

# Consolidated Financial Statements

## Year ended March 31, 2024

 Sumitomo Electric Industries, Ltd.

Financial Section FY2023  
(Fiscal year 2023, ended March 31, 2024)

Five-Year Financial Data and Indexes

SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

	Millions of yen					Thousands of U.S. dollars
	FY2023 For the years ended Mar. 31, 2024	FY2022 Mar. 31, 2023	FY2021 Mar. 31, 2022	FY2020 Mar. 31, 2021	FY2019 <sup>6</sup> Mar. 31, 2020	FY2023 Mar. 31, 2024
<b>For the Year:</b>						
Net sales	¥4,402,814	¥4,005,561	¥3,367,863	¥2,918,580	¥3,107,027	\$29,078,753
Cost of sales	3,635,226	3,335,585	2,793,919	2,387,237	2,553,902	24,009,154
Selling, general and administrative expenses	540,970	492,533	451,749	417,417	425,909	3,572,882
Operating profit	226,618	177,443	122,195	113,926	127,216	1,496,718
Profit before income taxes	238,545	196,472	159,921	110,340	133,198	1,575,490
Profit attributable to owners of parent	149,723	112,654	96,306	56,344	72,720	988,858
Capital expenditures <sup>*1</sup>	193,803	208,278	189,719	172,246	208,834	1,279,988
Depreciation and amortization	206,331	195,999	180,508	168,040	163,581	1,362,730
R&D expenses	141,992	127,672	123,060	118,820	125,449	937,798
<b>At Year-End:</b>						
Total assets	4,365,397	4,013,008	3,807,390	3,381,914	3,100,260	28,831,629
Total interest-bearing liabilities	801,499	960,368	859,794	685,087	636,262	5,293,567
Total net assets <sup>*2</sup>	2,431,888	2,110,819	2,052,938	1,892,506	1,766,647	16,061,608
<b>Per Share Data:</b>						
				Yen		U.S. dollars
	FY2023	FY2022	FY2021	FY2020	FY2019 <sup>6</sup>	FY2023
Profit attributable to owners of parent <sup>*3</sup> :						
Basic	¥191.98	¥ 144.45	¥ 123.49	¥ 72.25	¥ 93.24	\$ 1.268
Diluted	—	—	—	—	—	—
Cash dividends	77.00	50.00	50.00	32.00	40.00	0.509
Owner's equity <sup>*4</sup>	2,830.82	2,436.14	2,269.31	2,088.51	1,946.93	18.696
Weighted average number of shares outstanding (in thousands)	779,870	779,876	779,884	779,893	779,893	
Number of employees (at year-end)	293,266	289,191	281,075	286,784	283,910	
Average number of temporary employees	(43,414)	(45,525)	(48,275)	(38,227)	(37,065)	
<b>Financial Indexes:</b>						
Operating profit / net sales (%)	5.1	4.4	3.6	3.9	4.1	
Profit attributable to owners of parent / net sales (%)	3.4	2.8	2.9	1.9	2.3	
Profit before income taxes / invested assets <sup>*5</sup> (ROIC) (%)	7.6	6.6	5.8	4.4	5.6	
Return on owner's equity (%)	7.3	6.1	5.7	3.6	4.7	
Owner's equity ratio (%)	50.6	47.3	46.5	48.2	49.0	
Current ratio (times)	171.5	1.5	1.6	1.7	1.7	
R&D expenses / net sales (%)	3.2	3.2	3.7	4.1	4.0	

Note: All dollar figures herein refer to U.S. currency. Yen amounts have been translated, for convenience only, at the rate of ¥151.41 to U.S. \$1.00, the approximate exchange rate prevailing on March 31, 2024.

<sup>\*1</sup> Capital expenditures are recorded as property, plant and equipment.

<sup>\*2</sup> See Note 9.

<sup>\*3</sup> There were no potentially dilutive common shares.

