

Sanyo Special Steel Co., Ltd.

Financial Report for

The Year Ended March 31, 2023

Sanyo Special Steel Co., Ltd. and Consolidated Subsidiaries
CONSOLIDATED BALANCE SHEETS

As of March 31, 2022 and 2023

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Current Assets:			
Cash and bank deposits (Notes 6 and 22)	¥ 14,483	¥ 21,653	\$ 162,144
Notes and accounts receivable - trade, and contract assets (Notes 6, 10, 11 and 27)	69,019	66,372	497,022
Electronically recorded monetary claims (Note 6)	8,707	11,637	87,139
Less: Allowance for doubtful accounts	(356)	(449)	(3,365)
Inventories (Notes 8 and 10)	113,512	128,229	960,227
Income taxes receivable	18	45	335
Deposits paid in parent company (Notes 6, 22 and 27)	7,924	9,954	74,539
Other	7,196	4,258	31,894
Total current assets	220,503	241,699	1,809,935
Property, Plant and Equipment:			
Land (Note 10)	13,259	13,496	101,064
Buildings and structures (Note 10)	75,042	74,816	560,248
Machinery and equipment (Note 10)	286,723	284,450	2,130,072
Construction in progress	3,408	9,026	67,588
Other (Note 10)	14,953	15,651	117,207
	393,385	397,439	2,976,179
Less: Accumulated depreciation	(281,410)	(282,256)	(2,113,642)
Total property, plant and equipment	111,975	115,183	862,537
Intangible Assets:			
Goodwill	33,284	32,441	242,933
Other	4,102	3,677	27,532
Total intangible assets	37,386	36,118	270,465
Investments and Other Assets:			
Investments in securities (Notes 6, 7 and 9)	4,996	5,003	37,468
Long-term loans receivable	2	3	23
Deferred tax assets (Note 14)	2,055	1,489	11,153
Net defined benefit assets (Note 13)	300	997	7,464
Other	902	935	7,003
Less: Allowance for doubtful accounts	(208)	(209)	(1,566)
Total investments and other assets	8,047	8,218	61,545
Total assets	¥ 377,911	¥ 401,218	\$ 3,004,482

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Current Liabilities:			
Short-term loans (Notes 6, 10 and 12)	¥ 34,367	¥ 35,481	\$ 265,699
Current portion of long-term loans (Notes 6, 10 and 12)	3,306	8,251	61,788
Commercial paper (Note 6 and 12)	12,001	30,999	232,133
Notes and accounts payable - trade	49,426	39,544	296,118
Accounts payable - other	10,262	11,120	83,272
Accrued income taxes	5,475	4,654	34,852
Accrued expenses	12,685	11,823	88,533
Provision for environmental measures	4	4	29
Other (Notes 11 and 12)	2,711	5,516	41,304
Total current liabilities	<u>130,237</u>	<u>147,392</u>	<u>1,103,728</u>
Long-term Liabilities:			
Bonds payable (Notes 6 and 12)	10,000	10,000	74,884
Long-term loans (Notes 6, 10 and 12)	19,324	11,571	86,645
Accrued directors' and corporate auditors' retirement benefits	68	56	417
Deferred tax liabilities (Note 14)	4,743	5,279	39,533
Provision for loss on guarantees	1	1	8
Provision for environmental measures	207	133	997
Net defined benefit liabilities (Note 13)	12,165	8,752	65,535
Other (Note 12)	2,321	2,010	15,059
Total long-term liabilities	<u>48,829</u>	<u>37,802</u>	<u>283,078</u>
Total liabilities	<u>179,066</u>	<u>185,194</u>	<u>1,386,806</u>
Contingent Liabilities (Note 25)			
Net Assets (Note 15)			
Shareholders' Equity:			
Common stock:			
Authorized 94,878,400 shares in 2022 and 2023			
Issued 54,507,307 shares in 2022 and 2023	¥ 53,800	¥ 53,800	\$ 402,877
Capital surplus	51,486	51,503	385,676
Retained earnings	85,733	101,028	756,533
Less: Treasury stock, at cost (19,566 shares in 2022 and 21,557 shares in 2023)	(28)	(32)	(242)
Total shareholders' equity	<u>190,991</u>	<u>206,299</u>	<u>1,544,844</u>
Accumulated Other Comprehensive Income:			
Valuation difference on available-for-sale securities	1,383	1,894	14,180
Deferred gains (losses) on hedges	2,134	(1,101)	(8,238)
Foreign currency translation adjustments	4,120	5,626	42,127
Remeasurements of defined benefit plans	(1,634)	1,657	12,405
Total accumulated other comprehensive income	<u>6,003</u>	<u>8,076</u>	<u>60,474</u>
Non-controlling Interests	<u>1,851</u>	<u>1,649</u>	<u>12,358</u>
Total net assets	<u>198,845</u>	<u>216,024</u>	<u>1,617,676</u>
Total liabilities and net assets	<u>¥ 377,911</u>	<u>¥ 401,218</u>	<u>\$ 3,004,482</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended March 31, 2022 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Net Sales (Note 28)	¥ 363,278	¥ 393,844	\$ 2,949,257
Cost of Sales (Notes 8 and 16)	303,394	326,790	2,447,132
Gross profit	59,884	67,054	502,125
Selling, General and Administrative Expenses (Notes 16 and 17)	38,467	38,562	288,766
Operating income	21,417	28,492	213,359
Other Income:			
Interest and dividends	263	478	3,579
Rent income	442	347	2,598
Exchange gains	164	494	3,701
Other	243	287	2,146
	1,112	1,606	12,024
Other Expenses:			
Interest	(615)	(960)	(7,191)
Other	(250)	(282)	(2,104)
	(865)	(1,242)	(9,295)
Ordinary income	21,664	28,856	216,088
Extraordinary Gains and Losses:			
Gain on sale of property, plant and equipment (Note 18)	43	250	1,873
Gain on sale of investment in securities (Note 7)	92	15	116
Loss on sale and disposition of property, plant and equipment (Note 19)	(193)	(651)	(4,878)
Loss on liquidation of subsidiaries (Note 20)	(414)	(425)	(3,185)
Loss on evaluation of investments in securities (Note 7)	(219)	—	—
	(691)	(811)	(6,074)
Income before income taxes	20,973	28,045	210,014
Income Taxes: (Note 14)			
Current	5,252	6,529	48,888
Deferred	224	711	5,330
	5,476	7,240	54,218
Net income	15,497	20,805	155,796
Net Income Attributable to Non-controlling Interests	230	62	462
Net Income Attributable to Owners of the Parent	¥ 15,267	¥ 20,743	\$ 155,334

	Yen		U.S. dollars (Note 3)
	2022	2023	2023
Per Share:			
Net income (Note 21)	¥ 280.19	¥ 380.70	\$ 2.85
Cash dividends	90.00	100.00	0.75
Net assets	3,615.39	3,934.50	29.46

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended March 31, 2022 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Net Income	¥ 15,497	¥ 20,805	\$ 155,796
Other Comprehensive Income (Loss):			
Valuation difference on available-for-sale securities	(278)	511	3,825
Deferred gains (losses) on hedges	1,249	(3,235)	(24,222)
Foreign currency translation adjustments	4,828	1,591	11,917
Remeasurements of defined benefit plans	56	3,291	24,641
Share of other comprehensive income of affiliates accounted for by the equity method	69	—	—
Total other comprehensive income (Note 4)	5,924	2,158	16,161
Comprehensive Income	21,421	22,963	171,957
Comprehensive income attributable to:			
Owners of the parent	21,064	22,766	170,481
Non-controlling interests	357	197	1,476

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended March 31, 2022

	Number of outstanding common shares	Millions of yen		
		Common stock	Capital surplus	Retained earnings
Balance at beginning of year	54,490,533	¥ 53,800	¥ 51,486	¥ 72,924
Cumulative effects of changes in accounting policies	—	—	—	(6)
Restated balance	54,490,533	53,800	51,486	72,918
Net income attributable to owners of the parent	—	—	—	15,267
Cash dividends paid	—	—	—	(2,452)
Acquisition of treasury stock	(2,913)	—	—	—
Disposal of treasury stock	121	—	0	—
Change in ownership interest due to transactions with non-controlling interests	—	—	—	—
Other changes for fiscal year 2021, net	—	—	—	—
Total changes for fiscal year 2021	(2,792)	—	0	12,815
Balance at end of year	54,487,741	¥ 53,800	¥ 51,486	¥ 85,733

	Millions of yen			
	Treasury stock, at cost	Valuation difference on available-for- sale securities	Deferred gains on hedges	Foreign currency translation adjustments
Balance at beginning of year	¥ (23)	¥ 1,661	¥ 885	¥ (650)
Cumulative effects of changes in accounting policies	—	—	—	—
Restated balance	(23)	1,661	885	(650)
Net income attributable to owners of the parent	—	—	—	—
Cash dividends paid	—	—	—	—
Acquisition of treasury stock	(5)	—	—	—
Disposal of treasury stock	0	—	—	—
Change in ownership interest due to transactions with non-controlling interests	—	—	—	—
Other changes for fiscal year 2021, net	—	(278)	1,249	4,770
Total changes for fiscal year 2021	(5)	(278)	1,249	4,770
Balance at end of year	¥ (28)	¥ 1,383	¥ 2,134	¥ 4,120

	Millions of yen		
	Remeasurements of defined benefit plans	Non- controlling interests	Total
Balance at beginning of year	¥ (1,690)	¥ 1,495	¥ 179,888
Cumulative effects of changes in accounting policies	—	—	(6)
Restated balance	(1,690)	1,495	179,882
Net income attributable to owners of the parent	—	—	15,267
Cash dividends paid	—	—	(2,452)
Acquisition of treasury stock	—	—	(5)
Disposal of treasury stock	—	—	0
Change in ownership interest due to transactions with non-controlling interests	—	—	—
Other changes for fiscal year 2021, net	56	356	6,153
Total changes for fiscal year 2021	56	356	18,963
Balance at end of year	¥ (1,634)	¥ 1,851	¥ 198,845

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended March 31, 2023

	Number of outstanding common shares	Millions of yen		
		Common stock	Capital surplus	Retained earnings
Balance at beginning of year	54,487,741	¥ 53,800	¥ 51,486	¥ 85,733
Cumulative effects of changes in accounting policies	—	—	—	—
Restated balance	54,487,741	53,800	51,486	85,733
Net income attributable to owners of the parent	—	—	—	20,743
Cash dividends paid	—	—	—	(5,448)
Acquisition of treasury stock	(1,991)	—	—	—
Disposal of treasury stock	—	—	—	—
Change in ownership interest due to transactions with non-controlling interests	—	—	17	—
Other changes for fiscal year 2022, net	—	—	—	—
Total changes for fiscal year 2022	(1,991)	—	17	15,295
Balance at end of year	54,485,750	¥ 53,800	¥ 51,503	¥ 101,028

