

ANNUAL REPORT 2022

FROM APRIL 1ST, 2021 TO MARCH 31ST, 2022



NIPPON SEIKI

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Review of Operations**● In-vehicle parts revenue**

Revenue for in-vehicle parts increased by 3.6% to ¥170,818 million from the previous fiscal year, mainly due to an increase in orders for instruments for motorcycles and other instruments.

● Consumer parts revenue

Revenue for consumer parts increased by 5.6% to ¥12,444 million from the previous fiscal year, mainly due to an increase in orders for remote controllers for air conditioners and housing equipment.

● Resin compound revenue

Revenue for resin compound decreased by 2.6% to ¥8,626 million from the previous fiscal year, due to a decrease in orders for resin materials.

● Display revenue

Revenue for display decreased by 4.8% to ¥1,614 million from the previous fiscal year, due to a decrease in orders for Liquid crystal display panels and modules.

● Automotive sales revenue

Revenue for cars at our dealerships increased by 6.8% to ¥22,427 million from the previous fiscal year, mainly due to an increase in orders for new cars.

● Other businesses

Revenue for other products and services decreased by 12.5% to ¥7,689 million from the previous fiscal year, mainly due to a decrease in orders for information system services.

As a result, the company's consolidated business operations for this fiscal year, ending March 31, 2022, resulted in revenue of ¥223,621 million, an increase of 3.1% from the previous fiscal year. At the same time, operating loss for the year was ¥4,276 million, while operating profit for the previous fiscal year was ¥3,900 million, respectively. And loss attributable to owners of the parent for the year was ¥5,180 million, while profit attributable to owners of the parent for the previous fiscal year was ¥517 million, respectively.

● Consolidated revenue by business segment

	2021 (Yen in millions)	2022 (Yen in millions)	Increase (Decrease)
In-vehicle parts	164,806	170,818	3.6%
Consumer parts	11,780	12,444	5.6%
Resin compound	8,852	8,626	(2.6%)
Display	1,696	1,614	(4.8%)
Automobiles	21,005	22,427	6.8%
Other businesses	8,786	7,689	(12.5%)
Total	216,926	223,621	3.1%

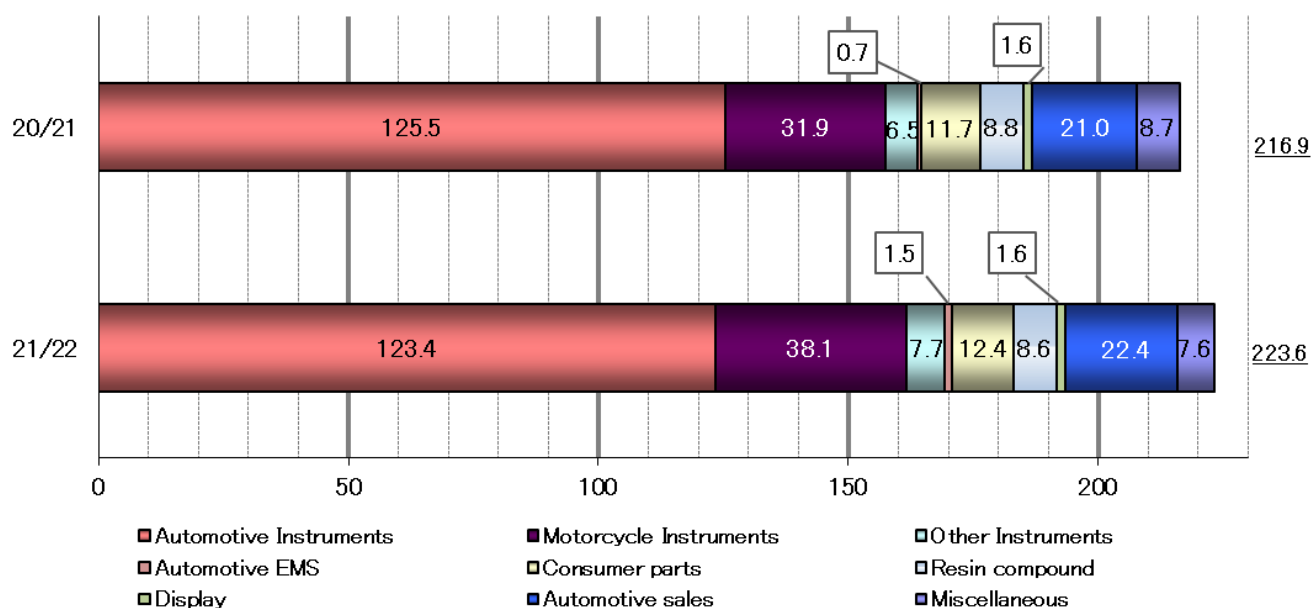
Note:

- ※1 The reportable segments have been changed from the current consolidated fiscal year, and in the following year-on-year comparisons, the figures for the previous fiscal year have been rearranged according to the segment classifications after the change.
- ※2 According to the future business expansion of the Group and the change in management classification of goals and results evaluations, the Group has changed reportable segments classification from the current consolidated fiscal year. Previous instruments business was renamed in-vehicle parts business. High-density mounting boards is included in in-vehicle parts business, which was previously included in component business. Previous component business and resin material business were renamed consumer parts business and resin compound business respectively. The Group has changed to separate display business, which was previously included in component business, as a reportable segment.
- According to the change in management classification as a result of a system change, external sales of molds and equipment is included in in-vehicle business and consumer parts business, which was previously included in other, in the second quarter ended September 30, 2021.

1. Consolidated Financial Highlights

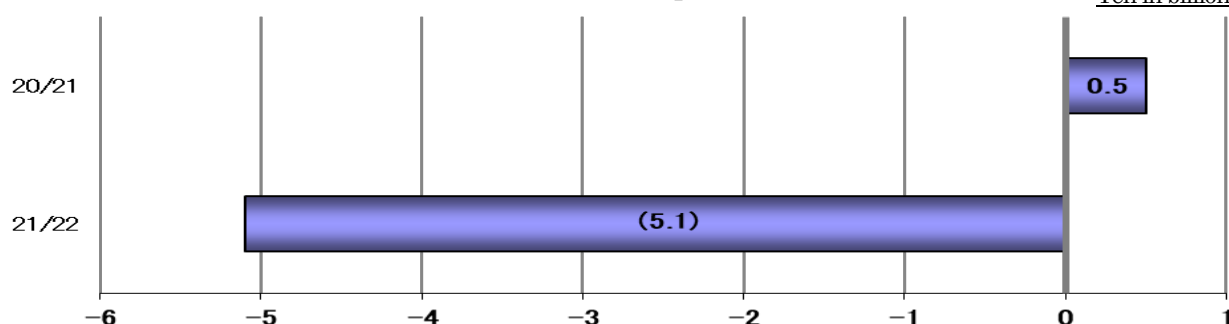
1-1. Revenue

Yen in billions



1-2. Consolidated Profit attributable to owners of the parent

Yen in billions



Consolidated revenue for this fiscal year ending March 31, 2022 increased by 3.1% to ¥223,621 million, operating loss for the year was ¥4,276 million, while operating profit for the previous fiscal year was ¥3,900 million, respectively. And loss attributable to owners of the parent for the year was ¥5,180 million, while profit attributable to owners of the parent for the previous fiscal year was ¥517 million, respectively.

1-3. Consolidated Financial Highlights

	2019	2020	2021	2022
Revenue (Yen in millions)	263,239	246,340	216,926	223,621
Operating profit (Yen in millions)	14,215	7,669	3,900	(4,276)
Profit attributable to owners of parent (Yen in millions)	11,569	(350)	517	(5,180)
Basic earnings per share ※	202.03	(6.13)	8.97	(85.88)
Total assets (Yen in millions)	307,665	296,987	315,188	329,553
Total equity (Yen in millions)	186,447	174,828	186,530	194,874
Equity per share attributable to owners of the parent (Yen)	3,142.61	2,943.20	2,971.91	3,087.64

Note:

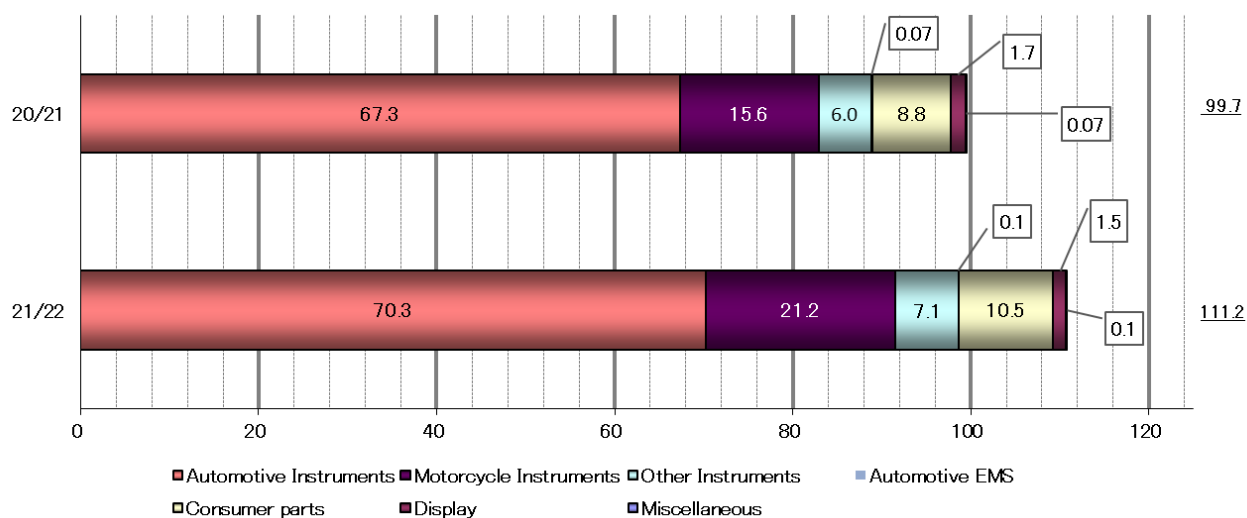
※ Basic earnings per share is calculated by the weighted average number of shares of common stock outstanding during the year.

2. Non-Consolidated Financial Highlights

As of March 31, 2022

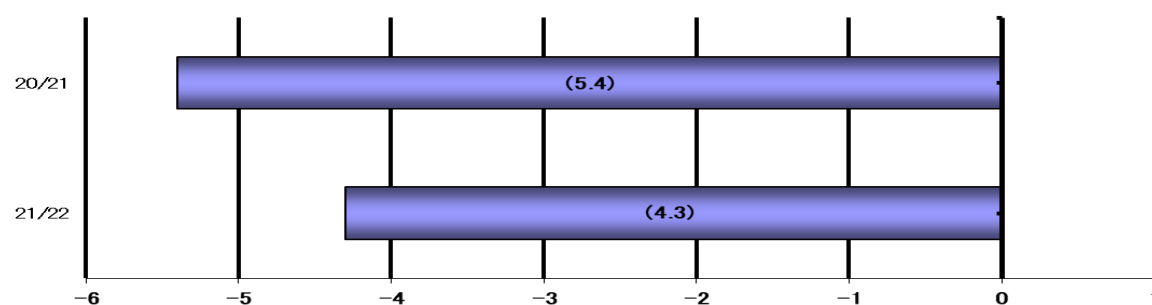
2-1. Non-Consolidated Sales

Yen in billions



2-2. Non-Consolidated Profit for the year

Yen in billions



Non-Consolidated sales for this fiscal year ending March 31, 2022 increased by 11.5% to ¥111,248 million, ordinary loss for the fiscal year was ¥1,983 million while ordinary loss for the previous year was ¥808 million, and loss for the year was ¥4,335 million while loss for the previous fiscal year was ¥5,489 million.

2-3. Non-Consolidated Financial Highlights

	2019	2020	2021	2022
Sales (Yen in millions)	121,937	115,086	99,732	111,248
Ordinary income (Yen in millions)	6,014	1,004	(808)	(1,983)
Profit for the year (Yen in millions)	2,101	1,356	(5,489)	(4,335)
Earnings per share (Yen) ※	36.69	23.68	(95.15)	(71.88)
Dividend per share (Yen)	45.00	40.00	40.00	40.00
Total assets (Yen in millions)	203,580	199,230	203,084	205,407
Net assets (Yen in millions)	91,284	88,027	87,088	80,341
Common stock (Yen in millions)	14,494	14,494	14,494	14,494
Equity ratio (%)	44.7	44.1	42.8	39.0

Note:

※ Earnings per share is calculated by the weighted average number of shares of common stock outstanding during the year.

III. Financial Section — Unaudited English translation from original Japanese-language statements

Financial Summary

Accounting standards	IFRS (International Financial Reporting Standards)				
	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
Fiscal year end					
Revenue (Millions of yen)	263,163	263,239	246,340	216,926	223,621
Profit before tax (Millions of yen)	15,854	16,291	7,566	6,199	(1,399)
Profit (loss) attributable to owners of the parent (Millions of yen)	11,105	11,569	(350)	517	(5,180)
Comprehensive income attributable to owners of the parent (Millions of yen)	7,938	12,144	(9,058)	9,428	9,467
Equity attributable to owners of the parent (Millions of yen)	170,381	179,969	168,601	179,222	186,257
Total assets (Millions of yen)	298,132	307,665	296,987	315,188	329,553
Equity per share attributable to owners of the parent (Yen)	2,975.34	3,142.61	2,943.20	2,971.91	3,087.64
Basic earnings (losses) per share (Yen)	193.94	202.03	(6.13)	8.97	(85.88)
Diluted earnings (losses) per share (Yen)	193.67	201.74	(6.13)	8.95	(85.88)
Equity attributable to owners of the parent ratio (%)	57.15	58.50	56.77	56.86	56.52
Return on equity attributable to owners of the parent (%)	6.63	6.60	(0.20)	0.30	(2.83)
Price-to-earnings ratio (Times)	9.96	8.86	—	143.10	—
Net cash provided by operating activities (Millions of yen)	22,522	16,815	16,845	10,599	(5,437)
Net cash used in investing activities (Millions of yen)	(13,263)	(16,085)	(18,321)	(13,007)	(7,518)

Accounting standards	IFRS (International Financial Reporting Standards)				
	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
Net cash used in financing activities (Millions of yen)	(4,461)	(1,314)	(2,212)	4,883	(5,498)
Cash and cash equivalents at end of year (Millions of yen)	42,637	42,128	36,657	41,650	24,796
Number of employees	13,927	14,663	14,530	13,641	13,386

(Note)

NIPPON SEIKI CO., LTD. and its subsidiaries in Japan and overseas have adopted International Financial Reporting Standards ("IFRS") and prepared the consolidated financial statements from the fiscal year ending March 31, 2018.

