Financial Report 2024

Year ended March 31, 2024

Central Glass Co., Ltd.

CONTENTS

Summary of Business Results for the Year Under Review

(1) Business Results for the Year Under Review

For the fiscal year ended March 31, 2024, despite continued increasing prices, especially for imported materials, due to geopolitical factors and the effect of the exchange rate, the domestic economy saw a continued gradual recovery with capital investment picking up on the back of recovering corporate performance and signs of improvement in employment and income conditions. Meanwhile, the outlook for the global economy continued to remain very uncertain due to the prolonged effects of monetary tightening in Europe and the U.S., a slowdown in China's economy as a result of a real estate recession, the Russian invasion of Ukraine, and continued tensions in the Middle East.

Against this economic backdrop, despite the Group's proactive sales activities, net sales in the fiscal year under review were ¥160,339 million, marking a 5.3% decrease compared to the previous fiscal year.

With respect to profits, despite implementing measures to improve the efficiency of and streamline overall business management, ordinary profit decreased by ¥3,367 million year on year to ¥16,269 million, and profit attributable to owners of parent decreased by ¥30,016 million compared to the previous fiscal year to ¥12,478 million.

(2) Review of Operations by Segment

Glass Business

Although demand for architectural glass remained below the previous fiscal year, net sales increased year on year due to the penetration of product price revisions implemented in the previous fiscal year.

Despite the impact of shutdowns due to issues of certification fraud of automotive manufacturers and other factors, automotive glass saw an increase in net sales year on year due to a recovery of sales volume for the full year with the disappearance of production cuts caused by parts supply issues in the previous fiscal year and continued product price revisions in response to the increase in raw material and fuel prices.

For glass fiber, although demand decreased in the electronic materials segment, production volume recovered in the automotive sector, leading to an increase in net sales compared to the previous fiscal year.

As a result, net sales of the glass business as a whole increased by 8.6% year on year to ¥59,413 million, and operating profit increased by ¥1,275 million year on year to ¥3,938 million.

Chemicals Business

Net sales of applied chemicals decreased year on year as a result of a decline in hydrofluoroolefin products due to sluggish housing starts in major countries, which impacted sales of raw materials for blowing agents. In addition, sales of agrochemicals-related products decreased in response to advanced shipments made at the end of the previous fiscal year.

Net sales of medi-chemicals were on par with the previous fiscal year due to weak sales at overseas consolidated subsidiaries despite shipment of pharmaceutical-related products remaining strong.

In electronic materials, global semiconductor demand bottomed out and showed signs of recovery at the end of the fiscal year, resulting in sales of specialty gas-related products for semiconductors and resist materials remaining on par with the previous fiscal year. This, in addition to the impact of the consolidation of an overseas sales subsidiary, resulted in increased net sales year on year.

Net sales of energy materials decreased year on year due to a decline in sales of electrolyte products for lithium-ion batteries in response to slowing growth of the EV market and intensifying competition in China and Europe.

For fertilizers, net sales decreased year on year due to a slowdown in distribution inventory and the impact of reduced purchases in response to price cuts in June and November.

As a result, net sales of the chemicals business as a whole decreased by 12.0% year on year to ¥100,926 million, and operating profit decreased by ¥3,506 million year on year to ¥10,588 million.

(3) Analysis of Balance Sheets

Total assets as of March 31, 2024 stood at ¥214,404 million, down ¥6,685 million from the end of the previous fiscal year. The principal factors behind the change were a decrease of ¥5,692 million in property, plant, and equipment resulting from the impairment of non-current assets, and a decrease of ¥1,350 million in investment securities due to the sale of cross shareholdings.

Total liabilities were ¥94,353 million, down ¥18,874 million from the end of the previous fiscal year. The principal factors were decreases of ¥5,777 million in trade payables and ¥12,243 million in interest-bearing debt due to repayment of borrowings.

Total net assets were ¥120,050 million, up ¥12,188 million from the end of the previous fiscal year. The principal factor was profit attributable to owners of parent of ¥12,478 million. The equity ratio increased by 6.8 percentage points to 53.6%.

(4) Analysis of Cash Flows

Cash and cash equivalents at the end of the fiscal year stood at ¥19,858 million, up ¥3,185 million from the end of the previous fiscal year.

Cash flows from operating activities

Net cash provided by operating activities was ¥22,236 million, compared with ¥16,599 million provided in the previous fiscal year. The main contributing factors were profit before income taxes of ¥16,553 million, depreciation of ¥9,117 million, and expenditures due to changes in working capital (total changes in trade receivables and contract assets, inventories, and trade payables) of ¥2,915 million.

Cash flows from investing activities

Net cash used in investing activities was ¥3,338 million, compared with ¥19,958 million provided in the previous fiscal year. While there was an inflow of ¥3,690 million from the sale of investment securities, there was an outflow of ¥7,099 million for the purchase of property, plant, and equipment.

Cash flows from financing activities

Net cash used in financing activities was ¥15,971 million, compared to ¥47,039 million used in the previous fiscal year. The main uses of cash were a decrease in long-term and short-term borrowings of ¥7,087 million, redemption of bonds of ¥10,000 million, and dividends paid of ¥3,372 million, while cash inflows were mainly from proceeds from issuance of bonds of ¥5,000 million.

1. Consolidated Financial Statement, Etc.

(1) Consolidated Financial Statement

(i) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	17,844	21,000
Notes and accounts receivable – trade, and contract assets	*1 42,978	*1 42,655
Merchandise and finished goods	27,977	28,768
Work in process	2,495	2,553
Raw materials and supplies	19,314	17,754
Other	4,608	3,179
Allowance for doubtful accounts	(116)	(116)
Total current assets	115,101	115,795
Non-current assets		
Property, plant, and equipment		
Buildings and structures	82,986	81,429
Accumulated depreciation	(62,800)	(63,093)
Buildings and structures, net	20,185	18,335
Machinery, equipment, and vehicles	149,714	150,191
Accumulated depreciation	(126,658)	(131,059)
Machinery, equipment, and vehicles, net	23,056	19,131
Land	20,693	20,483
Construction in progress	2,195	2,033
Other	21,757	23,097
Accumulated depreciation	(17,989)	(18,874)
Other, net	3,768	4,222
Total property, plant, and equipment	69,898	64,206
Intangible assets		
Other	980	835
Total intangible assets	980	835
Investments and other assets		
Investment securities	*2 23,696	*2 22,345
Long-term loans receivable	47	44
Retirement benefit asset	3,304	3,597
Deferred tax assets	7,073	6,492
Other	1,121	1,200
Allowance for doubtful accounts	(133)	(113)
Total investments and other assets	35,109	33,567
Total non-current assets	105,989	98,609
Total assets	221,090	214,404

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable – trade	21,681	15,903
Short-term borrowings	10,759	11,285
Current portion of bonds payable	10,000	–
Accrued expenses	7,344	5,918
Income taxes payable	814	1,973
Contract liabilities	916	967
Provision for bonuses	1,242	1,246
Provision for business restructuring	445	105
Other	7,868	7,603
Total current liabilities	61,073	45,004
Non-current liabilities		
Bonds payable	18,000	23,000
Long-term borrowings	26,334	18,720
Deferred tax liabilities	283	46
Provision for special repairs	1,676	2,058
Provision for share awards for directors (and other officers)	–	32
Provision for share awards for employees	–	192
Retirement benefit liability	5,571	5,145
Other	288	153
Total non-current liabilities	52,155	49,349
Total liabilities	113,228	94,353
Net assets		
Shareholders' equity		
Share capital	18,168	18,168
Capital surplus	8,109	8,109
Retained earnings	127,977	80,443
Treasury shares	(60,781)	(3,829)
Total shareholders' equity	93,474	102,891
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,832	5,680
Deferred gains or losses on hedges	34	21
Foreign currency translation adjustment	3,609	5,543
Remeasurements of defined benefit plans	532	778
Total accumulated other comprehensive income	10,008	12,024
Non-controlling interests	4,378	5,134
Total net assets	107,861	120,050
Total liabilities and net assets	221,090	214,404

(ii) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	169,309	160,339
Cost of sales	*2, *9 126,342	*2, *9 117,982
Gross profit	42,966	42,356
Selling, general and administrative expenses	*1, *2 26,208	*1, *2 27,829
Operating profit	16,757	14,526
Non-operating income		
Interest income	252	246
Dividend income	617	1,115
Share of profit of entities accounted for using equity method	1,526	–
Foreign exchange gains	829	834
Royalty income	1,176	657
Other	1,296	878
Total non-operating income	5,698	3,731
Non-operating expenses		
Interest expenses	326	353
Share of loss of entities accounted for using equity method	–	296
Loss on abandonment of non-current assets	699	427
Loss on abandonment of inventories	206	211
Taxes and dues	–	260
Provision of allowance for doubtful accounts	–	7
Other	1,588	430
Total non-operating expenses	2,819	1,989
Ordinary profit	19,637	16,269
Extraordinary income		
Gain on sale of non-current assets	*3 15,132	*4 59
Gain on sale of investment securities	12,035	3,185
Gain on reversal of foreign currency translation adjustment	1,549	–
Gain on sale of businesses	–	70
Total extraordinary income	28,717	3,314
Extraordinary losses		
Loss on sales of non-current assets	*5 65	*6 1
Impairment losses	*8 39	*8 2,912
Loss on sale of investment securities	502	–
Business restructuring expenses	*7 2,029	–
Loss on sale of shares of subsidiaries and associates	1,099	–
Loss on liquidation of subsidiaries and associates	0	115
Total extraordinary losses	3,736	3,030
Profit before income taxes	44,618	16,553
Income taxes – current	1,102	2,868
Income taxes – deferred	114	351
Total income taxes	1,216	3,219
Profit	43,401	13,333
Profit attributable to non-controlling interests	906	855
Profit attributable to owners of parent	42,494	12,478

