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Items Disclosed on the Internet for Notice of the 75th Annual General Meeting of Shareholders

IDEC Corporation

With respect to "Matters concerning stock acquisition rights of the Company," "Matters concerning Accounting Auditors," "Matters concerning establishment of the system to ensure the appropriateness of business operations and the operational status of the said system", "Consolidated statements of changes in shareholders' equity," "Consolidated notes," "Non-consolidated statements of changes in shareholders' equity," and "Non-consolidated notes," the Company provides them to shareholders by posting them on the Company website (https://jp.idec.com) in accordance with laws and regulations and the provisions of Article 15 of the Articles of Incorporation.

Matters Concerning Stock Acquisition Rights of the Company

Stock acquisition rights granted during the fiscal year under review

Date of resolution for issuance	June 18, 2021
Number of the stock acquisition rights	4,000 (Note 3)
Type of shares subject to the stock acquisition rights	Common shares
Number of shares subject to the stock acquisition rights	400,000 (Note 3)
Amount of cash to be paid when exercising the stock acquisition rights	2,194 yen
Issue price of the stock acquisition rights	Free
Exercise period of the stock acquisition rights	From July 1, 2023 to June 30, 2025
Issue price of shares and amount to be incorporated into capital in the event of issuance of shares upon exercise of stock acquisition rights	Issue price 2,194 yen Amount to be incorporated into capital 1,097 yen
Conditions for exercise of stock acquisition rights	(Note 1) (Note 2)
Status of granting to employees of the Company	269 employees 2,808 rights (280,800 shares)
Status of granting to officers and employees of the subsidiary of the Company	122 officers and employees 1,192 rights (119,200 shares)

(Notes) 1. At the time of exercise of the right, the stock acquisition right holder must be a Director, Executive Officer or employee of the Company or its subsidiary. However, a right holder may exercise his or her stock acquisition right if he or she has retired due to the expiration of his or her term of office, or if he or she has reached the mandatory retirement age, or has any other valid reason.

2. Other conditions shall be set forth in the “19th Stock Acquisition Rights Allocation Agreement” between the Company and the person to whom the stock acquisition rights have been allocated.

3. Since the issuance date, the number of the stock acquisition rights decreased by 103, and the number of shares subject to the stock acquisition rights fell by 10,300 due to forfeiture of the rights of 13 persons.

Matters Concerning Accounting Auditors

1 Name of the Accounting Auditor

Deloitte Touche Tohmatsu LLC

2 Amount of Remuneration, etc. Paid to the Accounting Auditor

Category	Details	Amount
1	Amount of remuneration, etc. to be paid by the Company (amount of remuneration, etc. for the services under Article 2, Paragraph 1 of the Certified Public Accountants Act (Act No. 103 of 1948))	41 million yen
2	Total amount of cash and other property benefits to be paid by the Company and its consolidated subsidiaries	41 million yen

(Notes) 1. In the audit agreement between the Company and the Accounting Auditor, the amount of audit fees, etc. based on the Companies Act and that based on the Financial Instruments and Exchange Act are not separated, nor can they be substantially separated. Therefore, the amount in 1 above is stated as the sum of these amounts.

2. The Audit and Supervisory Committee, after carrying out the necessary verification as to whether the contents of the audit plan of the Accounting Auditor, the status of performance of accounting audit duties, and the basis for calculation of the estimated remuneration, etc. are appropriate, has given consent regarding the amount of remuneration, etc. for the Accounting Auditor as set forth in Article 399, Paragraph 1 of the Companies Act.

3. Of the major subsidiaries of the Company, foreign subsidiaries are audited by certified public accountants or auditing firms (including those with qualifications equivalent to these qualifications in foreign countries) other than the Company's Accounting Auditor.

3 Non-audit Work

Not applicable.

4 Policy for Determining the Dismissal or Non-reappointment of the Accounting Auditor

The Audit and Supervisory Committee shall decide on the content of the agenda regarding dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders, in the event where appropriate implementation of an audit is deemed to be difficult, or a change of the Accounting Auditor is appropriate in order to further improve the appropriateness and reliability of audits due to an event that impairs the eligibility and independence of the Accounting Auditor. In the event any of the reasons stipulated in Article 340, Paragraph 1 of the Companies Act becomes applicable to the Accounting Auditor, the Audit and Supervisory Committee shall dismiss the Accounting Auditor based on the unanimous agreement of the Directors who are Audit and Supervisory Committee Members.

Matters Concerning the Development of Systems to Ensure the Appropriateness of Business Operations and the Operational Status of Such Systems

(1) Systems to ensure that the execution of duties by Directors and employees of the Company and the Group companies complies with laws and regulations and the Articles of Incorporation

Corporate Governance	1 The Company shall actively appoint Outside Directors to strengthen the supervisory function of the Board of Directors with regard to the execution of duties by Directors.
	2 In order to realize the enhancement of corporate value based on corporate goals and management philosophy, the Company shall establish the "IDEC Corporate Governance Policy" and promote the strengthening of corporate governance accordingly.
Compliance	1 The Company shall establish the "IDEC Group Code of Conduct," which sets forth the Company's basic stance on corporate ethics and compliance, and shall make it known to all Directors and employees so that they will comply with the Code.
	2 The Company shall establish corporate ethics consultation desks and internal reporting desks inside and outside the Company, and widely accept requests for consultation and reports from employees concerning violations of laws and regulations, violations of internal regulations, violations of corporate ethics, and harassment in the workplace. The contents of consultations and reports shall be deliberated on by the "Risk Management Committee" under the "CSR Committee" chaired by the President of the Company, and measures shall be taken to resolve the issues in accordance with laws and regulations, the Articles of Incorporation, and corporate ethics.
	3 The legal department shall provide information on compliance and laws and regulations to Directors and employees on a regular basis, and education and enlightenment activities on compliance shall also be conducted on a regular basis.
	4 In addition to the above, the Company shall periodically review and improve internal regulations and their operations concerning systems to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation.

(2) Systems for the storage and management of information related to the execution of duties by Directors

Information Storage and Management Systems	The following documents shall be stored and managed in accordance with internal regulations such as the Document Management Regulations, Approval Regulations, Confidential Information Management Regulations, and Information Security Policy Basic Regulations: documents related to the General Shareholders Meeting, documents related to the Board of Directors and other important meetings, approval requests, contracts, and other documents (including electromagnetic records; the same shall apply hereinafter) containing information related to the execution of duties by Directors.