1 【Consolidated Financial Statements】

(1) 【Consolidated Statement of Financial Position】

	Notes	March 31,2021	March 31,2022
Assets			
Current assets			
Cash and cash equivalents	7,27	41,650	24,796
Trade and other current receivables	8,27	40,475	40,502
Other current financial assets	9,27	70,779	78,001
Inventories	10	45,557	69,577
Other current assets		7,558	8,991
Total current assets		206,020	221,870
Non-current assets			
Property, plant and equipment	11,13,28	69,827	67,125
Goodwill and intangible assets	12,13	8,734	8,097
Trade and other non-current receivables	8,27	452	455
Other non-current financial assets	9,27	26,872	27,931
Deferred tax assets	14	2,376	3,193
Other non-current assets		905	879
Total non-current assets		109,167	107,683
Total assets		315,188	329,553

	Notes	March 31,2021	March 31,2022
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other current payables	15,27	33,721	40,432
Short-term loans	16,27	56,965	56,047
Other current financial liabilities	9,27,28	2,386	1,897
Income tax payables		953	1,315
Short-term employee benefits	18	4,467	4,817
Provisions	17	1,542	778
Other current liabilities		1,077	1,329
Total current liabilities		101,114	106,618
Non-current liabilities			
Long-term loans	16,27	12,802	13,084
Other non-current financial liabilities	9,27,28	3,417	3,064
Long-term employee benefits	18	3,954	4,091
Provisions	17	85	184
Deferred tax liabilities	14	6,903	7,331
Other non-current liabilities		381	304
Total non-current liabilities		27,544	28,061
Total liabilities		128,658	134,679
Equity			
Common stock		14,494	14,494
Capital surplus		4,455	4,438
Retained earnings		157,449	149,946
Treasury stock		(1,045)	(1,014)
Other components of equity		3,869	18,392
Equity attributable to owners of the parent		179,222	186,257
Non-controlling interests		7,307	8,616
Total equity		186,530	194,874
Total liabilities and equity		315,188	329,553

(2) 【Consolidated Statement of Income】

(Unit: Millions of yen)

	Notes	Year ended March 31,2021	Year ended March 31,2022
Revenue	21	216,926	223,621
Cost of revenue		(184,090)	(187,514)
Gross profit		32,835	36,107
Selling, general and administrative expenses	22	(30,015)	(38,362)
Other income	23	1,553	1,329
Other expenses	23	(473)	(3,350)
Operating profit (loss)		3,900	(4,276)
Finance income	24	2,489	3,053
Finance costs	24	(190)	(176)
Profit (loss) before tax		6,199	(1,399)
Income tax expense	14	(4,961)	(3,143)
Profit (loss) for the year		1,237	(4,543)
Profit attributable to:			
Owners of the parent		517	(5,180)
Non-controlling interests		720	637
Profit (loss) for the year		1,237	(4,543)
Earnings per share attributable to owners of the parent:			
Basic earnings (losses) per share(Yen)	25	8.97	(85.88)
Diluted earnings (losses) per share(Yen)	25	8.95	(85.88)

(3) 【Consolidated Statement of Comprehensive Income】

(Unit: Millions of yen)

	Notes	Year ended March 31,2021	Year ended March 31,2022
Profit (loss) for the year		1,237	(4,543)
Other comprehensive income			
Items that will not be reclassified to profit or loss, net of tax:			
Gains(losses) on financial assets measured at fair value through other comprehensive income		3,291	(8)
Remeasurements of net defined benefit liabilities/assets	26	(133)	140
Total comprehensive income (loss) that will not be reclassified to profit or loss, net of tax		3,157	131
Items that may be reclassified to profit or loss, net of tax:			
Foreign currency translation adjustments	26	6,375	15,480
Total comprehensive income (loss) that may be reclassified to profit or loss, net of tax		6,375	15,480
Other comprehensive income (loss) for the year	26	9,532	15,612
Total comprehensive income for the year		10,770	11,069
Comprehensive income attributable to:			
Owners of the parent		9,428	9,467
Non-controlling interests		1,341	1,601
Comprehensive income for the year		10,770	11,069

(4) 【Consolidated Statement of Changes in Equity】

For the year ended March 31, 2021

(Unit: Millions of yen)

	Notes	Equity attributable to owners of the parent					
		Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
						Gains (losses) on financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liabilities (assets)
As of April 1, 2020		14,494	6,056	159,508	(6,289)	4,250	—
Comprehensive income							
Profit for the year		—	—	517	—	—	—
Other comprehensive income (loss)		—	—	—	—	3,291	(126)
Total comprehensive income (loss)		—	—	517	—	3,291	(126)
Transactions with owners							
Dividends paid	20	—	—	(2,291)	—	—	—
Share-based payment transactions	31	—	16	—	—	—	—
Purchase of treasury stock		—	—	—	(0)	—	—
Disposal of treasury stock		—	(1,617)	—	5,244	—	—
Transfer from other components of equity to retained earnings		—	—	(126)	—	0	126
Other		—	—	(158)	—	—	—
Total transactions with owners		—	(1,600)	(2,576)	5,244	0	126
As of March 31, 2021		14,494	4,455	157,449	(1,045)	7,542	—

	Notes	Equity attributable to owners of the parent			Non-controlling interests	Total equity
		Other components of equity		Total equity attributable to owners of the parent		
		Foreign currency translation adjustments	Total			
As of April 1, 2020		(9,418)	(5,167)	168,601	6,227	174,828
Comprehensive income						
Profit for the year		—	—	517	720	1,237
Other comprehensive income (loss)		5,746	8,911	8,911	621	9,532
Total comprehensive income (loss)		5,746	8,911	9,428	1,341	10,770
Transactions with owners						
Dividends paid	20	—	—	(2,291)	(256)	(2,547)
Share-based payment transactions	31	—	—	16	—	16
Purchase of treasury stock		—	—	(0)	—	(0)
Disposal of treasury stock		—	—	3,627	—	3,627
Transfer from other components of equity to retained earnings		—	126	—	—	—
Other		—	—	(158)	(5)	(164)
Total transactions with owners		—	126	1,193	(261)	931
As of March 31, 2021		(3,672)	3,869	179,222	7,307	186,530

For the year ended March 31, 2022

(Unit: Millions of yen)

	Notes	Equity attributable to owners of the parent					
		Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
						Gains (losses) on financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liabilities (assets)
As of April 1, 2021		14,494	4,455	157,449	(1,045)	7,542	—
Comprehensive income							
Loss for the year		—	—	(5,180)	—	—	—
Other comprehensive income (loss)		—	—	—	—	(8)	124
Total comprehensive income (loss)		—	—	(5,180)	—	(8)	124
Transactions with owners							
Dividends paid	20	—	—	(2,412)	—	—	—
Share-based payment transactions	31	—	14	—	—	—	—
Purchase of treasury stock		—	—	—	(0)	—	—
Disposal of treasury stock		—	(30)	—	31	—	—
Transfer from other components of equity to retained earnings		—	—	124	—	(0)	(124)
Other		—	—	(34)	—	—	—
Total transactions with owners		—	(16)	(2,322)	31	(0)	(124)
As of March 31, 2022		14,494	4,438	149,946	(1,014)	7,533	—

	Notes	Equity attributable to owners of the parent			Non-controlling interests	Total equity
		Other components of equity		Total equity attributable to owners of the parent		
		Foreign currency translation adjustments	Total			
As of April 1, 2021		(3,672)	3,869	179,222	7,307	186,530
Comprehensive income						
Loss for the year		—	—	(5,180)	637	(4,543)
Other comprehensive income (loss)		14,531	14,647	14,647	964	15,612
Total comprehensive income (loss)		14,531	14,647	9,467	1,601	11,069
Transactions with owners						
Dividends paid	20	—	—	(2,412)	(283)	(2,695)
Share-based payment transactions	31	—	—	14	—	14
Purchase of treasury stock		—	—	(0)	—	(0)
Disposal of treasury stock		—	—	0	—	0
Transfer from other components of equity to retained earnings		—	(124)	—	—	—
Other		—	—	(34)	(8)	(43)
Total transactions with Owners		—	(124)	(2,433)	(291)	(2,725)
As of March 31, 2022		10,858	18,392	186,257	8,616	194,874

(5) 【Consolidated Statement of Cash Flows】

(Unit: Millions of yen)

	Notes	Year ended March 31,2021	Year ended March 31,2022
Cash flows from operating activities:			
Profit (loss) before tax		6,199	(1,399)
Depreciation and amortization		11,299	11,916
Impairment loss		78	3,090
Interest and dividends income		(1,437)	(1,481)
Interest expense		190	169
(Gain) loss on sale of property, plant and equipment		52	81
(Increase) decrease in trade and other Receivables		(782)	4,063
(Increase) decrease in inventories		1,225	(19,577)
Increase(decrease) in trade and other Payables		(3,335)	773
Increase (decrease) in provisions		(646)	(765)
Increase (decrease) in retirement benefit liabilities		103	179
Foreign exchange losses(gains)		(1,091)	407
Other, net		941	(906)
Subtotal		<u>12,796</u>	<u>(3,447)</u>
Interest and dividends received		2,065	1,524
Interest paid		(178)	(170)
Income taxes paid		(4,084)	(3,284)
Other, net		—	(60)
Net cash provided by operating activities		<u>10,599</u>	<u>(5,437)</u>
Cash flows from investing activities:			
(Increase)decrease in time deposits, net		746	(369)
Purchase of property, plant and equipment and intangible assets		(10,074)	(7,473)
Proceeds from sale of property, plant and equipment and intangible assets		235	572
Purchase of investment securities		(3,782)	(69)
Proceeds from sale of investment Securities		2	1,175
Increase in loans receivable		—	(7)
Collection of loans		10	110
Purchase of investments in subsidiaries resulting in change in scope of consolidation		—	(120)
Payments for acquisition of businesses		(126)	—
Payments for investments in associates		—	(1,334)
Other, net		(19)	(2)
Net cash used in investing activities		<u>(13,007)</u>	<u>(7,518)</u>

	Notes	Year ended March 31,2021	Year ended March 31,2022
Cash flows from financing activities:			
(Decrease) increase in short-term loans, Net	16	(100)	3,000
Proceeds from long-term loans	16	10,040	7,040
Repayments of long-term loans	16	(4,100)	(10,755)
Repayments of lease obligations	28	(1,938)	(2,075)
Dividends paid to non-controlling interests		(353)	(296)
Net decrease (increase) in treasury stock		3,627	0
Dividends paid to owners of the parent	20	(2,291)	(2,411)
Net cash used in financing activities		4,883	(5,498)
Foreign currency translation adjustments on cash and cash equivalents		2,516	1,601
Net increase (decrease) in cash and cash equivalents		4,992	(16,853)
Cash and cash equivalents at beginning of year	7	36,657	41,650
Cash and cash equivalents at end of year	7	41,650	24,796

[Notes to Consolidated Financial Statements]

1. Reporting Entity

Nippon Seiki Co., Ltd. (hereinafter the “Company”) is a company incorporated in Japan. The consolidated financial statements for the fiscal year ended March 31, 2022 consist of the financial statements of the Company and its consolidated subsidiaries (hereinafter the “Group”).

The Group’s primary businesses are in-vehicle parts business, consumer parts business, resin compound business, display business and automotive sales business.

2. Basis of Preparation

(1) Compliance with IFRS

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) promulgated by the International Accounting Standards Board. Since the Company meets all requirements of a “specified company applying designated International Financial Reporting Standards” stipulated in Article 1-2 of the “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976), the Company prepares the consolidated financial statements in accordance with IFRS under the provisions of Article 93 of said Ordinance.

The issue of consolidated financial statements was approved by Koichi Sato, President of the Company on June 27, 2022.

(2) Basis of measurement

As stated in Note “3. Significant Accounting Policies,” the consolidated financial statements of the Group have been prepared on a historical cost basis except for certain assets and liabilities, such as financial instruments measured at fair value.

(3) Functional and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen which is the Company’s functional currency. The units are in millions of yen and figures less than one million yen are rounded down to the nearest million yen.

3. Significant Accounting Policies

The following accounting policies are applied to all fiscal periods stated in the consolidated financial statements.

(1) Basis of consolidation

Subsidiaries are entities that are controlled by the Group. Control means that the Company has exposure or rights to variable returns from its involvement with any investee and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries are included in the scope of consolidation from the date when control is obtained by the Group until the date when it is lost.

When the accounting policies adopted by subsidiaries differ from those adopted by the Company, the financial statements of the relevant subsidiaries are adjusted, when necessary. Intra-group balances of receivables and payables, intra-group transactions, and unrealized gains and losses arising from intra-group transactions are eliminated in preparing consolidated financial statements.

Non-controlling interests in subsidiaries are recognized separately from the Group’s interests. Comprehensive income for subsidiaries is allocated to the equity attributable to owners of the parent company and non-controlling interests even if the non-controlling interests result in a deficit balance.

(2) Business combinations

Business combinations are accounted for using the acquisition method. Consideration of acquisition in a business combination is measured as the sum of the fair value on the acquisition date of the assets transferred, the liabilities assumed, and equity instruments issued by the Company in exchange for control over an acquiree. If the consideration of acquisition exceeds the fair value of identifiable assets and liabilities, the excess is recorded as goodwill. However, if the consideration of acquisition is lower than the fair value of the identifiable assets and liabilities, the difference is recognized in profit or loss.

Changes in the ownership interests in subsidiaries without a loss of control are accounted for as equity transactions.

(3) Foreign currency translation

1) Foreign currency transactions

Each company of the Group defines its own functional currency as the currency of the primary economic environment in which it operates, and measures transactions using its functional currency.

When each company prepares its standalone financial statements, transactions in currencies other than the functional currency are translated using the exchange rate prevailing at the date of the transactions or an exchange rate that approximates thereto.

Monetary assets and liabilities denominated in foreign currencies at the fiscal year-end are translated at the exchange rate prevailing at the fiscal year-end.

Exchange differences arising from settlement or translation of accounts are basically recognized in profit or loss.

2) Financial statements of foreign operations

Assets and liabilities of foreign operations are translated into Japanese yen using the exchange rate at the fiscal year-end, and income and expenses are translated at the average exchange rate for the fiscal year. However, if such an average exchange rate is not considered as a reasonable approximation of the cumulative effect of the exchange rates at the transaction dates, the exchange rates at the transaction dates are used. Translation differences arising from the translation of financial statements of foreign operations are recognized in other comprehensive income. If control of foreign operations is lost, cumulative translation differences of foreign operations are recognized in profit or loss in the period of disposal.

(4) Financial instruments

1) Financial assets

(i) Initial recognition and measurement

The Group divides all financial assets into three classifications - those measured at fair value through profit or loss, those measured at fair value through other comprehensive income and those measured at amortized cost. This classification is designated at initial recognition.

At initial recognition, all financial assets are measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

A financial asset is measured at amortized cost if both of the following conditions are met:

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

A financial asset is measured at fair value unless it is measured at amortized cost.

An equity instrument that is not held for trading elected to present subsequent changes in the fair value in other comprehensive income at initial recognition is classified as a financial asset measured at fair value through other comprehensive income and other financial assets measured at fair value are measured at fair value through profit or loss.

(ii) Subsequent measurement

After initial recognition, a financial asset is measured by classification as follows:

- (a) A financial asset at amortized cost is measured at amortized cost using the effective interest method.
- (b) A financial asset at fair value through profit or loss and at fair value through other comprehensive income are measured at fair value after initial recognition and value changes are recognized in profit or loss and other comprehensive income respectively. For financial assets measured at fair value through other comprehensive income, amounts recognized in other comprehensive income are not subsequently transferred to profit or loss. However, dividends from a financial asset at fair value through other comprehensive income are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Value changes of the fair value in a financial asset measured at fair value through other comprehensive income that are recognized in other comprehensive income are presented in other components of equity in consolidated statement of financial position. Upon derecognition, amounts in other comprehensive income are reclassified to retained earnings.

(iii) Impairment of financial assets

Expected credit losses are recognized through a loss allowance in financial assets measured at amortized cost. At every reporting date, the group assesses whether the credit risk on that financial instrument has increased significantly since initial recognition or not.

A loss allowance at an amount equal to the 12-month expected credit losses is recognized if the credit risk of that financial instrument has not increased significantly since initial recognition. A loss allowance at an amount equal to full lifetime expected credit losses is recognized if the credit risk of that financial instrument has increased significantly since initial recognition.

A loss allowance at an amount equal to full lifetime expected credit losses is recognized to trade and other receivables that are not contained a significant financing component.

If the amount of an impairment loss decreased by an event occurred after recognition of the impairment, the impairment loss recognized in the past is reversed and recognized in profit and loss.

(iv) Derecognition

The Group derecognizes financial assets only when contractual rights to the cash flows from the financial assets are extinguished, or when the Group transfers substantially all of the risks and economic value incidental to ownership of the financial assets.