	Millions of yen			
	Treasury stock, at cost	Valuation difference on available-for- sale securities	Deferred gains on hedges	Foreign currency translation adjustments
Balance at beginning of year	¥ (28)	¥ 1,383	¥ 2,134	¥ 4,120
Cumulative effects of changes in accounting policies	—	—	—	—
Restated balance	(28)	1,383	2,134	4,120
Net income attributable to owners of the parent	—	—	—	—
Cash dividends paid	—	—	—	—
Acquisition of treasury stock	(4)	—	—	—
Disposal of treasury stock	—	—	—	—
Change in ownership interest due to transactions with non-controlling interests	—	—	—	—
Other changes for fiscal year 2022, net	—	511	(3,235)	1,506
Total changes for fiscal year 2022	(4)	511	(3,235)	1,506
Balance at end of year	¥ (32)	¥ 1,894	¥ (1,101)	¥ 5,626

	Millions of yen		
	Remeasurements of defined benefit plans	Non- controlling interests	Total
Balance at beginning of year	¥ (1,634)	¥ 1,851	¥ 198,845
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	(1,634)	1,851	198,845
Net income attributable to owners of the parent	—	—	20,743
Cash dividends paid	—	—	(5,448)
Acquisition of treasury stock	—	—	(4)
Disposal of treasury stock	—	—	—
Change in ownership interest due to transactions with non-controlling interests	—	—	17
Other changes for fiscal year 2022, net	3,291	(202)	1,871
Total changes for fiscal year 2022	3,291	(202)	17,179
Balance at end of year	¥ 1,657	¥ 1,649	¥ 216,024

	Number of outstanding common shares	Thousands of U.S. dollars (Note 3)		
		Common stock	Capital surplus	Retained earnings
Balance at beginning of year	54,487,741	\$ 402,877	\$ 385,550	\$ 642,001
Cumulative effects of changes in accounting policies	—	—	—	—
Restated balance	54,487,741	402,877	385,550	642,001
Net income attributable to owners of the parent	—	—	—	155,334
Cash dividends paid	—	—	—	(40,802)
Acquisition of treasury stock	(1,991)	—	—	—
Disposal of treasury stock	—	—	—	—
Change in ownership interest due to transactions with non-controlling interests	—	—	126	—
Other changes for fiscal year 2022, net	—	—	—	—
Total changes for fiscal year 2022	(1,991)	—	126	114,532
Balance at end of year	54,485,750	\$ 402,877	\$ 385,676	\$ 756,533

	Treasury stock, at cost	Thousands of U.S. dollars (Note 3)		
		Valuation difference on available-for- sale securities	Deferred gains on hedges	Foreign currency translation adjustments
Balance at beginning of year	\$ (212)	\$ 10,355	\$ 15,985	\$ 30,851
Cumulative effects of changes in accounting policies	—	—	—	—
Restated balance	(212)	10,355	15,985	30,851
Net income attributable to owners of the parent	—	—	—	—
Cash dividends paid	—	—	—	—
Acquisition of treasury stock	(30)	—	—	—
Disposal of treasury stock	—	—	—	—
Change in ownership interest due to transactions with non-controlling interests	—	—	—	—
Other changes for fiscal year 2022, net	—	3,825	(24,223)	11,276
Total changes for fiscal year 2022	(30)	3,825	(24,223)	11,276
Balance at end of year	\$ (242)	\$ 14,180	\$ (8,238)	\$ 42,127

	Thousands of U.S. dollars (Note 3)		
	Remeasurements of defined benefit plans	Non- controlling interests	Total
Balance at beginning of year	\$ (12,236)	\$ 13,860	\$ 1,489,031
Cumulative effects of changes in accounting policies	—	—	—
Restated balance	(12,236)	13,860	1,489,031
Net income attributable to owners of the parent	—	—	155,334
Cash dividends paid	—	—	(40,802)
Acquisition of treasury stock	—	—	(30)
Disposal of treasury stock	—	—	—
Change in ownership interest due to transactions with non-controlling interests	—	—	126
Other changes for fiscal year 2022, net	24,641	(1,502)	14,017
Total changes for fiscal year 2022	24,641	(1,502)	128,645
Balance at end of year	\$ 12,405	\$ 12,358	\$ 1,617,676

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31, 2022 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Cash Flows from Operating Activities:			
Income before income taxes	¥ 20,973	¥ 28,045	\$ 210,014
Adjustments -			
Depreciation and amortization	15,904	13,765	103,074
Amortization of goodwill	3,375	2,925	21,902
Increase in allowance for doubtful accounts	70	74	551
Increase in provision for bonuses	685	156	1,170
Increase in net defined benefit liabilities	97	53	393
Decrease in net defined benefit assets	205	227	1,699
Increase (decrease) in accrued directors' and corporate auditors' retirement benefits, less payments	2	(12)	(92)
Decrease in provision for environmental measures	(274)	(80)	(598)
Decrease in provision for loss on guarantees	(2)	(0)	(2)
Interest and dividend income	(263)	(478)	(3,579)
Interest expense	615	960	7,191
Gain on sale of investments in securities	(92)	(15)	(116)
Loss on evaluation of investments in securities	219	—	—
Loss (gain) on sale and disposition of property, plant and equipment	149	401	3,005
Loss on liquidation of subsidiaries	414	425	3,185
Changes in assets and liabilities:			
Notes and accounts receivable - trade, and contract assets	(23,620)	1,389	10,404
Inventories	(36,970)	(11,411)	(85,454)
Notes and accounts payable - trade	25,217	(14,390)	(107,759)
Other, net	1,160	(2,165)	(16,199)
Subtotal	7,864	19,869	148,789
Interest and dividend income received	263	477	3,573
Interest expense paid	(617)	(757)	(5,668)
Income taxes paid	(424)	(7,434)	(55,672)
Net cash provided by operating activities	7,086	12,155	91,022
Cash Flows from Investing Activities:			
Acquisition of property, plant and equipment	(13,832)	(13,576)	(101,665)
Sale of property, plant and equipment	106	493	3,689
Acquisition of intangible assets	(711)	(276)	(2,069)
Acquisition of investments in securities	(2)	(3)	(20)
Sale of investments in securities	553	35	260
Proceeds from sales of investments in affiliates accounted for by the equity method	—	788	5,900
Decrease in long-term loans receivable	203	3	19
Payments into time deposits	(1,022)	(1,066)	(7,981)
Proceeds from withdrawal of time deposits	931	1,048	7,849
Payments of long-term loans receivable	(2)	(4)	(31)
Other, net	478	(208)	(1,551)
Net cash used in investing activities	(13,298)	(12,766)	(95,600)

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Cash Flows from Financing Activities:			
Decrease in short-term loans	¥ (2,098)	¥ (717)	\$ (5,366)
Increase in commercial paper	12,001	18,998	142,263
Proceeds from long-term loans	11,000	300	2,247
Repayment of long-term loans	(15,110)	(3,414)	(25,569)
Repayments of lease obligations	(1,035)	(797)	(5,968)
Payments for purchases of treasury stock	(5)	(4)	(30)
Proceeds from sales of treasury stock	0	—	—
Cash dividends	(2,449)	(5,442)	(40,748)
Cash dividends to non-controlling interests	(1)	(37)	(279)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(344)	(2,575)
Other, net	(17)	(17)	(130)
Net cash provided by financing activities	<u>2,286</u>	<u>8,526</u>	<u>63,845</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	<u>902</u>	<u>1,215</u>	<u>9,101</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(3,024)</u>	<u>9,130</u>	<u>68,368</u>
Cash and Cash Equivalents at Beginning of the Year	<u>24,881</u>	<u>21,857</u>	<u>163,675</u>
Cash and Cash Equivalents at End of the Year (Note 22)	<u>¥ 21,857</u>	<u>¥ 30,987</u>	<u>\$ 232,043</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Sanyo Special Steel Co., Ltd. (the “Company”) and its consolidated subsidiaries (together, the “Companies”) have been prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure

2. Summary of Significant Accounting Policies

(1) Consolidation and investments in affiliates

(a) Scope of consolidation and elimination

The Company had 37 subsidiaries as of March 31, 2023 (40 subsidiaries as of March 31, 2022). The consolidated financial statements include the accounts of the Company and its 37 subsidiaries. The 37 subsidiaries that have been consolidated for the fiscal year ended March 31, 2023 are listed below:

Yohkoh Bussan Co., Ltd.
Santoku Kogyo Co., Ltd.
Santoku Tech Co., Ltd.
Santoku Seiken Co., Ltd.
Santoku Computer Service Co., Ltd.
Sanyo Special Steel Manufacturing de México, S.A. de C.V.
Ningbo Sanyo Special Steel Products Co., Ltd.
Siam Sanyo Special Steel Product Co., Ltd.
Sanyo Special Steel U.S.A., Inc.
SKJ Metal Industries Co., Ltd.
Sanyo Special Steel Manufacturing India Private Limited
Sanyo Special Steel Trading (Shanghai) Co., Ltd.
Ovako Group AB and its 22 subsidiaries (“Ovako”) and 2 subsidiaries

Mahindra Sanyo Special Steel Private Limited changed its trade name to Sanyo Special Steel Manufacturing India Private Limited on June 23, 2022.

Ovako Midco AB, Hillboms AB and Fastighets AB Synaren, which had been consolidated subsidiaries of Ovako Group AB, were excluded from the scope of consolidation for the current fiscal year since they were extinguished on January 23, 2023 in the absorption-type merger with Ovako Group AB and its subsidiary Ovako Sweden AB, which were the surviving companies.

The consolidated subsidiaries, except for the seven foreign subsidiaries (Sanyo Special Steel Manufacturing de México, S.A. de C.V., Ningbo Sanyo Special Steel Products Co., Ltd., Siam Sanyo Special Steel Product Co., Ltd., Sanyo Special Steel U.S.A., Inc., P.T. Sanyo Special Steel Indonesia, SKJ Metal Industries Co., Ltd., and Sanyo Special Steel Trading (Shanghai) Co., Ltd.), use a fiscal year ending March 31, which is the same as that of the Company. The seven foreign subsidiaries use a fiscal year ending December 31. For these seven subsidiaries, certain adjustments are made, if appropriate, in preparing the consolidated financial statements to reflect material transactions which occur between their fiscal year-end and March 31.

For the purpose of preparing the consolidated financial statements, all significant intercompany transactions, balances and

requirements from International Financial Reporting Standards and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

unrealized profits among the Companies have been eliminated.

(b) Investments in affiliates

The Company’s investment in AB Järnbruksförmödenheter, an affiliate of the Company over which the Company has significant influence, is accounted for by the equity method.

The Company’s investment in Advanced Green Components, LLC, an affiliate of the Company over which the Company had significant influence, was excluded from the scope of the equity-method affiliates for the fiscal year ended March 31, 2023 since the Company sold its entire interest in the affiliate.

(2) Foreign currency translation

Foreign currency transactions are translated into Japanese yen at the exchange rate prevailing at the respective transaction date. All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rate prevailing at each balance sheet date. Resulting gains and losses are included in net income or loss for the period.

All assets and liabilities of the foreign subsidiaries are translated into Japanese yen at the exchange rate prevailing at each balance sheet date.

Revenues and expenses are translated into yen based on the average exchange rate during the period.

These differences are recorded as foreign currency translation adjustments.

(3) Securities

The accounting standard for financial instruments (“Accounting Standards for Financial Instruments” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 10)) requires that securities be classified into four categories: trading securities, held-to-maturity debt securities, equity securities issued by subsidiaries and affiliates and available-for-sale securities. Except for the equity securities issued by subsidiaries and affiliates, securities that the Company has are all classified as available-for-sale securities.