(3) Regulations and other systems for managing the risk of loss of the Company and the Group companies

Risk Management Systems	1 The Company shall establish and operate the "Risk Management Regulations" for the purpose of avoiding crises at the Company and the Group companies in advance and minimizing damage if a crisis should materialize.
	2 In accordance with the Risk Management Regulations, the "Risk Management Committee" shall be established under the "CSR Committee" chaired by the President of the Company with the approval of the Board of Directors to manage risks at the Company and the Group companies during normal times and to respond when a crisis materializes.
	3 In addition to responding to crises, the Risk Management Committee identifies and evaluates risks for the entire IDEC Group during normal times, and implements measures to reduce risks. In addition, the "Compliance Subcommittee," established within the Committee, shall handle internal reporting and implement measures to strengthen compliance. The details of these efforts are reported to the "CSR Committee" that meets periodically, and the Committee reports to the Board of Directors.
Safety Confirmation and Recovery Systems	In preparation for the occurrence of a disaster, etc., the Company shall establish a system for securing the safety of life and confirming the safety of employees, and shall also promote the establishment of a system to ensure the continuation of important operations and early recovery in the event of business interruption.

(4) Systems to ensure the efficient execution of duties by Directors of the Company and the Group companies

Separation of Execution and Supervision	The Company shall achieve separation of business execution and supervision by having the Board of Directors make decisions and supervise the execution of business by Directors (excluding Directors who are members of the Audit and Supervisory Committee) and executive officers. In addition, the Company shall establish a Management Committee chaired by the President of the Company to conduct preliminary deliberations and make decisions within the scope of authority delegated by the Board of Directors, thereby strengthening the functions of the Board of Directors and improving management efficiency.
Administrative Authority and Audits	The Company shall establish the "Administrative Authority Regulations" and the "Affiliated Company Management Regulations" which stipulate the duties, responsibilities and authority of each position and the division of duties in each organizational unit for the Directors and employees of the Company and the Group companies to ensure efficient management, and shall periodically audit whether the business is being conducted in accordance with the stipulated system of duties and responsibilities.

(5) Systems to ensure the appropriateness of operations in our corporate group

Group Company Management and Reporting Systems	1 The Company shall establish and implement the "Affiliated Company Management Regulations" which stipulate the matters necessary for the mutual cooperation and prosperity of the Company and the Group companies, as well as the basic matters for the management, guidance and development of the affiliated companies.
	2 In accordance with the Affiliated Company Management Regulations, the Company shall have the Group companies report to the Company on a regular and continual basis on the status of their business performance and financial results.
	3 In order to ensure that officers and employees of our overseas Group companies understand our basic stance on compliance, the Company shall disseminate the philosophy of the "IDEC Group Code of Conduct" on a global basis by translating it into major languages.
Group Company Audits	The Company shall maintain appropriate business operations at the Group companies by strengthening monitoring and auditing of them by having the Company's Internal Auditing Department and other related departments monitor and audit them in addition to monitoring and auditing within each company.

(6) Systems to ensure the reliability of financial reporting

Reliability of Financial Reporting	In order to ensure the reliability of the Group's financial reporting, the Company shall develop related regulations and establish an appropriate system in accordance with the standards for evaluating internal control over financial reporting. For the Group-wide development and enhancement of the internal control system for financial reporting, the Company shall establish the "Policy for Internal Control over Financial Reporting", clarify the Group-level promotion system, and establish a framework that allows each division and Group company to conduct self-assessments and the Internal Auditing Department to conduct independent monitoring on a continual basis.

(7) Matters related to employees who are requested by the Audit and Supervisory Committee to assist in its duties, and matters related to ensuring the independence of such employees from Directors (excluding Directors who are members of the Audit and Supervisory Committee) and the effectiveness of instructions to such employees

Audit and Supervisory Committee Staff	If it becomes necessary to assign employees to assist the Audit and Supervisory Committee in its duties, or if the Audit and Supervisory Committee so requests, the Company shall, upon consultation with the Audit and Supervisory Committee, assign employees who either work full-time for the Committee or serve other departments concurrently, as Audit and Supervisory Committee staff. Such employees shall be placed under the administrative authority of the Audit and Supervisory Committee with regard to the duties of the Audit and Supervisory Committee staff. In addition, the personnel affairs of such employees, including issues such as appointments, transfers, evaluations, and wages, shall be decided upon after prior consultation with and consent of the Audit and Supervisory Committee to ensure their independence from the executive departments.

(8) Systems for reporting to the Audit and Supervisory Committee by Directors (excluding Directors who are members of the Audit and Supervisory Committee) and employees, systems for reporting to the Audit and Supervisory Committee otherwise, and other systems for ensuring effective audits by the Audit and Supervisory Committee

Reporting Systems	1 Directors (excluding Directors who are members of the Audit and Supervisory Committee) and employees of the Company and the Group companies shall periodically report to the Audit and Supervisory Committee on the status of execution of their duties, and shall report as needed on important corporate matters in particular. In addition, the Audit and Supervisory Committee may request reports from the Directors (excluding Directors who are members of the Audit and Supervisory Committee), employees, or the Internal Control Departments of the Company and the Group companies as necessary, and the Company shall improve the cooperation system of related departments so that audits can be conducted more effectively in the future.
	2 The Company shall not give any disadvantageous treatment to Directors (excluding Directors who are members of the Audit and Supervisory Committee) and employees of the Company and the Group companies who have reported to the Audit and Supervisory Committee in accordance with the preceding item.
	3 Executive Directors shall establish an environment in which Directors who are members of the Audit and Supervisory Committee can periodically exchange opinions with Directors (excluding Directors who are members of the Audit and Supervisory Committee) of the Company and the Group companies and can attend important meetings such as Management Committee meetings.
Cooperation with Internal Auditing Department	The Audit and Supervisory Committee shall strengthen the cooperation with the Internal Auditing Department and may request the Internal Auditing Department to report and exchange information on a regular basis, and the Company shall secure such opportunities. In addition, the Audit and Supervisory Committee shall have the administrative authority to direct and order the Internal Auditing Department.
Expenses, etc.	The Company shall budget a certain amount of money each year to cover expenses, etc. incurred in the execution of duties by the Audit and Supervisory Committee.

(9) Basic views on eliminating anti-social forces and systems for development of measures

Measures to Eliminate Anti-Social Forces	The Company has a basic policy to eliminate all involvement, including business relationships, with anti-social forces and groups that threaten the order and safety of civil society when fulfilling its social responsibility in corporate activities, and declares in the "IDEC Group Code of Conduct" that it shall strive to continue as a law-abiding and fair company. In addition, the Company has clearly defined anti-social forces as a "crisis" in its "Crisis Management Regulations" to prevent crises from occurring and to respond promptly when they occur, as well as gather information on a daily basis and formulate a "Manual for Dealing with Illegal Forces" to prepare for unreasonable demands in cooperation with police authorities, lawyers, etc..

The Group is developing and operating an internal control system, and the operation status for the consolidated fiscal year under review is as follows.

(1) Systems for corporate governance

- The Company has actively appointed Outside Directors. As of the end of the consolidated fiscal year under review, the Company has appointed six Outside Directors (including one female Director) out of nine Directors. These Outside Directors with diverse backgrounds and expertise supervise the management and actively provide advice at meetings of the Board of Directors, thereby enhancing the transparency of the Board of Directors and further strengthening the supervisory function.
- As an opportunity to enhance communication among Outside Directors, the Company has continuously held "Exchange meetings for Outside Directors." During the consolidated fiscal year under review, we discussed and exchanged opinions on the medium- and long-term strategies of the IDEC Group.
- Based on the purpose of the revisions to the "Corporate Governance Code," the Company has reviewed and revised the "IDEC Corporate Governance Policy," which sets forth its views and operational policies regarding corporate governance in the Group.
- The voluntary Nominating Committee, a majority of whose members are Outside Directors, has selected candidates for the next generation of executives and begun training them in accordance with the curriculum.
- Through close communication and others with each Group company and other means, we continued to strengthen corporate governance and realize synergies through integration throughout the Group.