2) Financial liabilities

(i) Initial recognition and measurement

The Group divides financial liabilities into two classifications - those measured at fair value through profit or loss and those measured at amortized cost. This classification is designated at initial recognition.

All financial liabilities are measured at fair value at initial recognition and transaction costs directly attributable to the issuance of financial liabilities, other than financial liabilities measured at fair value through profit or loss, are deducted from the fair value of the financial liabilities.

(ii) Subsequent measurement

After initial recognition, a financial liability is measured by classification as follows:

- (a) Financial liabilities at fair value through profit or loss are measured at fair value after initial recognition, and any gain or loss arising from remeasurement is recognized in profit or loss.
- (b) Financial liabilities at amortized cost are measured at amortized cost mainly using the effective interest method after initial recognition.

A gain or loss from extinguishment of amortization by effective interest method and derecognition of financial liabilities is recognized in profit or loss.

(iii) Derecognition

The Group derecognizes financial liabilities only when they are extinguished, i.e. when obligations specified in the contract are discharged, cancelled, or expired. When a financial liability is derecognized, the difference between the carrying amount of the financial liability and the consideration paid or to be paid is recognized in profit or loss.

3) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position, if there is a currently enforceable legal right to offset the recognized amounts and if there is an intention of settlement on a net basis, or of simultaneous realization of the assets and settlement of the liabilities.

4) Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date when the derivative contract is entered into and are subsequently remeasured at fair value.

Any gains or losses arising from changes in the fair value of derivatives are recognized directly to profit or loss except for those that qualify for hedge accounting.

The Group uses derivative financial instruments, such as forward currency contracts, options and interest rate swaps, to hedge foreign currency risk and interest rate risk.

At the inception of the hedge, the Group formally designates and documents the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge.

The Group doesn't have any hedged item that meets requirements of hedge accounting.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments that are readily convertible and subject to an insignificant risk of changes in value and are due within three months from the date of acquisition.

(6) Inventories

Inventories are measured at the lower of cost or net realizable value. The costs of inventories are determined based on the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

(7) Property, plant and equipment

Property, plant and equipment are measured at cost less any accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes costs directly attributable to the acquisition, and restoration costs, etc. Depreciation of each item of property, plant and equipment, other than land and construction in progress, is recorded using the straight-line method over the estimated useful life of each item.

The main estimated useful lives are as follows:

- Buildings and structures 2 to 50 years
- Machinery, equipment and vehicles 2 to 15 years
- Tools, fixture and fixtures 2 to 25 years

The estimated useful lives, residual value, and depreciation method are reviewed every fiscal year and revised if necessary.

(8) Intangible assets

1) Software

Software for internal use is measured at cost at initial recognition. Internal and external expenses incurred at the preparation stage are recorded as expenses when they are incurred, and internal and external expenses incurred at the development stage are recorded in intangible assets.

Expenses incurred after the introduction of the software, such as maintenance expenditure, are recorded as expenses when they are incurred. Amortization is recorded using the straight-line method over the estimated useful life (mainly 5 years). The estimated useful lives and amortization method are reviewed every fiscal year and revised if necessary.

2) Development cost

Expenditures arising from research activities to obtain new scientific or technical knowledge are recorded as expenses when incurred.

Expenditures arising from development activities are recorded as intangible assets, only when all of the following conditions are met:

- (a) The Group has the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- (b) The Group has its intention to use or sell the intangible asset.
- (c) The Group has its ability to use or sell the intangible asset.
- (d) Intangible asset will generate probable future economic benefits.
- (e) The Group has the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- (f) The Group has its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Amortization is recorded using the straight-line method over the estimated useful life (5 years). The estimated useful lives and amortization method are reviewed every fiscal year and revised if necessary.

3) Patent right

Patent right is measured at cost at initial recognition.

Amortization is recorded using the straight-line method over the estimated useful life (11 years). The estimated useful lives and amortization method are reviewed every fiscal year and revised if necessary.

(9) Leases

As a lessee

The Group measures lease liabilities at the present value of the lease payments that are not paid at the commencement date, discounted using its incremental borrowing rate generally.

The right-of-use assets are initially measured at the initial amount of the lease liability adjusted for any initial direct costs.

The right-of-use assets are depreciated using the straight-line method to the earlier of the end of the lease term or the end of the useful life of the right-of-use assets.

Lease payments are apportioned between interest expenses and the remaining balance of lease liabilities to be repaid to produce a constant periodic rate of interests on the remaining balance of the lease liability.

Interest expenses are presented separately from the depreciation charge for the right-of-use-assets in the consolidated statement of income.

The Group assesses whether the contract is, or contains, a lease by the substance of the contract, regardless of whether it is legally presented in the form of a lease or not.

For leases for which the lease term ends within 12 months and values are low, lease payments are recognized as an expense on a straight-line basis over the lease term.

As a lessor

The Group has no significant lease transaction as a lessor.

(10) Impairment of non-financial assets

The carrying amount of non-financial assets of the Company, excluding inventories and deferred tax assets, is evaluated every fiscal year to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the non-financial assets is estimated. A recoverable amount of an asset or a cash-generating unit is the higher of its value in use and its fair value less cost to sell. In calculating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and risks specific to the assets. Assets that are not individually tested for impairment are included in the smallest cash-generating unit that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If, and only if, the recoverable amount of an asset or a cash-generating unit is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is recognized as an impairment loss in profit or loss. An impairment loss recognized related to a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amount of other assets of the cash-generating unit on a pro-rata basis.

An impairment loss recognized in prior years is evaluated every fiscal year to determine whether there is any indication that such impairment may have decreased or may no longer exist.

An impairment loss is reversed if there is an indication of reversal of impairment and there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed up to the amount not exceeding the carrying amount, net of depreciation or amortization, that would have been determined if no impairment had been recognized.

These estimates are based on the best available estimates by management. However, they may differ from actual results due to changes in uncertain future economic conditions.

(11) Employee benefits

1) Post-employment benefits

The Group has defined benefit plans and defined contribution plans as post-employment benefit plans for employees.

The Group calculates the present value of defined benefit obligations and related current service cost using the projected unit credit method.

The rate used to discount defined benefit obligations is basically determined by reference to market yields at the end of the reporting period on high quality corporate bonds.

Liabilities or assets for defined benefit plans are calculated by deducting the fair value of plan assets from the present value of defined benefit obligations. Service cost and net interest on defined benefit liabilities (assets) are recognized in profit or loss in the accounting period in which they are incurred. The Group recognizes the increase or decrease in obligations due

to the remeasurement of benefit obligations and plan assets of defined benefit plans in other comprehensive income and then immediately reclassifies them from other comprehensive income to retained earnings.

These estimates are based on the best available estimates by management. However, they may differ from actual results due to changes in uncertain future economic conditions.

2) Short-term employee benefits

When an employee has rendered service to the Group during an accounting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service in profit or loss.

The Group recognizes the expected cost of profit-sharing and bonus payments as a liability when it has a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made.

These estimates are based on the best available estimates by management. However, they may differ from actual results due to changes in uncertain future economic conditions.

(12) Provisions

Provisions are recognized when the Group has present legal and constructive obligations as a result of past events, and when it is probable that outflows of economic resources embodying economic benefits will be required to settle the obligations, and reliable estimates of the amount of such obligations can be made. When the effect of the time value of money is material, provisions are calculated by discounting estimated future cash flows to the present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the liabilities.

These estimates are based on the latest information from customers, previous years' results and the best available estimates by management. However, they may differ from actual results due to changes in uncertain future economic conditions.

The main provisions are as follows:

1) Provision for compensation for products

The provision for compensation for products is recorded in order to deal with market claim.

2) Provision for loss on litigation

The provision for loss on litigation is recorded to cover probable losses on lawsuits based on the information currently available.

(13) Treasury stock

Treasury stock is measured at cost and recognized as a deduction from equity. When the Group sells the treasury stock, the difference between the carrying amount and the consideration received from the sale is recognized as capital surplus.

(14) Revenue

The Group recognizes revenue based on the following five-step approach except for interest and dividends within the scope of IFRS 9 "Financial Instruments" and lease income within the scope of IFRS 16 "Leases", etc.:

Step 1 : Identify the contract(s) with a customer

Step 2 : Identify the performance obligations in the contract

Step 3 : Determine the transaction price

Step 4 : Allocate the transaction price to the performance obligations in the contract

Step 5 : Recognize revenue when (or as) the entity satisfies a performance obligation

The Group's primary operations are manufacture and sale of products in in-vehicle parts business, consumer parts business, resin compound business and automotive sales business.

For sale of products, revenue is recognized when products are transferred to customers because control is passed to customers at a point in time of transfer and a performance obligation is satisfied. For sale of automobiles, revenue is recognized when automobiles are transferred to customers. Revenue is measured at the amount of consideration contracted with customers excluding discounts, rebates, and refunds, etc.

(15) Income taxes

Income taxes comprise current taxes and deferred taxes. These are recognized in profit or loss, except for items that relate to business combinations and items recognized directly in equity or in other comprehensive income.

Current taxes are measured at the amount expected to be paid to or refunded from the taxation authorities. The tax amount is calculated in accordance with the tax laws and tax rates that have been enacted or substantially enacted by the end of the fiscal year in the country where the Group conducts business activities and earns taxable income.

Deferred taxes are recognized on temporary differences between the carrying amount of assets and liabilities on statement of financial position as at reporting date and such amount on a tax law basis, and unused tax losses and unused tax credits.

Deferred tax liabilities are, in principle, recognized for all taxable temporary differences, and deferred tax assets are recognized for deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that they can be utilized for future taxable income.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced for the amount that it is probable that sufficient taxable income will no longer be available to allow all or part of the deferred tax assets to be recovered. Unrecognized deferred tax assets are re-evaluated at the end of each reporting period and are recognized to the extent that it has become probable that future taxable income will be available to allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured in accordance with tax laws and tax rates that are expected to apply in the period in which the assets are realized or the liabilities are settled, based on the tax laws and tax rates that have been enacted or substantially enacted by the end of reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied on the same entity by the same tax authority.

These estimates are based on the best available estimates by management. However, they may differ from actual results due to changes in uncertain future economic conditions.

4. Significant Accounting Estimates and Judgments

In preparation of consolidated financial statements, management makes judgements, estimates and assumptions that significantly affect the application of accounting policies and the amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and their underlying assumptions are reviewed by management on an ongoing basis. The effect by revisions to accounting estimates is recognized in the period when the estimates are revised and in the future periods.

Estimates and judgements that significantly affect the amount recognized in consolidated financial statements are as follows:

For the fiscal year ended March 31, 2021

Impairment of property, plant and equipment, goodwill and intangible assets at NIPPON SEIKI CO.,LTD.

(1)The amount recognized in consolidated financial statements for the year ended March 31, 2021

Impairment loss: ¥78 million

Property, plant and equipment, goodwill and intangible assets: ¥21,847 million (before impairment)

(2) Information about significant accounting estimates related to identified items

a) Estimate method

Estimate method related to impairment loss is stated in 3 (10) "Impairment of non-financial assets" in [Notes to Consolidated Financial Statements].

Due to decline in profitability by changes on business environment, it was judged that there was an indication of impairment in the Company's property, plant and equipment and intangible assets in instruments business, component business and corporate assets which total amounts are ¥21,847 million.

In the Company's property, plant and equipment in instruments business and corporate assets totaling ¥21,383 million, impairment loss was not recognized because value in use i.e. recoverable amount generated from the cash generation unit exceeded its carrying amount.

In the Company's property, plant and equipment in component business totaling ¥464 million(before impairment), the carrying amount of the assets was reduced to its recoverable amount and impairment loss totaling ¥78 million was recognized because fair value less cost to sell i.e. recoverable amount generated from the cash generation unit was less than its carrying amount.

b) Key assumptions underlying accounting estimates

For the year ended March 31, 2021, estimates of future cash flows over remaining useful life from main assets on calculation of value in use arising from ongoing use of the cash generation unit in instrument business, etc. were based on management plan approved by the board of directors.

Key assumptions underlying estimates included in management plan are future projection of revenues and profits. Future projection of revenues and profits are based on the information from customers. Information such as historical data and the impact of COVID-19 was also considered.

c) Impact on consolidated financial statements for the year ended March 31, 2022

Future projection of revenues and profits fluctuates by changes on uncertain economic conditions such as economic downturn in countries and regions where the Group has any market share, spread of COVID-19 and production adjustments due to interruptions in the supply of semiconductor parts.

As a result, the fluctuation may affect estimates of recoverable amount significantly.

For the fiscal year ended March 31, 2022

Impairment of property, plant and equipment, goodwill and intangible assets at NIPPON SEIKI CO.,LTD.

(1)The amount recognized in consolidated financial statements for the year ended March 31, 2022

Impairment loss: ¥152 million

Property, plant and equipment, goodwill and intangible assets: ¥21,376 million (before impairment)

(2) Information about significant accounting estimates related to identified items

a) Estimate method

Estimate method related to impairment loss is stated in 3 (10) "Impairment of non-financial assets" in [Notes to Consolidated Financial Statements] .

Due to decline in profitability by changes on business environment like rising transportation costs and electronic component prices, it was judged that there was an indication of impairment in the Company's property, plant and equipment and intangible assets in in-vehicle parts business, corporate assets and display business which total amounts are ¥21,376 million.

In the Company's property, plant and equipment in in-vehicle business and corporate assets totaling ¥21,181 million, impairment loss was not recognized because value in use i.e. recoverable amount generated from the cash generation unit exceeded its carrying amount.

In the Company's property, plant and equipment in display business totaling ¥194 million(before impairment), the carrying amount of the assets was reduced to its recoverable amount and impairment loss totaling ¥152 million was recognized because fair value less cost to sell i.e. recoverable amount generated from the cash generation unit was less than its carrying amount.

b) Key assumptions underlying accounting estimates

For the year ended March 31, 2022, estimates of future cash flows over remaining useful life from main assets on calculation of value in use arising from ongoing use of the cash generation unit in in-vehicle parts business, etc. were based on management plan approved by the board of directors.

Key assumptions underlying estimates included in management plan are the normalization of rising transportation costs and electronic component prices and the time when customer production adjustments due to interruptions in the supply of semiconductor parts are resolved. The normalization of rising transportation costs and electronic component prices and the time when customer production adjustments due to interruptions in the supply of semiconductor parts are resolved are based on the information from customers. Information such as historical data was also considered.

c) Impact on consolidated financial statements for the year ended March 31, 2023

The normalization of rising transportation costs and electronic component prices and the time when customer production adjustments due to interruptions in the supply of semiconductor parts are resolved fluctuate by changes on uncertain economic conditions such as economic downturn in countries and regions where the Group has any market share.

As a result, the fluctuation may affect estimates of recoverable amount significantly.

5. Accounting Standards and Interpretations Issued but Not Yet Adopted

The Group has not elected early adoption of new or amended standards and interpretations that had been issued up to the date of approval of the consolidated financial statements and the impact by the adoption of main standards and interpretations is immaterial.

6. Segment Information

(1) Overview of reportable segments

The reportable segments of the Group are those units for which separate financial information is available, and which are reviewed regularly by the Group's management in order to determine allocation of resources and to assess business performance. The segments are not aggregated for reporting purposes.

The Group has business units categorized by product and service, and each business unit plans comprehensive business strategies and operates business activities domestically and internationally.

Therefore, the Group has reportable segments, such as in-vehicle parts, consumer parts, resin compound, display and automotive sales based on business units categorized by products and services.