Under the standard, marketable securities classified as available-for-sale securities are carried at fair value with changes in unrealized holding gains and losses, net of the applicable income taxes, included directly in net assets. Equality securities without market prices classified as available-for-sale securities are carried at cost. A decline in the value of available-for-sale securities is reflected in net loss for the period unless deemed to be temporary. The cost of securities sold is determined by the moving average method.

(4) Derivative transactions and hedge accounting

Derivative financial instruments are stated at fair value.

The Companies use foreign exchange forward contracts and commodity futures contracts to reduce their exposure to market risks from fluctuations in foreign currencies and electricity prices.

The Companies do not hold or issue financial derivative instruments for trading purposes. If derivative transactions are used as hedges and meet certain hedging criteria, the Companies use the deferred hedge accounting method.

The Companies compare the total change in cash flow or rate fluctuation of hedging instruments and those of hedged items every half year and evaluate the hedge effectiveness based on the differences.

(5) Amortization of goodwill

Goodwill is amortized using the straight-line method over a reasonably determined period on individual basis.

(6) Inventories

Inventories are stated at the lower of moving average cost or net realizable value.

(7) Depreciation and amortization

The Companies compute depreciation using the straight-line method for property, plant and equipment.

For assets acquired on or before March 31, 2007, the Company and its domestic subsidiaries depreciated the assets using the straight-line method over five years from the year following the fiscal year when depreciation up to the depreciable limit amount is completed.

Amortization of capitalized software costs for internal use is computed by the straight-line method based on the useful life of the asset estimated to be mainly five years. Amortization of other intangible assets is computed by the straight-line method.

(8) Research and development costs

Research and development costs are charged to profit or loss as incurred.

(9) Allowance for doubtful accounts

Allowance for doubtful accounts is provided at an amount based on past loss experience plus the amount estimated to be uncollectible based on an assessment of certain individual accounts.

(10) Provision for bonuses

Provision for employees bonuses is provided at the estimated amount of bonuses to be paid to the employees in the following year. It was recorded as accrued expenses on the consolidated balance sheet.

(11) Accrued directors' and corporate auditors' retirement benefits

Certain consolidated subsidiaries provide for lump-sum payments to retiring directors and corporate auditors based on internal rules.

(12) Provision for loss on guarantees

To provide for losses on guarantees, the Company makes a provision for potential losses at the end of the fiscal year.

(13) Provision for environmental measures

Reserve for environmental measures for obligatory PCB treatment in Japan and removing soil pollution at overseas steel-making plants is stated as the estimated cost at the end of the fiscal year.

(14) Accounting methods for employees' retirement benefits

In the calculation of retirement benefit obligations, the estimated amount of retirement benefits is attributed to the consolidated fiscal year using the benefit formula basis.

Prior service costs are posted in expenses from the consolidated

fiscal year of accrual by the straight-line method over a period of 10 years, which is within the average remaining service years of the employees.

Actuarial gains and losses are posted in expenses after the consolidated fiscal year of accrual by the straight-line method over periods of mainly 10 years and 17 years, which are within the average remaining service years of the employees.

Providing for lump-sum payments to retiring executive officers is calculated based on internal rules.

In the calculation of net defined benefit liabilities and retirement benefit expenses, certain consolidated subsidiaries have adopted a simplified method that determines the benefits payable assuming the voluntary retirement of all employees at the fiscal year-end as retirement benefit obligations.

(15) Income taxes

The asset-liability method is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases.

(16) Accounting policy for revenue and expenses

The Companies recognize revenue based on the following five-step approach.

Step 1: Identify contracts with customers.

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 the entity satisfies a performance obligation.

Revenue in the Companies are generated mainly from the sale of special steel products in which the performance obligation is to transfer the merchandise and finished goods to the customer based on the sales contracts.

The Companies recognize revenue when the customer receives the merchandise and finished goods, control of the goods is transferred to the customer and the performance obligations are satisfied.

However, the Companies and its subsidiaries recognize revenue from domestic sales at the point of shipment in cases in which control of the goods is transferred to the customer within a reasonable period according to Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition.

The transaction price is measured based on the contract with customers. In cases in which there is variable consideration in the contract, it is estimated and included in the transaction price to the extent that there is no material reversal.

The consideration involved in the transaction does not contain a significant financing component because the relevant payment period is within a short-term after the satisfaction of the performance obligation.

(17) Net income and cash dividends per share

Net income per share is computed by dividing net income available for distribution to shareholders of common stock by the weighted average number of shares of common stock outstanding during the year. Diluted net income per share is not disclosed

because potentially dilutive securities are not issued.

Cash dividends per share shown for each year in the consolidated statements of operations represent dividends declared as applicable to the respective years rather than those paid during the years.

(18) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows consists of cash on hand, bank deposits able to be withdrawn on demand, short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuations in value and deposits paid in parent company.

(19) Significant accounting estimates

Property, Plant and Equipment and Intangible Assets

(a) Carrying amounts in the current year's financial statements

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Property, Plant and Equipment	¥ 111,975	¥ 115,183	\$ 862,537
Intangible Assets	¥ 37,386	¥ 36,118	\$ 270,465

(b) Significant accounting estimates for identified items

For property, plant and equipment and intangible assets, to determine whether the recognition of an impairment loss is required, it is necessary to compare the undiscounted future cash flows that are expected to be generated from the asset or the asset group with its book value whenever there is an indication of impairment in the asset or the asset group. If the recognition of an impairment loss is deemed necessary, the book value is reduced to the recoverable amount, and the resulting decrease in the book

value is recognized as an impairment loss.

The Companies group assets with consideration for business management segments. In principle, the Company is classified by business segment, and each consolidated subsidiary is classified as one asset group. In addition to the asset groups that recorded impairment loss in the current consolidated fiscal year, the asset groups of Sanyo Special Steel Manufacturing de México, S.A.de C.V. and SKJ Metal Industries Co., Ltd., which had recognized indications of impairment, did not record impairment loss because the undiscounted future cash flows for each asset group exceeded the book value.

Property, plant and equipment and intangible assets which were recorded on the consolidated balance sheet at the end of the current consolidated fiscal year have a significant impact on the consolidated financial statements for the following consolidated fiscal year when the business circumstances of the Companies are affected by extreme changes in future economic conditions and business declines significantly.

(20) Additional information

On March 9, 2023, the Company was notified by MITSUI & CO., LTD. (hereinafter "MITSUI"), one of the minority shareholders of Sanyo Special Steel Manufacturing India Private Limited (hereinafter "SSMI"), that MITSUI was exercising its put-option under the shareholders agreement. Due to this exercise, the Company is obligated to purchase from MITSUI all SSMI shares (3,046,821 shares) held by MITSUI.

The purchase price is to be determined in accordance with the provisions of the shareholders agreement, and the financial impact at this time is uncertain.

3. U.S. Dollar Amounts

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan. These translations should not be construed as representations that the Japanese yen amounts actually represent or have been or could be converted into U.S. dollars. The rate of ¥133.54 to U.S. \$1.00, the approximate rate of exchange as at March 31, 2023, has been used for these translations.

4. Consolidated Statements of Comprehensive Income

Amounts reclassified to net income in the current year that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Valuation difference on available-for-sale securities			
Increase (decrease) during the year	¥ (297)	¥ 726	\$ 5,435
Reclassification adjustments	(92)	(11)	(82)
Subtotal, before tax	(389)	715	5,353
Tax (expense)	111	(204)	(1,528)
Subtotal, net of tax	(278)	511	3,825
Deferred gains on hedges			
Increase (decrease) during the year	2,407	(1,220)	(9,136)
Reclassification adjustments	(834)	(2,854)	(21,371)
Subtotal, before tax	1,573	(4,074)	(30,507)
Tax (expense)	(324)	839	6,285
Subtotal, net of tax	1,249	(3,235)	(24,222)
Foreign currency translation adjustments			
Increase during the year	4,828	1,591	11,917
Remeasurements of defined benefit plans			
Increase (decrease) during the year	(279)	4,229	31,670
Reclassification adjustments	182	150	1,117
Subtotal, before tax	(97)	4,379	32,787
Tax (expense)	153	(1,088)	(8,146)
Subtotal, net of tax	56	3,291	24,641
Share of other comprehensive income of an affiliate accounted for by the equity method			
Increase during the year	69	—	—
Subtotal	69	—	—
Total other comprehensive income	¥ 5,924	¥ 2,158	\$ 16,161

5. Statements of cash flows

There were no significant non-cash transactions as of March 31, 2022 and 2023.

6. Financial Instruments

(1) Status of financial instruments

The Companies procure funds required by their business plans through bank loans and bonds payable. Temporary surplus funds are invested in short-term bank deposits, etc., with a low probability of loss of principal. The Companies use derivative transactions mainly to hedge foreign currency operating transactions and electricity price fluctuation risk and limit the amounts to actual demand.

Notes and accounts receivable and electronically recorded monetary claims are exposed to the credit risk of customers. In order to reduce the risk, the Companies regularly monitor the maturity dates and balances of receivables of all customer accounts and evaluate the credit risk of its main customers arising from any deterioration in their financial situation, etc., according to the Company regulations. Notes and accounts receivable denominated in foreign currencies are exposed to exchange rate risks. The Companies reduce the risks by settling both notes and accounts receivable and notes and accounts payable within the same foreign currencies and executing derivative transactions (forward exchange contracts).

Deposits paid in parent company are deposits to Nippon Steel Corporation. The deposit and withdrawal of such funds are possible at any time. Investments in securities are mainly the shares of business partners. These shares are exposed to the risk of volatility in market prices, and the Companies periodically monitor the market prices and regularly review their share portfolios taking into consideration their relationships with their business partners.

Notes and accounts payable are paid within one year. Notes and accounts payable denominated in foreign currencies are exposed to

exchange rate risk. The Companies reduce the risk by settling both notes and accounts receivable and notes and accounts payable within the same foreign currencies and executing derivative transactions (forward exchange contracts).

Certain foreign subsidiaries enter into derivative transactions (commodity futures trading) to manage the risk of purchased electricity price fluctuation. The Companies execute and manage derivative transactions in accordance with the internal rules which stipulate the transaction authority. For details on hedging instruments, hedging items, hedging policy and the methods used to evaluate hedge effectiveness, refer to - Note 2(4), "Derivative transactions and hedge accounting."

Bank loans, bonds payable and commercial paper are primarily used to procure funds related to operating and investing activities.

To manage liquidity risks, the Companies prepare and update cash flow plans as appropriate and maintain the liquidity on hand necessary to meet their obligations. Further, the Company has commitment line contracts in preparation for contingencies.

Because the risk of fluctuation is incorporated into the calculation of the fair values of financial instruments, the fair values may fluctuate due to the adoption of different assumptions and other factors. In addition, the contract amounts of derivative transactions in the notes to "Derivative Transactions" are not indicative of the market risk associated with derivative transactions themselves.