(2) Systems for compliance

- In the Group, we continued holding training sessions on compliance at each level and theme, as well as harassment-prevention training for managers. During the consolidated fiscal year under review, given the situation of the COVID-19 pandemic, we reviewed our training methods, such as using our in-house filming studio to shoot training videos and publishing them on the intranet, to further raise awareness of compliance.
- The Company has established the "IDEC Hotline" as a point of contact for consultation and reporting on violations of laws and regulations and internal rules, and on other inappropriate misconduct under normal social conventions. We have also been working on establishing the "Global Hotline" where our overseas Group companies can directly report to the point of contact at the head office. The number of reports made during the consolidated fiscal year under review was eight.
- The Company has published material to explain the "IDEC Group Code of Conduct," which was issued based on "The IDEC Way," on the Company intranet to promote understanding.

(3) Systems for information storage and management

- The Group reviews its internal rules regarding the storage and management of information as appropriate, and continues to examine the necessity of revision of related rules and policies. The Group has partially revised them.
- The Group continued to hold training sessions on information management to raise awareness of information management.

(4) Systems for risk management

- In order to avoid or minimize crises in the Group, the Company held regular meetings of the "Risk Management Committee" and reported the content of these meetings to the CSR Committee to monitor the status of crisis management and take prompt actions.
- The Company has established the "BCP Development Preparation Subcommittee" within the "Risk Management Committee" to confirm the safety of employees and their families, confirm the operating status of supply chains and business sites, and develop business continuity planning systems. The BCP Development Preparation Subcommittee is working to formulate basic policies for disaster countermeasures and an initial response flow assuming a Nankai megathrust earthquake.
- The Company has established the "Risk Monitoring Subcommittee" within the "Risk Management Committee" to strengthen the systems for evaluating the risks surrounding the Group, identifying high-risk events, and monitoring efforts to reduce those risks.

(5) Systems to ensure efficient performance of duties

- The Board of Directors actively exchanges opinions involving Outside Directors, and held meetings seven times during the consolidated fiscal year under review. Also, for the common agendas, we have strengthened cooperation with the Executive Officers Committee and the Management Committee, and established a system that enables efficient discussion and decision-making according to each role.
- The Company has established the "Administrative Authority Regulations," the "Affiliated Company Management Regulations" and the "*Ringi* Approval Regulations" which stipulate the responsibilities, authority, etc. of Directors, executive officers, and employees of the Company and the Group companies, examined the necessity of revising the respective regulations based on the organizational structure, and partially revised them in the consolidated fiscal year under review.

(6) Systems to ensure the appropriateness of operations in our corporate group

- The Company has established the "Affiliated Company Management Regulations" for the mutual cooperation and prosperity of the Company and the Group companies, and the Group companies have reported on their performance, etc. to the Company based on the Regulations. In addition, the related departments including the Company's Internal Auditing Department, etc. monitored and audited the Group companies as appropriate.
- We have published the "IDEC Group Code of Conduct" on the Company intranet after adding the languages used, to further raise awareness on a global basis.
- In order to expand the scope of risk monitoring to the Group companies, we have established a risk map that includes these Group companies, and are sequentially expanding the scope of the Group companies subject to monitoring activities.

(7) Systems to ensure the reliability of financial reporting

- In order to ensure the reliability of financial reporting, the Company assessed the operational status of internal controls.

(8) Systems to ensure an effective audit by Audit and Supervisory Committee Members

- The Company has established the Secretariat of the Audit and Supervisory Committee within the Internal Auditing Department, and has appointed the General Manager of the Internal Auditing Department as the chief of the Secretariat, with one office employee with expertise serving as the Secretariat staff. The chief of the Secretariat ensures that minutes of meetings of the Board of Directors and other important meetings are available for review whenever necessary.
- The Company places the Internal Auditing Department under the administrative authority of the Representative Directors and the Audit and Supervisory Committee, and in particular, the Chairman of the Audit and Supervisory Committee gives independent and direct administrative orders to the Secretariat of the Audit and Supervisory Committee. The Chairman of the Audit and Supervisory Committee is directly involved in personnel evaluation, etc. of the chief of the Secretariat, and indirectly involved in personnel evaluation, etc. of the Secretariat staff.
- The Chairman of the Audit and Supervisory Committee, who is an appointed Audit and Supervisory Committee Member, participates in important meetings other than the Board of Directors meetings such as the Management Committee, etc. The chief of the Secretariat inspects minutes, etc. of the Board of Directors meetings and other important meetings, *ringi* approval materials for decision-making of business execution, and other important documents whenever necessary, and makes necessary reports to the Audit and Supervisory Committee.

- The Audit and Supervisory Committee held 10 meetings during the consolidated fiscal year under review, and Directors who are Audit and Supervisory Committee Members heard about management issues, etc. from two Representative Directors at two of these meetings. In addition, the Company requested Executive Officers, etc. of the Internal Control Departments, such as the Accounting Department, etc. and other business execution departments to attend the Committee meetings and received the necessary reports.
- During the consolidated fiscal year under review, Directors who are Audit and Supervisory Committee Members conducted audits of distribution bases, and the Chairman of the Audit and Supervisory Committee conducted an audit on one Group company, having confirmed the status of the development and operation of the internal control system. In addition, the Audit and Supervisory Committee received detailed reports on all audits and investigations conducted by the Internal Auditing Department before and after the audits, etc. were conducted, and made the necessary requests, etc.
- The Audit and Supervisory Committee voted on the audit plan and activity budget at the Audit Supervisory Committee meeting held in July, notified them to the Representative Directors, and gave instructions to the Accounting Department regarding expenditure procedures. Although no such expenses were incurred during the consolidated fiscal year under review, the Company has ensured a system whereby the Chairman of the Audit and Supervisory Committee can independently allow *ringi* approval for unbudgeted expenses in the event of corporate scandals, etc.

(9) Systems to eliminate anti-social forces

- The Company has declared that it will continue to be a fair company and regularly informed its employees about this declaration through training sessions, etc.
- The entire company has collected information on the trends of anti-social forces on a daily basis and secured a system to prepare for unreasonable demands.