In in-vehicle parts business, the Group manufactures and sells instruments for automobiles, head-up displays, instruments for motorcycles / agricultural / construction machines and boats, various sensors, high-density mounting boards, external sales of molds and equipment. In consumer parts business, the Group manufactures and sells operating panels for office automation (OA) and information equipment, controllers for air-conditioning and household equipment, assemblies for factory automation (FA), amusement units, as well as manufacture and sale of products for aftermarkets. In resin compound business, the Group manufactures and sells resin materials. In display business, the Group manufactures and sells liquid crystal display panels and modules. In automobile sales business, the Group is engaged in the sale of new and used automobiles, as well as the provision of car inspection and maintenance services.

(Changes in reportable segments)

According to the future business expansion of the Group and the change in management classification of goals and results evaluations, the Group has changed reportable segments classification in the first quarter ended June 31, 2021. Previous instruments business was renamed in-vehicle parts business. High-density mounting boards is included in in-vehicle parts business, which was previously included in component business. Previous component business and resin material business were renamed consumer parts business and resin compound business respectively. The Group has changed to separate display business, which was previously included in component business, as a reportable segment.

According to the change in management classification as a result of a system change, external sales of molds and equipment is included in in-vehicle business and consumer parts business, which was previously included in other, in the second quarter ended September 30, 2021.

Segment information for fiscal year ended March 31, 2021 has been restated.

(2) Revenue, segment profit or loss and other items by reportable segment

Revenue, profit or loss and other items of the Group's reportable segments are as follows:

For the year ended March 31, 2021

(Unit: Millions of yen)

	Reportable segments						Others (Note 1)	Total	Adjustment (Note 2)	Total on consolidated statement of income
	In-vehicle parts	Consumer parts	Resin compound	Display	Automotive sales	Total				
Revenue										
Customers	164,806	11,780	8,852	1,696	21,005	208,139	8,786	216,926	—	216,926
Intersegment	—	—	3,411	—	9	3,421	8,152	11,574	(11,574)	—
Total revenue	164,806	11,780	12,263	1,696	21,015	211,561	16,938	228,500	(11,574)	216,926
Segment profit (loss)	2,982	160	1,063	(1,253)	789	3,742	274	4,017	(116)	3,900
Finance income	—	—	—	—	—	—	—	—	—	2,489
Finance costs	—	—	—	—	—	—	—	—	—	△190
Profit before tax	—	—	—	—	—	—	—	—	—	6,199
Segment assets	210,538	11,847	8,702	3,020	13,226	247,336	14,127	261,464	53,723	315,188
Other items										
Depreciation and amortization	8,433	372	467	47	768	10,089	847	10,937	361	11,299
Impairment loss	—	—	—	78	—	78	—	78	—	78
Capital expenditure	7,497	193	264	179	894	9,029	577	9,606	24	9,631

(Note)

1. "Others" is the business segment that is not categorized as reportable segment and includes transportation of cargoes, development and sales of software, entrusted accounting business and the processing etc.
2. The breakdown of "Adjustment" is as follows:
 - (1) Segment profit (loss) totaling (116) million is elimination of inter-segment transactions, etc.
 - (2) Corporate assets totaling 53,980 million are included in adjustment of segment assets. Main corporate assets are the Company's cash, deposits and investment securities.
 - (3) Adjustment totaling 361 million in depreciation and amortization is for corporate assets.
 - (4) Capital expenditure totaling 24 million is investment to corporate assets.

For the year ended March 31, 2022

(Unit: Millions of yen)

	Reportable segments						Others (Note 1)	Total	Adjustment (Note 2)	Total on consolidated statement of income
	In-vehicle parts	Consumer parts	Resin compound	Display	Automotive sales	Total				
Revenue										
Customers	170,818	12,444	8,626	1,614	22,427	215,931	7,689	223,621	—	223,621
Intersegment	—	—	1,423	—	9	1,432	9,113	10,546	(10,546)	—
Total revenue	170,818	12,444	10,049	1,614	22,436	217,364	16,803	234,168	(10,546)	223,621
Segment profit (loss)	(5,857)	138	421	(95)	957	(4,436)	520	(3,916)	(360)	(4,276)
Finance income	—	—	—	—	—	—	—	—	—	3,053
Finance costs	—	—	—	—	—	—	—	—	—	(176)
Profit before tax	—	—	—	—	—	—	—	—	—	(1,399)
Segment assets	239,158	10,083	6,188	3,219	13,876	272,526	11,875	284,402	45,151	329,553
Other items										
Depreciation and amortization	8,838	296	504	77	764	10,481	1,088	11,569	346	11,916
Impairment loss	2,938	2	—	72	—	3,013	—	3,013	77	3,090
Capital expenditure	6,698	143	113	113	855	7,925	272	8,197	21	8,219

(Note)

1. “Others” is the business segment that is not categorized as reportable segment and includes transportation of cargoes, development and sales of software, entrusted accounting business and the processing etc.
2. The breakdown of “Adjustment” is as follows:
 - (1) Segment profit (loss) totaling (360) million is elimination of inter-segment transactions, etc.
 - (2) Corporate assets totaling 45,264 million are included in adjustment of segment assets. Main corporate assets are the Company’s cash, deposits and investment securities.
 - (3) Adjustment totaling 346 million in depreciation and amortization is for corporate assets.
 - (4) Capital expenditure totaling 21 million is investment to corporate assets.

(3) Information by region

Revenue from customers and non-current assets (excluding financial assets, deferred tax assets, retirement benefit assets and rights arising under insurance contracts) of the Group by geographical region are as follows. Revenue from customers is classified by country and area based on geographic location.

1) Revenue from customers

(Unit: Millions of yen)

Year ended March 31,2021				
Japan	Americas	Europe	Asia	Total
81,914	48,340	16,158	70,512	216,926

(Unit: Millions of yen)

Year ended March 31,2022				
Japan	Americas	Europe	Asia	Total
88,490	52,546	17,396	65,188	223,621

2) Non-current assets

(Unit: Millions of yen)

March 31,2021				
Japan	Americas	Europe	Asia	Total
52,799	7,260	5,391	14,015	79,466

(Unit: Millions of yen)

March 31,2022				
Japan	Americas	Europe	Asia	Total
50,888	8,608	2,567	14,037	76,102

(4) Information about major customers

Revenue from an individual customer accounted for more than 10 % of consolidated revenue is as follows:

(Unit: Millions of yen)

Name of customer	Segment	Year ended March 31,2021	Year ended March 31,2022
Honda Motor Corporation and its subsidiaries	In-vehicle	52,656	54,698
General Motors Company and its subsidiaries	In-vehicle	22,776	—

Revenue from General Motors Company and its subsidiaries accounted for less than 10% and is not noted in the year ended March 31, 2022.

7. Cash and Cash Equivalents

The breakdown of cash and cash equivalents is as follows:

(Unit: Millions of yen)

	March 31,2021	March 31,2022
Cash and deposits	41,650	24,796

The balance of “cash and cash equivalents” on the consolidated statement of financial position is consistent with “cash and cash equivalents” on the consolidated statement of cash flows.

8. Trade and Other Receivables

The breakdown of trade and other receivables is as follows:

(Unit: Millions of yen)

	March 31,2021	March 31,2022
Trade receivables	31,751	34,859
Note and electronically recorded monetary claims	6,015	2,863
Accounts receivable – other	2,781	2,862
Other	452	455
Allowance for doubtful accounts	(73)	(82)
Total	40,927	40,957
Current	40,475	40,502
Non-current	452	455
Total	40,927	40,957

9. Other Financial Assets and Other Financial Liabilities

(1) The breakdown of other financial assets

(Unit: Millions of yen)

	March 31,2021	March 31,2022
Other financial assets		
Financial assets measured at fair value through profit or loss		
Derivative assets	—	—
Financial assets measured at fair value through other comprehensive income		
Shares and Investments in capital	24,769	26,293
Financial assets measured at amortized cost		
Time deposits	70,827	78,904
Other	2,054	734
Total	97,651	105,933
Current	70,779	78,001
Non-current	26,872	27,931
Total	97,651	105,933

(2) The breakdown of other financial liabilities

(Unit: Millions of yen)

	March 31,2021	March 31,2022
Other financial liabilities		
Financial liabilities measured at fair value through profit or loss		
Derivative liabilities	379	—
Financial liabilities measured at amortized cost		
Lease liabilities	5,423	4,962
Total	5,803	4,962
Current	2,386	1,897
Non-current	3,417	3,064
Total	5,803	4,962

10. Inventories

The breakdown of inventories is as follows:

(Unit: Millions of yen)

	March 31,2021	March 31,2022
Merchandise and finished goods	15,876	18,519
Work in process	4,960	6,351
Raw materials and supplies	24,720	44,706
Total	45,557	69,577

1. Inventories recognized as an expense account for a large part of cost of revenue.
2. The amounts of write-down of inventories to net realizable value recognized as cost of revenue are as follows:

(Unit: Millions of yen)

	Year ended March 31,2021	Year ended March 31,2022
The amounts of write-down	1,839	1,257

11. Property, Plant and Equipment

(1) Schedule of property, plant and equipment

The breakdown and schedule of property, plant and equipment are as follows:

1) Acquisition costs

(Unit: Millions of yen)

	Buildings	Structures	Machinery and equipment	Vehicles	Tools, furniture and fixtures	Land	Right-of-use Assets	Construction in progress	Total
As of April 1, 2020	45,011	3,683	65,662	2,328	42,186	17,589	9,072	5,272	190,807
Acquisition	93	36	572	474	1,055	51	1,671	5,339	9,293
Sales or disposal	(510)	(42)	(4,361)	(123)	(1,586)	(36)	(107)	(800)	(7,568)
Transfer to main accounts	623	43	3,351	15	1,105	—	—	(5,109)	28
Foreign currency translation adjustments	1,053	4	3,305	36	1,050	118	160	308	6,036
Other	43	1	14	(691)	23	60	(1,104)	(155)	(1,807)
As of March 31,2021	46,314	3,726	68,543	2,038	43,834	17,783	9,693	4,854	196,790
Acquisition	121	12	743	562	1,105	—	2,104	5,409	10,057
Sales or disposal	(538)	(45)	(1,012)	(55)	(1,896)	(371)	(4)	(289)	(4,213)
Transfer to main accounts	503	35	2,547	46	1,279	—	—	(4,526)	(114)
Foreign currency translation adjustments	1,487	22	3,745	49	1,465	162	167	365	7,465
Other	126	0	(83)	(447)	(122)	23	(2,179)	(221)	(2,903)
As of March 31,2022	48,015	3,751	74,482	2,195	45,666	17,597	9,781	5,591	207,081

2) Accumulated depreciation and accumulated impairment loss

(Unit: Millions of yen)

	Buildings	Structures	Machinery and equipment	Vehicles	Tools, furniture and fixtures	Land	Right-of-use Assets	Construction in progress	Total
As of April 1, 2020	(29,219)	(2,973)	(48,132)	(1,042)	(34,722)	(1,197)	(2,463)	(21)	(119,773)
Depreciation	(1,335)	(88)	(4,068)	(340)	(2,745)	—	(1,793)	—	(10,371)
Impairment loss	(3)	—	(88)	—	—	—	—	13	(78)
Sales or disposal	484	41	4,250	114	1,531	29	107	—	6,560
Foreign currency translation adjustments	(600)	(3)	(2,321)	(23)	(779)	—	(23)	—	(3,753)
Other	(16)	(0)	(61)	217	(3)	—	317	—	452
As of March 31, 2021	(30,691)	(3,023)	(50,421)	(1,075)	(36,718)	(1,168)	(3,856)	(7)	(126,962)
Depreciation	(1,339)	(84)	(4,280)	(284)	(2,666)	—	(1,918)	—	(10,573)
Impairment loss	(213)	—	(1,865)	(7)	(119)	(130)	(417)	(308)	(3,062)
Sales or disposal	527	43	930	44	1,835	292	3	—	3,678
Foreign currency translation adjustments	(859)	(18)	(2,633)	(40)	(1,148)	—	(31)	—	(4,732)
Other	(25)	0	54	174	83	—	1,400	7	1,696
As of March 31, 2022	(32,600)	(3,082)	(58,215)	(1,189)	(38,733)	(1,006)	(4,819)	(308)	(139,956)

Depreciation of property, plant and equipment is included in “cost of revenue” and “selling, general and administrative expenses” in the consolidated statement of income. The information of impairment loss is disclosed in Note “13 Impairment Loss.”

3) Carrying amount

(Unit: Millions of yen)

	Buildings	Structures	Machinery and equipment	Vehicles	Tools, furniture and fixtures	Land	Right-of-use Assets	Construction in progress	Total
As of April 1, 2020	15,791	710	17,530	1,285	7,464	16,392	6,608	5,250	71,034
As of March 31, 2021	15,623	703	18,121	963	7,116	16,615	5,837	4,846	69,827
As of March 31, 2022	15,414	669	16,266	1,005	6,933	16,590	4,962	5,282	67,125

(2) Carrying amount of assets pledged as collateral for funding and guarantee transaction as at March 31, 2021 and 2022 is as follows:

(Unit: Millions of yen)

	March 31, 2021	March 31, 2022
Property, plant and equipment	158	157

12. Goodwill and Intangible Assets

The breakdown and schedule of intangible assets are as follows:

(1) Acquisition costs

(Unit: Millions of yen)

	Goodwill	Software	Development cost	Software in progress	Right-of-use Assets	Other	Total
As of April 1, 2020	—	9,812	1,382	5,301	182	410	17,090
Acquisition	—	385	0	1,528	0	—	1,914
Acquisition from business combination	47	—	—	—	—	—	47
Increase arising from internal development	—	—	—	—	—	—	—
Sales or disposal	—	(124)	—	—	—	—	(124)
Transfer to main accounts	—	176	—	(81)	—	—	95
Foreign currency translation adjustments	—	137	—	—	—	—	137
Other	—	(12)	—	27	—	—	15
As of March 31, 2021	47	10,375	1,383	6,776	183	410	19,175
Acquisition	—	762	0	162	72	—	998
Acquisition from business combination	13	—	—	—	—	—	13
Increase arising from internal development	—	—	—	—	—	—	—
Sales or disposal	—	(363)	—	—	—	—	(363)
Transfer to main accounts	—	6,198	—	(6,028)	—	—	169
Foreign currency translation adjustments	—	261	—	1	—	—	263
Other	—	(0)	—	—	(10)	—	(11)
As of March 31, 2022	60	17,234	1,383	912	244	410	20,246

(2) Accumulated depreciation and accumulated impairment loss

(Unit: Millions of yen)

	Goodwill	Software	Development cost	Right-of-use Assets	Other	Total
As of April 1, 2020	—	(7,711)	(1,280)	(139)	(34)	(9,167)
Amortization	—	(1,075)	(94)	(10)	(36)	(1,217)
Impairment loss	—	—	—	—	—	—
Sales or disposal	—	90	—	—	—	90
Foreign currency translation adjustments	—	(96)	—	—	—	(96)
Other	—	(42)	—	(8)	—	(50)
As of March 31, 2021	—	(8,836)	(1,375)	(158)	(71)	(10,441)
Amortization	—	(1,645)	(2)	(11)	(36)	(1,695)
Impairment loss	—	(121)	—	—	—	(121)
Sales or disposal	—	324	—	—	—	324
Foreign currency translation adjustments	—	(216)	—	—	—	(216)
Other	—	4	—	(4)	—	0
As of March 31, 2022	—	(10,488)	(1,377)	(174)	(107)	(12,148)

1. The amortization of intangible assets is included in “cost of revenue” and “selling, general and administrative expenses” in the consolidated statement of income.
2. The amount of development expenses recognized in profit or loss during the fiscal years ended March 31, 2021 and 2022 is ¥2,932 million and ¥3,150 million respectively and is included in “cost of revenue” and “selling, general and administrative expenses” in the consolidated statement of income.