(2) Fair values of financial instruments

Carrying amounts, fair values and differences between carrying amounts and fair values of relevant items were as follows:

	Millions of yen		
	Book value	Fair value	Difference
2022			
(1) Investments in securities			
Available-for-sale securities	¥ 4,011	¥ 4,011	¥ —
(2) Bonds payable	(10,000)	(9,974)	26
(3) Long-term loans (including current portion)	(22,630)	(22,605)	25
(4) Derivative transactions			
① Hedge accounting not applied	1	1	—
② Hedge accounting applied	2,821	2,821	—

(※1) Debt is displayed by parentheses.

(※2) "Cash and bank deposits," "Notes and accounts receivable - trade," "Electronically recorded monetary claims," "Deposits paid in parent company," "Notes and accounts payable - trade," "Short-term loans" "Commercial paper" and "Accounts payable" are omitted because they are settled in a short period of time and their fair values approximate their book values.

(※3) Equity securities without market prices are not included in "(1) Investments in securities." The book values of those financial instruments were as follows:

	Millions of yen
Unlisted equity securities	¥ 985

Carrying amounts, fair values and differences between carrying amounts and fair values of relevant items were as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)		
	Book value	Fair value	Difference	Book value	Fair value	Difference
2023						
(1) Investments in securities						
Available-for-sale securities	¥ 4,716	¥ 4,716	¥ —	\$ 35,319	\$ 35,319	\$ —
(2) Bonds payable	(10,000)	(9,982)	18	(74,884)	(74,749)	135
(3) Long-term loans (including current portion)	(19,822)	(19,684)	138	(148,433)	(147,405)	1,028
(4) Derivative transactions						
① Hedge accounting not applied	(4)	(4)	—	(32)	(32)	—
② Hedge accounting applied	(1,198)	(1,198)	—	(8,972)	(8,972)	—

(※1) Debt is displayed by parentheses.

(※2) "Cash and bank deposits," "Notes and accounts receivable - trade," "Electronically recorded monetary claims," "Deposits paid in parent company," "Notes and accounts payable - trade," "Short-term loans," "Commercial paper" and "Accounts payable" are omitted because they are settled in a short period of time and their fair values approximate their book values.

(※3) Equity securities without market prices are not included in "(1) Investments in securities." The book values of those financial instruments were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 3)
Unlisted equity securities	¥ 287	\$ 2,149

(3) Financial assets with maturities were as follows:

The aggregate maturities subsequent to March 31, 2022:

	Millions of yen			
	Within 1 year	1 year or more but within 5 years	5 years or more but within 10 years	10 years or more
Cash and bank deposits	¥ 14,483	¥ —	¥ —	¥ —
Notes and accounts receivable - trade	69,019	—	—	—
Electronically recorded monetary claims	8,707	—	—	—
Deposits paid in parent company	7,924	—	—	—
Total	¥ 100,133	¥ —	¥ —	¥ —

The aggregate maturities subsequent to March 31, 2023:

	Millions of yen			
	Within 1 year	1 year or more but within 5 years	5 years or more but within 10 years	10 years or more
Cash and bank deposits	¥ 21,653	¥ —	¥ —	¥ —
Notes and accounts receivable - trade	66,372	—	—	—
Electronically recorded monetary claims	11,637	—	—	—
Deposits paid in parent company	9,954	—	—	—
Total	¥ 109,616	¥ —	¥ —	¥ —

	Thousands of U.S. dollars (Note 3)			
	Within 1 year	1 year or more but within 5 years	5 years or more but within 10 years	10 years or more
Cash and bank deposits	\$ 162,144	\$ —	\$ —	\$ —
Notes and accounts receivable - trade	497,022	—	—	—
Electronically recorded monetary claims	87,139	—	—	—
Deposits paid in parent company	74,539	—	—	—
Total	\$ 820,844	\$ —	\$ —	\$ —

(4) Bonds payable, short-term loans, commercial paper and long-term loans were as follows:

The aggregate maturities subsequent to March 31, 2022:

	Millions of yen			
	Within 1 year	1 year or more but within 5 years	5 years or more but within 10 years	10 years or more
Short-term loans	¥ 34,367	¥ —	¥ —	¥ —
Commercial paper	12,001	—	—	—
Bonds payable	—	10,000	—	—
Long-term loans (including current portion)	3,306	19,324	—	—
Total	¥ 49,674	¥ 29,324	¥ —	¥ —

The aggregate maturities subsequent to March 31, 2023:

	Millions of yen			
	Within 1 year	1 year or more but within 5 years	5 years or more but within 10 years	10 years or more
Short-term loans	¥ 35,481	¥ —	¥ —	¥ —
Commercial paper	30,999	—	—	—
Bonds payable	—	10,000	—	—
Long-term loans (including current portion)	8,251	11,571	—	—
Total	¥ 74,731	¥ 21,571	¥ —	¥ —

	Thousands of U.S. dollars (Note 3)			
	Within 1 year	1 year or more but within 5 years	5 years or more but within 10 years	10 years or more
Short-term loans	\$ 265,699	\$ —	\$ —	\$ —
Commercial paper	232,133	—	—	—
Bonds payable	—	74,884	—	—
Long-term loans (including current portion)	61,788	86,645	—	—
Total	\$ 559,620	\$ 161,529	\$ —	\$ —

(5) Fair values of financial instruments by level of inputs

Based on the observability and the significance of the inputs used to determine fair values, fair values of financial instruments are presented by categorizing measurements into the following three levels:

Level 1 fair value: fair values measured by quoted prices of identical assets or liabilities in active markets.

Level 2 fair value: fair values measured using observable inputs other than Level 1.

Level 3 fair value: fair values measured using unobservable inputs.

When multiple inputs of different categories are used in measuring fair value, the Companies classify the fair value into the category from which the lowest inputs are used.

(a) Financial instruments measured at fair values in the consolidated balance sheet

2022

	Millions of yen			
	Level1	Level2	Level3	Total
Investments in securities				
Available-for-sale securities				
Stock	¥ 4,011	¥ —	¥ —	¥ 4,011
Derivative transactions				
Currency related	—	9	—	9
Commodity related	—	2,937	—	2,937
Total assets	¥ 4,011	¥ 2,946	¥ —	¥ 6,957

	Millions of yen			
	Level1	Level2	Level3	Total
Derivative transactions				
Currency related	¥ —	¥ 124	¥ —	¥ 124
Commodity related	—	—	—	—
Total liabilities	¥ —	¥ 124	¥ —	¥ 124

2023

	Millions of yen			
	Level1	Level2	Level3	Total
Investments in securities				
Available-for-sale securities				
Stock	¥ 4,716	¥ —	¥ —	¥ 4,716
Derivative transactions				
Currency related	—	6	—	6
Commodity related	—	184	—	184
Total assets	¥ 4,716	¥ 190	¥ —	¥ 4,906

	Millions of yen			
	Level1	Level2	Level3	Total
Derivative transactions				
Currency related	¥ —	¥ 1,392	¥ —	¥ 1,392
Commodity related	—	—	—	—
Total liabilities	¥ —	¥ 1,392	¥ —	¥ 1,392

	Thousands of U.S. dollars (Note 3)			
	Level1	Level2	Level3	Total
Investments in securities				
Available-for-sale securities				
Stock	\$ 35,319	\$ —	\$ —	\$ 35,319
Derivative transactions				
Currency related	—	45	—	45
Commodity related	—	1,380	—	1,380
Total assets	\$ 35,319	\$ 1,425	\$ —	\$ 36,744

	Thousands of U.S. dollars (Note 3)			
	Level1	Level2	Level3	Total
Derivative transactions				
Currency related	\$ —	\$ 10,429	\$ —	\$ 10,429
Commodity related	—	—	—	—
Total liabilities	\$ —	\$ 10,429	\$ —	\$ 10,429

(b) Financial instruments other than those measured at fair values in the consolidated balance sheet

2022

	Millions of yen						
	Level1		Level2		Level3		Total
Bonds payable	¥	—	¥	9,974	¥	—	¥ 9,974
Long-term loans (including current portion)				22,605			22,605
Total liabilities	¥	—	¥	32,579	¥	—	¥ 32,579

2023

	Millions of yen						
	Level1		Level2		Level3		Total
Bonds payable	¥	—	¥	9,982	¥	—	¥ 9,982
Long-term loans (including current portion)				19,684			19,684
Total liabilities	¥	—	¥	29,666	¥	—	¥ 29,666

	Thousands of U.S. dollars (Note 3)						
	Level1		Level2		Level3		Total
Bonds payable	\$	—	\$	74,749	\$	—	\$ 74,749
Long-term loans (including current portion)				147,405			147,405
Total liabilities	\$	—	\$	222,154	\$	—	\$ 222,154

(※) Valuation techniques and inputs used in measuring fair values

Investments in securities

The fair values of listed equity securities are measured using quoted prices. The fair values are classified as Level 1 because the securities are exchanged in active markets.

Derivative transactions

The fair values of currency forward contracts are classified as Level 2 because the fair values are based on prices, etc., provided by financial institutions. The fair values of derivative transactions for commodity related purchased electricity price risk are classified as Level 2 because the fair values are measured using the discounted present value method using quoted market prices and other observable inputs.

Bonds payable

The fair values of bonds payable issued by the Company are based on quoted market prices. However, the fair values of the bonds are classified as Level 2 because the fair values are not determined by quoted market prices in an active market.

Long-term loans

The fair values of long-term loans are classified as Level 2 because the fair values are measured using the discounted present value method, i.e., the interest rates that would be applicable to similar new loans and reflect the total amount of payment obligations of principal and interest and the remaining payment period adjusted by credit risks.

7. Securities

The aggregate acquisition costs and fair values (book values) of marketable securities classified as available-for-sale securities as of March 31, 2022 and 2023 were as follows:

	Millions of yen						Thousands of U.S. dollars (Note 3)		
	2022			2023			2023		
	Acquisition cost	Fair value (book value)	Unrealized gain (loss)	Acquisition cost	Fair value (book value)	Unrealized gain (loss)	Acquisition cost	Fair value (book value)	Unrealized gain (loss)
Securities whose book value exceeds acquisition cost:									
Stock	¥ 1,999	¥ 3,803	¥ 1,804	¥ 2,203	¥ 4,716	¥ 2,513	\$ 16,496	\$ 35,319	\$ 18,823
Securities whose acquisition cost exceeds book value:									
Stock	213	208	(5)	—	—	—	—	—	—
Total	¥ 2,212	¥ 4,011	¥ 1,799	¥ 2,203	¥ 4,716	¥ 2,513	\$ 16,496	\$ 35,319	\$ 18,823

Available-for-sale securities sold in the year ended March 31, 2022 and 2023 were as follows:

	Millions of yen						Thousands of U.S. dollars (Note 3)		
	2022			2023			2023		
	Amounts of sales	Realized gains	Realized losses	Amounts of sales	Realized gains	Realized losses	Amounts of sales	Realized gains	Realized losses
Stock	¥ 553	¥ 92	¥ —	¥ 35	¥ 15	¥ —	\$ 260	\$ 116	\$ —

The Companies recognize impairment loss on available-for-sale securities when the market value declines by more than 50 percent, or the market value declines by more than 30 percent but less than 50 percent and the Companies' management determines the decline to be other than temporary. For available-for-sale securities for which fair values are deemed extremely difficult to assess, when the value of those securities substantially declines, the Companies recognize impairment loss, except for cases in which the future recoverability of the value of those securities is reasonably supported.