Consolidated Statements of Changes in Shareholders' Equity

From April 1, 2021
to March 31, 2022

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the fiscal year	10,056	9,215	28,076	(5,329)	42,018
Change in the fiscal year					
Dividends of surplus			(1,949)		(1,949)
Profit attributable to owners of parent			7,896		7,896
Acquisition of treasury shares				(2,453)	(2,453)
Disposal of treasury shares		15		24	39
(Net) change in items other than the shareholders' equity in the fiscal year					-
Total change in the fiscal year	-	15	5,946	(2,429)	3,532
Balance at end of the fiscal year	10,056	9,231	34,022	(7,759)	45,551

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total Net Assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of the fiscal year	88	860	(4)	944	148	-	43,111
Change in the fiscal year							
Dividends of surplus				-			(1,949)
Profit attributable to owners of parent				-			7,896
Acquisition of treasury shares				-			(2,453)
Disposal of treasury shares				-			39
(Net) change in items other than the shareholders' equity in the fiscal year	(46)	2,200	10	2,164	162	37	2,364
Total change in the fiscal year	(46)	2,200	10	2,164	162	37	5,897
Balance at end of the fiscal year	42	3,061	6	3,109	311	37	49,008

Consolidated Notes

1. Note to the Significant Matters as the Basis for the Preparation of the Consolidated Financial Statements

(1) Scope of Consolidation

The number of consolidated subsidiaries is 35 as follows.

1 IDEC SYSTEMS & CONTROLS CORPORATION
2 IDEC LOGISTICS SERVICE CORPORATION
3 IDEC AUTO-ID SOLUTIONS CORPORATION
4 IDEC FACTORY SOLUTIONS CORPORATION
5 IDEC SALES SUPPORT CORPORATION
6 IDEC ALPS Technologies Co., Ltd.
7 IDEC CORPORATION
8 IDEC Environmental Solutions LLC
9 IDEC IZUMI ASIA PTE LTD.
10 IDEC ASIA(THAILAND)CO.,LTD.
11 IDEC CONTROLS INDIA PRIVATE LIMITED
12 IDEC IZUMI TAIWAN CORPORATION
13 IDEC Taiwan Corporation
14 IDEC IZUMI SUZHOU Co., Ltd.
15 IDEC HONG KONG CO.,LTD.
16 IDEC IZUMI(H.K.)CO.,LTD.
17 IDEC (SHANGHAI) CORPORATION
18 IDEC AUTOMATION (SHENZHEN) CORPORATION
19 IDEC ELECTRONICS TECHNOLOGY （SHANGHAI） CORPORATION
20 TAICANG CONET ELECTRONICS CO.,LTD.
21 MMI Technologies SAS
22 IHM Technologies SAS
23 APEM SAS
24 Contact Technologies UK Ltd
25 APEM Component Ltd
26 MEC ApS
27 APEM,Inc.
28 APEM AB
29 APEM GmbH
30 APEM Benelux N.V.
31 APEM B.V.
32 APEM ITALIA SRL
33 SACEMA SARL

34 SAMELEC SARL

35 APEM (Wujin) Electronic Co.,Ltd

Of the above, IDEC ALPS Technologies Co., Ltd. is included in the scope of consolidation as it was newly established during the consolidated fiscal year under review.

In addition, IDEC Australia Pty. Ltd. and Apem Ltd., which were consolidated subsidiaries in the previous consolidated fiscal year, were excluded due to the completion of their liquidation.

(2) Matters Concerning Application of the Equity Method

The number of affiliates to which the equity method is applied is one as follows.

Sayo IDEC Limited Liability Partnership

(3) Matters Concerning Fiscal Years and Other Matters of Consolidated Subsidiaries

Of the consolidates subsidiaries, the balance sheet date of IDEC IZUMI SUZHOU Co., Ltd., IDEC (SHANGHAI) CORPORATION, IDEC AUTOMATION (SHENZHEN) CORPORATION, IDEC ELECTRONICS TECHNOLOGY （SHANGHAI） CORPORATION, and TAICANG CONET ELECTRONICS CO.,LTD. is December 31. In preparing the consolidated financial statements, the Company uses non-consolidated financial statements based on the provisional closing performed as of the consolidated balance sheet date The balance sheet date of the 15 APEM Group companies is December 31. In preparing the consolidated financial statements, the Company makes necessary adjustments for consolidation for significant transactions that occurred in the period to the consolidated balance sheet date by using the non-consolidated financial statements as of the same date.

(4) Matters Concerning Accounting Policies

1 Evaluation standards and methods for significant assets

(a) Securities

Other securities:

Securities other than shares, etc. without market price	Market value method (valuation difference is reported as a component of net assets, and the cost of securities sold is calculated by the moving-average method)
Shares, etc. without market price	Stated at cost based on the moving-average method

(b) Derivative transactions

Market value method

(c) Inventories

Stated at cost based mainly on the periodic average method (calculated after book value is written down based on a decrease in profitability).

2 Methods of depreciation and amortization for significant depreciable assets

(a) Property, plant and equipment (excluding leased assets and right-of-use asset)

Depreciation is calculated mainly by the straight-line method.

The useful lives are mainly as follows.

Buildings and structures	3 to 47 years
Machinery, equipment and vehicles	3 to 17 years
Tools, furniture and fixtures	2 to 20 years

(b) Intangible assets (excluding leased assets and right-of-use assets)

Depreciation is calculated by the straight-line method.

Depreciation of software for internal use is calculated by the straight-line method based on the estimated useful lives (mainly 5 years).

(c) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

Calculated by the straight-line method, with lease periods of such assets being useful lives, and residual values being zero.

(d) Right-of-use assets

Calculated by the straight-line method, with lease periods of such assets being useful lives, and residual values being zero.

3 Accounting standards for significant provisions

(a) Provision for doubtful accounts

To prepare for possible losses on accounts receivable, the Company sets aside an amount that is expected to be irrecoverable, after it considers the possibility of recoverability of (a) general accounts receivable, mainly by actual default ratio, and (b) specific accounts receivable where recoverability is in doubt, on a case-by-case basis.

(b) Provision for retirement benefits for officers

To prepare for the expenditure of retirement benefits for officers, the Company sets aside the amount necessary at the end of fiscal year based on the Rules for Retirement Benefits for Officers.

(c) Provision for product warranties

To provide for expenses associated with product warranties, the Company sets aside the estimated amount necessary for repairs in consideration of the possibility of occurrence.

4 Accounting standards for revenue and expenses

In accordance with the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the “Revenue Recognition Accounting Standard”), the Company recognizes revenue in the amount expected to be received in exchange for the promised goods or services upon transfer of control of the said goods or services to the customer.

The Group’s main performance obligation is the sale of goods, for which revenue is recognized at the time of shipment when the period from the time of shipment to the time of transfer of control of the merchandise or products to the customer is the normal period for the domestic sale of merchandise or products, applying the alternative treatment set forth in Paragraph 98 of the Guidance on Application of the Accounting Standard for Revenue Recognition. For export sales, the Company recognizes revenue when the risk is transferred to the customer based mainly on the trade terms stipulated in Incoterms, etc. At foreign subsidiaries, revenue is recognized when the risk is transferred to the customer at the time of shipment or delivery under contract. For sale of goods, the Company measures revenue by deducting discounts, etc. from the amount expected to be received in exchange for goods or services.