(3) Carrying amount

(Unit: Millions of yen)

	Goodwill	Software	Development cost	Software in progress	Right-of-use Assets	Other	Total
As of April 1, 2020	—	2,100	102	5,301	43	375	7,923
As of March 31, 2021	47	1,539	8	6,776	24	339	8,734
As of March 31, 2022	60	6,746	5	912	70	302	8,097

13. Impairment Loss

(1) Property, plant and equipment

The Group recognized an impairment loss for the following assets:

For the fiscal year ended March 31, 2021

(Unit: Millions of yen)

Segment	Purpose of use	Type of assets	Amount
Display	Equipment for manufacture, etc.	Buildings and structures, machinery and equipment, and construction in progress	78

Assets are grouped by reporting segment. Due to environment changes to display business, etc., the Group reduced the carrying amount of the assets to recoverable amount and the reduction was recognized as an impairment loss in profit or loss. Recoverable amount of the assets was measured by net sale prices or value in use. The Group determined net sale prices primarily by making reasonable adjustments to appraisal values in accordance with the “Real Estate Appraisal Standards”. Recoverable amount based on value in use was appraised at 0 because future cash flows are negative.

For the fiscal year ended March 31, 2022

(Unit: Millions of yen)

Segment	Purpose of use	Type of assets	Amount
In-vehicle parts (Note1)	Equipment for manufacture, etc.	Buildings and structures, machinery and equipment, vehicles, tools, furniture and fixtures, land, construction in progress, leased assets, and right-of-use assets	2,821
Display (Note2)	Equipment for manufacture, etc.	Machinery and equipment, and construction in progress	78

Assets are grouped by reporting segment.

(Note)

- As reviewing the business plan with reference to environment changes to in-vehicle business for the group subsidiaries UK-NSI Co., Ltd. and Nippon Seiki (Europe) B.V., future cash flows as projected in the business plan as of the end of the previous fiscal year were not expected. The Group reduced the carrying amount of the assets to recoverable amount and the reduction was recognized as an impairment loss in profit or loss. Recoverable amount of the assets was measured by value in use. Recoverable amount based on value in use was appraised at 0 because future cash flows are negative.
- Due to environment changes to display business, etc., the Group reduced the carrying amount of the assets to recoverable amount and the reduction was recognized as an impairment loss in profit or loss. Recoverable amount of the assets was measured by fair value. Fair value is mainly calculated by making reasonable adjustments to property values based on the cost approach. Fair value hierarchy is categorized in Level 3.

(2) Intangible assets

The Group recognized an impairment loss for the following assets:

For the fiscal year ended March 31, 2021

There is no impairment loss on intangible assets.

For the fiscal year ended March 31, 2022

(Unit: Millions of yen)

Segment	Purpose of use	Type of assets	Amount
In-vehicle parts	Equipment for design and development, etc.	Software	116

Assets are grouped by reporting segment. As reviewing the business plan with reference to environment changes to in-vehicle business for the group subsidiaries Nippon Seiki (Europe) B.V., future cash flows as projected in the business plan as of the end of the previous fiscal year were not expected. The Group reduced the carrying amount of the assets to recoverable amount and the reduction was recognized as an impairment loss in profit or loss. Recoverable amount of the assets was measured by value in use. Recoverable amount based on value in use was appraised at 0 because future cash flows are negative.

14. Income Taxes

(1) Deferred tax assets and deferred tax liabilities

The breakdown and schedule of deferred tax assets and deferred tax liabilities are as follows:

For the fiscal year ended March 31, 2021

(Unit: Millions of yen)

	As of April 1, 2020	Recognized in profit or loss	Recognized in other comprehensive income	As of March 31, 2021
Deferred tax assets				
Inventories	873	715	—	1,589
Employees' benefits	1,799	45	(37)	1,807
Property, plant and equipment and intangible assets	1,972	1,031	—	3,003
Accrued expenses	202	(35)	—	167
Provisions	265	(104)	—	160
Other	(51)	(2,989)	—	(3,041)
Total	5,062	(1,337)	(37)	3,687
Deferred tax liabilities				
Property, plant and equipment and intangible assets	760	(13)	—	747
Financial assets measured at fair value through other comprehensive income	1,969	—	1,409	3,378
Undistributed retained earnings of foreign subsidiaries	2,553	482	—	3,036
Other	883	168	—	1,052
Total	6,167	637	1,409	8,214

For the fiscal year ended March 31, 2022

(Unit: Millions of yen)

	As of April 1, 2021	Recognized in profit or loss	Recognized in other comprehensive income	As of March 31, 2022
Deferred tax assets				
Inventories	694	1	—	695
Employees' benefits	789	△148	52	694
Property, plant and equipment and intangible assets	1,313	△353	—	959
Accrued expenses	73	64	—	137
Provisions	70	△32	—	37
Other	746	△77	—	669
Total	3,687	△546	52	3,193
Deferred tax liabilities				
Property, plant and equipment and intangible assets	747	△423	—	324
Financial assets measured at fair value through other comprehensive income	3,378	—	94	3,472
Undistributed retained earnings of foreign subsidiaries	3,036	△259	—	2,776
Other	1,052	△293	—	758
Total	8,214	△976	94	7,331

(2) Unrecognized deferred tax assets

The amount of deductible temporary differences and unused tax losses, for which no deferred tax assets were recognized, is as follows. The amount of deductible temporary differences and unused tax losses is described as tax basis amount.

(Unit: Millions of yen)

	March 31,2021	March 31,2022
Deductible temporary differences	9,301	8,397
Unused tax losses	1,829	2,943

Unused tax losses for which no deferred tax assets are recognized expire as follows:

(Unit: Millions of yen)

	March 31,2021	March 31,2022
1st year	—	—
2nd year	0	—
3rd year	—	—
4th year	19	—
5th year and thereafter	1,809	2,943
Total	1,829	2,943

(3) Income taxes

The breakdown of income tax expense is as follows:

(Unit: Millions of yen)

	Year ended March 31, 2021	Year ended March 31,2022
Current income tax	(3,017)	(3,477)
Deferred income tax	(1,943)	334
Total	(4,961)	(3,143)

(4) Reconciliation between the applicable and effective tax rate

The reconciliation between the applicable tax rate and the effective tax rate is as follows:

(Unit: Millions of yen)

	Year ended March 31,2021	Year ended March 31,2022
Statutory income tax rate	30.4%	30.4%
(Reconciliation)		
Items such as entertainment expenses that are not deductible permanently	2.7%	(31.4%)
Items such as dividends that are excluded from income permanently	(5.0%)	2.9%
Special tax exemption	(1.5%)	3.6%
Business tax on foreign income	1.8%	(9.3%)
Difference on tax rates applied to foreign subsidiaries	(1.8%)	25.6%
Effect by assessment of recoverability of deferred tax assets	43.6%	(209.9%)
Undistributed retained earnings of foreign subsidiaries	7.8%	(36.7%)
Foreign tax credit	5.8%	(0.3%)
Other	(3.8%)	0.5%
Effective tax rate	80.0%	(224.6%)

The Group recorded a profit before tax in the year ended March 31, 2021, positive values are shown as tax expenses and negative values are shown as tax benefits. Conversely the Group recorded a loss before tax in the year ended March 31, 2022, positive values are shown as tax benefits and negative values are shown as tax expenses.

15. Trade and Other Current Payables

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

(Unit: Millions of yen)

	March 31,2021	March 31,2022
Trade payables	22,528	26,001
Notes and electronically recorded obligations	1,514	1,319
Accounts payable - other	7,878	11,111
Notes payable - facilities	50	156
Other	1,749	1,844
Total	33,721	40,432

16. Loans

(1) The breakdown of loans

(Unit: Millions of yen)

	March 31, 2021	March 31, 2022	Average interest rate	Repayment period
Current				
Financial liabilities measured at amortized cost				
Short-term loans	46,974	50,049	0.30%	—
Long-term loans to be repaid within one year	9,991	5,997	0.05%	—
Total	56,965	56,047		
Non-current				
Financial liabilities measured at amortized cost				
Long-term loans	12,802	13,084	0.07%	From Jun. 30, 2023 to Sep. 30, 2026
Total	12,802	13,084		

Average interest rate indicates the weighted-average interest rates applicable to borrowings at each fiscal year end.

(2) Changes in liabilities associated with cash flows from financing activities:

For the fiscal year ended March 31, 2021

(Unit: Millions of yen)

	Borrowings
As of April 1, 2020	63,945
Changes in cash flow by proceeds and repayments	
(Decrease) increase in short-term loans, net	(100)
Proceeds from long-term loans	10,040
Repayments of long-term loans	(4,100)
Total changes in cash flows from financing activities	5,840
Foreign currency translation adjustments	(17)
As of March 31, 2021	69,768

For the fiscal year ended March 31, 2022

(Unit: Millions of yen)

	Borrowings
As of April 1, 2021	69,768
Changes in cash flow by proceeds and repayments	
(Decrease) increase in short-term loans, net	3,000
Proceeds from long-term loans	7,040
Repayments of long-term loans	△10,755
Total changes in cash flows from financing activities	△715
Foreign currency translation adjustments	78
As of March 31, 2022	69,131

17. Provisions

The schedule of provisions is as follows:

For the fiscal year ended March 31, 2021

(Unit: Millions of yen)

	Provision for compensation for products	Provision for loss on litigation	Other	Total
As of April 1, 2020	1,858	316	85	2,260
Provision made	185	—	11	196
Provision used	(447)	(60)	—	(507)
Provision reversed	(57)	(256)	(9)	(323)
Foreign currency translation adjustments	0	—	0	1
As of March 31, 2021	1,538	—	89	1,627
Current	1,538	—	3	1,542
Non-current	—	—	85	85

For the fiscal year ended March 31, 2022

(Unit: Millions of yen)

	Provision for compensation for products	Provision for loss on litigation	Other	Total
As of April 1, 2021	1,538	—	89	1,627
Provision made	267	—	138	406
Provision used	(323)	—	(0)	(324)
Provision reversed	(748)	—	(3)	(752)
Foreign currency translation adjustments	0	—	4	5
As of March 31, 2022	734	—	228	963
Current	734	—	43	778
Non-current	—	—	184	184

18. Employee Benefits

The Company has both unfunded defined benefit and defined contribution plans. Its consolidated subsidiaries have funded defined benefit, unfunded defined benefit and defined contribution plans. Funded defined benefit plans provide pensions to the employees based on their salary and length of service. The payments of retirement allowance are also determined based on salary and the length of service.

(1) Defined benefit plans

1) The Breakdown of defined benefit obligation and plan assets

The breakdown of defined benefit obligation and plan assets are as follows:

(Unit: Millions of yen)

	March 31, 2021	March 31, 2022
Present value of funded defined benefit obligations	20	23
Fair value of plan assets	(18)	(22)
Subtotal	2	1
Present value of unfunded defined benefit Obligations	3,896	4,013
Defined benefit obligation and assets (net)	3,898	4,015

2) Changes in present value of retirement benefit obligations

Changes in present value of retirement benefit obligations are as follows:

(Unit: Millions of yen)

	Year ended March 31,2021	Year ended March 31,2022
Balance beginning of year	3,529	3,916
Service cost	340	307
Interest cost	84	79
Changes by remeasurement		
Actuarial gain or loss arising from changes in demographic assumptions	(2)	0
Actuarial gain or loss arising from changes in financial assumptions	198	(79)
Other	(24)	(112)
Benefits paid	(202)	(217)
Past service cost	(79)	—
Other	72	143
Balance end of year	3,916	4,037

3) Significant actuarial assumptions and sensitivity analysis

The significant actuarial assumptions are as follows:

(Unit: Millions of yen)

	March 31,2021	March 31,2022
Discount rate	1.71%	2.37%
Salary raise percentage	4.31%	4.38%

The effects on the present value of defined benefit obligations by assuming a 0.5% increase or decrease are as follows:

(Unit: Millions of yen)

Changes in assumptions		March 31,2021	March 31,2022
Discount rate	Increase of 0.5%	(176)	(115)
	Decrease of 0.5%	192	126

The present values of the defined benefit obligations in cases of a 0.5% increase and decrease in the discount rate are calculated in the same manner as used in the calculation of present values of the defined benefit obligations recognized in the consolidated statement of financial position, and thereby, the differences from the actual present values of the defined benefit obligations are determined as the result of the sensitivity analysis. In such analysis, it is assumed that variables other than the discount rate remain fixed. However, in practice, changes in some of the assumptions may occur and affect the result.

4) Information on the maturity composition of defined benefit obligations

The weighted average duration is as follows:

	March 31,2021	March 31,2022
Weighted average duration	10.0 years	7.5 years

5) Schedule of fair value of plan assets

The changes in fair value of plan assets are as follows:

(Unit: Millions of yen)

	Year ended March 31,2021	Year ended March 31,2022
Balance beginning of year	15	18
Interest income (Note)	0	0
Changes by remeasurement		
Return on plan assets	0	0
Contributions by the employer	1	1
Benefits paid	—	—
Other	1	1
Balance end of year	18	22

(Note) Interest income is measured by multiplying the fair value of plan assets at the beginning of the fiscal year by the discount rate used for the calculation of the present value of defined benefit obligations.

6) The breakdown of fair value of plan assets by type

The breakdown of fair value of plan assets by type is as follows:

(Unit: Millions of yen)

	March 31,2021		March 31,2022	
	Plan assets that have a quoted price in an active market	Plan assets that do not have a quoted price in an active market	Plan assets that have a quoted price in an active market	Plan assets that do not have a quoted price in an active market
Bonds	2	—	2	—
Stocks	8	—	10	—
Cash and deposits	6	—	7	—
Other	—	1	—	2
Total	16	1	19	2

7) The breakdown of defined benefit cost

The breakdown of defined benefit cost is as follows:

(Unit: Millions of yen)

	Year ended March 31,2021	Year ended March 31,2022
Service cost	340	307
Net interest	84	79
Past service cost	(79)	—
Other	(0)	(0)
Total	345	386

These costs are included in “cost of revenue” and “selling, general and administrative expenses” in the consolidated statement of income.

(2) Defined contribution pension plans

The amount of cost recognized during the fiscal years ended March 31, 2021 and 2022 is as follows.

(Unit: Millions of yen)

	Year ended March 31,2021	Year ended March 31,2022
Contributions	3,218	3,354

The cost is included in “cost of revenue” and “selling, general and administrative expenses” in the consolidated statement of income and includes pension contributions by the employer under “Employees' Pension Insurance Act” in Japan.

(3) Employee benefits expenses

Employee benefits expenses included in "cost of revenue" and "selling, general and administrative expenses" in the consolidated statement of income are as follows:

(Unit: Millions of yen)

	Year ended March 31,2021	Year ended March 31,2022
Wages, salaries and bonuses, etc.	37,119	40,832
Retirement benefit expenses	1,449	1,522
Other	5,221	5,655
Total	43,790	48,010

(4) Other employee benefits

(Unit: Millions of yen)

	March 31,2021	March 31,2022
Short-term employee benefits		
Salaries payable, etc.	852	962
Accrued bonuses	2,483	2,569
Liabilities relating to compensated absences	1,132	1,285
Total	4,467	4,817
Long-term employee benefits		
Other	56	76
Total	56	76

19. Equity and Other Equity Items

(1) Management of equity

The Group makes capital, research and development investments to increase corporate value through growth on a global scale. To meet fund requirement for investments, the Group considers an appropriate balance between debts and equity and manages equity.

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

(Unit: Shares)

	Year ended March 31,2021	Year ended March 31,2022
Class of shares	Ordinary shares	Ordinary shares
Number of shares authorized	220,000,000	220,000,000
Number of shares issued:		
Beginning of year	60,907,599	60,907,599
Increase(decrease)	—	—
End of year	60,907,599	60,907,599
Number of treasury stock:		
Ordinary shares	601,907	584,051

(3) Information on surplus included in equity

1) Capital surplus

The components of capital surplus are as follows:

(i) Legal capital surplus

Under the Companies Act of Japan (the "Companies Act"), at least 50% of the proceeds of certain issues of common shares shall be credited to "Capital stock." The remainder of the proceeds shall be credited to "Capital surplus." The Companies Act permits, upon approval at the general meeting of shareholders, the transfer of amounts from "Capital surplus" to "Capital stock."