Impairment loss on available-for-sale securities recognized ¥219 million for the year ended March 31, 2022.

8. Inventories

Inventories held by the Companies at March 31, 2022 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Merchandise	¥ 2,214	¥ 3,226	\$ 24,159
Finished products	24,548	30,455	228,059
Work-in-process	58,088	58,792	440,251
Raw materials and supplies	28,662	35,756	267,758
Total	¥ 113,512	¥ 128,229	\$ 960,227

The net loss included in cost of sales due to inventories written down for the years ended March 31, 2022 and 2023 were ¥137 million and ¥673 million (\$5,042 thousand), respectively.

9. Affiliates

Items relevant to affiliates at March 31, 2022 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Investments in securities (stocks)	¥ 705	¥ 13	\$ 95

10. Assets Pledged as Collateral

A breakdown of assets pledged as collateral and the related secured liabilities as of March 31, 2022 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Assets pledged as collateral:			
Notes and accounts receivable - trade, and contract assets	¥ 4,914	¥ 4,984	\$ 37,325
Inventories	3,867	4,281	32,057
Land	3,361	3,469	25,979
Buildings and structures	135	145	1,085
Machinery and equipment	178	360	2,692
Other property, plant and equipment	318	627	4,695
Total	¥ 12,773	¥ 13,866	\$ 103,833
Secured liabilities:			
Short-term loans (including current portion of long-term loans payable)	488	421	3,152
Long-term loans	588	271	2,026
Total	¥ 1,076	¥ 692	\$ 5,178

The assets above were pledged as collateral for bank guarantees in addition to the liabilities above.

11. Receivables arising from contracts with customers, contract assets and contract liabilities

Receivables arising from contracts with customers, contract assets as of March 31, 2022 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Notes receivable - trade	¥ 3,511	¥ 3,478	\$ 26,042
Accounts receivable - trade	65,508	62,894	470,980
Contract assets	—	—	—

Receivables arising from contracts with customers, contract liabilities as of March 31, 2022 and 2023 were as follows :

	Millions of yen		Thousands of U.S.
	2022	2023	dollars (Note 3)
			2023
Contract liabilities	¥ 111	¥ 42	\$ 313

12. Short-term Loans, Commercial Paper, Bonds Payable, Long-term Loans and Lease liabilities

Short-term loans at March 31, 2022 and 2023 represent bank overdrafts with weighted-average interest rates of 0.73% and 2.48%, respectively. In business in Japan, it is customary for short-term borrowings to be rolled over every year. For short-term financing, the Companies have commitment line contract arrangements with several financial institutions for an aggregate maximum amount of ¥13,458 million (\$100,775 thousand). At March 31 2023, the total ¥13,458 million (\$100,775 thousand) was unused.

Also, commercial paper at March 31 2022 and 2023 issued by the Company with weighted-average interest rates of (0.08) % and 0.02%.

Bonds payable at March 31, 2022 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S.
	2022	2023	dollars (Note 3)
			2023
Bonds payable due 2024 with interest rates of 0.30% at March 31, 2022 and 2023	¥ 10,000	¥ 10,000	\$ 74,884

The annual maturities of bonds payable outstanding at March 31, 2023 were as follows:

Year ending at March 31,	Millions of yen		Thousands of U.S.
2025	¥ 10,000		dollars (Note 3)
			2023
			\$ 74,884

Long-term loans at March 31, 2022 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S.
	2022	2023	dollars (Note 3)
			2023
Loans from banks and other financial institutions due 2023 to 2027 with interest rates ranging from 0.30% to 10.40% at March 31, 2022 and due 2024 to 2027 with interest rates ranging from 0.22% to 10.80% at March 31, 2023	¥ 22,630	¥ 19,822	\$ 148,433
Lease obligations due 2024 to 2029 with interest rate of 1.50% at March, 31,2023	2,117	1,993	14,929
	24,747	21,815	163,362
Less: Current portion of long-term loans	(3,982)	(9,004)	(67,425)
	¥ 20,765	¥ 12,811	\$ 95,937

The annual maturities of long-term loans outstanding at March 31, 2023 were as follows:

Year ending at March 31,	Millions of yen		Thousands of U.S.
2025	¥ 790		dollars (Note 3)
2026		661	4,947
2027		11,231	84,112
2028		111	829
2029 and thereafter		18	133
		¥ 12,811	\$ 95,937

13. Retirement Benefits

The Company has funded defined benefit lump-sum payment plans and defined contribution pension plans for employee retirement benefits. The domestic consolidated subsidiaries have similar plans.

As a result of setting up retirement benefit trusts, some severance indemnity plans are funded and make lump-sum payments based on salary and length of service as retirement benefits.

Certain overseas consolidated subsidiaries have funded or unfunded defined benefit pension plans and defined contribution pension plans for employee retirement benefits.

The defined benefit pension plans of the Company and certain consolidated subsidiaries calculate net defined benefit liabilities and retirement benefit costs by the simplified method.

(1) Defined benefit plans

(a) Movements in retirement benefit obligations, except plans applying the simplified method:

	Millions of yen		Thousands of U.S.
	2022	2023	dollars (Note 3)
			2023
Balance at beginning of year	¥ 21,092	¥ 20,626	\$ 154,458
Service cost	927	750	5,614
Interest cost	171	351	2,628
Actuarial loss	(1,248)	(3,895)	(29,167)
Benefits paid	(732)	(687)	(5,146)
Prior service cost	(262)	—	—
Other	678	(159)	(1,187)
Balance at end of year	¥ 20,626	¥ 16,986	\$ 127,200

(b) Movements in plan assets, except plans applying the simplified method:

	Millions of yen		Thousands of U.S.
	2022	2023	dollars (Note 3)
			2023
Balance at beginning of year	¥ 11,029	¥ 9,736	\$ 72,905
Expected return on plan assets	195	206	1,542
Actuarial gain (loss)	(1,758)	341	2,554
Contributions paid by employer	265	34	252
Benefits paid	(157)	(195)	(1,458)
Other	162	42	320
Balance at end of year	¥ 9,736	¥ 10,164	\$ 76,115

(c) Movements in liability for retirement benefits of defined benefit plans applying the simplified method:

	Millions of yen		Thousands of U.S.
	2022	2023	dollars (Note 3)
			2023
Balance at beginning of year	¥ 953	¥ 975	\$ 7,298
Retirement benefit costs	134	147	1,097
Benefits paid	(112)	(192)	(1,435)
Other	—	3	26
Balance at end of year	¥ 975	¥ 933	\$ 6,986

(d) Reconciliation from retirement benefits obligations and plan assets to liability (asset) for retirement benefits:

	Millions of yen		Thousands of U.S.
	2022	2023	dollars (Note 3)
			2023
Funded retirement benefit obligations	¥ 20,626	¥ 16,986	\$ 127,200
Plan assets	(9,736)	(10,164)	(76,115)
	10,890	6,822	51,085
Unfunded retirement benefit obligations	975	933	6,986
Total net liability (asset) for retirement benefits at end of year	11,865	7,755	58,071
Net defined benefit liabilities	12,165	8,752	65,535
Net defined benefit assets	(300)	(997)	(7,464)
Total net liability (asset) for retirement benefits at end of year	¥ 11,865	¥ 7,755	\$ 58,071

(e) Retirement benefit costs:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Service cost	¥ 927	¥ 750	\$ 5,614
Interest cost	171	351	2,628
Expected return on plan assets	(195)	(206)	(1,542)
Amortization of actuarial gain	190	182	1,364
Amortization of prior service cost	(4)	(26)	(196)
Retirement benefit costs based on the simplified method	134	146	1,099
Total retirement benefit costs	¥ 1,223	¥ 1,197	\$ 8,967
Extra retirement payments	25	117	878

(f) Remeasurements of defined benefit plans:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Prior service cost	¥ 257	¥ (26)	\$ (196)
Actuarial gain (loss)	(354)	4,405	32,983
Total	¥ (97)	¥ 4,379	\$ 32,787

(g) Accumulated remeasurements of defined benefit plans:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Prior service cost yet to be unrecognized	¥ (257)	¥ (231)	\$ (1,730)
Actuarial gain yet to be unrecognized	2,414	(1,873)	(14,022)
Total	¥ 2,157	¥ (2,104)	\$ (15,752)

(h) Plan assets:

① Plan assets comprise:

	2022	2023
Equity securities	62%	64%
Cash and bank deposits	33%	31%
Other	5%	5%
Total	100%	100%

② Long-term expected rate of return

Current and target asset allocations and historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(i) Actuarial assumptions

The principal actuarial assumptions at March 31, 2022 and 2023 were as follows:

	2022	2023
Discount rate (mainly)	0.4%, 2.6%	0.6%, 3.9%
Long-term expected rate of return (mainly)	1.7%, 2.5%	1.5%, 4.8%
Expected rate of pay increase	3.7%	2.8%

Certain foreign consolidated subsidiaries use the expected rate of pay increase.

The Companies do not describe the expected rate of pay increase because they, other than certain foreign consolidated subsidiaries, mainly adopt a point basis and the effect on the calculation of retirement benefit obligations is immaterial.

(2) Defined contribution plans

The Company and certain consolidated subsidiaries have contributed a total of ¥1,638 million and ¥1,603 million (\$12,002 thousand) to the defined contribution plans for the years ended March 31, 2022 and 2023, respectively.

14. Income Taxes

Significant components of deferred tax assets and liabilities at March 31, 2022 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Deferred tax assets:			
Tax loss carryforwards	¥ 2,979	¥ 3,030	\$ 22,693
Net defined benefit liabilities	1,540	694	5,193
Amortization of transition obligations corresponding to contribution of certain marketable securities to employee retirement benefit trusts	1,043	1,010	7,562
Gain on investment of certain marketable securities to employee retirement benefit trusts	887	925	6,926
Impairment loss	863	863	6,465
Accrued bonuses	675	724	5,422
Unrealized gains	414	646	4,836
Devaluation loss on marketable securities	176	176	1,317
Excess depreciation of depreciable assets	230	437	3,274
Devaluation loss on inventories	169	406	3,043
Business tax payable	308	179	1,337
Other	936	1,086	8,135
Gross deferred tax assets	10,220	10,176	76,203
Valuation allowance for tax loss carryforwards	(2,877)	(2,974)	(22,272)
Valuation allowance for deductible temporary differences	(1,425)	(1,666)	(12,472)
Less: Valuation allowance	(4,302)	(4,640)	(34,744)
Total deferred tax assets	¥ 5,918	¥ 5,536	\$ 41,459
Deferred tax liabilities:			
Depreciation, etc., of foreign subsidiaries	¥ (3,779)	¥ (3,569)	\$ (26,723)
Adjustment of carrying amount based on fair value	(1,250)	(1,387)	(10,390)
Reserve for deferred capital gains from property, plant and equipment	(842)	(828)	(6,200)
Securities to employee retirement benefit trusts	(547)	(530)	(3,966)
Net defined benefit assets	(91)	(232)	(1,738)
Unrealized holding gains on securities	(416)	(620)	(4,642)
Other	(1,682)	(2,160)	(16,180)
Total deferred tax liabilities	(8,607)	(9,326)	(69,839)
Net deferred tax assets (liabilities)	¥ (2,689)	¥ (3,790)	\$ (28,380)

Valuation allowance increased by ¥338 million (\$2,531 thousand). The main factors in the increase were recognition of valuation allowance for tax loss carryforwards.