<sup>\*4</sup> Owner's equity is the sum of total shareholders' equity and total accumulated other comprehensive income.

<sup>\*5</sup> Invested assets = total assets - interest-free liabilities

<sup>\*6</sup> The U.S. consolidated subsidiaries have adopted IFRS to replace U.S. GAAP from the beginning of the fiscal year ended March 31, 2021. The financial data and indexes for the year ended March 31, 2020 have been adjusted retrospectively to reflect the changes in accounting policy.

## Management's Discussion and Analysis

### Business Conditions in FY2023

With respect to the world economy during this fiscal year, in the U.S., the economic recovery continued, supported by stable personal consumption; however, in Europe, the continued tight monetary policies brought the economy to a standstill; further, in China, the pace of growth slowed due in part to worsening real estate market conditions. The Japanese economy recovered moderately, despite the impact of global price increases, partly due to moves to expand capital expenditure backed by improved corporate profits.

### Review of Operations in FY2023

With respect to the business circumstances of the Sumitomo Electric Group, although the business circumstances continued to be challenging in the Infocommunication sector due to restrained investment by customers and inventory adjustments, in the Automotive sector, recovery of the production of automobiles progressed as a result of an easing of a supply shortage of semiconductors and other components, and in the Environment and Energy sector, robust demand continued. In this environment, in the consolidated financial settlement for this fiscal year, net sales increased from the preceding fiscal year to ¥4,402,814 million (preceding fiscal year: ¥4,005,561 million, +9.9%), thanks to efforts to expand the sale of wiring harnesses, anti-vibration rubber, power cables, and other commodities, as well as the depreciation of the Japanese yen. With respect to income and profits, we worked to increase sales as well as to thoroughly improve productivity, reduce costs, and improve selling prices; as a result, operating profit was ¥226,618 million (preceding fiscal year: ¥177,443 million, +27.7%) with an operating margin of 5.1% (preceding fiscal year: 4.4%; +0.7 percentage points) and profit attributable to owners of parent was ¥149,723 million (preceding fiscal year: ¥112,654 million, +32.9%). In this way, each of these items increased from the preceding fiscal year and achieved new record highs. We also made efforts to improve asset efficiency, such as reducing inventories. As a result, ROIC before tax increased from the preceding fiscal year to 7.6% (preceding fiscal year: 6.6%).

### Segment Information

#### Environment and Energy:

Net sales increased by ¥51,738 million (compared with the preceding fiscal year: 5.6%) to ¥979,977 million due to the expansion of sales of power cables and rectangular magnet wires for motors used in electric vehicles. Operating profit increased by ¥4,970 million to ¥42,890 million due to the impact of copper price fluctuations as well as an increase in sales. The operating profit margin improved by 0.3 percentage points to 4.4%. Meanwhile, orders received for plant and installation work came to ¥440,442 million (the order backlog at end of this fiscal year being ¥493,210 million), a rise of ¥69,582 million (18.8%).

#### Infocommunications:

Net sales decreased by ¥44,251 million (17.7%) to ¥206,074 million as a result of reduced demand for optical fiber cables and optical/wireless devices due to investment restraint and inventory adjustments by telecommunications and data center business operators. Operating profit resulted in a loss of ¥11,552 million and a decrease of ¥33,478 million due to a decrease in sales and a deterioration in productivity due to a decrease in volume.

#### Automotive:

As a result of the recovery in automobile production due to the easing of the shortage in the supply of components such as semiconductors, demand for wiring harnesses, electronic components of cars, and anti-vibration rubber increased. As a result, net sales increased by ¥409,555 million (18.7%) to ¥2,596,404 million. Operating profit increased by ¥88,929 million to ¥144,674 million partly due to an increase in sales as well as improvement of productivity. The operating profit margin improved by 3.1 percentage points to 5.6%.