(ii) Other capital surplus

Changes in the ownership interest in a subsidiary without a loss of control is treated as an equity transaction, and the amount equivalent to goodwill, negative goodwill, etc., incurred in connection with any such changes is recorded in other capital surplus.

(iii) Stock acquisition rights

Stock acquisition rights are those issued for stock option remuneration plan.

2) Retained earnings

The components of retained earnings are as follows:

(i) Legal retained earnings

The Companies Act provides that a 10% dividend of retained earnings shall be appropriated as "Capital surplus" or as a legal reserve until the aggregate amount of the "Capital surplus" and the legal reserve equals to 25% of "Capital stock." The legal reserve may be used to eliminate or reduce a deficit or be transferred to "Retained earnings" upon approval at the general meeting of shareholders.

In some foreign subsidiaries local laws stipulate that dividend of retained earnings shall be appropriated as "Capital surplus" or as a legal reserve.

(ii) Other retained earnings

Other retained earnings represent the accumulated amount of profit earned by the Group.

(4) Information on other components of equity

1) Gains or losses on financial assets measured at fair value through other comprehensive income

This is the accumulated amount of changes in fair value of financial assets measured at fair value through other comprehensive income.

2) Remeasurements of net defined benefit liabilities (assets)

Remeasurements of net defined benefit liabilities (assets) comprise actuarial gain or loss and the return on plan assets (excluding the amount included in net interest on defined benefit liabilities (assets)). Remeasurements of defined benefit liabilities (assets), net, are recognized as other comprehensive income in the fiscal year in which they occurred and are immediately transferred to retained earnings.

3) Foreign currency translation adjustments

This is an accumulated amount of exchange differences occurring when standalone financial statements of foreign subsidiaries prepared in foreign currencies are translated into Japanese yen upon consolidation.

20. Dividends

For the fiscal year ended March 31, 2021

(1) Cash dividends paid

Resolution	Class of Shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors' meeting held on May 28, 2020	Ordinary shares	1,145	20.0	March 31, 2020	June 29, 2020
Board of Directors' meeting held on October 30, 2020	Ordinary shares	1,146	20.0	September 30, 2020	December 9, 2020

(2) Dividends with a record date in the fiscal year ended March 31, 2021 and an effective date in the following fiscal year

Resolution	Class of Shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors' meeting held on May 18, 2021	Ordinary shares	1,206	20.0	March 31, 2021	June 25, 2021

For the fiscal year ended March 31, 2022

(1) Cash dividends paid

Resolution	Class of Shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors' meeting held on May 18, 2021	Ordinary shares	1,206	20.0	March 31, 2021	June 25, 2021
Board of Directors' meeting held on October 29, 2021	Ordinary shares	1,206	20.0	September 30, 2021	December 8, 2021

(2) Dividends with a record date in the fiscal year ended March 31, 2022 and an effective date in the following fiscal year

Resolution	Class of Shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors' meeting held on May 20, 2022	Ordinary shares	1,206	20.0	March 31, 2022	June 28, 2022

21. Revenue

(1) Disaggregation of revenue

Revenue of reportable segments by location

The Group's primary operations are manufacture and sale of products in in-vehicle parts business, consumer parts business, resin compound business, display business and sale of automobiles in automotive sales business.

For sale of products, revenue is recognized when products are transferred to customers because control is passed to customers at a point in time of transfer and a performance obligation is satisfied. The Group usually receives payment from customers within 3 months after transfer of good, i.e. the point in time at which it satisfies the performance obligation. For sale of automobiles, revenue is recognized when automobiles are transferred to customers. The Group usually receives payment from customers when the performance obligation is satisfied. Revenue is measured at the amount of consideration contracted with customers excluding discounts, rebates, and refunds, etc.

Revenue of reportable segments by location is as follows:

For the fiscal year ended March 31, 2021

(Unit: Millions of yen)

	In-vehicle parts	Consumer parts	Resin compound	Display	Automotive sales	Others	Total
Japan	41,809	7,899	5,419	1,611	21,005	8,786	86,533
Americas	48,170	—	—	—	—	—	48,170
Europe	15,864	—	—	—	—	—	15,864
Asia	58,961	3,880	3,432	84	—	—	66,358
Total	164,806	11,780	8,852	1,696	21,005	8,786	216,926

For the fiscal year ended March 31, 2022

(Unit: Millions of yen)

	In-vehicle parts	Consumer parts	Resin compound	Display	Automotive sales	Others	Total
Japan	43,118	7,996	5,768	1,489	22,427	7,689	88,490
Americas	52,546	—	—	—	—	—	52,546
Europe	17,396	—	—	—	—	—	17,396
Asia	57,757	4,448	2,857	124	—	—	65,188
Total	170,818	12,444	8,626	1,614	22,427	7,689	223,621

(2) Contract balances

The Group's contract balances are only receivables from contract with customers and disclosed in Note 8 "Trade and Other Receivables".

(3) Transaction price allocated to the remaining performance obligations

The Group has no significant transactions with individual expected contractual terms exceeding one year. In addition, there are no significant amounts in consideration from contracts with customers that are not included in transaction prices.

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

The Group has no costs of obtaining or fulfilling contracts to be recognized as assets.

22. Selling, General and Administrative Expenses

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

	(Unit: Millions of yen)	
	Year ended March 31,2021	Year ended March 31,2022
Packing and transportation expenses	(6,053)	(11,850)
Employees' salaries	(10,205)	(11,455)
Provision of allowance for doubtful accounts	(11)	(2)
Provision for compensation for products	(29)	(250)
Retirement benefit expenses	(446)	(492)
Provision for directors' retirement benefits	(31)	(28)
Depreciation	(2,665)	(2,633)
Other	(10,572)	(11,649)
Total	(30,015)	(38,362)

23. Other Income and Other Expenses

(1) The breakdown of other income

	(Unit: Millions of yen)	
	Year ended March 31,2021	Year ended March 31,2022
Gain on sales of non-current assets	48	33
Reversal of provision for loss on litigation	256	—
Reversal of provision for compensation for products	—	654
Other	1,248	641
Total	1,553	1,329

(2) The breakdown of other expenses

	(Unit: Millions of yen)	
	Year ended March 31,2021	Year ended March 31,2022
Loss on sales of non-current assets	(20)	(8)
Loss on retirement of non-current assets	(80)	(106)
Impairment loss	(78)	(3,090)
Other	(294)	(144)
Total	(473)	(3,350)

Impairment loss is stated in 13. "Impairment Loss" in [Notes to Consolidated Financial Statements].

24. Finance Income and Finance Costs

(1) The breakdown of finance income

	(Unit: Millions of yen)	
	Year ended March 31,2021	Year ended March 31,2022
Interest income		
Financial assets measured at amortized cost	962	818
Dividend income		
Financial assets measured at fair value through other comprehensive income	475	662
Foreign exchange gain	1,052	1,572
Total	2,489	3,053

(2) The breakdown of finance costs

(Unit: Millions of yen)

	Year ended March 31,2021	Year ended March 31,2022
Interest expenses		
Borrowings	(190)	(169)
Other	(0)	—
Other	—	(6)
Total	(190)	(176)

25. Earnings per Share

(1) Basis of calculating basic earnings (losses) per share

1) Profit (loss) for the year attributable to owners of the parent company

(Unit: Millions of yen)

	Year ended March 31,2021	Year ended March 31,2022
Profit (loss) for the year attributable to owners of the parent company	517	(5,180)

2) Weighted average number of ordinary shares – basic

(Unit: Thousands of shares)

	Year ended March 31,2021	Year ended March 31,2022
Weighted average number of ordinary shares – basic	57,692	60,318

(2) Basis of calculating diluted earnings (losses) per share

1) Profit (loss) for the year attributable to owners of the parent company – diluted

(Unit: Millions of yen)

	Year ended March 31,2021	Year ended March 31,2022
Profit (loss) for the year attributable to owners of the parent company – diluted	517	(5,180)

2) Weighted average number of ordinary shares –diluted

(Unit: Thousands of shares)

	Year ended March 31,2021	Year ended March 31,2022
Weighted average number of ordinary shares – basic	57,692	60,318
Dilutive potential ordinary shares	74	—
Weighted average number of ordinary shares – diluted	57,767	60,318

(Note) For year ended March 31, 2022, 68 thousand dilutive potential ordinary shares are not included in the calculation of diluted earnings per share because they are antidilutive.

26. Other Comprehensive Income

The amount of changes and income tax effects relating to each component of other comprehensive income for each year, including non-controlling interests, are as follows:

(Unit: Millions of yen)

	Year ended March 31,2021	Year ended March 31,2022
Items that will not be reclassified to profit or loss		
Gains(losses) on financial assets measured at fair value through other comprehensive income		
Amount arising during the year	4,700	85
Tax effect	(1,409)	(94)
Subtotal	3,291	(8)
Remeasurements of the net defined benefit liabilities (assets)		
Amount arising during the year	(171)	192
Tax effect	37	(52)
Subtotal	(133)	140
Items that may be reclassified to profit or loss		
Foreign currency translation adjustments		
Amount arising during the year	6,375	15,480
Subtotal	6,375	15,480
Total other comprehensive income (loss)	9,532	15,612

27. Financial Instruments

(1) Capital management

The Group's basic policy for capital management is to aim increase of corporate value while achieving a good balance between financial stability and capital efficiency. In financial stability, assessment by credit rating agencies is one of the standards and the Group endeavors to procure funds from external institutions with low cost by maintaining a high credit rating for long-term borrowings.

In capital efficiency, the Group gives priority to procuring funds by debt while maintaining a high credit rating and reduces total capital costs by restraint of capital size. The Group is not exposed to material capital restrictions by external parties.

(2) The Breakdown of financial instruments

(Unit: Millions of yen)

	March 31,2021	March 31,2022
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	41,650	24,796
Trade and other receivables	40,927	40,957
Other financial assets	72,881	79,639
Financial assets measured at fair value through other comprehensive income		
Other financial assets	24,769	26,293
Financial assets measured at fair value through profit or loss		
Other financial assets	—	—
Total	180,229	171,687
Financial liabilities		
Financial liabilities measured at amortized cost		
Trade and other liabilities	33,721	40,432
Loans	69,768	69,131
Other financial liabilities	5,423	4,962
Financial liabilities measured at fair value through profit or loss		
Other financial liabilities	379	—
Total	109,293	114,526

(3) Financial instruments risk

1) Credit risk management

i) Credit risk management

Notes, electronically recorded monetary claims and accounts receivable - trade are exposed to customer credit risk. The Group manages credit risk arising from receivables in accordance with the internal policies, which include monitoring of due dates and outstanding balances by individual customer and the credit worthiness of main customers on an interim basis.

ii) Credit risk exposure

For the fiscal year ended March 31, 2021

The carrying amount of note, electronically recorded monetary claims and trade receivables and changes in allowance for doubtful accounts are as follows:

(Unit: Millions of yen)

Note, electronically recorded monetary claims and trade receivables	Financial assets for which loss allowances are always measured at an amount equal to expected credit losses for the entire period	Credit-impaired financial assets	Total
Beginning balance	34,081	0	34,081
Ending balance	37,766	0	37,767

(Unit: Millions of yen)

Allowance for doubtful accounts	Financial assets for which loss allowances are always measured at an amount equal to expected credit losses for the entire period	Credit-impaired financial assets	Total
Beginning balance	140	0	140
Increase during the year	73	—	73
Decrease during the year	(149)	(0)	(149)
Other(Foreign currency translation adjustments)	9	—	9
Ending balance	73	0	73

For the fiscal year ended March 31, 2022

The carrying amount of note, electronically recorded monetary claims and trade receivables and changes in allowance for doubtful accounts are as follows:

(Unit: Millions of yen)

Note, electronically recorded monetary claims and trade receivables	Financial assets for which loss allowances are always measured at an amount equal to expected credit losses for the entire period	Credit-impaired financial assets	Total
Beginning balance	37,766	0	37,767
Ending balance	37,723	—	37,723

(Unit: Millions of yen)

Allowance for doubtful accounts	Financial assets for which loss allowances are always measured at an amount equal to expected credit losses for the entire period	Credit-impaired financial assets	Total
Beginning balance	73	0	73
Increase during the year	82	—	82
Decrease during the year	(79)	(0)	(79)
Other(Foreign currency translation adjustments)	5	—	5
Ending balance	82	—	82

2) Liquidity risk

Payment terms of payables, such as notes and accounts payable-trade, are mostly less than one year.

Short-term loans are used mainly in connection with business activities. Long-term loans and leases are taken out principally for the purpose of capital investments.

Trading liabilities and borrowings are exposed to liquidity risk. The Group prepares and updates cash flow plans monthly to manage liquidity risk.

Financial liabilities by maturity are as follows:

For the fiscal year ended March 31, 2021

(Unit: Millions of yen)

	Carrying amount	Contractual cash flows	Within one year	More than one year within two years	More than two years within three years	More than three years within four years	More than four years within five years	More than five years
Financial liabilities measured at amortized cost								
Trade and other liabilities	33,721	33,721	33,721	—	—	—	—	—
Long-term loans due after more than one year	12,802	12,815	—	4,439	6,094	1,840	440	—
Long-term loans due within one year	9,991	9,994	9,994	—	—	—	—	—
Short-term loans	46,974	47,115	47,115	—	—	—	—	—
Long-term leases	3,424	3,430	—	1,471	879	359	708	10
Short-term leases	1,998	2,004	2,004	—	—	—	—	—
Financial liabilities measured at fair value through profit and loss								
Derivative liabilities	379	379	379	—	—	—	—	—
Total	109,293	109,461	93,215	5,910	6,974	2,200	1,148	10

A financial asset and a financial liability arising from derivative transactions are offset and the net amount is presented.

For the fiscal year ended March 31, 2022

(Unit: Millions of yen)

	Carrying amount	Contractual cash flows	Within one year	More than one year within two years	More than two years within three years	More than three years within four years	More than four years within five years	More than five years
Financial liabilities measured at amortized cost								
Trade and other liabilities	40,432	40,432	40,432	—	—	—	—	—
Long-term loans due after more than one year	13,084	13,096	—	7,737	3,442	1,666	250	—
Long-term loans due within one year	5,997	6,000	6,000	—	—	—	—	—
Short-term loans	50,049	50,202	50,202	—	—	—	—	—
Long-term leases	3,048	3,054	—	1,606	763	251	115	317
Short-term leases	1,914	1,921	1,921	—	—	—	—	—
Financial liabilities measured at fair value through profit and loss								
Derivative liabilities	—	—	—	—	—	—	—	—
Total	114,526	114,707	98,556	9,343	4,206	1,917	365	317

A financial asset and a financial liability arising from derivative transactions are offset and the net amount is presented.

3) Market risk management

(i) Foreign exchange risk

The Group's main foreign exchange risk arises mainly from the Company's US dollar deposit aiming at settlement for transactions with overseas customers and suppliers. Therefore the Company mainly has the exchange risk. If the Japanese yen as a functional currency in the Company appreciates by 1% against the U.S. dollar at the fiscal year-end, effects on profit before tax by the translation of the Company's US dollar deposit are as follows.

It is assumed that currencies other than the exchange rate between the U.S. dollar and Japanese yen are fixed.

Foreign currency sensitivity analysis

(Unit: Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Profit before tax	(100)	41

The above amount in parentheses shows negative effects on profit before tax if the yen appreciated 1% against the dollar and the effects would be positive if the yen depreciated 1% against the dollar.

The effects on other comprehensive income by translation of foreign subsidiaries are not included.