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	43,401	13,333
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,899)	(158)
Deferred gains or losses on hedges	(252)	(6)
Foreign currency translation adjustment	571	1,764
Remeasurements of defined benefit plans, net of tax	(335)	246
Share of other comprehensive income of entities accounted for using equity method	354	367
Total other comprehensive income	*1 (7,561)	*1 2,213
Comprehensive income	35,839	15,546
Comprehensive income attributable to		
Owners of parent	34,758	14,503
Non-controlling interests	1,080	1,043

(iii) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,168	8,109	88,465	(6,402)	108,340
Changes during period					
Dividends of surplus			(2,982)		(2,982)
Profit attributable to owners of parent			42,494		42,494
Purchase of treasury shares				(54,378)	(54,378)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	39,511	(54,378)	(14,866)
Balance at end of period	18,168	8,109	127,977	(60,781)	93,474

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income
Balance at beginning of period	13,725	286	2,863	868	17,744
Changes during period					
Dividends of surplus					
Profit attributable to owners of parent					
Purchase of treasury shares					
Net changes in items other than shareholders' equity	(7,892)	(252)	745	(335)	(7,735)
Total changes during period	(7,892)	(252)	745	(335)	(7,735)
Balance at end of period	5,832	34	3,609	532	10,008

	Non-controlling interests	Total net assets
Balance at beginning of period	3,977	130,063
Changes during period		
Dividends of surplus		(2,982)
Profit attributable to owners of parent		42,494
Purchase of treasury shares		(54,378)
Net changes in items other than shareholders' equity	400	(7,334)
Total changes during period	400	(22,201)
Balance at end of period	4,378	107,861

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,168	8,109	127,977	(60,781)	93,474
Changes during period					
Dividends of surplus			(3,372)		(3,372)
Profit attributable to owners of parent			12,478		12,478
Change in scope of consolidation			311		311
Purchase of treasury shares				(2)	(2)
Cancellation of treasury shares			(56,774)	56,774	–
Disposal of treasury shares			(176)	177	0
Disposal of treasury shares by stock delivery trust				2	2
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(47,534)	56,951	9,417
Balance at end of period	18,168	8,109	80,443	(3,829)	102,891

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of period	5,832	34	3,609	532	10,008
Changes during period					
Dividends of surplus					
Profit attributable to owners of parent					
Change in scope of consolidation		(7)	(2)		(9)
Purchase of treasury shares					
Cancellation of treasury shares					
Disposal of treasury shares					
Disposal of treasury shares by stock delivery trust					
Net changes in items other than shareholders' equity	(151)	(6)	1,936	246	2,025
Total changes during period	(151)	(13)	1,934	246	2,015
Balance at end of period	5,680	21	5,543	778	12,024

	Non-controlling interests	Total net assets
Balance at beginning of period	4,378	107,861
Changes during period		
Dividends of surplus		(3,372)
Profit attributable to owners of parent		12,478
Change in scope of consolidation	132	435
Purchase of treasury shares		(2)
Cancellation of treasury shares		–
Disposal of treasury shares		0
Disposal of treasury shares by stock delivery trust		2
Net changes in items other than shareholders' equity	622	2,648
Total changes during period	755	12,188
Balance at end of period	5,134	120,050

(iv) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	44,618	16,553
Depreciation	9,029	9,117
Impairment losses	39	2,912
Increase (decrease) in provisions	(4,442)	249
Increase (decrease) in retirement benefit liability	(198)	(73)
Business restructuring expenses	1,408	–
Loss (gain) on sale of businesses	–	(70)
Interest and dividend income	(869)	(1,361)
Interest expenses	326	353
Share of loss (profit) of entities accounted for using equity method	(1,526)	296
Loss (gain) on sale of investment securities	(11,533)	(3,185)
Loss (gain) on liquidation of subsidiaries and associates	0	115
Loss (gain) on sale of non-current assets	(15,107)	(65)
Loss on abandonment of non-current assets	699	427
Decrease (increase) in trade receivables and contract assets	(1,396)	1,503
Decrease (increase) in inventories	(5,447)	2,626
Increase (decrease) in trade payables	3,159	(7,045)
Increase (decrease) in accrued consumption taxes	(407)	1,636
Increase (decrease) in accrued expenses	445	(1,550)
Other, net	(383)	271
Subtotal	18,412	22,714
Interest and dividends received	950	1,360
Interest paid	(299)	(349)
Income taxes paid	(2,463)	(1,488)
Net cash provided by (used in) operating activities	16,599	22,236
Cash flows from investing activities		
Payments into time deposits	(2,748)	(4,297)
Proceeds from withdrawal of time deposits	2,936	4,405
Purchase of property, plant, and equipment	(6,359)	(7,099)
Proceeds from sale of property, plant, and equipment	17,843	300
Purchase of investment securities	(10)	(23)
Proceeds from sale and redemption of investment securities	16,600	3,690
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(7,757)	–
Proceeds from liquidation of subsidiaries and associates	30	249
Proceeds from sale of businesses	–	70
Other, net	(576)	(633)
Net cash provided by (used in) investing activities	19,958	(3,338)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	803	1,776
Net increase (decrease) in commercial papers	(9,000)	–
Proceeds from long-term borrowings	18,000	–
Repayments of long-term borrowings	(6,685)	(8,864)
Proceeds from issuance of bonds	8,000	5,000
Redemption of bonds	–	(10,000)
Purchase of treasury shares	(54,378)	(2)
Dividends paid	(2,982)	(3,372)
Dividends paid to non-controlling interests	(680)	(420)
Other, net	(116)	(87)
Net cash provided by (used in) financing activities	(47,039)	(15,971)
Effect of exchange rate change on cash and cash equivalents	246	(68)
Net increase (decrease) in cash and cash equivalents	(10,234)	2,858
Cash and cash equivalents at beginning of period	26,906	16,672
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	–	327
Cash and cash equivalents at end of period	*1 16,672	*1 19,858

Notes to Consolidated Financial Statements

Significant Accounting Policies for the Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries and name of major consolidated subsidiary

Number of consolidated subsidiaries:

23

Name of major consolidated subsidiary:

Central Glass Products Co., Ltd.

Changes:

Change from unconsolidated subsidiary due to materiality: 2

Central Glass Products Co., Ltd. and one other subsidiary

(2) Name of major unconsolidated subsidiary

Name of major unconsolidated subsidiary:

Sowa Transportation and Warehouse Co.,Ltd.

(Reason for exclusion from the scope of consolidation)

Some companies are excluded from the scope of consolidation because their total assets, net sales, profit attributable to owners of parent (proportional to equity), and retained earnings (proportional to equity), after elimination of intercompany transactions, had an immaterial impact on the consolidated financial statements.

2. Application of the equity method

Number of affiliates accounted for using the equity method:

6

(Reasons for not applying the equity method)

Some unconsolidated subsidiaries (Sowa Transportation and Warehouse Co.,Ltd. and others) and affiliates (Zhejiang Britech Central Glass Co., Ltd. and others) are excluded from the scope of application of the equity method because these companies had a negligible impact on the consolidated financial statements and had no overall material impact on the Group as a whole, even after exclusion from equity method accounting from the standpoint of measures such as profit attributable to owners of parent (proportional to equity) and retained earnings (proportional to equity).

3. Changes in scope of consolidation

In the fiscal year ended March 31, 2024, due to the increased importance of Central Glass Products Co., Ltd. and Giga Gas & Electronic Materials (Singapore) Pte. Ltd., which had been unconsolidated subsidiaries until the previous fiscal year, these subsidiaries have been included in the scope of consolidation.

4. Fiscal year-ends of consolidated subsidiaries

The balance sheet date of Central Glass Czech s.r.o. and 10 other consolidated subsidiaries is December 31.

The financial statements of the consolidated subsidiaries as of their respective balance sheet dates are used to prepare the consolidated financial statements. However, material transactions occurring between January 1 and the consolidated balance sheet date of March 31 are adjusted for as necessary in the consolidation process.

5. Accounting policy

(1) Valuation standards and methods of valuation for significant assets

(a) Securities

Available-for-sale securities

Available-for-sales securities other than equity securities, etc. without market prices are stated at fair value based on the market value at the end of the fiscal year. (The difference between fair market value and the carrying amount is recognized as net unrealized holding gains and losses on these securities that are reported as a separate item in net assets. The cost of securities sold is mainly determined based on the moving-average method.)