5 Accounting procedures for retirement benefits

To prepare for the provision of retirement benefits for employees, the Company sets aside an estimated amount for retirement benefit obligations and pension assets as of the end of the consolidated fiscal year under review.

(a) Period attribution method for expected retirement benefit payments

In calculating retirement benefit obligations, the benefit formula basis is used for attributing the expected retirement benefit payments to the period up to the end of the consolidated fiscal year under review.

(b) Method of handling the cost of actuarial gains and losses

Actuarial gains and losses are recognized as expenses starting from the following consolidated fiscal year by the straight-line method over the average remaining service period of the employees on payroll in the period when such gains and losses arise (11 to 15 years).

6 Standards for translating significant foreign currency-denominated assets or liabilities into Japanese currency

Monetary claims and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate on the consolidated balance sheet date, and the translation differences are accounted for as profit (loss).

Assets and liabilities of foreign consolidated subsidiaries are translated into Japanese yen at the spot exchange rate on the consolidated balance sheet date. Revenues and expenses are translated into Japanese yen at the average exchange rate during the period, and translation differences are included in foreign currency translation adjustments in the net assets.

7 Amortization method and period for goodwill

Goodwill is amortized by the straight-line method over the estimated period when its effect manifests (5 to 20 years).

2. Notes to Changes in Accounting Policies

(Adoption of Accounting Standard for Revenue Recognition, Etc.)

The Company has decided to adopt the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the consolidated fiscal year under review and recognize revenue in the amount expected to be received in exchange for the promised goods or services upon transfer of control of the said goods or services to the customer.

The Group's main performance obligation is the sale of goods, for which revenue is recognized at the time of shipment when the period from the time of shipment to the time of transfer of control of the merchandise or products to the customer is the normal period for the domestic sale of merchandise or products, applying the alternative treatment set forth in Paragraph 98 of the Guidance on Application of the Accounting Standard for Revenue Recognition. For export sales, the Company recognizes revenue when the risk is transferred to the customer based mainly on the trade terms stipulated in Incoterms, etc. At foreign subsidiaries, revenue is recognized when the risk is transferred to the customer at the time of shipment or delivery under contract. For sale of goods, the Company measures revenue by deducting discounts, etc. from the amount expected to be received in exchange for goods or services.

Regarding the application of the Revenue Recognition Accounting Standard, etc., the Company follows the transitional treatment as stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The Company has applied the new accounting policy to the said beginning balance while adding or subtracting the cumulative effect of the retrospective application of the new accounting policy prior to the beginning of the consolidated fiscal year under review to or from the retained earnings at the beginning of the consolidated fiscal year under review. However, there is no impact on the said beginning balance.

The impact on the consolidated financial statements is immaterial. Due to the application of the Revenue Recognition Accounting Standard, etc., a portion of "Advances received" and "Other" that were presented in "Current liabilities" in the consolidated balance sheet in the previous consolidated fiscal year have been included in "Contract liabilities" from the consolidated fiscal year under review.

(Adoption of Accounting Standard for Fair Value Measurement, Etc.)

The Company has decided to adopt the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Fair Value Measurement Accounting Standard"), etc. from the beginning of the consolidated fiscal year under review, and apply the new accounting policy prescribed in the Fair Value Measurement Accounting Standard, etc. into the future in accordance with the transitional treatment as stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019.) There is no impact of these changes on the consolidated financial statements.

3. Notes on Revenue Recognition

(1) Revenue breakdown information

Net sales of 70,789 million yen recorded in the consolidated statement of income consist of revenues arising from contracts with customers and are primarily performance obligations satisfied at one time, but include some performance obligations that are satisfied over a certain period of time.

The amount recognized as the performance obligations to be satisfied over a certain period is immaterial.

(2) Underlying information to understand revenue

As the same information is provided in “4. Accounting standards for revenue and expenses,” in “(4) Matters concerning Accounting Policies,” in “1. Note to the Significant Matters as the Basis for the Preparation of the Consolidated Financial Statements,” it is omitted.

(3) Information to understand the amounts for the consolidated fiscal year under review and the following consolidated fiscal year and thereafter

1 Balance, etc. of claims arising from contracts with customers and contract liabilities

(Million yen)

	Consolidated fiscal year under review	
	Balance at beginning of the fiscal year	Balance at end of the fiscal year
Claims arising from contracts with customers	9,888	12,294
Contract liabilities	386	584

Contract liabilities are the amount of consideration received from customers before the Group sells goods to them, and it represents the balance for which performance obligations are not yet satisfied as of the end of the fiscal year.

The amount of revenue recognized in the consolidated fiscal year under review that was included in the beginning balance of contract liabilities was 314 million yen.

2 Transaction prices allocated to remaining performance obligations

The Group applies a practical shortcut method to the note on the transaction prices allocated to remaining performance obligations and does not include in the note any contracts with an initial expected term of one year or less.

4. Notes on Accounting Estimates

Impairment of goodwill, trademark rights and customer-related assets for the APEM Group

(1) Amounts recorded in consolidated financial statements

Trademark right	2,383	million yen
Customer-related assets	7,587	million yen
Goodwill	11,593	million yen (of those, goodwill for the APEM Group was 11,354 million yen)

(2) Other information that contributes to the understanding of the users of consolidated financial statements with regard to the content of the estimate

The Group records goodwill, trademark rights and customer-related assets in the consolidated financial statements in connection with its acquisition of shares in APEM Group, which is engaged in the industrial switch business and other businesses globally. The Group performs grouping of the above-mentioned goodwill, trademark rights and customer-related assets by reporting segment in Japan, the Americas, EMEA and Asia-Pacific.

During the consolidated fiscal year under review, demand has been recovering rapidly in each area due to economic recovery from the effects of the global economic downturn caused by the pandemic. However, some asset groups have yet to recover to the level of the assumed business plan. As a result of identifying signs of impairment and comparing the carrying value with the aggregate undiscounted future cash flows derived from the asset group over the remaining amortization period of goodwill, the Company determined that no impairment loss would be recognized in any asset group as the aggregate undiscounted future cash flows exceed the carrying value.

The undiscounted future cash flows are estimated based on the following assumptions.

・ For business plans for the next three years, the Company calculates future cash flows based on the business plan approved by management, after incorporating certain reasonable risks.

・ For future cash flows for periods in excess of the business plan, the Company calculates them primarily by factoring in sales growth rates corresponding to economic growth rates, and assuming a constant profit ratio.

For example, if assumptions need to be revised, such as those where COVID-19 spreads again or expected synergies from the acquisition of the APEM Group cannot be fully realized, the Company may recognize an impairment loss in the following consolidated fiscal year, and this may have a material impact on the consolidated financial statements.