Tax loss carryforwards and their deferred tax assets by expiration periods:

	As of March 31, 2022							Total
	Millions of yen							
	2023	2024	2025	2026	2027	2028 and beyond		
Tax loss carryforwards (a)	¥ 153	¥ 237	¥ 187	¥ 146	¥ 105	¥ 2,151	¥ 2,979	
Valuation allowance	(153)	(237)	(180)	(146)	(105)	(2,056)	(2,877)	
Net deferred tax assets	¥ —	¥ —	¥ 7	¥ —	¥ —	¥ 95	¥ 102	

(a) The amount of tax loss carryforwards shown in the table above is after multiplying by the statutory income tax rate.

	As of March 31, 2023						Total
	Millions of yen						
	2024	2025	2026	2027	2028	2029 and beyond	
Tax loss carryforwards (b)	¥ 246	¥ 181	¥ 134	¥ 113	¥ 283	¥ 2,073	¥ 3,030
Valuation allowance	(246)	(176)	(134)	(113)	(283)	(2,022)	(2,974)
Net deferred tax assets	¥ —	¥ 5	¥ —	¥ —	¥ —	¥ 51	¥ 56

Thousands of U.S. dollars (Note 3)							
	2024	2025	2026	2027	2028	2029 and beyond	Total
Tax loss carryforwards (b)	\$ 1,846	\$ 1,355	\$ 1,001	\$ 846	\$ 2,119	\$ 15,526	\$ 22,693
Valuation allowance	(1,846)	(1,314)	(1,001)	(846)	(2,119)	(15,146)	(22,272)
Net deferred tax assets	\$ —	\$ 41	\$ —	\$ —	\$ —	\$ 380	\$ 421

(b) The amount of tax loss carryforwards shown in the table above is after multiplying by the statutory income tax rate.

The reconciliation between the statutory income tax rate and the effective income tax rate for the year ended March 31, 2022 and 2023 were as follows:

	2022	2023
Statutory income tax rate	30.6 %	30.6 %
Add (deduct)		
Non-deductible expenses, including entertainment expenses	0.2	0.2
Non-taxable income, including dividend income	(0.1)	(0.1)
Equalization tax	0.1	0.1
Increase (decrease) in valuation allowance	(2.4)	0.0
Effect of special tax credits	(0.6)	(1.7)
Difference in applicable tax rates between consolidated subsidiaries	(5.7)	(7.3)
Amortization of goodwill	4.9	3.2
Other	(0.9)	0.8
Effective income tax rate	26.1 %	25.8 %

15. Net Assets

Under the Japanese Corporate Law (the “Law”), the entire amount of the issue price of new shares is required to be accounted for as common stock. However, a company may, by a resolution of the Board of Directors, account for an amount not exceeding 50% of the issue price of the new shares as additional paid-in capital, which is included in capital surplus. However, an increase resulting from a share exchange can be included in capital surplus up to the full amount.

The Law provides that the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve, in cases in which a dividend distribution of surplus is made.

Under the Law, additional paid-in capital may be used to eliminate or reduce a deficit or may be capitalized by a resolution of the shareholders' meeting, and legal earnings reserve may be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting. Legal earnings reserve is included in retained earnings in the accompanying financial statements.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, however, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings respectively, which are potentially available for dividends.

The maximum amount that a company can distribute as dividends is calculated based on its non-consolidated financial statements in accordance with the Law.

At the Company's Board of Directors meeting held on, May 19, 2022, the directors approved cash dividends in the amount of ¥2,452 million. At the Company's Board of Directors meeting held on, October 31, 2022, the directors approved cash dividends in the amount of ¥2,997 million. At the Company's Board of Directors meeting held on, May 18, 2023, the directors approved cash dividends in the amount of ¥2,452 million.

16. Research and Development Costs

Research and development costs charged to manufacturing costs and selling, general and administrative expenses for the years ended March 31, 2022 and 2023 totaled ¥2,220 million and ¥2,019 million (\$15,120 thousand), respectively. For the year ended March 31, 2023, research and development cost in the Specialty Steel, Metal Powders and Formed & Fabricated Materials segments amounted to ¥1,626 million (\$12,177 thousand), ¥360 million (\$2,699 thousand) and ¥33 million (\$244 thousand), respectively.

17. Selling, General and Administrative Expenses

The main components of selling, general and administrative expenses for the years ended March 31, 2022 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Packing and delivery expenses	¥ 14,892	¥ 14,815	\$ 110,942
Salaries	9,731	9,588	71,795
Provision of allowance for doubtful accounts	1	43	321
Provision for bonuses	518	576	4,315
Retirement benefit expenses	618	585	4,379
Provision for directors' retirement benefits	14	16	119

18. Gain on Sale of Property, Plant and Equipment

The components of gain on sale of property, plant and equipment for the years ended March 31, 2022 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Land	¥ —	¥ 183	\$ 1,372
Buildings and structures	37	37	273
Machinery and equipment	6	30	228
Total	¥ 43	¥ 250	\$ 1,873

19. Loss on Sale and Disposition of Property, Plant and Equipment

The components of loss on sale and disposition of property, plant and equipment for the years ended March 31, 2022 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Buildings and structures	¥ 24	¥ 38	\$ 281
Machinery and equipment	86	162	1,213
Other	83	451	3,384
Total	¥ 193	¥ 651	\$ 4,878

20. Loss on Liquidation of Subsidiaries

In the fiscal year ended March 31, 2022, the Company decided to liquidate P.T. Sanyo Special Steel Indonesia, a consolidated subsidiary. The estimated amount of special retirement benefits, etc., to be incurred as a result of this liquidation (¥55 million) was recorded as loss on liquidation of subsidiaries.

The Company also decided to transfer a portion of the business of Siam Sanyo Special Steel Product Co., Ltd., a consolidated subsidiary. As a result, a loss on liquidation of subsidiaries was recorded in impairment loss on the following asset group:

Segment	Company	Location	Use	Type	Amount (Millions of yen)
Formed and Fabricated Materials	Siam Sanyo Special Steel Product Co., Ltd.	Samutprakarn, Thailand	Business assets	Buildings and structures	¥ 307
				Machinery and equipment	45
				Construction in progress	1
				Property, plant and equipment and other	1
				Intangible assets and other	5
				Total	¥ 359

The Companies group assets with consideration for business management segments. In principle, the Company is classified by business segments, and each consolidated subsidiary is classified as one asset group.

Regarding the above asset groups, the changes in the range or method of use due to a transfer of a portion of the business have significantly reduced the recoverable amounts. Since the recoverable values declined below the book values, the book values were reduced to the recoverable values and the reductions were recorded as loss on liquidation of subsidiaries (¥359 million) in extraordinary losses.

Recoverable value is based on the estimated transfer value determined by the net sales value.

In the fiscal year ended March 31, 2023, the Company decided to liquidate certain subsidiaries of Ovako Group AB, a consolidated subsidiary. As a result, the estimated amount of facility removal costs and special severance payments, etc., (¥403 million (\$3,018 thousand)) was recorded as loss on liquidation of subsidiaries.

In addition, the amount of special retirement benefits to be incurred as a result of a transfer a portion of the business of Siam Sanyo Special Steel Product Co., Ltd., a consolidated subsidiary (¥22 million (\$167 thousand)) was recorded as loss on liquidation of subsidiaries.

21. Net Income Per Share

Net income per share for the years ended March 31, 2022 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Net income attributable to owners of the parent	15,267	20,743	155,334
Net income of common stock attributable to owners of the parent	¥ 15,267	¥ 20,743	\$ 155,334
	Thousands of shares		
	2022	2023	
Weighted-average number of shares of common stock	54,489	54,486	
	Yen		U.S. dollars (Note 3)
	2022	2023	2023
Net income per share	280.19	380.70	2.85

The Companies had no dilutive securities for the years ended March 31, 2022 and 2023.

22. Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2022 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Cash and bank deposits	¥ 14,483	¥ 21,653	\$ 162,144
Time deposits with deposit terms of over 3 months and other	(550)	(620)	(4,640)
Deposits paid in parent company	7,924	9,954	74,539
Cash and cash equivalents	¥ 21,857	¥ 30,987	\$ 232,043

23. Accounting for Leases

(1) Non-cancelable operating leases

(a) As a lessee

Outstanding future lease payments under non-cancelable operating leases at March 31, 2022 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2022	2023	2023
Due within one year	¥ 219	¥ 200	\$ 1,500
Due after one year	1,022	852	6,379
Total	¥ 1,241	¥ 1,052	\$ 7,879

(2) IFRS 16 “Leases”

(a) Outline of leased assets

Some overseas consolidated subsidiaries have applied IFRS 16 “Leases”. The vehicle and rent expenses on real estate of the subsidiary are recorded as right-of-use assets. Right-of-use assets are included in “Other” of property, plant and equipment in the consolidated balance sheet.

(b) Accounting for the depreciation and amortization of leased assets

Right-of-use assets are depreciated using the straight-line method over the shorter period of the lease term or the estimated useful life.

24. Derivatives

(1) Derivative transactions to which hedge accounting was not applied

Currency-related transactions

The contracted amount, fair value and unrealized gain (loss) of forward exchange contracts recognized for the year ended March 31, 2022 were as follows:

	Millions of yen			
	Contract amount	Contract amount after 1 year	Fair value	Unrealized gain (loss)
Forward exchange contracts:				
Buying				
U.S. dollars	¥ 114	¥ —	¥ (7)	¥ (7)
Japanese yen	59	—	0	0
Selling				
U.S. dollars	2	—	2	2
Euros	2	—	6	6
Total	¥ 177	¥ —	¥ 1	¥ 1

The contracted amount, fair value and unrealized gain (loss) of forward exchange contracts recognized for the year ended March 31, 2023 were as follows:

	Millions of yen				Thousands of U.S. dollars (Note 3)			
	Contract amount	Contract amount after 1 year	Fair value	Unrealized gain (loss)	Contract amount	Contract amount after 1 year	Fair value	Unrealized gain (loss)
Forward exchange contracts:								
Buying								
U.S. dollars	¥ 122	¥ —	¥ (1)	¥ (1)	\$ 912	\$ —	\$ (10)	\$ (10)
Japanese yen	70	—	2	2	520	—	14	14
Selling								
U.S. dollars	0	—	0	0	3	—	0	0
Euros	1	—	(5)	(5)	11	—	(36)	(36)
Total	¥ 193	¥ —	¥ (4)	¥ (4)	\$ 1,446	\$ —	\$ (32)	\$ (32)

(2) Derivative transactions to which hedge accounting was applied

Derivative transactions to which hedge accounting was applied for the years ended March 31, 2022 and 2023 were as follows:

(a) Currency-related transactions

	2022	2023
Method of hedge accounting	Principle method	Principle method
Type of derivative transactions	Commodity futures contract Selling Euros	Commodity futures contract Selling Euros
Main hedged items	Accounts payable - trade	Accounts payable - trade
Contract amount	¥28,046 million	¥33,559 million (\$251,303 thousand)
1 year or more amount of contract	¥11,971 million	¥13,883 million (\$103,959 thousand)
Fair value	¥(116) million	¥(1,382) million (\$ (10,352) thousand)

(b) Interest rate and currency swap transactions

Not applicable.