Equity securities, etc. without market prices are stated at cost computed by the moving-average method.

(b) Derivatives

Derivatives are stated at fair value.

(c) Inventories

Inventories are stated at cost mainly determined by the weighted average method. (Balance sheet amounts are written down based on any declines in the profitability.)

(2) Depreciation methods for significant depreciable assets

(a) Property, plant, and equipment (excluding leased assets)

Straight-line method

The main useful lives of property, plant, and equipment are as follows:

Buildings and structures	2–60 years
Machinery, equipment, and vehicles	2–22 years

(b) Intangible assets (excluding leased assets)

Straight-line method

Software for in-house use is in accordance with the in-house validity term of 5 years.

(c) Leased assets

Leased assets are depreciated by the straight-line method over the useful lives of assets, equal to the lease term, with zero residual value.

(3) Standards for recognizing significant allowances and provisions

(a) Allowance for doubtful accounts

The allowance for doubtful accounts is provided for possible bad-debt losses on the collection of notes and accounts receivable, loans, and others. The amount of the allowance for general receivables is mainly determined on the basis of historical rates of bad-debt losses, while the amount for specific receivables, such as doubtful receivables, is mainly determined on the basis of an estimate of the collectibility of individual receivables.

(b) Provision for bonuses

The provision for bonuses is provided for the payment of employees' bonuses based on the estimated amount of future payments attributed to the current fiscal year. However, certain consolidated subsidiaries determine the amount of the provision on the basis of actual payments.

(c) Provision for business restructuring

The provision is provided for expenses and losses expected to be incurred in connection with business restructuring, based on reasonably estimated amounts.

(d) Provision for special repairs

The provision for special repairs is provided for expenditures for the substantial rebuilding of glass melting tanks, taking into account the estimated cost of the next rebuilding and the projected operating period until the next rebuilding.

(e) Provision for share awards for directors (and other officers)

The provision is provided for stock delivery to directors based on the stock delivery regulations for directors, taking into account the estimated cost required for stock delivery for the fiscal year ended March 31, 2024.

(f) Provision for share awards for employees

The provision is provided for stock delivery to employees based on the stock delivery regulations for employees, taking into account the estimated cost required for stock delivery for the fiscal year ended March 31, 2024.

(4) Accounting method for retirement benefits

(a) Method of attributing the expected retirement benefits to the period

In calculating the projected retirement benefit obligation, the benefit formula basis is used to attribute the expected retirement benefits to the period through the end of the fiscal year.

(b) Amortization method for actuarial gains and losses

Actuarial gains and losses are amortized from the following fiscal year using the straight-line method over a certain number of years (mainly 13 years) within the average remaining years of service of employees at the time of occurrence in each fiscal year.

(c) Adoption of the simplified method at small companies and other entities

Certain consolidated subsidiaries have adopted the simplified method in calculating liabilities related to retirement benefits and retirement benefit expenses. Under the simplified method, the retirement benefit obligation is assumed to be the amount payable for retirement benefits under the assumption that all eligible employees voluntarily resign at the end of the fiscal year.

(5) Standards for recognizing significant revenues and expenses

Based on the 5 step approach described below, the Group recognizes revenue in amounts that reflect the consideration to which it expects to be entitled in exchange for goods or services transferred to the customer.

Step 1: Identify the contract with the 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 manufactures and sells chemicals and glass products.

In the sale of products in these businesses, the customer obtains control of these products at the time of product transfer, shipment, or acceptance inspection. Accordingly, the performance obligation is judged to be satisfied, and the Group recognizes revenue for such products at the time of transfer, shipment, or acceptance inspection.

Moreover, the Group measures revenue in the amount of the consideration promised in the contract with the customer, less any discounts, rebates, incentives, or other similar items.

(6) Standards for translating significant assets and liabilities denominated in foreign currencies into Japanese yen

Monetary assets and liabilities denominated in foreign currencies are converted into Japanese yen at the exchange rates prevailing at each balance sheet date with the resulting translation gains or losses included in the consolidated statements of income.

Assets and liabilities of foreign subsidiaries and affiliates are converted into Japanese yen at the spot exchange rate in effect on the balance sheet date. Revenues and expenses for foreign subsidiaries and affiliates are converted into Japanese yen at the average exchange rate. The resulting translation adjustments are included in “Foreign currency translation adjustment” and “Non-controlling interests” under net assets in the consolidated balance sheets.

(7) Significant hedge accounting methods

(a) Hedge accounting method

In principle, the deferred hedge accounting method is applied.

(b) Hedging instruments and hedged items

Hedging instruments: commodity swap contracts

Hedged items: fuel oil

(c) Hedging policy

The Group conducts hedge transactions to hedge the risk of fluctuations in future exchange rates, commodity prices, and others, with transactions limited to the scope of receivables and payables and actual demand. The Group does not conduct hedge transactions for speculative purposes.

(d) Method of evaluating hedging effectiveness

The effectiveness of hedging is evaluated by comparing, on a quarterly basis, changes in the fair values of hedged items or cumulative changes in cash flows of the hedged items, with changes in the fair values of hedging instruments or cumulative changes in cash flows of the hedging instruments, and basing the evaluation on the amounts of both changes.

(e) Adoption of the group tax sharing system

The Company and certain domestic consolidated subsidiaries have applied the group tax sharing system.

(8) Scope of cash (cash and cash equivalents) in the consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with maturities of three months or less that are readily convertible into cash and have insignificant risk of changes in value.

Significant Accounting Estimates

1. Impairment of non-current assets

(1) Amount recorded in consolidated financial statements for the fiscal year ended March 31, 2024

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Impairment losses	39	2,912

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

Regarding the impairment of non-current assets, the Group classifies its business assets into groups by the type of respective operations based on the business segment. In addition, its idle properties are classified into groups by individual properties. In principle, consolidated subsidiaries are classified on the basis of company units. The Group then determines whether or not there are signs of impairment of each asset group and recognizes and measures any impairment loss. When recognizing and measuring impairment, the Group compares the book value and the recoverable value. In the case that the recoverable value is below the book value, the book value of the non-current assets is impaired to the recoverable value, and the decrease is recorded as an impairment loss. The recoverable value of each asset group is calculated based on net realizable value or use value, whichever is higher. When calculating use value, the current value is calculated each year by estimating future cash flow based on a business plan that takes into account the latest budget, business growth, and a certain level of uncertainty and applies an appropriate discount rate.

In the fiscal year under review, for electrolyte manufacturing facilities, which are business properties, losses generated by sales activities in the energy materials business are expected to continue. As signs of impairment were recognized, after considering the recoverability, impairment losses were recognized.

Additionally, impairment losses have been recognized for idle properties not expected to be used in the future, having reduced their book values to recoverable values.

The recoverable value of non-current assets is calculated based on assumptions that include future cash flow, discount rate, and business growth according to management's judgment. In the event that changes in the business plan or the market environment affect those assumptions, impairment losses may occur in the following fiscal year or thereafter.

2. Recoverability of deferred tax assets

(1) Amount recorded in consolidated financial statements for the fiscal year ended March 31, 2024

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Deferred tax assets, net	7,073	6,492
Deferred tax assets, before offsetting against deferred tax liabilities	11,204	11,123

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

The Company and some of its consolidated subsidiaries apply the group tax sharing system, and the major balance of deferred tax assets in the consolidated balance sheet relates to the Company's deductible temporary differences and tax loss carry-forward.

The Company falls under Category 3 of the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26) and calculates the amount of deferred tax assets related to deductible temporary differences and tax loss carry-forwards to the extent they are effective in reducing future tax burden as a result of scheduling temporary differences based on the estimated taxable income before adjusting temporary differences for the next five years.

Since the recoverability of deferred tax assets is dependent on the estimate of future taxable income based on business plans that take into account the Company's latest budget and business growth potential as well as constant uncertainty, changes in assumptions and conditions due to changes in business plans and market conditions may significantly impact the amount of deferred tax assets in consolidated financial statements for the following fiscal year.

Changes in Accounting Policy

Not applicable

Accounting Standards Issued but Not Yet Applied

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

(1) Overview

In February 2018, ASBJ Statement No. 28, “Partial Amendments to Accounting Standard for Tax Effect Accounting,” etc. (hereinafter “ASBJ Statement No. 28, etc.”) was issued, and the Japanese Institute of Certified Public Accountants’ practical guidance on tax effect accounting was transferred to the Accounting Standards Board of Japan, but upon deliberation, the following two issues, which were to be discussed again after issuing ASBJ Statement No. 28, etc. were discussed and released.

- Classification of tax expenses (tax on other comprehensive income)
- Tax effect on the sale of shares of subsidiaries and other securities (shares of subsidiaries or affiliates) when group taxation regime is applied

(2) Effective date

Effective as of the beginning of the fiscal year ending March 31, 2025.

(3) Effect of applying the accounting standard, etc.