#### Electronics:

Net sales decreased by ¥9,535 million (2.6%) to ¥356,478 million partly due to a decrease in demand for electronic wires and heat shrink tubes for consumer use as well as a decrease in demand from major customers for FPCs (flexible printed circuits). Operating profit decreased by ¥9,052 million to ¥29,297 million partly due to a decrease in sales as well as an increase in personnel expenses. The operating profit margin fell by 2.3 percentage points to 8.2%.

### Industrial Materials and Others:

Although demand for cemented carbide tools declined in China and Japan, net sales increased by ¥889 million (0.2%) to ¥364,185 million due to the impact of the depreciation of the Japanese yen. Operating profit decreased by ¥2,911 million to ¥21,067 million due to a decrease in demand as well as an increase in personnel expenses. The operating profit margin fell by 0.8 percentage points to 5.8%.

### Cash Flows

Net cash provided by operating activities recorded ¥393,465 million, an increase by ¥128,274 million compared with the preceding fiscal year, after adjustment of the fluctuation in working capital made in the cash flow generated by business activities of ¥444,876 million, represented by an addition of depreciation and amortization of ¥206,331 million back in profit before income taxes of ¥238,545 million.

Net cash used in investing activities recorded ¥123,809 million, a decrease by ¥24,012 million compared with the preceding fiscal year, due to capital expenditure of ¥179,323 million on the purchase of property, plant and equipment and a cash inflow of ¥70,141 million on the proceeds from sales of investment securities.

Free cash flow, represented by net cash used in investing activities offset against net cash provided by operating activities, was positive ¥269,656 million, while free cash flow was positive ¥117,370 million in the preceding fiscal year.

Cash flow from financing activities recorded a decrease of ¥292,313 million, while a decrease of ¥98,290 million was recorded in the preceding fiscal year, due to a decrease of loan payable and payment of dividends offsetting proceeds from issuance of bonds.

Year-end balance of cash and cash equivalents stood at ¥268,273 million, a year-on-year decrease of ¥11,159 million (4.0%).

## Supplemental Information

### Accounting Fees

#### a) Fees of the auditor

For the years ended	Millions of yen				Thousands of U.S. dollars	
	FY2023		FY2022		FY2023	
	March 31, 2024	March 31, 2023	March 31, 2023	March 31, 2024	March 31, 2024	March 31, 2024
	Fees for audit services	Fees for non-audit services	Fees for audit services	Fees for non-audit services	Fees for audit services	Fees for non-audit services
The Company	¥224	¥ 14	¥207	¥ 8	\$1,479	\$ 92
Consolidated subsidiaries	457	111	484	23	3,018	733
Total	¥681	¥124	¥691	¥31	\$4,498	\$819

#### b) Fees of the network firms to which the auditor belongs (KPMG LLP), excluding fees of the auditor

For the years ended	Millions of yen				Thousands of U.S. dollars	
	FY2023		FY2022		FY2023	
	March 31, 2024	March 31, 2023	March 31, 2023	March 31, 2024	March 31, 2024	March 31, 2024
	Fees for audit services	Fees for non-audit services	Fees for audit services	Fees for non-audit services	Fees for audit services	Fees for non-audit services
The Company	¥ 21	¥ 17	¥ 11	¥ 5	\$ 139	\$ 112
Consolidated subsidiaries	1,310	659	1,135	749	8,652	4,352
Total	¥1,331	¥675	¥1,146	¥754	\$8,791	\$4,458