5. Notes to the Consolidated Balance Sheet

Accumulated depreciation of property, plant and equipment 31,846 million yen

6. Notes to the Consolidated Statements of Changes in Shareholders' Equity

(1) Type and total number of shares outstanding at the end of the consolidated fiscal year under review

Common shares 33,224,485

(2) Number of treasury shares at the end of the consolidated fiscal year under review

Type of shares	Beginning of the consolidated fiscal year under review	Increase	Decrease	End of the consolidated fiscal year under review
Common shares (shares)	3,231,165	1,000,275	14,500	4,216,940

(Overview of the reasons for changes)

The breakdown of the increase is an increase of 1 million shares due to purchase of treasury shares and an increase of 275 shares due to purchase of shares less than one unit

The breakdown of the decrease is a decrease of 14,500 shares due to the exercise of stock options

(3) Matters concerning dividends

1 Amounts paid as dividends

Resolution	Type of shares	Total amount of dividends (million yen)	Amount of dividend per share (yen)	Record date	Date to come into effect
May 14, 2021 Board of Directors	Common shares	749	25	March 31, 2021	May 31, 2021
November 2, 2021 Board of Directors	Common shares	1,200	40	September 30, 2021	November 26, 2021

2 Dividends that have a record date in the consolidated fiscal year under review, but which come into effect in the next consolidated fiscal year

Resolution	Type of shares	Total amount of dividends (million yen)	Amount of dividend per share (yen)	Record date	Date to come into effect
May 13, 2022 Board of Directors	Common shares	1,740	60	March 31, 2022	May 30, 2022

Dividend payments are planned to be funded by retained earnings.

(4) Type and number of shares to be issued upon exercise of stock acquisition rights (excluding stock acquisition rights for which the first day of the exercise period has not yet arrived) as of the end of the consolidated fiscal year under review

Common shares 60,500

7. Notes on Financial Instruments

(1) Matters concerning the status of financial instruments

The Group invests in highly secured financial instruments and procures funds by borrowing from financial institutions such as banks.

The Group mitigates customer credit risk concerning trade receivables such as notes and accounts receivable–trade and electronically recorded monetary claims–operating according to the Credit Management Regulations. Trade receivables denominated in foreign currencies are exposed to foreign exchange fluctuation risks, so the Group uses forward exchange contracts to avoid future foreign exchange fluctuation risks.

Investment securities mainly consist of shares related to business or capital alliances with business partners, and the fair value of listed stocks is checked quarterly.

Trade payables such as notes and accounts payable–trade and electronically recorded obligations–operating are all due within one year. Trade payables denominated in foreign currencies are exposed to foreign exchange risks but are always within the scope of accounts receivable in the same currency unit.

For derivative transactions, the Group uses forward exchange contracts within the scope of ordinary transactions for the purpose of avoiding future foreign exchange fluctuation risks related to receivables and payables denominated in foreign currencies. In addition, since the Group's counterparties to forward exchange contracts, etc. are all domestic banks with high credit ratings, the Group recognizes that there is little risk of default by such counterparties. The Director in charge supervises derivative transactions in accordance with the policy determined by the Management Committee, and the Accounting Department executes and manages the transactions. The status of implementation is reported to the President each time a transaction is executed.

(2) Fair value, etc. of financial instruments

Amounts recorded in the consolidated balance sheet, fair values and differences of the financial instruments as of March 31, 2022 are as follows. Please note that shares, etc. without market price and investments in partnerships, etc. are not included in the following table. (See (3) (Note 2).)

Notes are omitted as cash and deposits, notes and accounts receivable–trade, electronically recorded monetary claims–operating, notes and accounts payable–trade, electronically recorded obligations–operating, and short-term borrowings are settled in a short period of time and their fair values approximate their carrying values.

(Million yen)

	Amount recorded in the consolidated balance sheet (*)	Fair value (*)	Difference
Investment securities	206	206	-
Total assets	206	206	-
Current portion of long-term borrowings and long-term borrowings	(20,365)	(20,335)	-29
Total liabilities	(20,365)	(20,335)	-29
Derivative transactions	(276)	(276)	-
Total derivative transactions	(276)	(276)	-

(*) Amounts recorded as liabilities are indicated in parentheses.

(3) Matters concerning the breakdown, etc. of fair values of financial instruments by level

The Company categorizes fair values of financial instruments into the following three levels based on the observability and significance of the inputs used to calculate fair values.

Level 1 fair values: Fair values calculated based on the (unadjusted) quoted price of the same asset or liability in an active market

Level 2 fair values: Fair values calculated using directly or indirectly observable inputs other than Level 1 inputs

Level 3 fair value: Fair values calculated using significant unobservable inputs

If multiple inputs are used that have significant influence on the determination of fair values, the Company classifies fair values into the lowest level of priority in calculating fair values among the levels to which those inputs belong respectively.

1 Financial assets and liabilities whose fair value shall be the amount recorded in the consolidated balance sheet

(Million yen)

	Level 1	Level 2	Level 3	Total
Investment securities	206	-	-	206
Total assets	206	-	-	206
Derivative transactions	-	(276)	-	(276)
Total derivative transactions	-	(276)	-	(276)

2 Financial assets and liabilities whose fair value shall not be the amount recorded in the consolidated balance sheet

(Million yen)

	Level 1	Level 2	Level 3	Total
Current portion of long-term borrowings and long-term borrowings	-	(20,365)	-	(20,365)
Total liabilities	-	(20,365)	-	(20,365)

(Note 1) Explanation of valuation techniques and inputs used to calculate fair values

Investment securities

Listed stocks are based on the price on the exchange. As listed stocks are traded in active markets, their fair values are classified as Level 1 fair values.

Current portion of long-term borrowings and long-term borrowings

Fair values of the current portion of long-term borrowings and long-term borrowings are calculated using the discounted present value method based on the total amount of principal and interest, the remaining term of the debts, the interest rate on government bonds, and credit risks. The fair values are classified as Level 2 fair values.

Derivative transactions

Fair values of currency swaps are calculated using the discounted present value method using observable inputs such as interest rates and exchange rates, and the fair values are classified as Level 2 fair values.

Derivative transactions not designated for hedge accounting

Category	Type of transactions	Contract value, etc. (million yen)	Contract value, etc. that exceeds one year (million yen)	Fair value (million yen)	Valuation gain (loss) (million yen)
Non-market transactions	Currency swap	4,847	3,508	-276	-276

(Note 2) The amounts of shares, etc. without market price and investments in partnerships, etc. recorded in the consolidated balance sheet are as follows.

(Million yen)

Category	Amount recorded in the consolidated balance sheet
Shares, etc. without market price (*1)	109
Investments in partnerships, etc. (*2)	459

(*1) Shares, etc. without a market price include unlisted stocks, and they are not subject to fair value disclosure in accordance with Paragraph 5 of the “Guidance on Disclosures about Fair Value of Financial Statements” (ASBJ Guidance No. 19, March 31, 2020).

(*2) Investments in partnerships, etc. are silent partnerships and limited liability partnerships. These are not subject to fair value disclosure in accordance with Paragraph 27 of the “Guidance on Application of Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019).

8. Notes on Per-share Information

(1) Net asset amount per share — 1,677.51 yen

* The basis for calculating net assets per share is as follows.