(c) Other

	2022	2023
Method of hedge accounting	Principle method	Principle method
Type of derivative transactions	Commodity futures contract	Commodity futures contract
Main hedged items	Electricity	Electricity
Contract amount	¥1,372 million	¥159 million (\$1,189 thousand)
1 year or more amount of contract	¥149 million	—
Fair value	¥2,937 million	¥184 million (\$1,380 thousand)

25. Contingent Liabilities

Guarantees for loans of employees and others at March 31, 2022 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)	
	2022	2023	2023	
UCHIDA-SATO TECH (THAILAND) CO., LTD.	¥ 2	¥ 3	\$	22

26. Segment Information

(1) General information about reportable segments

The Companies' reportable segments are the business units for which the Company is able to obtain separate financial information in order for the Board of Directors to determine the distribution of management resources and evaluate business results. Each operating division develops business activities and establishes comprehensive strategies for domestic and overseas markets according to the products it handles. Therefore, the Companies consist of business segments according to their products based on operating divisions and have determined the reportable segments, as "Specialty Steel," "Metal Powder" and "Formed and Fabricated Materials."

The "Specialty Steel" segment includes the manufacture and sale of various special steel products such as bearing steel, engineering steel, stainless steel, heat resistant steel and tool steel. The "Metal Powder" segment includes the manufacture and sale of metal powder products. The "Formed and Fabricated Materials" segment includes the manufacture and sale of formed and fabricated materials made from special steel bars and tubes.

(2) Accounting methods and basis of measurement for reportable segment profit or loss and other material items

The accounting methods applied to the reportable segments are generally the same as those described in Note 2, "Summary of Significant Accounting Policies," except that inventories are stated at cost to evaluate business results. Segment income is based on operating income. Intersegment transactions are based on market prices.

(3) Information about reportable segment profit or loss and other material items

Segment information for the years ended March 31, 2022 and 2023 were as follows:

	For the year ended March 31, 2022						
	Millions of yen						
	Reportable segments				Total	Adjustments	Consolidated total
Specialty Steel	Metal Powder	Formed and Fabricated Materials	Other				
(a) Sales and operating income :							
Net sales							
Outside customers	¥ 340,691	¥ 4,555	¥ 17,961	¥ 71	¥ 363,278	¥ —	¥ 363,278
Intersegment transactions	9,589	—	0	1,073	10,662	(10,662)	—
Total	350,280	4,555	17,961	1,144	373,940	(10,662)	363,278
Segment income	¥ 20,144	¥ 818	¥ 360	¥ 28	¥ 21,350	¥ 67	¥ 21,417
(b) Other:							
Depreciation	¥ 14,895	¥ 271	¥ 710	¥ 8	¥ 15,884	¥ (21)	¥ 15,863
Amortization of goodwill	3,375	—	—	—	3,375	—	3,375
Impairment loss ※4	—	—	359	—	359	—	359

1. The "Other" category is the information service segment not included in reportable segments.
2. Segment income adjustments are intersegment eliminations.
3. Segment income is adjusted with operating income in the consolidated statements of operations.
4. The impairment loss is included in loss on liquidation of subsidiaries (extraordinary losses) in the consolidated financial statements.
5. As information about segment assets and liabilities is not used to determine the distribution of management resources and evaluate business results, the Companies are not required to disclose information about segment assets and liabilities.

	For the year ended March 31, 2023						
	Millions of yen						
	Reportable segments				Total	Adjustments	Consolidated total
Specialty Steel	Metal Powder	Formed and Fabricated Materials	Other				
(a) Sales and operating income :							
Net sales							
Outside customers	¥ 368,508	¥ 5,312	¥ 19,860	¥ 164	¥ 393,844	¥ —	¥ 393,844
Intersegment transactions	8,546	—	0	1,270	9,816	(9,816)	—
Total	377,054	5,312	19,860	1,434	403,660	(9,816)	393,844
Segment income	¥ 26,983	¥ 1,004	¥ 367	¥ 31	¥ 28,385	¥ 107	¥ 28,492
(b) Other:							
Depreciation	¥ 13,015	¥ 97	¥ 684	¥ 4	¥ 13,800	¥ (35)	¥ 13,765
Amortization of goodwill	2,925	—	—	—	2,925	—	2,925
Impairment loss	—	—	—	—	—	—	—

	Thousands of U.S. dollars (Note 3)						
	Reportable segments				Total	Adjustments	Consolidated total
	Specialty Steel	Metal Powder	Formed and Fabricated Materials	Other			
(a) Sales and operating income :							
Net sales							
Outside customers	\$ 2,759,535	\$ 39,780	\$ 148,722	\$ 1,220	\$ 2,949,257	\$ —	\$ 2,949,257
Intersegment transactions	63,998	—	1	9,511	73,510	(73,510)	—
Total	2,823,533	39,780	148,723	10,731	3,022,767	(73,510)	2,949,257
Segment income	\$ 202,058	\$ 7,521	\$ 2,747	\$ 231	\$ 212,557	\$ 802	\$ 213,359
(b) Other:							
Depreciation	\$ 97,457	\$ 725	\$ 5,121	\$ 30	\$ 103,333	\$ (259)	\$ 103,074
Amortization of goodwill	21,902	—	—	—	21,902	—	21,902
Impairment loss	—	—	—	—	—	—	—

1. The "Other" category is the information service segment not included in reportable segments.
2. Segment income adjustments are intersegment eliminations.
3. Segment income is adjusted with operating income in the consolidated statements of operations.
4. As information about segment assets and liabilities is not used to determine the distribution of management resources and evaluate business results, the Companies are not required to disclose information about segment assets and liabilities.

(4) Related Information

(a) Segment related information for the year ended March 31, 2022 was as follows:

① Information about products and services

As described in "General information about reportable segments," the Companies are not required to disclose information about products and services.

② Information about geographic areas

	For the year ended March 31, 2022							
	Millions of yen							
	Japan	Europe	(Sweden of Europe)	(Germany of Europe)	Asia	North America	Other	Total
Net Sales	¥ 134,142	¥ 161,214	¥ (41,256)	¥ (40,563)	¥ 56,209	¥ 9,857	¥ 1,856	¥ 363,278

	As of March 31, 2022						
	Millions of yen						
	Japan	Europe	(Sweden of Europe)	Asia	North America	Other	Total
Property, plant and equipment	¥ 65,119	¥ 37,252	¥ (30,270)	¥ 5,691	¥ 11	¥ 3,902	¥ 111,975

③ Information about major customers

Not applicable because there are no external customers whose sales account for 10% or more of the net sales in the consolidated statements of income.

(b) Segment related information for the year ended March 31, 2023 is as follows:

① Information about products and services

As described in “General information about reportable segments,” the Companies are not required to disclose information about products and services.

② Information about geographic areas

For the year ended March 31, 2023								
Millions of yen								
	Japan	Europe	(Sweden of Europe)	(Germany of Europe)	Asia	North America	Other	Total
Net Sales	¥ 150,488	¥ 160,076	¥ (41,198)	¥ (40,467)	¥ 66,533	¥ 13,499	¥ 3,248	¥ 393,844
Thousands of U.S. dollars (Note 3)								
	Japan	Europe	(Sweden of Europe)	(Germany of Europe)	Asia	North America	Other	Total
Net Sales	\$ 1,126,916	\$ 1,198,714	\$ (308,510)	\$ (303,030)	\$ 498,225	\$ 101,081	\$ 24,321	\$ 2,949,257
As of March 31, 2023								
Millions of yen								
	Japan	Europe	(Sweden of Europe)	Asia	North America	Other	Total	
Property, plant and equipment	¥ 67,010	¥ 37,287	¥ (29,992)	¥ 6,030	¥ 48	¥ 4,808	¥ 115,183	
Thousands of U.S. dollars (Note 3)								
	Japan	Europe	(Sweden of Europe)	Asia	North America	Other	Total	
Property, plant and equipment	\$ 501,802	\$ 279,220	\$ (224,593)	\$ 45,158	\$ 356	\$ 36,001	\$ 862,537	

③ Information about major customers

Not applicable because there are no external customers whose sales account for 10% or more of the net sales in the consolidated statements of income.

(5) Information about the amount of amortization of goodwill and the unamortized amount of goodwill by reportable segments

As of March 31, 2022							
Millions of yen							
Reportable segments							
	Specialty Steel	Metal Powder	Formed and Fabricated Materials	Other	Total	Adjustments	Consolidated total
Unamortized amount of goodwill	¥ 33,284	¥ —	¥ —	¥ —	¥ 33,284	¥ —	¥ 33,284
As of March 31, 2023							
Millions of yen							
Reportable segments							
	Specialty Steel	Metal Powder	Formed and Fabricated Materials	Other	Total	Adjustments	Consolidated total
Unamortized amount of goodwill	¥ 32,441	¥ —	¥ —	¥ —	¥ 32,441	¥ —	¥ 32,441
Thousands of U.S. dollars (Note 3)							
Reportable segments							
	Specialty Steel	Metal Powder	Formed and Fabricated Materials	Other	Total	Adjustments	Consolidated total
Unamortized amount of goodwill	\$ 242,933	\$ —	\$ —	\$ —	\$ 242,933	\$ —	\$ 242,933

The amount of amortization of goodwill is omitted because the information is disclosed in “(3) Information about reportable segment profit or loss and other material items.”

27. Related Party Information

(1) Related party transactions

Related party transactions for the year ended March 31, 2022 were as follows:

Description of transaction	Transactions during the year ended March 31, 2022		Resulting account balances	
	Amount		Account	Amount
	Millions of yen			Millions of yen
Category:				
Parent company				
Name:				
Nippon Steel Corporation				
Head office address:				
Chiyoda-ku, Tokyo				
Paid-in capital:				
¥419,524 million	Deposit of funds	¥ 9,578	Deposits paid in parent company	¥ 7,924
Business content:				
Production and selling of steel products, etc.				
Equity ownership percentage:				
Holding 53.07% directly				
Holding 0.10% indirectly				
Relation with related party:				
Deposit of funds				

Deposit of funds is transaction by CMS and the transaction amount represents the average outstanding balance during the fiscal year.

Related party transactions for the year ended March 31, 2023 were as follows:

Description of transaction	Transactions during the year ended March 31, 2023			Resulting account balances		
	Amount			Account	Amount	
	Millions of yen	Thousands of U.S. dollars (Note 3)			Millions of yen	Thousands of U.S. dollars (Note 3)
Category:						
Parent company						
Name:						
Nippon Steel Corporation						
Head office address:						
Chiyoda-ku, Tokyo						
Paid-in capital:						
¥419,524 million	Deposit of funds	¥ 7,066	\$ 52,911	Deposits paid in parent company	¥ 9,954	\$ 74,539
Business content:						
Production and selling of steel products, etc.						
Equity ownership percentage:						
Holding 53.07% directly						
Holding 0.10% indirectly						
Relation with related party:						
Deposit of funds						

Deposit of funds is transaction by CMS and the transaction amount represents the average outstanding balance during the fiscal year.