The impact of applying the “Accounting Standard for Current Income Taxes,” etc. on consolidated financial statements and financial statements is currently being evaluated.

Changes in Presentation Method

(Consolidated Statements of Income)

Loss on abandonment of inventories, which was included in other under non-operating expenses in the fiscal year ended March 31, 2023, has been shown separately from the fiscal year ended March 31, 2024, as it exceeded 10% of the aggregate amount of non-operating expenses. In addition, cost of inactive non-current asset expenses and advisory fee, which were shown separately under non-operating expenses in the fiscal year ended March 31, 2023, has been included in other from the fiscal year ended March 31, 2024, as it became 10% or less of the aggregate amount of non-operating expenses. The consolidated financial statements for the fiscal year ended March 31, 2023 have been reclassified to reflect these changes in presentation method.

As a result, ¥265 million in cost of inactive non-current asset expenses, ¥458 million in advisory fee, and ¥1,070 million in other under non-operating expenses in the consolidated statements of income for the fiscal year ended March 31, 2023 have been reclassified as loss on abandonment of inventories of ¥206 million and other of ¥1,588 million.

(Consolidated Statements of Cash Flows)

Proceeds from liquidation of subsidiaries and associates, which was included in other under cash flows from investing activities in the fiscal year ended March 31, 2023, has been shown separately from the fiscal year ended March 31, 2024, as the materiality of the amount has increased. The consolidated financial statements for the fiscal year ended March 31, 2023 have been reclassified to reflect these changes in presentation method.

As a result, negative ¥546 million in other under cash flows from investing activities in the consolidated statements of cash flows for the fiscal year ended March 31, 2023 have been reclassified as proceeds from liquidation of subsidiaries and associates of ¥30 million and other of negative ¥576 million.

Additional Information

Stock Delivery Trust for Directors

Based on the resolution of the meeting of the Board of Directors held on May 11, 2023, the Company has introduced an equity compensation plan using a trust for our directors, excluding outside directors, and executive officers who have entered into an entrustment agreement with us (hereinafter referred to as the “Plan for directors”).

The purpose of the Plan for directors is to clarify the linkage between the remuneration of directors and stock price, and to raise the awareness that directors will contribute to improving the Company’s medium- to long-term performance and increasing enterprise value by sharing profits and risks from stock price fluctuations with shareholders.

The accounting treatment for the Plan for directors was determined with reference to the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF (Practical Issue Task Force) No. 30, March 26, 2015).

(1) Outline of the Plan for directors

The Plan for directors is an equity compensation plan under the trust established for the introduction of the Plan (hereinafter referred to as the “Trust”) acquires shares of the Company, and a number of shares of the Company, which is equivalent to the number of points we grant to each director, is delivered to each director through the Trust.

In principle, the time when directors receive the delivery of Company’s shares is upon the retirement of them.

(2) Company’s shares remaining in the Trust

The Company’s shares remaining in the Trust are recorded as treasury shares under net assets at their book values (excluding incidental expenses). As of March 31, 2024, the book value and the number of treasury shares remaining in the Trust are ¥367 million and 123,700 shares, respectively.

Stock Delivery Trust for Employees

Based on the resolution of the meeting of the Board of Directors held on May 11, 2023, the Company has introduced an equity compensation plan using a trust for our employees (hereinafter referred to as the “Plan for employees”).

The purpose of the Plan for employees is to enhance the Company’s medium- to long-term enterprise value by enhancing employee benefits programs and raising awareness of the Company’s performance and stock price, thereby fostering a sense of participation in management.

The accounting treatment for the Plan for employees is in accordance with the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015).

(1) Outline of Plan for employees

The Plan for employees is an equity compensation plan under the trust established for the introduction of the Plan (hereinafter referred to as the “Trust”) acquires shares of the Company, and a number of shares of the Company is delivered to such employees through the Trust, which is equivalent to the number of points to be granted according to position, etc. for employees (but only for those who satisfy certain requirements).

In principle, the time when employees receive the delivery of Company’s shares is upon the time of retirement of them.

(2) Company’s shares remaining in the Trust

The Company’s shares remaining in the Trust are recorded as treasury shares under net assets at their book values (excluding incidental expenses). As of March 31, 2024, the book value and the number of treasury shares remaining in the Trust are ¥1,045 million and 351,500 shares, respectively.

Consolidated Balance Sheets

*1 The amounts of receivables from contracts with customers included in notes and accounts receivable – trade, and contract assets are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Notes receivable – trade	6,691	7,947
Accounts receivable – trade	35,742	34,253
Contract assets	544	454

*2 Investments in unconsolidated subsidiaries and affiliates are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Investment securities (shares)	13,019	12,401
(Of which, the amount of investment in jointly controlled companies)	6,383	5,643

3 In order to facilitate efficient procurement of operating funds, the Company maintains commitment-line agreements with five banks. Based on these agreements, the Company's total commitment lines of credit unexecuted are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Total amount of commitment lines	10,000	10,000
Loans outstanding	–	–
Net	10,000	10,000

Consolidated Statements of Income

*1 Major components of selling, general and administrative expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Sales fare and related expenses	6,510	6,182
Salaries and allowances	8,427	8,707
Provision for bonuses	248	265
Retirement benefit expenses	202	275
Provision of allowance for doubtful accounts	(43)	6
Provision for share awards for directors (and other officers)	–	32
Provision for share awards for employees	–	79
Research and development expenses	4,858	5,858

*2 Total research and development expenses included in general and administrative expenses and manufacturing costs

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	5,638	6,642

*3 Gain on sales of land, buildings, and other non-current assets

*4 Gain on sales of land and buildings

*5 Loss on sales of land, buildings, and other non-current assets

*6 Loss on sales of buildings

*7 Business restructuring expenses

The components of business restructuring expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023
Loss on sales of non-current assets	1,336
Site closure expenses, etc.	499
Loss on abandonment of assets	94
Loss on debt forgiveness	53
Loss on withdrawal from business	45
	2,029

*8 Impairment loss

During the fiscal year ended March 31, 2023, the Group recognized an impairment loss on the following group of assets.

Location	Use	Type of assets	Impairment loss (Millions of yen)	Recorded on the consolidated statements of income as:
Ube City, Yamaguchi Prefecture and others	Idle properties	Buildings and structures, and others	39	Impairment loss

The Group classifies its business assets into groups by the type of respective operations based on the business segment. In addition, its idle properties are classified into groups by individual properties.

The book values of idle properties, which are not expected to be used in the future, were reduced to recoverable amounts, and the reductions were recognized as impairment loss under extraordinary losses. The recoverable amounts were measured by value in use, and the book values were reduced to residual value since no future cash flows are expected.

Impairment loss breakdown is as follows.

Type of assets	Amount (Millions of yen)
Buildings and structures	32
Construction in progress	6
Total	39

During the fiscal year ended March 31, 2024, the Group recognized an impairment loss on the following group of assets.

Location	Use	Type of assets	Impairment loss (Millions of yen)	Recorded on the consolidated statements of income as:
Czech Republic and others	Electrolyte manufacturing facilities	Buildings and structures, and others	1,904	Impairment loss
Kawasaki City, Kanagawa Prefecture and others	Idle properties and others	Buildings and structures, and others	1,008	Impairment loss

The Group classifies its business assets into groups by the type of respective operations based on the business segment, and its idle properties are classified into groups by individual properties. In principle, consolidated subsidiaries are classified on the basis of company units.

For electrolyte manufacturing facilities where the asset group's profitability significantly declined and the recoverable amount is less than the book values, the book values were reduced to the recoverable amount, and the reductions were recognized as impairment loss under extraordinary losses. The recoverable value is calculated based on net realizable value or use value, whichever is higher, which is calculated by discounting future cash flows at a rate of 3.8% to 14.0%.

The book values of idle properties, which are not expected to be used in the future, were reduced to recoverable amounts, and the reductions were recognized as impairment loss under extraordinary losses. The recoverable amounts of business assets whose production was decided to be suspended were measured by value in use, and the book values were reduced to residual value since no future cash flows are expected.

Impairment loss breakdown is as follows.

Type of assets	Amount (Millions of yen)
Buildings and structures	1,290
Machinery, equipment, and vehicles	1,208
Other	413
Total	2,912

*9 Inventory balance at the end of the fiscal year represents the book value written down to reflect declines in profitability. The following loss on valuation of inventories is included in the cost of sales.