Net assets in the consolidated balance sheet	49,008 million yen
Stock acquisition rights	311 million yen
Non-controlling interests	37 million yen
Number of shares of common stock at the end of the period used for	29,007,545

(2) Profit per share — 264.12 yen

* The basis for calculating profit per share is as follows.

Profit in the consolidated statement of income	7,896 million yen
Amount not attributable to common shareholders	- million yen
Profit for common shares	7,896 million yen
Average number of common shares outstanding during the period	29,895,610

Non-consolidated Statements of Changes in Shareholders' Equity

From April 1, 2021
to March 31, 2022

(Million yen)

	Shareholders' equity								
		Legal capital surplus			Retained earnings				
					Other retained earnings				
	Share capital	Capital surplus	Other capital surplus	Total capital surplus	Reserve for tax-purpose reduction entry of non-current assets	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the fiscal year	10,056	5,000	4,118	9,118	533	14,726	15,260	(5,329)	29,106
Change in the fiscal year									
Dividends of surplus				-		(1,949)	(1,949)		(1,949)
Reversal of reserve for tax-purpose reduction entry of non-current assets				-	(217)	217	-		-
Profit (loss)				-		6,347	6,347		6,347
Acquisition of treasury shares				-			-	(2,453)	(2,453)
Disposal of treasury shares			15	15			-	24	39
(Net) change in items other than the shareholders' equity in the fiscal year				-	-	-	-		-
Total change in the fiscal year	-	-	15	15	(217)	4,615	4,397	(2,429)	1,983
Balance at end of the fiscal year	10,056	5,000	4,134	9,134	316	19,342	19,658	(7,759)	31,089

	Valuation and translation adjustments			
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Stock acquisition rights	Total net assets
Balance at beginning of the fiscal year	110	110	148	29,364
Change in the fiscal year				
Dividends of surplus		-		(1,949)
Reversal of reserve for tax-purpose reduction entry of non-current assets		-		-
Profit (loss)		-		6,347
Acquisition of treasury shares		-		(2,453)
Disposal of treasury shares		-		39
(Net) change in items other than the shareholders' equity in the fiscal year	(42)	(42)	162	120
Total change in the fiscal year	(42)	(42)	162	2,103
Balance at end of the fiscal year	67	67	311	31,468

Non-consolidated Notes

1. Notes to Matters concerning Significant Accounting Policies

(1) Evaluation standards and methods for securities

1 Shares of subsidiaries and affiliates	Stated at cost based on the moving-average method
2 Other securities:	
Securities other than shares, etc. without market price	Market value method (all valuation differences are reported as a component of net assets, and the cost of securities sold is calculated by the moving-average method)
Shares, etc. without market price	Stated at cost based on the moving-average method

(2) Evaluation method for derivative transactions — Market value method

(3) Evaluation standards and method for inventories

Stated at cost based mainly on the periodic average method (calculated after book value is written down based on a decrease in profitability).

(4) Methods of depreciation and amortization for non-current assets

1 Property, plant and equipment (excluding leased assets) — Depreciation is calculated by the straight-line method.

The useful lives are mainly as follows.

Buildings	6 to 47 years
Structures	7 to 32 years
Machinery and equipment	7 to 12 years
Vehicles	4 to 6 years
Tools, furniture and fixtures	2 to 17 years

2 Intangible assets (excluding leased assets)	Depreciation is calculated by the straight-line method. Depreciation of software for internal use is calculated by the straight-line method based on the internally estimated useful lives (5 years).
3 Leased assets	Leased assets related to finance lease transactions that do not transfer ownership Calculated by the straight-line method, with lease periods of such assets being useful lives, and residual values being zero.
4 Goodwill	Goodwill is amortized by the straight-line method over the estimated period when its effect manifests (5 years).

(5) Accounting standards for provisions

1 Provision for doubtful accounts	To prepare for possible losses on accounts receivable, the Company sets aside an amount that is expected to be irrecoverable, after it considers the possibility of recoverability of (a) general accounts receivable, by actual default ratio, and (b) specific accounts receivable where recoverability is in doubt, on a case-by-case basis.
2 Provision for retirement benefits	To prepare for the provision of retirement benefits for employees, the Company sets aside an estimated amount for retirement benefit obligations and pension assets as of the end of fiscal year under review.

(a) Period attribution method for expected retirement benefit payments

In calculating retirement benefit obligations, the benefit formula basis is used for attributing the expected retirement benefit payments to the period up to the end of the fiscal year.

(b) Method of handling the cost of actuarial gains and losses

Actuarial gains and losses are recognized as expenses starting from the following fiscal year by the straight-line method over the average remaining service period of the employees on payroll in the period when such gains and losses arise (11 to 15 years).

(6) Accounting standards for revenue and expenses

In accordance with the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the “Revenue Recognition Accounting Standard”), the Company recognizes revenue in the amount expected to be received in exchange for the promised goods or services upon transfer of control of the said goods or services to the customer. The Company’s main performance obligation is the sale of goods, for which revenue is recognized at the time of shipment when the period from the time of shipment to the time of transfer of control of the merchandise or products to the customer is the normal period for the domestic sale of merchandise or products, applying the alternative treatment set forth in Paragraph 98 of the Guidance on Application of the Accounting Standard for Revenue Recognition. For export sales, the Company recognizes revenue when the risk is transferred to the customer based mainly on the trade terms stipulated in Incoterms, etc. For sale of goods, the Company measures revenue by deducting discounts, etc. from the amount expected to be received in exchange for goods or services. Please note that other parties are involved in some sales. As the nature of this involvement is considered mainly as an agent, revenue is recognized in the amount of the consideration received from customers less payments to suppliers. With respect to supply-for-a-fee transactions, the Company is not aware of the extinction of the supplied materials as we have the obligation to repurchase such materials.

(7) Standards for translating significant foreign currency-denominated assets or liabilities into Japanese currency

Monetary claims and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate on the balance sheet date, and the translation differences are accounted for as profit (loss).

(8) Accounting procedures for retirement benefits

Accounting procedures adopted for unrecognized actuarial gains and losses associated with retirement benefits are different from those in the consolidated financial statements.

2. Notes to Changes in Accounting Policies

(Adoption of Accounting Standard for Revenue Recognition, Etc.)

The Company has decided to adopt the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the fiscal year under review and recognize revenue in the amount expected to be received in exchange for the promised goods or services upon transfer of control of the said goods or services to the customer.

The Company's main performance obligation is the sale of goods, for which revenue is recognized at the time of shipment when the period from the time of shipment to the time of transfer of control of the merchandise or products to the customer is the normal period for the domestic sale of merchandise or products, applying the alternative treatment set forth in Paragraph 98 of the Guidance on Application of the Accounting Standard for Revenue Recognition. For export sales, the Company recognizes revenue when the risk is transferred to the customer based mainly on the trade terms stipulated in Incoterms, etc. For sale of goods, the Company measures revenue by deducting discounts, etc. from the amount expected to be received in exchange for goods or services. Please note that other parties are involved in some sales. As the nature of this involvement is considered mainly as an agent, revenue is recognized in the amount of the consideration received from customers less payments to suppliers. With respect to supply-for-a-fee transactions, the Company is not aware of the extinction of the supplied materials as we have the obligation to repurchase such materials.