## Consolidated Balance Sheet

SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

	Millions of yen		Thousands of U.S. dollars (Note 1)
	<b>FY2023</b>	FY2022	<b>FY2023</b>
	As of <b>March 31, 2024</b>	March 31, 2023	<b>March 31, 2024</b>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and time deposits (Notes 3 and 4)	¥ 269,744	¥ 283,425	\$ 1,781,547
Trade notes and accounts receivable (Note 4)	875,933	842,794	5,785,173
Contract assets (Note 21)	36,497	32,838	241,047
Inventories (Note 7)	885,017	851,224	5,845,169
Other current assets	186,414	154,802	1,231,187
Allowance for doubtful receivables	(11,390)	(2,395)	(75,226)
Total current assets	<b>2,242,215</b>	2,162,688	<b>14,808,896</b>
<b>Non-current Assets:</b>			
<b>Property, Plant and Equipment (Note 8):</b>			
Buildings and structures	873,752	830,737	5,770,768
Machinery, equipment and others	2,477,809	2,259,127	16,364,897
Land	101,934	99,932	673,232
Construction in progress	75,835	73,273	500,859
	<b>3,529,330</b>	3,263,069	<b>23,309,755</b>
Accumulated depreciation	(2,431,179)	(2,200,290)	(16,056,925)
Net property, plant and equipment	<b>1,098,151</b>	1,062,779	<b>7,252,830</b>
<b>Intangible Assets</b>	<b>39,831</b>	36,682	<b>263,067</b>
<b>Investments and Other Assets:</b>			
Investments in unconsolidated subsidiaries and affiliates (Note 4)	302,338	269,335	1,996,817
Investment securities (Notes 4 and 5)	304,767	234,456	2,012,859
Net defined benefit asset (Note 13)	303,740	175,997	2,006,076
Deferred tax assets (Note 12)	31,953	30,909	211,036
Other	43,148	40,885	284,975
Allowance for doubtful receivables	(746)	(723)	(4,927)
Total investments and other assets	<b>985,200</b>	750,859	<b>6,506,836</b>
Total non-current assets	<b>2,123,182</b>	1,850,320	<b>14,022,733</b>
Total assets	<b>¥4,365,397</b>	¥4,013,008	<b>\$28,831,629</b>

	Millions of yen		Thousands of U.S. dollars (Note 1)
	FY2023 As of <b>March 31, 2024</b>	FY2022 March 31, 2023	FY2023 <b>March 31, 2024</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Trade notes and accounts payable (Note 4)	¥ 479,831	¥ 445,951	\$ 3,169,084
Short-term debt (Notes 4 and 8)	385,575	601,237	2,546,562
Commercial papers (Notes 4 and 8)	—	7,000	—
Current portion of bonds (Notes 4 and 8)	10,000	—	66,046
Accrued income taxes	50,227	34,011	331,728
Contract liabilities (Note 21)	74,263	50,168	490,476
Other current liabilities	307,474	261,040	2,030,738
Total current liabilities	<b>1,307,370</b>	1,399,407	<b>8,634,634</b>
<b>Non-current Liabilities:</b>			
Bonds (Notes 4 and 8)	174,890	94,864	1,155,076
Long-term debt (Notes 4 and 8)	164,579	195,578	1,086,976
Deferred tax liabilities (Note 12)	136,103	87,895	898,904
Provision for loss on business	12,762	—	84,288
Net defined benefit liabilities (Note 13)	52,935	45,794	349,614
Other non-current liabilities	84,870	78,651	560,531
Total non-current liabilities	<b>626,139</b>	502,782	<b>4,135,387</b>
Total liabilities	<b>1,933,509</b>	1,902,189	<b>12,770,022</b>
<b>Contingent Liabilities (Note 14)</b>			
<b>NET ASSETS (Note 9)</b>			
<b>Shareholders' Equity:</b>			
Common stock:			
Authorized—3,000,000 thousand shares in FY2023 and FY2022	99,737	99,737	658,721
Issued—793,941 thousand shares in FY2023 and FY2022			
Capital surplus	165,424	166,817	1,092,557
Retained earnings	1,493,708	1,383,046	9,865,319
Treasury stock, at cost: 14,073 thousand shares in FY2023 and 14,068 thousand shares in FY2022	(20,803)	(20,793)	(137,395)
Total shareholders' equity	<b>1,738,066</b>	1,628,807	<b>11,479,202</b>
<b>Accumulated Other Comprehensive Income:</b>			
Net unrealized holding gains or losses on available-for-sale securities	183,971	135,032	1,215,052
Deferred gains or losses on hedges	(2,679)	(2,340)	(17,694)
Foreign currency translation adjustments	155,338	85,258	1,025,943
Remeasurements of defined benefit plans	132,966	53,122	878,185
Total accumulated other comprehensive income	<b>469,596</b>	271,072	<b>3,101,486</b>
<b>Non-controlling Interests</b>			
	224,226	210,940	1,480,919
Total net assets	<b>2,431,888</b>	2,110,819	<b>16,061,608</b>
Total liabilities and net assets	<b>¥4,365,397</b>	¥4,013,008	<b>\$28,831,629</b>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