Related party transactions with subsidiaries owned by the same parent company and subsidiaries of other related companies for the year ended March 31, 2022 were as follows:

	Transactions during the year ended		Resulting account balances	
	March 31, 2022			
	Description of transaction	Amount Millions of yen	Account	Amount Millions of yen
Category:				
Subsidiaries owned by the same parent company				
Name:				
Nippon Steel Finance Co., Ltd.				
Head office address:				
Chiyoda-ku, Tokyo				
Paid-in capital:	Transfers of trade		Accounts	
¥1,000 million	receivable	¥ 41,533	receivable-other	¥ 10,129
Business content:				
Engages in the group's financing operations				
Equity ownership percentage:				
Not applicable				
Relation with related party:				
Transfers of trade receivables				

Regarding the Company's accounts receivables, "Account Receivable Sales Contract" with Nippon Steel Finance Co., Ltd. has been concluded and the account receivables have been transferred.

Related party transactions with subsidiaries owned by the same parent company and subsidiaries of other related companies for the year ended March 31, 2023 were as follows:

	Transactions during the year ended			Resulting account balances		
	March 31, 2023					
	Description of transaction	Amount		Account	Amount	
	Millions of yen	Thousands of U.S. dollars (Note 3)		Millions of yen	Thousands of U.S. dollars (Note 3)	
Category:						
Subsidiaries owned by the same parent company						
Name:						
Nippon Steel Finance Co., Ltd.						
Head office address:						
Chiyoda-ku, Tokyo						
Paid-in capital:	Transfers of trade			Accounts		
¥1,000 million	receivable	¥ 47,417	\$ 355,075	receivable-other	¥ 10,178	\$ 76,216
Business content:						
Engages in the group's financing operations						
Equity ownership percentage:						
Not applicable						
Relation with related party:						
Transfers of trade receivables						

Regarding the Company's accounts receivables, "Account Receivable Sales Contract" with Nippon Steel Finance Co., Ltd. has been concluded and the account receivables have been transferred.

Related party transactions between a consolidated subsidiaries and related parties for the years ended March 31, 2022 and 2023 were as follows:

Not applicable.

(2) Disclosures about the parent company and significant affiliates

(a) Information about the parent company

Nippon Steel Corporation is listed on the Tokyo Stock Exchange, Nagoya Stock Exchange, Fukuoka Stock Exchange and Sapporo Stock Exchange.

(b) Financial statements of significant affiliates

Not applicable.

28. Revenue Recognition

(1) Information about disaggregation of revenue from contracts with customers

The Companies operate in the Specialty Steel business, the Metal Powder business, the Formed and Fabricated Materials business, and Other business. The main products of each business segment were as follows. The Specialty Steel business includes various special steel products such as bearing steel, engineering steel, stainless steel, heat resistant steel and tool steel. The Metal Powder business includes metal powder products, and the Formed and Fabricated Materials business includes formed and fabricated materials made from special steel bars and tubes. Each business sells products to Japan, Europe, Asia, etc.

Net sales of each business segment by geographic areas for the year ended March 31, 2022 were as follows:

	For the year ended March 31, 2022					
	Millions of yen					
	Business segments			Total	Other	Consolidated total
Specialty Steel	Metal Powder	Formed and Fabricated Materials				
Net Sales						
Japan	¥ 120,202	¥ 3,473	¥ 10,396	¥ 134,071	¥ 71	¥ 134,142
Europe	161,200	4	10	161,214	—	161,214
Asia	50,555	900	4,754	56,209	—	56,209
North America	7,845	178	1,834	9,857	—	9,857
Other	889	—	967	1,856	—	1,856
Total	¥ 340,691	¥ 4,555	¥ 17,961	¥ 363,207	¥ 71	¥ 363,278

1. All net sales to outside customers are revenues arising from contracts with customers and are classified by country or region based on the location of the customer.

2. The "Other" category is the information service segment and not included in the business segments.

Net sales of each business segment by geographic areas for the years ended March 31, 2023 were as follows:

	For the year ended March 31, 2023					
	Millions of yen					
	Business segments			Total	Other	Consolidated total
Specialty Steel	Metal Powder	Formed and Fabricated Materials				
Net Sales						
Japan	¥ 135,512	¥ 4,391	¥ 10,421	¥ 150,324	¥ 164	¥ 150,488
Europe	160,053	23	—	160,076	—	160,076
Asia	60,076	710	5,747	66,533	—	66,533
North America	11,275	188	2,036	13,499	—	13,499
Other	1,592	—	1,656	3,248	—	3,248
Total	¥ 368,508	¥ 5,312	¥ 19,860	¥ 393,680	¥ 164	¥ 393,844

	Thousands of U.S. dollars (Note 3)					
	Business segments			Total	Other	Consolidated total
Specialty Steel	Metal Powder	Formed and Fabricated Materials				
Net Sales						
Japan	\$ 1,014,767	\$ 32,886	\$ 78,043	\$ 1,125,696	\$ 1,220	\$ 1,126,916
Europe	1,198,542	172	—	1,198,714	—	1,198,714
Asia	449,877	5,316	43,032	498,225	—	498,225
North America	84,426	1,406	15,249	101,081	—	101,081
Other	11,923	—	12,398	24,321	—	24,321
Total	\$ 2,759,535	\$ 39,780	\$ 148,722	\$ 2,948,037	\$ 1,220	\$ 2,949,257

1. All net sales to outside customers are revenues arising from contracts with customers and are classified by country or region based on the location of the customer.

2. The "Other" category is the information service segment and not included in the business segments.

(2) Basic information to understand revenue from contracts with customers

Basic information to understand revenue from contracts with customers is as described in Note 2(16) "Accounting policy for revenue and expenses."

(3) Information to understand the amount of revenue in the current and subsequent fiscal years

A description of contract assets and contract liabilities recorded on the consolidated balance sheet was omitted because those balances were immaterial.

Since there were no material transactions of the Companies with initial contract terms of more than 1 year, a description of transaction price allocated to remaining obligations has been omitted.

29. Subsequent Events

(Additional acquisition of subsidiary's shares)

(1) Overview of the Business Combination

(a) Name of acquired company and description of business

Acquired company: Sanyo Special Steel Manufacturing India Private Limited

Business: Production and sale of special steel products

(b) Date of the business combination

April 27, 2023

(c) Legal form of the business combination

Acquisition of shares from non-controlling shareholders

(d) Name of the company after the business combination

Not changed

(e) Other items regarding overview of transaction

On April 20, 2022, the Company was notified by Mahindra and Mahindra Limited (hereinafter "M&M"), one of the minority shareholders of Sanyo Special Steel Manufacturing India Private Limited (hereinafter "SSMI"), that M&M was exercising its put-option under the shareholders agreement. As a result of negotiations and discussions with M&M, on April 27, 2023, the Company purchased from M&M all SSMI shares (3,475,264 shares) held by M&M.

The Company acquired an additional 22.81% of the voting rights of SSMI, resulting in the Company holding 80.0% of the voting rights of SSMI.

(2) Overview of accounting treatment to be applied

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21) as well as the "Implementation guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10), the Company will account for the business combination as a transaction with non-controlling interests under the classification of transactions under common control.

(3) Matters to be provided upon additional acquisition of subsidiary's shares

Acquisition cost and breakdown by type of consideration

Consideration for acquisition: cash in the amount of INR (India rupee) 1,581 million (¥2,593 million, \$19,418 thousand)

Acquisition cost: INR (India rupee) 1,581 million (¥2,593 million, \$19,418 thousand)

(4) Change in the Company's ownership interest due to the transactions with non-controlling shareholders

(a) Cause for change in capital surplus

Additional acquisition of subsidiary's shares

(b) Amount of capital surplus decreased by transactions with non-controlling shareholders

¥2,366 million (\$17,720 thousand)



Sanyo Special Steel Co., Ltd. and Subsidiaries

Consolidated Financial Statements For the Years ended March 31, 2022 and 2023 Together with Independent Auditor's Report

KPMG AZSA LLC

This independent auditor's report prepared by KPMG AZSA LLC (including the one that is signed with electronic signatures) shall not be reprinted, disclosed, quoted, summarized, translated, cited, circulated or otherwise used, in whole or in part, to any third party including posting on the web without prior written consent as specified by KPMG AZSA LLC, except for the purpose of compliance with laws, regulations and the like, or for usage in response to an order or request from an administrative or judicial body.



Independent auditor's report

To the Board of Directors of Sanyo Special Steel Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of Sanyo Special Steel Co., Ltd. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheets as at March 31, 2023 and 2022, the consolidated statements of operations, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

Appropriateness of the Company's judgment as to whether an impairment loss should be recognized on property, plant and equipment and intangible assets of Sanyo Special Steel Manufacturing de México, S.A. de C.V.

The key audit matter	How the matter was addressed in our audit
In the consolidated balance sheet of the Company as of March 31, 2023, property, plant and equipment of ¥4,832 million and intangible assets of ¥135 million related to Sanyo Special Steel Manufacturing de México, S.A. de C.V. (hereinafter, “SMM”)	The primary procedures we performed to assess the appropriateness of the Company's judgment as to whether an impairment loss should be recognized on property, plant and equipment and intangible assets of SMM included the following:

established in November 2015 were recognized.

While these assets are depreciated/amortized in a systematic manner, they need to be tested for impairment whenever there is an indication of impairment. The impairment test is performed by comparing the undiscounted future cash flows that are expected to be generated from the asset groups with their carrying amounts. If the recognition of an impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss.

SMM identified an indication of impairment since operating loss has continued in spite of the improvement of the revenue due to increased sales volume. Accordingly, the Company performed an impairment test during the current fiscal year. In the impairment testing, undiscounted future cash flows were estimated based on the business plan of SMM prepared by management that incorporated an increase in sales volume including prospective new orders, an estimate which involved a degree of uncertainty. Accordingly, management's judgment thereon had a significant effect on the estimated undiscounted future cash flows.

We, therefore, determined that the appropriateness of the Company's judgment as to whether an impairment loss should be recognized on property, plant and equipment and intangible assets of SMM was the most significant in our audit of the consolidated financial statements for this fiscal year, and accordingly, a key audit matter.

(1) Internal control testing

We tested the design and operating effectiveness of certain of the Company's internal controls to determine whether an impairment loss should be recognized on property, plant and equipment and intangible assets.

(2) Assessment of the reasonableness of the estimated undiscounted future cash flows

In order to assess the appropriateness of key assumptions adopted in estimating the undiscounted future cash flows, we inquired of the planning department about the future uncertainty (increase in sales volume) incorporated into the business plan of SMM and the undiscounted future cash flows, which served as the basis for the estimate. In addition, we:

- compared the sales volume included in the business plan with the available external data on the projection of automobile sales volume in North America; and
- assessed the consistency of the projected increase in sales volume from prospective new orders with the most recent orders and the progress of negotiations with customers.

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and the Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. 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 our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to 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 whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2023 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

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

Yasuhiro Wada

Designated Engagement Partner

Certified Public Accountant

Yu Kohno

Designated Engagement Partner

Certified Public Accountant

Tatsuya Furusawa

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC
Osaka Office, Japan
August 31, 2023