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	(77)	1,558

Consolidated Statements of Comprehensive Income

*1 Reclassification adjustments and the income tax effects relating to other comprehensive income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Valuation difference on available-for-sale securities:		
Amount arising during the period	577	2,914
Reclassification adjustments	(11,795)	(3,142)
Amount before tax effect	(11,218)	(228)
Amount of tax effect	3,319	69
Valuation difference on available-for-sale securities	(7,899)	(158)
Deferred gains or losses on hedges:		
Amount arising during the period	173	(468)
Asset acquisition cost adjustments	(535)	457
Amount before tax effect	(362)	(10)
Amount of tax effect	110	4
Deferred gains or losses on hedges	(252)	(6)
Foreign currency translation adjustment:		
Amount arising during the period	1,869	1,764
Reclassification adjustments	(1,298)	–
Foreign currency translation adjustment	571	1,764
Remeasurements of defined benefit plans, net of tax:		
Amount arising during the period	(271)	474
Reclassification adjustments	(219)	(121)
Amount before tax effect	(491)	352
Amount of tax effect	155	(106)
Remeasurements of defined benefit plans, net of tax	(335)	246
Share of other comprehensive income of entities accounted for using equity method:		
Amount arising during the period	354	367
Share of other comprehensive income of entities accounted for using equity method	354	367
Total other comprehensive income	(7,561)	2,213

Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2023

1. Type and total number of outstanding shares and treasury shares

	Number of shares as of April 1, 2022	Increase in the number of shares in the fiscal year	Decrease in the number of shares in the fiscal year	Number of shares as of March 31, 2023
Outstanding shares				
Common shares	42,975,995	–	–	42,975,995
Total	42,975,995	–	–	42,975,995
Treasury shares				
Common shares*	2,508,151	15,687,616	–	18,195,767
Total	2,508,151	15,687,616	–	18,195,767

* The increase in the number of treasury shares of 15,687,616 was due to purchases of 15,686,653 treasury shares by resolution of the Board of Directors and purchases of 963 shares of less than one unit.

2. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on May 24, 2022*1	Common shares	1,517	37.50	March 31, 2022	June 8, 2022
Board of Directors meeting on November 1, 2022*2	Common shares	1,464	37.50	September 30, 2022	December 1, 2022

*1 The total amount of dividends does not include a dividend of ¥1 million to affiliates.

*2 The total amount of dividends does not include a dividend of ¥1 million to affiliates.

(2) Dividends whose record date belongs to the fiscal year ended March 31, 2023, but whose effective date falls in the fiscal year ended March 31, 2024

(Resolution)	Type of shares	Total dividend (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on May 24, 2023*	Common shares	1,920	Retained earnings	77.50	March 31, 2023	June 8, 2023

* The total amount of dividends does not include a dividend of ¥2 million to affiliates.

Fiscal year ended March 31, 2024

1. Type and total number of outstanding shares and treasury shares

	Number of shares as of April 1, 2023	Increase in the number of shares in the fiscal year	Decrease in the number of shares in the fiscal year	Number of shares as of March 31, 2024
Outstanding shares				
Common shares*1	42,975,995	–	16,975,995	26,000,000
Total	42,975,995	–	16,975,995	26,000,000
Treasury shares				
Common shares*2, *3, *4	18,195,767	982	16,976,955	1,219,794
Total	18,195,767	982	16,976,955	1,219,794

*1 The decrease in the number of outstanding shares of 16,975,995 was due to cancellation of treasury shares by resolution of the Board of Directors.

*2 The increase in the number of treasury shares of 982 was due to purchases of shares of less than one unit.

*3 The decrease in the number of treasury shares of 16,976,955 was due to cancellation of 16,975,995 treasury shares by resolution of the Board of Directors, disposal of 900 shares held by the stock delivery trust for directors and employees, and delivery of 60 shares of less than one unit.

*4 The number of treasury shares as of March 31, 2024 includes 475,200 of the Company's shares held by the stock delivery trust for directors and employees.

2. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on May 24, 2023*1	Common shares	1,920	77.50	March 31, 2023	June 8, 2023
Board of Directors meeting on November 6, 2023*2	Common shares	1,452	57.50	September 30, 2023	December 1, 2023

*1 The total amount of dividends does not include a dividend of ¥2 million to affiliates.

*2 The total amount of dividends includes a dividend of ¥27 million for the Company's shares held by Sumitomo Mitsui Trust Bank, Limited (trust account) (re-entrusted by Custody Bank of Japan, Ltd. (trust account)) under the trust property of the stock delivery trust for directors and employees, but does not include a dividend of ¥1 million to affiliates.

(2) Dividends whose record date belongs to the fiscal year ended March 31, 2024, but whose effective date falls in the fiscal year ending March 31, 2025

(Resolution)	Type of shares	Total dividend (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on May 24, 2024*	Common shares	2,563	Retained earnings	101.50	March 31, 2024	June 10, 2024

* The total amount of dividends includes a dividend of ¥48 million for the Company's shares held by Sumitomo Mitsui Trust Bank, Limited (trust account) (re-entrusted by Custody Bank of Japan, Ltd. (trust account)) under the trust property of the stock delivery trust for directors and employees, but does not include a dividend of ¥3 million to affiliates.

Consolidated Statements of Cash Flows

*1 Reconciliations between cash and cash equivalents and the related accounts shown in the consolidated balance sheets

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash and deposits	17,844	21,000
Time deposits with a maturity of more than three months	(1,172)	(1,117)
Deposits of stock delivery trust	–	(25)
Cash and cash equivalents	16,672	19,858

Leases

1. Finance leases

As lessee

Finance leases that do not transfer ownership

1) Details of leased assets

Leased assets are mainly composed of production facilities included in machinery, equipment, and vehicles.

2) Depreciation method for leased assets

Leased assets are depreciated as described in "5. Accounting policy (2) Depreciation methods for significant depreciable assets" under "Significant Accounting Policies for the Preparation of Consolidated Financial Statements."

2. Operating leases

This information is omitted because it has become immaterial.

Financial Instruments

1. Overview of financial instruments

(1) Management policies on financial instruments

The Group has a policy of limiting the investment of funds mainly to short-term time deposits. In addition, as regards fund procurement, the Group raises funds by bank loans or issuing bonds. Derivatives are utilized for hedging risks of foreign exchange fluctuation and fuel price fluctuation, not for speculative purposes.

(2) Description of financial instruments and their risks

Notes and accounts receivable – trade as operating receivables are exposed to credit risks of customers. Operating receivables denominated in foreign currencies arising from the Group's global operations are exposed to foreign exchange fluctuation risks. Investment securities are mainly composed of equity shares related to companies with which the Group has business relationships. Those securities are exposed to market price fluctuation risks.

Notes and accounts payable – trade as operating debt are due within one year. Some of them are foreign currency-denominated operating payables associated with imports of materials and are therefore exposed to foreign exchange fluctuation risks. Within borrowings and corporate bonds, short-term borrowings are mainly utilized to procure funds for working capital, while long-term borrowings and corporate bonds are mainly utilized to procure funds for capital investments. Some of these loans and bonds are exposed to the risk of interest rate fluctuations.

Derivative transactions are composed of commodity swap contracts to hedge against the risk of fuel price fluctuations. Commodity swap contracts are limited to transactions within the range of actual demand. For details on hedging instruments, hedged items, hedging policies, and method of evaluating hedge effectiveness in regard to hedge accounting, please see "5. Accounting policy (7) Significant hedge accounting methods."

(3) Risk management system for financial instruments

(a) Management of credit risk (customer default risk)

Operating receivables are monitored by the due dates and outstanding amounts of each customer, in accordance with sales management regulations.

Derivative transactions are contracted only with financial institutions and counterparties with high credit ratings.

(b) Management of market risk (exchange and interest rate fluctuation risk)

The Company is verifying investment securities by each individual item. Items that do not contribute to improving the Company's corporate value in the medium to long term will be reviewed for reduction by sale.

Execution and control of derivative transactions are carried out in conformity with internal authorization rules. The Company does not carry out transactions for speculative purposes.

(c) Management of liquidity risk associated with fund procurement (the risk of not having sufficient funds to make payments on payment deadlines)

The Company manages liquidity risk through preparation of a monthly cash flow plan and other means.

(4) Supplementary explanation of matters concerning the fair value of financial instruments

Contractual amounts shown in the notes on derivatives do not represent the actual market risks of derivatives.

2. Fair value of financial instruments

The amounts on the consolidated balance sheets, fair values, and differences are as follows:

As of March 31, 2023

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Investment securities*2	10,436	10,436	–
Total assets	10,436	10,436	–
(1) Bonds payable	18,000	17,744	(255)
(2) Long-term borrowings	26,334	26,036	(298)
Total liabilities	44,334	43,781	(553)
Derivative transactions*3	60	60	–

*1 Disclosure of cash is omitted. In addition, since deposits, notes and accounts receivable – trade, and contract assets, notes and accounts payable – trade, short-term borrowings, and current portion of bonds payable are settled in a short period of time, their book values approximate their fair values. Accordingly, their disclosure is omitted.

*2 Equity securities without market prices, etc. are excluded from (1) Investment securities. The consolidated balance sheet amount of these financial instruments is as follows:

(Millions of yen)

Category	Fiscal year ended March 31, 2023
Unlisted equity securities	13,259

*3 Receivables and payables arising from derivative transactions are netted.