## Consolidated Statement of Income

SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

	Millions of yen		Thousands of U.S. dollars (Note 1)
	FY2023	FY2022	FY2023
	For the years ended March 31, 2024	March 31, 2023	March 31, 2024
<b>Net Sales</b>	<b>¥4,402,814</b>	¥4,005,561	<b>\$29,078,753</b>
<b>Cost of Sales</b>	<b>3,635,226</b>	3,335,585	<b>24,009,154</b>
Gross profit	<b>767,588</b>	669,976	<b>5,069,599</b>
<b>Selling, General and Administrative Expenses</b>	<b>540,970</b>	492,533	<b>3,572,882</b>
Operating profit	<b>226,618</b>	177,443	<b>1,496,718</b>
<b>Other Income (Expenses):</b>			
Interest and dividend income	<b>9,335</b>	6,305	<b>61,654</b>
Interest expenses	<b>(29,321)</b>	(16,107)	<b>(193,653)</b>
Share of profit of investments accounted for using the equity method	<b>20,177</b>	11,485	<b>133,261</b>
Gain on sales of investment securities	<b>66,834</b>	32,478	<b>441,411</b>
Gain on sales of property, plant and equipment	—	5,832	—
Fire insurance recovery gain and compensation income (Notes 15)	—	2,508	—
Foreign exchange losses	<b>(5,680)</b>	(896)	<b>(37,514)</b>
Loss on claims	<b>(6,394)</b>	(3,625)	<b>(42,230)</b>
Loss on disposal of property, plant and equipment (Note 16)	<b>(5,834)</b>	(3,123)	<b>(38,531)</b>
Impairment loss on fixed assets (Note 17)	<b>(9,421)</b>	(2,823)	<b>(62,222)</b>
Restructuring expenses (Note 18)	<b>(15,613)</b>	(9,622)	<b>(103,117)</b>
Provision for loss on business (Note 19)	<b>(12,762)</b>	—	<b>(84,288)</b>
Loss due to fire (Note 20)	—	(2,126)	—
Other, net	<b>606</b>	(1,257)	<b>4,002</b>
	<b>11,927</b>	19,029	<b>78,773</b>
<b>Profit before Income Taxes</b>	<b>238,545</b>	196,472	<b>1,575,490</b>
<b>Income Taxes (Note 12):</b>			
Current	<b>77,726</b>	61,828	<b>513,348</b>
Deferred	<b>(8,142)</b>	2,371	<b>(53,775)</b>
	<b>69,584</b>	64,199	<b>459,573</b>
<b>Profit for the year</b>	<b>168,961</b>	132,273	<b>1,115,917</b>
<b>Profit Attributable to Non-controlling Interests</b>	<b>(19,238)</b>	(19,619)	<b>(127,059)</b>
<b>Profit Attributable to Owners of Parent</b>	<b>¥ 149,723</b>	¥ 112,654	<b>\$ 988,858</b>
	Yen		U.S. dollars (Note 1)
<b>Per Share of Common Stock (Note 10):</b>			
Basic	<b>¥191.98</b>	¥144.45	<b>\$1.268</b>
Diluted	—	—	—
Cash dividends	<b>77.00</b>	50.00	<b>0.509</b>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statement of Comprehensive Income  
SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