(ii) Interest rate risk

The Group raises funds through bank borrowings and is exposed to interest rate risk. To hedge the risk, the Group endeavors to fix financial cost by long-term borrowings and performs good cash flow management to receivables and payables. As a result, the effects on interest expenses by interest rate change are insignificant.

(4) Equity instruments measured at fair value through other comprehensive income

The Group holds listed and unlisted shares with business relationship and these equity instruments are measured at fair value through other comprehensive income because the purpose of holding these equity instruments is to maintain and strengthen business relationship.

1) Main shares and fair value

Main shares and fair value for the year ended March 31, 2021 and 2022 are as follows:

(Unit: Millions of yen)

Company name	March 31, 2021	March 31, 2022
Honda Motor Co., Ltd.	11,866	12,547
NICHIA CORPORATION	5,387	5,824
ALPS ALPINE CO., LTD.	3,796	3,148
Yamaha Motor Co., Ltd.	1,821	1,851
SUZUKI MOTOR CORPORATION	497	417
Mitsubishi UFJ Financial Group, Inc.	263	339
Daishi Hokuetsu Financial Group, Inc.	140	134
THE TAIKO BANK, LTD.	120	111
The First Bank of Toyama, Ltd.	109	109
SUBARU CORPORATION	110	98

2) Derecognized equity instruments measured at fair value through other comprehensive income

Fair value and cumulative profit and loss before tax of derecognized equity instruments measured at fair value through other comprehensive income for the year ended March 31, 2021 and 2022 are as follows:

(Unit: Millions of yen)

	Year ended March 31,2021	Year ended March 31,2022
Fair value at the date of derecognition	2	—
Cumulative profit or loss on disposal	(0)	—

(Note)

1. Due to change in business relationship, the Group derecognized some equity instruments measured at fair value through other comprehensive income by selling them in the fiscal year 2021 and 2022.
2. When equity instruments measured at fair value through other comprehensive income are derecognized, cumulative profit or loss after tax on other comprehensive income are reclassified into retained earnings.

3) Dividend income

The breakdown of dividend income arising from equity instruments measured at fair value through other comprehensive income is as follows:

(Unit: Millions of yen)

	Year ended March 31,2021	Year ended March 31,2022
Equity instruments held at year end	472	661

4) Market volatility sensitivity analysis

The Group holds equity instruments, such as shares of listed companies with which the Group has a business relationship, and these equity instruments are exposed to market volatility risk. The current fair value of the equity instruments and the financial status of issuers are assessed regularly and holding status is reviewed periodically.

Sensitivity analysis to market volatility of financial instruments is as follows:

It is based on the assumption that all parameters other than the share prices used for the calculation do not fluctuate and shows the impact on other comprehensive income (before tax effects), if the share prices of these instruments decline 10% at the fiscal year-end.

(Unit: Millions of yen)

	Year ended March 31,2021	Year ended March 31,2022
Other comprehensive income	(1,901)	(1,905)

(5) Fair value of financial instruments

1) Measurement of fair value

(i) Financial assets measured at amortized cost

(a) Cash and cash equivalents

The carrying amount approximates the fair value due to the short maturities of the instruments.

(b) Trade and other receivables

The carrying amount approximates the fair value due to the short maturities of the instruments.

(c) Loans and receivables

Time deposits with duration exceeding three months are settled within short term and the carrying amount reasonably approximates to the respective fair value.

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

The fair value of listed shares is based on quoted market prices at reporting date and the fair value of unlisted shares is mainly based on net assets value.

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

The fair value is based on the quoted price, etc. provided by the relevant financial institutions.

(iv) Financial liabilities measured at amortized cost

(a) Short-term loan

The carrying amount approximates the respective fair value since the instruments are settled within short term.

(b) Long-term loan including loan due within one year

The instruments are calculated based on the present value by discounting the sum of the principal and interest at the interest rate assumed for a new similar borrowing.

(c) Other liabilities

The carrying amount approximates the respective fair value since the instruments are settled within short term.

2) Fair value hierarchy

The levels of the fair value hierarchy are as follows:

Level 1 – Fair value measured using quoted prices in active markets

Level 2 – Fair value measured using inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly

Level 3 – Fair value measured using unobservable inputs

Any transfers of the financial instruments between levels are recognized at the date of events that causes the transfers.

When unobservable inputs were changed to alternative and reasonable assumptions in Level 3, significant changes of fair value are not considered.

3) Carrying amount and fair value of financial instruments

(Unit: Millions of yen)

	March 31,2021		March 31,2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term loans	22,793	22,785	19,083	19,074

4) Financial instruments measured at fair value

The clarification by level based on fair value hierarchy of financial instruments measured at fair value is as follows:

For the fiscal year ended March 31, 2021

(Unit: Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	—	—	—	—
Financial assets measured at fair value through other comprehensive income	19,019	—	5,745	24,765
Total	19,019	—	5,745	24,765
Financial liabilities measured at fair value through profit or loss	—	379	—	379
Total	—	379	—	379

There is no financial asset or financial liability transferred to other level.

For the fiscal year ended March 31, 2022

(Unit: Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	—	—	—	—
Financial assets measured at fair value through other comprehensive income	19,037	—	7,251	26,289
Total	19,037	—	7,251	26,289
Financial liabilities measured at fair value through profit or loss	—	—	—	—
Total	—	—	—	—

There is no financial asset or financial liability transferred to other level.

5) The movement in fair value of financial assets categorized in Level 3 is as follows:

(Unit: Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Beginning balance	5,643	5,745
Total gain and loss:		
Other comprehensive income	104	143
Purchase	—	1,362
Sales	(2)	—
Other	(0)	—
Ending balance	5,745	7,251

Gains (losses) on other comprehensive income are classified as gains (losses) on financial assets measured at fair value through other comprehensive income in consolidated statement of comprehensive income

28. Leases

(1) Amounts recognized in consolidated statement of income and cash flows relating to lease transaction

Amounts recognized in consolidated statement of income and cash flows relating to lease transaction are as follows:

(Unit: Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Depreciation charge for right-of-use-assets		
Land, buildings and structures as underlying assets	1,375	1,506
Machinery and equipment, vehicles as underlying assets	352	361
Tools, furniture and fixtures as underlying assets	47	50
Intangible assets and other as underlying assets	10	11
Total	1,786	1,929
Lease expenses relating to short-term leases accounted for applying exemptions	274	166
Lease expenses relating to lease of low-value assets accounted for applying exemptions	120	108
Interest expenses on lease liabilities	11	9

Total cash flows for leases are as follows:

(Unit: Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Total cash flows for leases	1,938	2,075

(2) Extension options and termination options (as a lessee)

In the Group, each group company has responsibility for its lease management and lease conditions are negotiated individually and different by contract.

Extension options and termination options are mainly included in contracts of leases relating to buildings and structures. Many of them are leases with extension options over same terms as contracts or leases with termination options in which the Group can cancel the contracts prior to the end of the original lease term when the Group notifies a lessor of the termination by the specified expiration date.

(3) Additions to right-of-use-assets

Additions to right-of-use-assets are as follows:

(Unit: Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Additions to right-of-use-assets	1,671	2,176

(4) The carrying amount of right-of-use-assets

The carrying amount of right-of-use-assets is as follows:

(Unit: Millions of yen)

	April 1, 2021	March 31, 2022
Land, buildings and structures as underlying assets	4,538	3,906
Machinery and equipment, vehicles as underlying assets	774	656
Tools, furniture and fixtures as underlying assets	525	399
Intangible assets and other as underlying assets	24	70
Total	5,861	5,032

29. Subsidiaries

The consolidated subsidiaries of the Group as at March 31, 2022 are as follows:

Company name	Location	Voting rights (%)
NS Advantech Co., Ltd.	Niigata prefecture, Japan	100.0
NS West Inc.	Hiroshima prefecture, Japan	100.0
NS Computer Service Co., Ltd.	Niigata prefecture, Japan	100.0
Nissei Service Co., Ltd.	Niigata prefecture, Japan	100.0
Honda Car Sales Nagaoka Co., Ltd.	Niigata prefecture, Japan	100.0
Niigata Mazda Co., Ltd.	Niigata prefecture, Japan	100.0
UK-NSI Co., Ltd.	United Kingdom	100.0
Nippon Seiki (Europe)B.V.	Netherlands	100.0
New Sabina Industries, Inc.	U.S.A.	100.0
N.S.International, Ltd.	U.S.A.	100.0
Nippon Seiki De Mexico S.A. De C.V.	Mexico	100.0 (99.6)
Nippon Seiki Do Brasil Ltda.	Brazil	100.0
Thai Nippon Seiki Co., Ltd.	Thailand	100.0
PT.Indonesia Nippon Seiki	Indonesia	70.0
Vietnam Nippon Seiki Co., Ltd.	Vietnam	70.0
NS Instruments India Private Ltd.	India	100.0 (1.0)
Hong Kong Nippon Seiki Co., Ltd.	Hong Kong	100.0
Dongguan Nissei Electronics Co., Ltd.	China	100.0
Shanghai Nissei Display System Co., Ltd.	China	80.0 (80.0)
Taiwan Nissei Display System Co., Ltd.	Taiwan	100.0
Nantong NS Advantech Co., Ltd.	China	100.0 (100.0)
Wuhan Nissei Display System Co., Ltd.	China	75.0
Nissei Display Sales and Development Co., Ltd.	China	91.0 (31.0)
Other 9 companies	—	—

The percentages in parentheses in the column of "Voting rights (%)" indicate indirect ownership out of the total ownership.

30. Related parties

Management emoluments

Emoluments for the Company's directors and corporate auditors are as follows:

(Unit: Millions of yen)

	Year ended March 31,2021	Year ended March 31,2022
Basic emolument and bonus	215	221
Share-based Payment	10	9
Total	226	231

31. Share-based Payment

(1) Stock option remuneration plans

The Company adopts the stock option remuneration plans as described below.

Issuer	The Company	The Company	The Company	The Company
Date of resolution at the Board of Directors' Meeting	June 28, 2011	June 27, 2012	June 25, 2013	June 26, 2014
Grantees	Directors 15	Directors 14	Directors 13	Directors 15
Class and number of granted shares	Ordinary shares 24,700 shares	Ordinary shares 30,400 shares	Ordinary shares 13,900 shares	Ordinary shares 12,200 shares
Grant date	July 19, 2011	July 19, 2012	July 18, 2013	July 17, 2014
Vesting Conditions	No condition is set out.	No condition is set out.	No condition is set out.	No condition is set out.
Service period	No service period is stipulated.	No service period is stipulated.	No service period is stipulated.	No service period is stipulated.
Exercisable period	From July 20, 2011 to July 19, 2041	From July 20, 2012 to July 19, 2042	From July 19, 2013 to July 18, 2043	From July 18, 2014 to July 17, 2044

Issuer	The Company	The Company	The Company	The Company
Date of resolution at the Board of Directors' Meeting	June 26, 2015	June 28, 2016	June 28, 2017	June 27, 2018
Grantees	Directors 7 Operating Officers 12	Directors 6 Operating Officers 14	Directors 7 Operating Officers 4	Directors 7 Operating Officers 4
Class and number of granted shares	Ordinary shares 8,300 shares	Ordinary shares 13,800 shares	Ordinary shares 9,000 shares	Ordinary shares 8,800 shares
Grant date	July 17, 2015	July 20, 2016	July 20, 2017	July 20, 2018
Vesting Conditions	No condition is set out.	No condition is set out.	No condition is set out.	No condition is set out.
Service period	No service period is stipulated.	No service period is stipulated.	No service period is stipulated.	No service period is stipulated.
Exercisable period	From July 18, 2015 to July 17, 2045	From July 21, 2016 to July 20, 2046	From July 21, 2017 to July 20, 2047	From July 21, 2018 to July 20, 2048

Issuer	The Company	The Company	The Company
Date of resolution at the Board of Directors' Meeting	June 26, 2019	June 26, 2020	June 24, 2021
Grantees	Directors 6 Operating Officers 6	Directors 6 Operating Officers 7	Directors 6 Operating Officers 4
Class and number of granted shares	Ordinary shares 10,600 shares	Ordinary shares 15,000 shares	Ordinary shares 12,800 shares
Grant date	July 19, 2019	July 17, 2020	July 16, 2021
Vesting Conditions	No condition is set out.	No condition is set out.	No condition is set out.
Service period	No service period is stipulated.	No service period is stipulated.	No service period is stipulated.
Exercisable period	From July 20, 2019 to July 19, 2049	From July 18, 2020 to July 17, 2050	From July 17, 2021 to July 16, 2051

The stock options outstanding as of March 31, 2021 and 2022 are as follows:

For the fiscal year ended March 31, 2021

	Number of options (Share)	Weighted-average exercise price(Yen)
Beginning balance	76,100	1
Granted	15,000	1
Forfeited	—	—
Exercised	(20,900)	1
Expired	—	—
Ending balance	70,200	1
Options exercisable at the end of year	—	—

(Note) The weighted-average stock price of options as of the date of exercising, which was exercised in the reporting period, is ¥1,250.

For the fiscal year ended March 31, 2022

	Number of options (Share)	Weighted-average exercise price(Yen)
Beginning balance	70,200	1
Granted	12,800	1
Forfeited	—	—
Exercised	(17,800)	1
Expired	—	—
Ending balance	65,200	1
Options exercisable at the end of year	—	—

(Note) The weighted-average stock price of options as of the date of exercising, which was exercised in the reporting period, is ¥1,199.

(2) Measurement approach for fair value of stock options

The fair value of stock options is estimated using the Black-Scholes model. The fair value and assumptions used in the calculation are as follows.

	Year ended March 31,2021	Year ended March 31,2022
Fair value per stock at measuring date (Yen)	1,070.27	1,041.74
Share price at grant date (Yen)	1,297.00	1,268.00
Exercise price (Yen)	1	1
Expected volatility of the share price (%)	37.18	36.63
Expected remaining life of the option (years)	6.2	6.2
Expected dividend (Yen)	40	40
Risk-free interest rate (%)	(0.11)	(0.12)

(3) Share-based compensation recorded in consolidated statement of income

(Unit: Millions of yen)

	Year ended March 31,2021	Year ended March 31,2022
Share-based compensation recorded in Selling, general and administrative expenses	16	14

32. Commitments

Contractual commitments for the acquisition of property, plant, equipment and intangible assets are as follows:

(Unit: Millions of yen)

	March 31,2021	March 31,2022
Contractual commitments for the acquisition of property, plant, equipment and intangible assets	2,104	2,344

33. Additional information

The Group makes an assumption of gradual recoveries with a certain negative impact of COVID-19 in the following fiscal years and accounting estimates such as an estimate for recoverability of deferred tax assets by best method that the Group chooses at this moment. Prolonged impact of COVID-19 infection and changes on management environment such as international Situations may have an effect on consolidated financial position and income for the fiscal year ended March 31, 2023.

- **Company name** : Nippon Seiki Co., Ltd.
- **Established** : December 24, 1946
- **Common stock** : 14,494 million yen
- **Number of employees** : 1,750

- **Main products and activities (Nippon Seiki Group)**

- Automotive instruments
- Head-up displays ※
- Motorcycle instruments
- Instruments for agricultural and construction machines and boats
- Sensors for automobiles
- Control panels for office equipment
- Remote controllers for air conditioners and housing and facility equipment
- PCB assemblies for amusements
- EMS of high-density mounting boards
- Automobile sales
- Aftermarket car products
- Liquid crystal display panels and modules
- Organic light emitting diode display panels and modules
- Resin material processing and sales
- Freight transportation
- Software development
etc.

Note:

- ※ "Head-up displays (HUD) use projection technology to display vehicle information on the windshield.