Regarding the application of the Revenue Recognition Accounting Standard, etc., the Company follows the transitional treatment as stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The Company has applied the new accounting policy to the said beginning balance while adding or subtracting the cumulative effect of the retrospective application of the new accounting policy prior to the beginning of the fiscal year under review to or from the retained earnings at the beginning of the fiscal year under review. However, there is no impact on the said beginning balance.

As a result, net sales fell by 2,440 million yen, cost of sales was down 2,440 million yen, and accounts receivable for supplied materials decreased 550 million yen, and work in process increased by 550 million yen for the fiscal year under review.

Due to the application of the Revenue Recognition Accounting Standard, etc., a portion of "Advances received" that was presented in "Current liabilities" in the balance sheet in the previous fiscal year has been included in "Contract liabilities" from the fiscal year under review.

(Adoption of Accounting Standard for Fair Value Measurement, Etc.)

The Company has decided to adopt the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Fair Value Measurement Accounting Standard"), etc. from the beginning of the fiscal year under review, and apply the new accounting policy prescribed in the Fair Value Measurement Accounting Standard, etc. into the future in accordance with the transitional treatment as stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). There is no impact of these changes on the non-consolidated financial statements.

3. Notes on Revenue Recognition

Underlying information to understand revenue

As the same information is provided in "(6) Accounting standards for revenue and expenses" in "1. Notes to Matters Concerning Significant Accounting Policies," it is omitted.

4. Notes on Accounting Estimates

Valuation of shares of subsidiary MMI Technologies SAS

(1) Amount recorded in non-consolidated financial statements

Shares of subsidiaries and affiliates: 26,287 million yen (of those, shares of MMI Technologies SAS: 22,156 million yen)

(2) Other information that contributes to the understanding of the users of non-consolidated financial statements with regard to the content of the estimate

The Company has acquired shares in MMI Technologies SAS, a holding company of the APEM Group engaged in the industrial switch business and other businesses globally, and has recorded shares of subsidiaries and affiliates in the non-consolidated financial statements.

In view of the complementarity of the APEM Group in terms of regional characteristics, business model and market strategy, the Company believes that making the APEM Group a subsidiary will generate synergies for the Group, and has acquired shares of MMI Technologies SAS at a price that is expected to generate excess earning capacity. As such, the acquisition price of MMI Technologies SAS shares includes a portion that values the excess earning capacity.

During the fiscal year under review, the Company assessed MMI Technologies SAS shares by comparing the carrying value with the real value reflecting the excess earning power. As a result, no damage was found to the excess earning power. Therefore, the Company has determined that there will be no significant decrease in the real value. For example, if assumptions need to be revised, such as those where COVID-19 spreads again or expected synergies from the acquisition of the APEM Group cannot be fully realized, the Company may recognize a loss on valuation of shares of subsidiaries and associates in the following fiscal year, and this may have a material impact on the non-consolidated financial statements.

5. Notes to the Non-consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment	18,128 million yen

(2) Assets and liabilities to affiliates include the following, in addition to those listed separately.

Long-term monetary claims	29 million yen
Short-term monetary claims	3,521 million yen
Long-term monetary obligations	11 million yen
Short-term monetary obligations	1,347 million yen

(3) Guarantee obligations

IDEC Factory Solutions Corporation	800 million yen

6. Notes to the Non-consolidated Statement of Income

(1) Amounts of transactions with affiliates

Operating transactions	
Net sales	7,445 million yen
Purchase	4,461 million yen
Other	2,984 million yen
Non-operating transactions	2,564 million yen

7. Notes to the Non-consolidated Statements of Changes in Shareholders' Equity

Number of treasury shares as of the end of the fiscal year under review

Common shares	4,216,940

8. Notes to Tax-Effect Accounting

(Breakdown of main reasons for existence of deferred tax assets and deferred tax liabilities)

(Deferred tax assets)	
Accrued enterprise tax	106 million yen
Inventories	101 million yen
Provision for doubtful accounts	11 million yen
(Property, plant and equipment)	18 million yen
Investment securities	14 million yen
Shares of subsidiaries and affiliates	60 million yen
Accrued expenses	280 million yen
Provision for retirement benefits	264 million yen
Asset retirement obligations	2 million yen
Other	141 million yen
Subtotal of deferred tax assets	1,001 million yen
Valuation reserve	-102 million yen
Total deferred tax assets	899 million yen
(Deferred tax liabilities)	
Reserve for tax-purpose reduction entry of non-current assets	139 million yen
Retirement cost corresponding to asset retirement obligations	1 million yen
Valuation difference on available-for-sale securities	8 million yen
Enterprise tax refund receivable	3 million yen
Total deferred tax liabilities	151 million yen
Balance: Net deferred tax assets	747 million yen

9. Notes to Transactions with Related Parties

(1) Subsidiaries and affiliates, etc.

(Million yen)

Type	Name	Share capital or investments in capital	Details of business	Percentage of voting rights	Relationship with related parties	Details of transaction	Transaction amount	Item	Balance at end of the fiscal year
Subsidiary	MMI Technologies	3,970	Holding company	100.0%	Making of loans Concurrently serving as officer	Collection of loans	1,235	Short-term loans receivable from subsidiaries and affiliates	1,367
						Receipts of interest *1	100	Long-term loans receivable from subsidiaries and affiliates	2,872
Subsidiary	IDEC CORPORATION	733	Sale of control equipment	100.0%	Sale of the Company's products Concurrently serving as officer	Sale of products *2	2,756	Accounts receivable–trade	1,302
Subsidiary	IDEC (SHANGHAI) CORPORATION	40	Sale of control equipment	100.0%	Sale of the Company's products Concurrently serving as officer	Sale of products *2	1,611	Accounts receivable–trade	670
Affiliate	Sayo IDEC Limited Liability Partnership	300	Solar power generation business and agricultural business	50.0%	Making of loans Concurrently serving as partner	Collection of loans	60	Short-term loans receivable from subsidiaries and affiliates	60
						Receipts of interest *1	1	Long-term loans receivable from subsidiaries and affiliates	106

*1 The Company determines whether or not to make loans after considering market interest rates.

*2 The Company determines whether or not to sell products after considering market prices, etc.

10. Notes on Per-share Information

(1) Net asset amount per share — 1,074.11 yen

* The basis for calculating net assets per share is as follows.

Net assets in the balance sheet	31,468 million yen
Stock acquisition rights	311 million yen
Number of shares of common stock at the end of the period used for calculation of net assets per share	29,007,545

(2) Profit per share — 212.32 yen

* The basis for calculating profit per share is as follows.

Profit in the statement of income	6,347 million yen
Amount not attributable to common shareholders	- million yen
Profit for common shares	6,347 million yen
Average number of common shares outstanding during the period	29,895,610