	Millions of yen		Thousands of U.S. dollars (Note 1)
	FY2023	FY2022	FY2023
	For the years ended March 31, 2024	March 31, 2023	March 31, 2024
<b>Profit for the year</b>	<b>¥168,961</b>	¥132,273	<b>\$1,115,917</b>
<b>Other Comprehensive Income (Loss) (Note 11) :</b>			
Net unrealized holding gains or losses on available-for-sale securities	<b>50,978</b>	58,593	<b>336,688</b>
Deferred gains or losses on hedges	<b>(328)</b>	(1,048)	<b>(2,166)</b>
Foreign currency translation adjustments	<b>65,799</b>	30,112	<b>434,575</b>
Remeasurements of defined benefit plans	<b>78,688</b>	(6,061)	<b>519,701</b>
Share of other comprehensive income (loss) of affiliates accounted for using equity method	<b>15,580</b>	18,067	<b>102,899</b>
Total other comprehensive income (loss)	<b>210,717</b>	99,663	<b>1,391,698</b>
<b>Comprehensive Income (Loss)</b>	<b>¥379,678</b>	¥231,936	<b>\$2,507,615</b>
Comprehensive income (loss) attributable to:			
Owners of the parent	<b>347,539</b>	207,375	<b>2,295,350</b>
Non-controlling interests	<b>32,139</b>	24,561	<b>212,265</b>

The accompanying notes to consolidated financial statements are an integral part of these statements.



Consolidated Statement of Changes in Net Assets  
SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

	Millions of yen										
	Shareholders' Equity				Accumulated Other Comprehensive Income						Total net assets (Note 9)
	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains or losses on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-controlling interests		
<b>Balance at Beginning of FY2022</b>	¥99,737	¥170,539	¥1,346,210	¥(20,781)	¥ 76,687	¥(1,366)	¥ 38,821	¥ 59,941	¥283,150	¥2,052,938	
Hyperinflation adjustment			48				2,268		(33)	2,283	
<b>Restated Balance at Beginning of FY 2022</b>	99,737	170,539	1,346,258	(20,781)	76,687	(1,366)	41,089	59,941	283,117	2,055,221	
Cash dividends			(39,004)							(39,004)	
Profit attributable to owners of parent			112,654							112,654	
Purchases of treasury stock				(12)						(12)	
Disposal of treasury stock		(0)		0						0	
Change in scope of consolidation										—	
Change in scope of equity method			(36,862)							(36,862)	
Change in ownership interests arising from transactions with non-controlling shareholders		(3,722)								(3,722)	
Other					58,345	(974)	44,169	(6,819)	(72,177)	22,544	
<b>Balance at End of FY2022</b>	¥99,737	¥166,817	¥1,383,046	¥(20,793)	¥135,032	¥(2,340)	¥ 85,258	¥ 53,122	¥210,940	¥2,110,819	
<b>Balance at Beginning of FY2023</b>	¥99,737	¥166,817	¥1,383,046	¥(20,793)	¥135,032	¥(2,340)	¥ 85,258	¥ 53,122	¥210,940	¥2,110,819	
Hyperinflation adjustment										—	
<b>Restated Balance at Beginning of FY 2023</b>	99,737	166,817	1,383,046	(20,793)	135,032	(2,340)	85,258	53,122	210,940	2,110,819	
Cash dividends			(39,004)							(39,004)	
Profit attributable to owners of parent			149,723							149,723	
Purchases of treasury stock				(10)						(10)	
Disposal of treasury stock		0		0						0	
Change in scope of consolidation			(41)							(41)	
Change in scope of equity method			(16)							(16)	
Change in ownership interests arising from transactions with non-controlling shareholders		(1,393)								(1,393)	
Other					48,939	(339)	70,080	79,844	13,286	211,810	
<b>Balance at End of FY2023</b>	¥99,737	¥165,424	¥1,493,708	¥(20,803)	¥183,971	¥(2,679)	¥155,338	¥132,966	¥224,226	¥2,431,888	

The accompanying notes to the consolidated financial statements are an integral part of these statements.