As of March 31, 2024

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Investment securities*2	9,721	9,721	–
Total assets	9,721	9,721	–
(1) Bonds payable	23,000	22,767	(232)
(2) Long-term borrowings	18,720	18,571	(148)
Total liabilities	41,720	41,338	(380)
Derivative transactions*3	32	32	–

*1 Disclosure of cash is omitted. In addition, since deposits, notes and accounts receivable – trade, and contract assets, notes and accounts payable – trade, and short-term borrowings are settled in a short period of time, their book values approximate their fair values. Accordingly, their disclosure is omitted.

*2 Equity securities without market prices, etc. are excluded from (1) Investment securities. The consolidated balance sheet amount of these financial instruments is as follows:

(Millions of yen)

Category	Fiscal year ended March 31, 2024
Unlisted equity securities	12,624

*3 Receivables and payables arising from derivative transactions are netted.

Note 1. Expected maturities of monetary receivables after the consolidated balance sheet dates

As of March 31, 2023

(Millions of yen)

	Within one year	Over one year to five years	Over five years to ten years	Over ten years
Cash and deposits	17,844	–	–	–
Notes and accounts receivable – trade, and contract assets	42,978	–	–	–
Total	60,822	–	–	–

As of March 31, 2024

(Millions of yen)

	Within one year	Over one year to five years	Over five years to ten years	Over ten years
Cash and deposits	21,000	–	–	–
Notes and accounts receivable – trade, and contract assets	42,655	–	–	–
Total	63,656	–	–	–

Note 2. Scheduled repayment of bonds payable, long-term borrowings, and other interest-bearing debts after the consolidated balance sheet dates

As of March 31, 2023

(Millions of yen)

	Within one year	Over one year to two years	Over two years to three years	Over three years to four years	Over four years to five years	Over five years
Short-term borrowings	1,894	–	–	–	–	–
Bonds payable	10,000	–	8,000	–	10,000	–
Long-term borrowings	8,864	7,614	7,110	5,613	3,740	2,256
Total	20,759	7,614	15,110	5,613	13,740	2,256

As of March 31, 2024

(Millions of yen)

	Within one year	Over one year to two years	Over two years to three years	Over three years to four years	Over four years to five years	Over five years
Short-term borrowings	3,671	–	–	–	–	–
Bonds payable	–	8,000	5,000	10,000	–	–
Long-term borrowings	7,614	7,110	5,613	3,740	1,148	1,107
Total	11,285	15,110	10,613	13,740	1,148	1,107

3. Breakdown of financial instruments by fair value level

The fair value of financial instruments is categorized into the following 3 levels according to the observability of inputs related to fair value measurement and their significance.

Fair Value Level 1: Of the observable inputs related to fair value measurement, fair value is measured using quoted prices in active markets for assets or liabilities that are subject to measurement of the relevant fair value.

Fair Value Level 2: Of the observable inputs related to fair value measurement, fair value is measured using inputs related to fair value measurement other than the Level 1 inputs.

Fair Value Level 3: Fair value is measured using unobservable inputs related to fair value measurement.

If multiple inputs that have a significant impact on the fair value measurement are used, with each of the inputs categorized in their respective levels, the fair value is categorized as the level of the input with the lowest level of priority in the fair value measurement.

(1) Financial instruments recognized at fair value in the consolidated balance sheet

As of March 31, 2023

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	10,436	–	–	10,436
Derivative transactions	–	60	–	60
Total assets	10,436	60	–	10,496

As of March 31, 2024

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	9,721	–	–	9,721
Derivative transactions	–	32	–	32
Total assets	9,721	32	–	9,753

(2) Financial instruments other than financial instruments recognized at fair value on the consolidated balance sheet

As of March 31, 2023

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable	–	17,744	–	17,744
Long-term borrowings	–	26,036	–	26,036
Total liabilities	–	43,781	–	43,781

As of March 31, 2024

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable	–	22,767	–	22,767
Long-term borrowings	–	18,571	–	18,571
Total liabilities	–	41,338	–	41,338

Note: Explanation of valuation techniques used to measure fair value and inputs related to fair value measurement

Investment securities

Listed equity securities are valued at prices quoted on stock exchanges. Since listed equity securities are traded in active markets, their fair value is categorized as Fair Value Level 1.

Derivative transactions

Derivative transactions are calculated based on the prices presented by financial institutions which have business relations and are categorized as Fair Value Level 2.

Bonds payable

Fair values of bonds issued by the Company are based on the prices presented by financial institutions which have business relations and are categorized as Fair Value Level 2.

Long-term borrowings

Fair values of long-term borrowings are present values computed by discounting the total of principal and interest at the estimated interest rate that is assumed to be applied when a new, similar loan is taken out, and are categorized as Fair Value Level 2.

Securities

1. Available-for-sale securities

As of March 31, 2023

(Millions of yen)

	Type	Consolidated balance sheet amount	Acquisition cost	Difference
Securities with consolidated balance sheet amount exceeding the acquisition cost	(1) Shares	10,436	2,060	8,375
	(2) Bonds			
	1) Japanese government bonds and municipal bonds	–	–	–
	2) Corporate bonds	–	–	–
	3) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	10,436	2,060	8,375
Securities with consolidated balance sheet amount not exceeding the acquisition cost	(1) Shares	–	–	–
	(2) Bonds			
	1) Japanese government bonds and municipal bonds	–	–	–
	2) Corporate bonds	–	–	–
	3) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	–	–	–
Total		10,436	2,060	8,375

Note: Unlisted equity securities, etc. (consolidated balance sheet amount ¥240 million) are excluded from available-for-sale securities in the above table because these shares are equity securities, etc. without market prices.

As of March 31, 2024

(Millions of yen)

	Type	Consolidated balance sheet amount	Acquisition cost	Difference
Securities with consolidated balance sheet amount exceeding the acquisition cost	(1) Shares	9,721	1,573	8,147
	(2) Bonds			
	1) Japanese government bonds and municipal bonds	–	–	–
	2) Corporate bonds	–	–	–
	3) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	9,721	1,573	8,147
Securities with consolidated balance sheet amount not exceeding the acquisition cost	(1) Shares	–	–	–
	(2) Bonds			
	1) Japanese government bonds and municipal bonds	–	–	–
	2) Corporate bonds	–	–	–
	3) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	–	–	–
Total		9,721	1,573	8,147

Note: Unlisted equity securities, etc. (consolidated balance sheet amount ¥222 million) are excluded from available-for-sale securities in the above table because these shares are equity securities, etc. without market prices.

2. Available-for-sale securities sold

Fiscal year ended March 31, 2023

(Millions of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
(1) Shares	16,685	12,035	502
(2) Bonds			
1) Japanese government bonds and municipal bonds	–	–	–
2) Corporate bonds	–	–	–
3) Other	–	–	–
(3) Other	–	–	–
Total	16,685	12,035	502

Fiscal year ended March 31, 2024

(Millions of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
(1) Shares	3,696	3,185	–
(2) Bonds			
1) Japanese government bonds and municipal bonds	–	–	–
2) Corporate bonds	–	–	–
3) Other	–	–	–
(3) Other	–	–	–
Total	3,696	3,185	–

3. Impairment of securities

Not applicable for fiscal year ended March 31, 2023.

Not applicable for fiscal year ended March 31, 2024.

Loss on valuation is recorded for the shares whose fair value and actual price at the end of the fiscal year have declined more than 50% compared to the acquisition cost and if the decline is deemed to be irrecoverable. In addition, loss on valuation of equity securities other than equity securities, etc. without market prices is recorded for the shares whose fair value at the end of the fiscal year has declined between 30% and 50% compared to the acquisition cost, with a decline of 30% or more for six consecutive months, and if the decline is deemed to be irrecoverable.

Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

Currency-related contracts

As of March 31, 2023

Not applicable

As of March 31, 2024

Not applicable

2. Derivative transactions to which hedge accounting is applied

(1) Commodity-related contracts

As of March 31, 2023

Not applicable

As of March 31, 2024

(Millions of yen)

Hedge accounting method	Type of transaction	Main hedged item	Contract amount	Contract amount over one year	Fair value
Deferred hedge accounting method	Oil swap transactions Receive floating / Pay fixed	Fuel oil	347	–	32

(2) Currency-related contracts

As of March 31, 2023

(Millions of yen)

Hedge accounting method	Type of transaction	Main hedged item	Contract amount	Contract amount over one year	Fair value
Deferred hedge accounting method	Forward exchange contract transactions Sell USD	Accounts receivable – trade	4,204	–	60

As of March 31, 2024

Not applicable

Employees' Retirement Benefits

1. Outline of retirement benefit plans adopted by the Company and certain consolidated subsidiaries

The Company and certain consolidated subsidiaries have adopted funded or unfunded defined benefit plans and defined contribution plans. The defined benefit corporate pension plan and lump-sum retirement payment plans provide a lump-sum retirement payment or a pension based on an employee's position, length of service, and other factors.

Additional benefits, not included in the projected benefit obligation in the employees' retirement benefits accounting may be granted when employees retire.

Certain consolidated subsidiaries have adopted the simplified method in calculating liabilities related to retirement benefits and retirement benefit expenses. Under the simplified method, the retirement benefit obligation is assumed to be the amount payable for retirement benefits under the assumption that all eligible employees voluntarily resign at the end of the fiscal year.

