, 2020.
② After the fiscal year ending March 31, 2022, the ordinary income and loss* should not be a loss for two consecutive fiscal years of starting with the fiscal year ending in each fiscal year.
③ In the consolidated income statement and consolidated balance sheet of the fiscal year ending March 2022, the standard value of the following formula shall be maintained in a state where it does not exceed zero.

Standard value = Interest-bearing debt -(Working capital)- Normal working capital-Cash and cash equivalents

* Ordinary income or loss is calculated by subtracting extraordinary income or loss pursuant to Japanese GAAP from income before income taxes.

27. Transactions with related party

Significant transactions of the Company with related party for the fiscal year ended March 31, 2021 were as follows:

Attribute	Name	The contents of a business operation or an occupation	Ownership ratio (Parent company ownership ratio) of voting rihhets (%)	Relationship	Nature of Transaction	Trading amount	Account	Balance at the end of the fiscal year
Affiliates	Napino Auto & Electronics Ltd.	Car Electronics business	(Parent company ownership ratio) 22.57	Sales of our products, etc.	Sales of our products, etc.	¥556 million ($ 5,017 thousand)	Notes and accounts receivable-trade	¥305 million ($ 2,755 thousand)

Note: Transaction conditions and policy for determining transaction conditions, etc.
The terms and conditions of the transaction are decided through discussions between the two parties.

Significant transactions of the Company with related party for the fiscal year ended March 31, 2020 were as follows:

Attribute	Name	The contents of a business operation or an occupation	Ownership ratio (Parent company ownership ratio) of voting rihhets (%)	Relationship	Nature of Transaction	Trading amount	Account	Balance at the end of the fiscal year
Affiliates	Napino Auto & Electronics Ltd.	Car Electronics business	(Parent company ownership ratio) 22.57	Sales of our products, etc.	Sales of our products, etc.	¥703 million	Notes and accounts receivable-trade	¥179 million

Note: Transaction conditions and policy for determining transaction conditions, etc.
The terms and conditions of the transaction are decided through discussions between the two parties.

Independent Auditor's Report

The Board of Directors

Shindengen Electric Manufacturing Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Shindengen Electric Manufacturing Co., Ltd and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2021, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

Impairment for the asset group in the Device business	
Description of Key Audit Matter	Auditor's Response
As stated in the Notes (Important accounting estimates), the Company determined that there was an indication of impairment for the asset group in the Device business due to the fact that it has continuously posted operating losses. However, the Company did not recognize an impairment loss in determining whether it recognizes the impairment loss, because the total undiscounted future cash flows from the asset group exceeded its carrying amount. The non-current assets of this asset group amounted to 12,830 million yen and accounted for 10% of total assets and 35% of total property, plant and equipment and intangible assets in the consolidated balance sheet as at March 31, 2021. The Company estimates the undiscounted future cash flows derived from this asset group over the remaining economic useful lives of the major assets, based on the business plan for the following fiscal year approved by the Board of Directors. Sales volume and raw material prices, which are the major assumptions underlying the business plan, are estimated by taking into account the trends in demand from the past, market forecasts, market prices, and other factors. Since the estimation period of undiscounted future cash flows is long term and the above major assumptions are subject to uncertainties and require judgments by management, we have determined that this matter is Key Audit Matters.	We performed the following audit procedures primarily for estimating the aggregate undiscounted future cash flows in determining whether to recognize impairment losses on non-current assets in the Device business. The estimation period of the undiscounted future cash flows was compared with the remaining economic useful lives of the major assets. We also reviewed the consistency of the estimated undiscounted future cash flows with the business plan approved by the Board of Directors. In order to assess the effectiveness of management's estimation process, we compared the business plan with the actual results in prior periods. We reviewed the management's assessment of the uncertainty of the business plan estimates by comparing the sales volume, which is a key assumption underlying the business plans, with available external data on market forecasts and analyzing the trends based on past results. In addition, we reviewed management's assessment of the uncertainty of business plan estimates by comparing raw material prices, a key assumption underlying the business plan, with available external data on market prices and analyzing trends based on past results.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan
June 29, 2021

定留 尚之 ㊞

Takashi Sadatome
Designated Engagement Partner
Certified Public Accountant

山川 幸 ㊞

Yukiyasu Yamakawa
Designated Engagement Partner
Certified Public Accountant