## Thousands of U.S. dollars (Note 1)

	Shareholders' Equity				Accumulated Other Comprehensive Income					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains or losses on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-controlling interests	Total net assets (Note 9)
<b>Balance at Beginning of FY2023</b>	\$658,721	\$1,101,757	\$9,134,443	\$(137,329)	\$ 891,830	\$(15,455)	\$ 563,094	\$350,849	\$1,393,171	\$13,941,081
Hyperinflation adjustment										—
<b>Restated Balance at Beginning of FY 2023</b>	658,721	1,101,757	9,134,443	(137,329)	891,830	(15,455)	563,094	350,849	1,393,171	13,941,081
Cash dividends			(257,605)							(257,605)
Profit attributable to owners of parent			988,858							988,858
Purchases of treasury stock				(66)						(66)
Disposal of treasury stock		0		0						0
Change in scope of consolidation			(271)							(271)
Change in scope of equity method			(106)							(106)
Change in ownership interests arising from transactions with non-controlling shareholders		(9,200)								(9,200)
Other					323,222	(2,239)	462,849	527,336	87,748	1,398,917
<b>Balance at End of FY2023</b>	\$658,721	\$1,092,557	\$9,865,319	\$(137,395)	\$1,215,052	\$(17,694)	\$1,025,943	\$878,185	\$1,480,919	\$16,061,608

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statement of Cash Flows  
SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

	Millions of yen		Thousands of U.S. dollars (Note 1)
	<b>FY2023</b>	FY2022	<b>FY2023</b>
	For the years ended <b>March 31, 2024</b>	March 31, 2023	<b>March 31, 2024</b>
<b>Cash Flows from Operating Activities:</b>			
Profit before income taxes	<b>¥238,545</b>	¥196,472	<b>\$1,575,490</b>
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation and amortization	<b>206,331</b>	195,999	<b>1,362,730</b>
Impairment loss on fixed assets	<b>15,927</b>	4,774	<b>105,191</b>
Amortization of goodwill	<b>2</b>	67	<b>13</b>
Interest and dividend income	<b>(9,335)</b>	(6,305)	<b>(61,654)</b>
Interest expense	<b>29,321</b>	16,107	<b>193,653</b>
Share of loss (profit) of investments accounted for using the equity method	<b>(20,177)</b>	(11,485)	<b>(133,261)</b>
Net loss (gain) on sales of property, plant and equipment	<b>(1,205)</b>	(5,449)	<b>(7,959)</b>
Net loss (gain) on sales of investment securities	<b>(66,834)</b>	(32,478)	<b>(441,411)</b>
Loss on disposal of property, plant and equipment	<b>9,043</b>	3,123	<b>59,725</b>
Loss (gain) on valuation of investment securities	<b>162</b>	51	<b>1,070</b>
Provision for loss on business	<b>12,762</b>	—	<b>84,288</b>
Decrease (increase) in trade notes and accounts receivable	<b>4,886</b>	(41,241)	<b>32,270</b>
Decrease (increase) in inventories	<b>21,281</b>	26,540	<b>140,552</b>
Increase (decrease) in trade notes and accounts payable	<b>21,418</b>	(7,322)	<b>141,457</b>
Increase/decrease in net defined benefit assets and liabilities	<b>(7,473)</b>	(13,276)	<b>(49,356)</b>
Other, net	<b>5,340</b>	(14,708)	<b>35,268</b>
Subtotal	<b>459,994</b>	310,869	<b>3,038,069</b>
Interest and dividends received	<b>17,402</b>	14,093	<b>114,933</b>
Interest paid	<b>(30,330)</b>	(14,988)	<b>(200,317)</b>
Income taxes paid	<b>(53,601)</b>	(44,783)	<b>(354,012)</b>
Net cash provided by (used in) operating activities	<b>393,465</b>	265,191	<b>2,598,672</b>
<b>Cash Flows from Investing Activities:</b>			
Purchase of property, plant and equipment	<b>(179,323)</b>	(184,467)	<b>(1,184,354)</b>
Proceeds from sales of property, plant and equipment	<b>5,217</b>	10,252	<b>34,456</b>
Purchase of investment securities	<b>(4,214)</b>	(478)	<b>(27,832)</b>
Proceeds from sales of investment securities	<b>70,141</b>	43,810	<b>463,252</b>
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	<b>762</b>	—	<b>5,033</b>
Other, net	<b>(16,392)</b>	(16,938)	<b>(108,262)</b>
Net cash provided by (used in) investing activities	<b>(123,809)</b>	(147,821)	<b>(817,707)</b>