- **Offices and Factories**

- **Head office and Factory**

2-34, Higashi-Zaoh 2-chome, Nagaoka-shi, Niigata, 940-8580 JAPAN

- **Takami Division**

2-8, Higashi-Takami 2-chome, Nagaoka-shi, Niigata, 940-0006 JAPAN

- **NS Technical Center**

2-8, Higashi-Takami 2-chome, Nagaoka-shi, Niigata, 940-0006 JAPAN

- **NS Tokyo Technical Center**

Tabata Asuka Tower4F, 1-1, Tabata 6-chome, Kita-ku, Tokyo, 114-0014 JAPAN

- **NS Utsunomiya Technical Center**

Metlife Utsunomiya Building 6F, 3-1-7, Higashishukugo, Utsunomiya-shi, Tochigi 321-0953 JAPAN

- **Iwate Software-design Satellite Office**

Takizawa-shi IPU Daiichi Innovation Center 201, 152-378 Sugo, Takizawa-shi, Iwate, 020-0611 JAPAN

- **Research & Development Center**

190-1, Fujihashi 1-chome, Nagaoka-shi, Niigata, 940-2141 JAPAN

- **Tokyo Research & Development Center**

Tabata Asuka Tower4F, 1-1, Tabata 6-chome, Kita-ku, Tokyo, 114-0014 JAPAN

- **Offices**

Utsunomiya, Tokyo, Hamamatsu, Nagoya, Suzuka, Osaka, Kumamoto

- **Branch Office**

Hong Kong

Notes:

- ※ Mizushima Office was closed in February, 2022.

Worldwide Network

● Japan

- NS Advantech Co., Ltd. / Nagaoka -shi, Niigata, Japan
- NS WEST Inc. / Shobara-shi, Hiroshima, Japan
- N.S.Computer Service Co., Ltd. / Nagaoka-shi, Niigata, Japan
- Nissei Service Co., Ltd. / Nagaoka-shi, Niigata, Japan
- Honda Car Sales Nagaoka Co., Ltd. / Nagaoka-shi, Niigata, Japan
- Niigata Mazda Co., Ltd. / Niigata-shi, Niigata, Japan
- Mazda Mobility Niigata Co., Ltd. / Niigata-shi, Niigata, Japan
- Car Station Niigata Co., Ltd. / Nagaoka-shi, Niigata, Japan
- Nissei Kyusyoku Co., Ltd. / Nagaoka-shi, Niigata, Japan

● The Americas

- New Sabina Industries, Inc. / Sabina, Ohio, U.S.A.
- N.S. International, Ltd. / Troy, Michigan, U.S.A.
- Nippon Seiki De Mexico S.A. De C.V. / Nuevo Leon, Mexico
- Nippon Seiki Do Brasil Ltda. / Manaus, Amazonas, Brazil
- NS Sao Paulo Componentes Automotivos Ltda. / Sao Paulo, Brazil

● Europe

- UK-NSI Co., Ltd. / Redditch, Worcs, U.K.
- Nippon Seiki (Europe) B.V. / North Holland, Netherlands
- Nippon Seiki Poland Sp. z o.o. / Lodz, Poland

● Asia

- Thai Nippon Seiki Co., Ltd. / Chonburi, Thailand
- Thai Matto NS Co., Ltd. / Chonburi, Thailand
- Nippon Seiki Consumer Products (Thailand) Co., Ltd. / Chonburi, Thailand
- PT. Indonesia Nippon Seiki / Banten, Indonesia
- Vietnam Nippon Seiki Co., Ltd. / Hanoi, Vietnam
- DaNang Nippon Seiki Co., Ltd. / DaNang city, Vietnam
- NS Instruments India Private Ltd. / Andhara Pradesh, India
- Hong Kong Nippon Seiki Co., Ltd. / Hong Kong, China
- Dongguan Nissei Electronics Co., Ltd. / Dongguan, Guangdong, China
- Shanghai Nissei Display System Co., Ltd. / Shanghai, China
- Wuhan Nissei Display System Co., Ltd. / Hubei, China
- Nissei Display Sales and Development Co., Ltd. / Shanghai, China
- Taiwan Nissei Display System Co., Ltd. / Taipei, Taiwan R.O.C.
- Nantong NS Advantech Co., Ltd. / Nantong, Jiangsu, China
- Hong Kong Ek Chor Nissei Co., Ltd. / Hong Kong, China
- JNS Instruments Ltd. / Haryana, India

Nippon Seiki Co., Ltd.

NS Advantech Co., Ltd.

NS WEST Inc.

N.S.Computer Service Co., Ltd.

Nissei Service Co., Ltd.

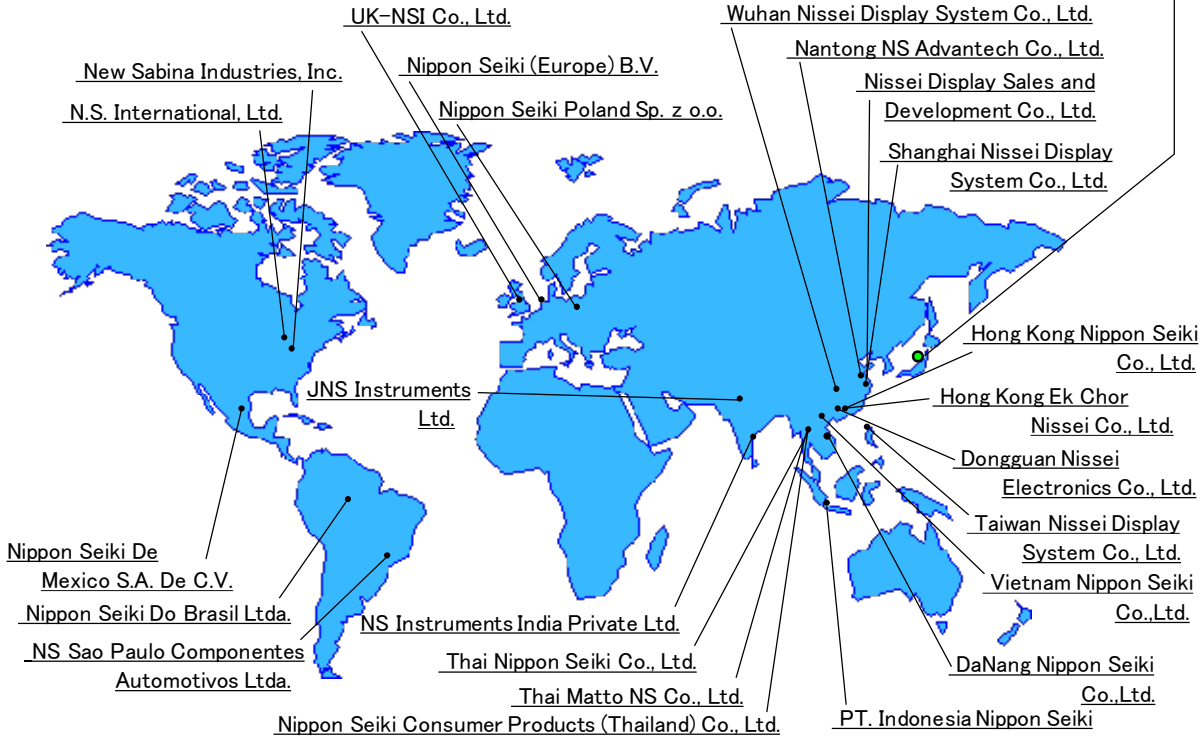
Honda Car Sales Nagaoka Co., Ltd.

Niigata Mazda Co., Ltd.

Mazda Mobility Niigata Co., Ltd.

Car Station Niigata Co., Ltd.

Nissei Kyusyoku Co., Ltd.



Notes:

※ The board of directors resolved on May 13, 2022 that NS Sao Paulo Componentes Automotivos Ltda. would dissolve itself in June, 2022.

Nippon Seiki Group is composed of 32 subsidiaries and 1 affiliated company. The main business of the group is responsible for the manufacture and sale of instruments for automobiles, motorcycles, agricultural / construction machines and boats, and the manufacture and sale of liquid crystal display panels and modules, consumer-use products, automobiles and other products. NS Group also has businesses related to transport and research & development connected with the above products. NS Group is also involved in software development and other services.

Details of each company in the group and its main activities are as follows:

● **Significant consolidated subsidiaries**

Name of Company	Voting rights equity ratio	Main activities	Main trade with subsidiaries
NS Advantech Co., Ltd.	100.0	Manufacture of instruments for automotive, motorcycle, agricultural/construction machines and boats / Manufacture of electronic sub-assemblies for instruments and remote controllers / Plastic injection molding / Compounding, coloring of plastics, and trading	Purchasing products and component parts
NS WEST Inc.	100.0	Manufacture and sales of automotive instruments and peripheral systems	Selling and purchasing products
N.S.Computer Service Co., Ltd.	100.0	Software development and sales/ Office automation equipment sales / Computer services	Outsourcing software development
Nissei Service Co., Ltd.	100.0	Transportation / Food services / Insurance / Advertising agency	Outsourcing packing and transporting products
Honda Car Sales Nagaoka Co., Ltd.	100.0	Honda car dealer	Purchasing cars
Niigata Mazda Co., Ltd.	100.0	Mazda car dealer	Purchasing cars
UK-NSI Co., Ltd.	100.0	Manufacture of automotive and motorcycle instruments	Selling products
Nippon Seiki (Europe) B.V.	100.0	Sales of products manufactured by Nippon Seiki Group in the European market	Selling products
New Sabina Industries, Inc.	100.0	Manufacture of automotive instruments	Selling products
N.S. International, Ltd.	100.0	Sales of products manufactured by Nippon Seiki Group in the North American market	Selling products
Nippon Seiki De Mexico S.A. De C.V.	100.0	Manufacture of automotive instruments	Selling products
Nippon Seiki Do Brasil Ltda.	100.0	Manufacture and sales of motorcycle instruments	Selling products
Thai Nippon Seiki Co., Ltd.	100.0	Manufacture and sales of automotive and motorcycle instruments / Manufacture of control panels for office automation equipment and remote controllers for air conditioners and household equipment	Selling and purchasing products
PT. Indonesia Nippon Seiki	70.0	Manufacture and sales of automotive and motorcycle instruments	Selling products
Vietnam Nippon Seiki Co., Ltd.	70.0	Manufacture and sales of motorcycle instruments	Selling products
NS Instruments India Private Ltd.	100.0	Manufacture and sales of automotive and motorcycle instruments	Selling products
Hong Kong Nippon Seiki Co., Ltd.	100.0	Sales of control panels for office automation equipment and remote controllers for air conditioners and household equipment	Purchasing and selling products
Dongguan Nissei Electronics Co., Ltd.	100.0	Manufacture of control panels for office automation equipment and remote controllers for air conditioners and household equipment	Selling products

Name of Company	Voting rights equity ratio	Main activities	Main trade with subsidiaries
Shanghai Nissei Display System Co., Ltd.	80.0	Manufacture and sales of automotive and motorcycle instruments	Selling products and purchasing component parts
Taiwan Nissei Display System Co., Ltd.	100.0	Manufacture and sales of automotive and motorcycle instruments	Selling products
Nantong NS Advantech Co., Ltd.	100.0	Compounding, and coloring of plastics, and trading	Purchasing component parts
Wuhan Nissei Display system Co., Ltd.	75.0	Manufacture of automotive instruments	Selling products
Nissei Display Sales and Development Co., Ltd.	91.0	Sales of products manufactured by Nippon Seiki Group in the Chinese market	Selling products
And 9 companies			

● **The affiliated company is as follow:**

- **Affiliated company (which does not influence the consolidated financial statements)**
- JNS Instruments Ltd.

4,028 shareholders, in total, hold the company's common shares.

Details of the issued shares and shareholders are as follows:

- Total number of authorized shares: 220,000,000 shares
- Total number of issued shares: 60,907,599 shares

● Major shareholders

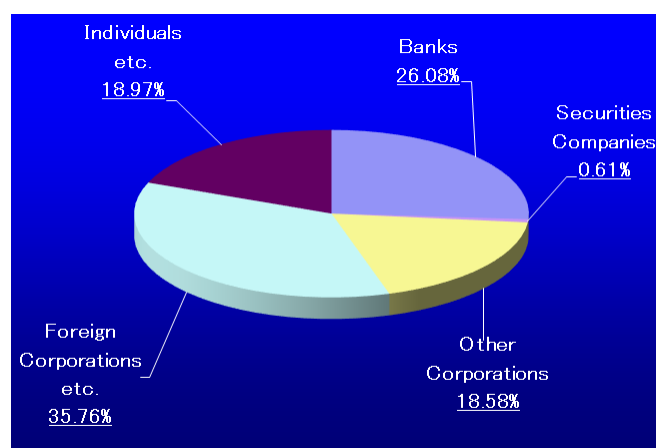
(1,000 shares)

Name	Shares owned (percentage of shareholdings)
Honda Motor Co., Ltd.	3,753 (6.22%)
JP Morgan Chase Bank 385632	3,409 (5.65%)
Alps Alpine Co., Ltd.	3,000 (4.97%)
BBH For Fidelity Low—Priced Stock Fund (Principal All Sector Subportfolio)	2,575 (4.26%)
The Master Trust Bank of Japan, Ltd.	1,934 (3.20%)
MUFG Bank, Ltd.	1,779 (2.95%)
Daishi Hokuetsu Bank, Ltd.	1,568 (2.60%)
Shareholding association of Nippon Seiki Employees	1,494 (2.47%)
J.P. Morgan Bank Luxembourg S.A. 381572	1,266 (2.09%)
Yamaha Motor Co., Ltd.	1,217 (2.01%)

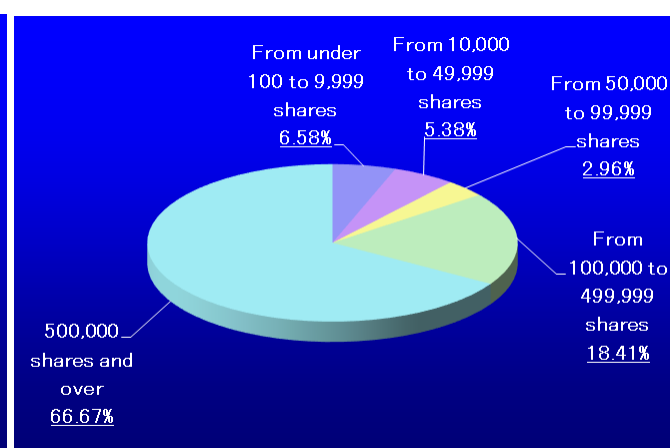
Notes:

- ※ Percentage of shareholdings ratio is calculated by deducting 584,051 shares of treasury stocks from total shares issued.

● Distribution ratio by type of shareholder



● Distribution ratio by number of shares of total capital



Note:

- ※ Nippon Seiki has issued share acquisition rights in the form of stock options for a stock-based compensation plan to the company's directors.

VII. BOARD OF DIRECTORS AND AUDIT AND SUPERVISORY COMMITTEE MEMBERS

As of June 27, 2022

Directors

〈Name〉

President, Chief Executive Officer and Representative Director	Koichi Sato
Managing Officer and Director	Masatoshi Azuma
Managing Officer and Director	Yuji Osaki
Managing Officer and Director	Keiichi Nagano
Senior Operating Officer and Director	Kazuhiko Murayama
Senior Operating Officer and Director	Masahiro Yoshihara
Director who is Audit & Supervisory Committee Member (Full-time)	Haruhiko Otaki
Director who is Audit & Supervisory Committee Member (Full-time)	Tatsuya Nagai
Director who is Audit & Supervisory Committee Member (Outside Director)	Etsuo Saiki
Director who is Audit & Supervisory Committee Member (Outside Director)	Eiko Tomiyama
Director who is Audit & Supervisory Committee Member (Outside Director)	Ryuichi Shimamune
Director who is Audit & Supervisory Committee Member (Outside Director)	Kiyoshi Suzuki