2. Defined benefit plan

(1) Reconciliation of the projected benefit obligation between the beginning of the fiscal year and the end of the fiscal year

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Balance at the beginning of the fiscal year	15,673	15,034
Service cost	1,304	1,260
Interest cost	64	61
Actuarial gains and losses incurred	(26)	(108)
Payment of retirement benefits	(1,896)	(1,431)
Decrease due to exclusion of consolidated subsidiaries	(92)	–
Other	7	5
Balance at the end of the fiscal year	15,034	14,821

(2) Reconciliation of the pension plan assets between the beginning of the fiscal year and the end of the fiscal year

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Balance at the beginning of the fiscal year	13,288	12,766
Expected return on pension plan assets	240	321
Actuarial gains and losses incurred	(278)	365
Contribution by the Companies	528	509
Payment of retirement benefits	(1,020)	(696)
Other	7	5
Balance at the end of the fiscal year	12,766	13,273

(3) Reconciliation of year-end balance of the projected benefit obligation and pension plan assets, and the retirement benefit liability and retirement benefit asset on the consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Projected benefit obligation of the funded pension plan	9,427	9,321
Pension plan assets	(12,766)	(13,273)
	(3,338)	(3,952)
Projected benefit obligation of the unfunded pension plan	5,606	5,500
Net amount of liability and asset on the consolidated balance sheets	2,267	1,548
Retirement benefit liability	5,571	5,145
Retirement benefit asset	(3,304)	(3,597)
Net amount of liability and asset on the consolidated balance sheets	2,267	1,548

(4) Retirement benefit expenses and its components

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Service cost	1,304	1,260
Interest cost	64	61
Expected return on pension plan assets	(240)	(321)
Amortization of actuarial gains and losses	(239)	(121)
Retirement benefit expenses related to defined benefit plan	889	879

(5) Remeasurements of defined benefit plans, net of tax

The components recorded under remeasurements of defined benefit plans, net of tax (before tax effects) are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Actuarial gains and losses	(491)	352
Total	(491)	352

(6) Remeasurements of defined benefit plans

The components recorded under remeasurements of defined benefit plans (before tax effects) are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Unrecognized actuarial gains and losses	766	1,118
Total	766	1,118

(7) Pension plan assets

(a) Major components of pension plan assets

The percentages of the main categories relative to total pension plan assets are as follows:

	As of March 31, 2023	As of March 31, 2024
Insurance assets (general account)	42%	41%
Bonds	31	32
Shares	12	13
Other	15	14
Total	100	100

(b) Method of determining the expected long-term rate of return on pension plan assets

The expected long-term rate of return on pension plan assets is determined by considering the current and expected allocation of pension plan assets and the current and expected long-term rates of return on various assets comprising the pension plan assets.

(8) Assumptions used in actuarial calculations

Basic assumptions used in actuarial calculations

	As of March 31, 2023	As of March 31, 2024
Discount rate	0.44-0.535%	0.44-0.535%
Expected long-term rate of return on pension plan assets	2.0%	2.0%
Expected rate of increase in salary	7.9%-9.2%	7.9%-9.2%

Note: The expected rate of increase in salary is the expected rate of increase in points under the point system.

3. Defined contribution plans

Required contributions to the defined contribution pension plans of the Company and consolidated subsidiaries amounted to ¥157 million for the fiscal year ended March 31, 2023 and ¥145 million for the fiscal year ended March 31, 2024.

Income Taxes

1. Major components of deferred tax assets and deferred tax liabilities

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Deferred tax assets		
Tax loss carry-forward*2	9,095	6,785
Valuation loss on inventories	395	621
Provision for special repairs	508	665
Retirement benefit liability	815	623
Impairment loss	2,369	2,829
Other	2,070	2,306
Gross deferred tax assets	15,253	13,831
Valuation allowance for tax loss carry-forward*2	(3,780)	(2,311)
Valuation allowance for total deductible temporary differences	(268)	(396)
Gross valuation allowance*1	(4,048)	(2,708)
Total deferred tax assets	11,204	11,123
Offset against deferred tax liabilities	(4,131)	(4,630)
Net deferred tax assets	7,073	6,492
Deferred tax liabilities		
Reserve for special depreciation	214	190
Valuation difference on available-for-sale securities	2,551	2,481
Reserve for tax purpose reduction entry	441	413
Other	1,208	1,591
Total deferred tax liabilities	4,415	4,677
Offset against deferred tax assets	(4,131)	(4,630)
Net deferred tax liabilities	283	46

*1 Gross valuation allowance decreased by ¥1,340 million.
The main component of this decrease was a decrease in the amount of valuation allowance related to the use of tax loss carry-forward.

*2 Amount for tax loss carry-forward and deferred tax assets by expiration date

As of March 31, 2023

(Millions of yen)

	Within one year	Over one year to two years	Over two years to three years	Over three years to four years	Over four years to five years	Over five years	Total
Tax loss carry-forward*1	–	–	38	5	104	8,946	9,095
Valuation allowance	–	–	(15)	(2)	(71)	(3,690)	(3,780)
Deferred tax assets	–	–	23	2	32	5,256	5,315 *2

*1 Tax loss carry-forward is the amount obtained by multiplying the effective tax rate designated by law.

*2 The deferred tax assets are determined to be recoverable based on expected future taxable income.

As of March 31, 2024

(Millions of yen)

	Within one year	Over one year to two years	Over two years to three years	Over three years to four years	Over four years to five years	Over five years	Total
Tax loss carry-forward*1	–	38	265	–	70	6,410	6,785
Valuation allowance	–	(38)	(265)	–	(70)	(1,937)	(2,311)
Deferred tax assets	–	–	–	–	–	4,473	4,473 *2

*1 Tax loss carry-forward is the amount obtained by multiplying the effective tax rate designated by law.

*2 The deferred tax assets are determined to be recoverable based on expected future taxable income.

2. Breakdown of the major items causing differences in case of material differences between the statutory tax rate and the burden rate of corporate taxes, etc. after application of tax-effect accounting (the "effective tax rate")

	As of March 31, 2023	As of March 31, 2024
Statutory tax rate	30.5%	30.5%
Reconciliation:		
Retained earnings of overseas subsidiaries	0.2	2.2
Change in valuation allowance	(25.0)	(8.5)
Tax credit	(0.0)	(4.4)
Difference in applicable tax rates of overseas subsidiaries, etc.	(0.8)	(1.2)
Dividend income	(0.3)	(1.0)
Other	(1.8)	2.0
Effective tax rate	2.7	19.5

3. Accounting for corporation income tax and local corporation tax or tax effect accounting related to these taxes

The Company and certain domestic consolidated subsidiaries have applied the group tax sharing system, and handle accounting for corporation income tax and local corporation tax or tax effect accounting related to these taxes and their disclosure in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021).

Business Combinations

Transactions Under Common Control, Etc.

1. Outline of transactions

(1) Names and details of businesses involved in business combination

The Company's glass business

(2) Date of business combination

April 1, 2023

(3) Legal type of business combination

A simple absorption-type split with the Company as the splitting company and Central Glass Products Co., Ltd. being the Successor Company

(4) Names of the combined enterprises

Central Glass Co., Ltd. and Central Glass Products Co., Ltd.

(5) Matters related to the outline of other transactions

The company split is designed to achieve the management goals of the Group by building a stable revenue base for the glass business through the synergy generated from the unified operation of both the architectural glass and automotive glass businesses.

2. Outline of the accounting method applied

Accounting was performed as a transaction under common control in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

Rental Property and Other Real Estate

This information is omitted because it has become immaterial.

Revenue Recognition

1. **Breakdown of revenue from contracts with customers**

Fiscal year ended March 31, 2023

(Millions of yen)

Reportable segment	Main business	Net sales to external customers
Glass business	Architectural glass	23,025
	Automotive glass	23,859
	Glass fiber	7,796
	Other	2
	Subtotal	54,684
Chemicals business	Applied chemicals	23,290
	Medi-chemicals	16,409
	Electronic materials	19,169
	Energy materials	36,248
	Fertilizers	14,754
	Other	4,753
	Subtotal	114,625
Total		169,309

Fiscal year ended March 31, 2024

(Millions of yen)

Reportable segment	Main business	Net sales to external customers
Glass business	Architectural glass	23,500
	Automotive glass	27,733
	Glass fiber	8,176
	Other	1
	Subtotal	59,413
Chemicals business	Applied chemicals	17,022
	Medi-chemicals	16,326
	Electronic materials	19,449
	Energy materials	32,430
	Fertilizers	10,846
	Other	4,852
	Subtotal	100,926
Total		160,339

2. **Basic information needed to understand revenue from contracts with customers**

Basic information needed to understand revenue is as described in "5. Accounting policy (5) Standards for recognizing significant revenues and expenses."

Segment Information

1. Outline of the reportable segments

The reportable segments of the Group are those units for which separate financial statements can be obtained and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

The Group has set up operating departments by product and service at the Head Office, and is formulating comprehensive strategies for domestic and overseas products and services in the course of carrying out business activities. Therefore, the Group has two reportable segments, namely the glass business and the chemicals business, based on the operating departments.

In the glass business, the Group primarily manufactures and distributes architectural glass, automotive glass, and glass fiber.

In the chemicals business, the Group primarily manufactures and distributes applied chemicals, medi-chemicals, electronic materials, energy materials, and fertilizers.

2. Calculation method of the amount of net sales, profit, assets, and other items by reportable segment

The accounting methods of the reportable segments are largely identical to the methods disclosed in "Significant Accounting Policies for the Preparation of Consolidated Financial Statements."

Segment profit is based on operating profit.

Intersegment sales and transfers between segments are based on current market prices.

3. Information on net sales, profit, assets, and other items by reportable segment

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment			Adjustments*	Consolidated financial statement amount
	Glass	Chemicals	Total		
Net sales					
External customers	54,684	114,625	169,309	–	169,309
Intersegment	0	982	982	(982)	–
Total	54,684	115,608	170,292	(982)	169,309
Segment profit	2,662	14,095	16,757	–	16,757
Segment assets	62,955	158,416	221,371	(281)	221,090
Other items					
Depreciation and amortization	1,986	7,042	9,029	–	9,029
Increase in property, plant, and equipment and intangible assets	2,155	4,906	7,061	–	7,061

* Adjustments in segment profit and segment assets are intersegment eliminations.

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segment			Adjustments*	Consolidated financial statement amount
	Glass	Chemicals	Total		
Net sales					
External customers	59,413	100,926	160,339	–	160,339
Intersegment	49	1,204	1,253	(1,253)	–
Total	59,462	102,130	161,593	(1,253)	160,339
Segment profit	3,938	10,588	14,526	–	14,526
Segment assets	63,292	151,525	214,818	(413)	214,404
Other items					
Depreciation and amortization	1,900	7,217	9,117	–	9,117
Increase in property, plant, and equipment and intangible assets	1,384	4,762	6,147	–	6,147

* Adjustments in segment profit and segment assets are intersegment eliminations.

Related Information

Fiscal year ended March 31, 2023

1. Information by product and service

This information is omitted as the same information is disclosed in the reportable segment information.

2. Information by geographic area

(1) Net sales

(Millions of yen)

Japan	Asia	Europe	Other areas	Total
100,387	32,174	26,832	9,915	169,309

Note: Net sales is classified by country or geographic area, based on the location of customers.

(2) Property, plant, and equipment

(Millions of yen)

Japan	Other areas	Total
62,761	7,137	69,898

Note: Property, plant, and equipment is classified by country or geographic area, based on the location of the property, plant, and equipment.

3. Information by major customer

This information is omitted since net sales to any single customer did not exceed 10% of net sales on the consolidated statements of income.

Fiscal year ended March 31, 2024

1. Information by product and service

This information is omitted as the same information is disclosed in the reportable segment information.

2. Information by geographic area

(1) Net sales

(Millions of yen)

Japan	Asia	Europe	Other areas	Total
97,947	26,870	25,373	10,148	160,339

Note: Net sales is classified by country or geographic area, based on the location of customers.

(2) Property, plant, and equipment

(Millions of yen)

Japan	Other areas	Total
58,807	5,399	64,206

Note: Property, plant, and equipment is classified by country or geographic area, based on the location of the property, plant, and equipment.

3. Information by major customer

This information is omitted since net sales to any single customer did not exceed 10% of net sales on the consolidated statements of income.

Impairment Loss on Non-Current Assets by Reportable Segment

Fiscal year ended March 31, 2023

(Millions of yen)

	Glass	Chemicals	Total
Impairment loss	–	39	39

Fiscal year ended March 31, 2024

(Millions of yen)

	Glass	Chemicals	Total
Impairment loss	48	2,863	2,912

Amortization and Unamortized Balance of Goodwill by Reportable Segment

Not applicable

Gain on Bargain Purchase by Reporting Segment

Not applicable

Related Party Transactions

Not applicable

Per Share Information

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net assets per share	¥4,176.04	¥4,637.42
Earnings per share	¥1,222.21	¥503.55

Notes: 1. Diluted earnings per share is omitted as there were no dilutive shares.

2. In the fiscal year ended March 31, 2024, the Company introduced the stock delivery trust for directors and employees, and the Company's shares held by the Trust were posted as treasury shares in the consolidated financial statements. Accordingly, for calculating net assets per share, the Company's shares held by the Trust are included in the treasury shares to be deducted when calculating the total number of outstanding shares at the end of the fiscal year, and for calculating earnings per share, the Company's shares held by the Trust are included in the treasury shares to be deducted when calculating the weighted average number of shares during the fiscal year.

In calculating net assets per share, the number of such deducted treasury shares at the end of the fiscal year is 475,200. In calculating earnings per share, the average number of deducted treasury shares during the fiscal year ended March 31, 2024 is 277,542.

3. The basis for calculation of earnings per share is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit attributable to owners of parent	42,494	12,478
Amounts not attributable to common shareholders	–	–
Profit attributable to common shareholders of parent	42,494	12,478
Weighted average number of shares (Thousand shares)	34,768	24,780

Subsequent Events

Sale of investment securities

The Group reached a basic agreement with the buyer in April 2024 for the sale of shares of affiliates held by the Group. As a result, an extraordinary loss of approximately ¥1 billion is expected to be posted in the fiscal year ending March 31, 2025.

(v) Consolidated Supplementary Schedules

Schedule of Bonds Payable

Company name	Bond name	Issue date	Balance as of April 1, 2023 (Millions of yen)	Balance as of March 31, 2024 (Millions of yen)	Interest rate (%)	Collateral	Final repayment
Central Glass Co., Ltd.	8th Unsecured Bonds	February 24, 2017	10,000	–	–	Unsecured	February 23, 2024
	9th Unsecured Bonds	November 29, 2017	10,000	10,000	0.490	Unsecured	November 29, 2027
	10th Unsecured Bonds	March 14, 2023	8,000	8,000	0.350	Unsecured	March 13, 2026
	11th Unsecured Bonds	December 7, 2023	–	5,000	0.720	Unsecured	December 7, 2026
Total	–	–	28,000	23,000	–	–	–

Note: Repayments planned within five years subsequent to March 31, 2024 are as follows:

(Millions of yen)

Within one year	Over one year to two years	Over two years to three years	Over three years to four years	Over four years to five years
–	8,000	5,000	10,000	–

Schedule of Borrowings and Other Obligations

Category	Balance as of April 1, 2023 (Millions of yen)	Balance as of March 31, 2024 (Millions of yen)	Average interest rate (%)	Final repayment
Short-term borrowings	1,894	3,671	0.477%	–
Current portion of long-term borrowings	8,864	7,614	0.671%	–
Current portion of lease obligations	180	178	–	–
Long-term borrowings (excluding the current portion)	26,334	18,720	0.717%	2025 to 2030
Lease obligations (excluding the current portion)	279	125	–	2025 to 2028
Other interest-bearing debt	–	–	–	–
Total	37,553	30,310	–	–

Notes: 1. Average interest rate is the weighted average interest rate on the balance of borrowings as of March 31, 2024.

2. Average interest rate on lease obligations is not provided as the total amount of lease obligations recorded in the consolidated balance sheets is before deduction of the interest-equivalent amount.

3. Repayments planned within five years subsequent to March 31, 2024 for long-term borrowings and lease obligations (excluding the current portion) are as follows:

(Millions of yen)

Category	Over one year to two years	Over two years to three years	Over three years to four years	Over four years to five years
Long-term borrowings	7,110	5,613	3,740	1,148
Lease obligations	125	0	0	0

4. Although interest expenses have been paid, the balance of trade guarantee deposits received (¥3,367 million as of March 31, 2024) is not included in the above amounts as the deposits were received to secure operating receivables.

Schedule of Asset Retirement Obligations

Not applicable

(2) Other

1) Quarterly information for the fiscal year ended March 31, 2024

(Millions of yen)

(Cumulative)	First quarter	Second quarter	Third quarter	Year ended March 31, 2024
Net sales	39,010	79,115	120,869	160,339
Quarterly profit before income taxes	3,837	8,174	12,780	16,553
Quarterly profit attributable to owners of parent	2,831	5,672	9,300	12,478
Earnings per share (Yen)	114.25	228.92	375.34	503.55

(Quarterly)	First quarter	Second quarter	Third quarter	Fourth quarter
Earnings per share (Yen)	114.25	114.67	146.42	128.22

2) Conditions after the consolidated balance sheet date

Not applicable

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Independent Auditors' Report

The Board of Directors

Central Glass Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Central Glass Co., Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2024, and the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

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

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

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to assess the risk and design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related

disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures taken to eliminate inhibiting factors or apply safeguards to reduce them to an acceptable level.

Conflicts of Interest

We have no interest in the Group which should be disclosed in accordance with the Certified Public Accountants Act.

Yaesu Audit & Co.

Yaesu Audit & Co.
Tokyo, Japan
June 27, 2024