	Millions of yen		Thousands of U.S. dollars (Note 1)
	<b>FY2023</b>	FY2022	<b>FY2023</b>
	For the years ended <b>March 31, 2024</b>	March 31, 2023	<b>March 31, 2024</b>
<b>Cash Flows from Financing Activities:</b>			
Net increase (decrease) in short-term debt	<b>(234,314)</b>	86,272	<b>(1,547,546)</b>
Increase (decrease) in commercial papers	<b>(7,000)</b>	(1,000)	<b>(46,232)</b>
Proceeds from long-term debt	<b>9,055</b>	39,868	<b>59,805</b>
Redemption of bonds and repayments of long-term debt	<b>(71,014)</b>	(76,073)	<b>(469,018)</b>
Proceeds from issuance of bonds	<b>90,000</b>	10,000	<b>594,413</b>
Payments for purchase of treasury stock	<b>(4)</b>	(3)	<b>(26)</b>
Cash dividends paid	<b>(39,004)</b>	(39,004)	<b>(257,605)</b>
Dividends paid to non-controlling interests	<b>(7,107)</b>	(8,690)	<b>(46,939)</b>
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	<b>(13,189)</b>	(91,624)	<b>(87,108)</b>
Other, net	<b>(19,736)</b>	(18,036)	<b>(130,348)</b>
Net cash provided by (used in) financing activities	<b>(292,313)</b>	(98,290)	<b>(1,930,606)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>11,287</b>	4,812	<b>74,546</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(11,370)</b>	23,892	<b>(75,094)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>279,432</b>	255,540	<b>1,845,532</b>
<b>Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiaries</b>	<b>211</b>	—	<b>1,394</b>
<b>Cash and Cash Equivalents at End of Year (Note 3)</b>	<b>¥268,273</b>	¥279,432	<b>\$1,771,831</b>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

## Notes to Consolidated Financial Statements

SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

March 31, 2024 and 2023

### 1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Sumitomo Electric Industries, Ltd. (the "Company") and most of its domestic consolidated subsidiaries maintain their accounts and records in Japanese yen and in accordance with the provisions set forth in the Japanese Corporate Law (the "Law"), the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accounts of overseas consolidated subsidiaries and some domestic consolidated subsidiaries are prepared in accordance with International Financial Reporting Standards ("IFRS") with adjustments for the following specified five items as applicable.

- a) Goodwill not subject to amortization
- b) Actuarial gains and losses of defined benefit retirement plans recognized outside profit and loss
- c) Capitalized expenditures for research and development activities
- d) Fair value measurement of investment properties and revaluation of property, plant and equipment and intangible assets
- e) Subsequent changes in fair value of equity instruments presented as other comprehensive income

The accompanying consolidated financial statements have been restructured and translated into English, with some expanded descriptions, from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance in Japan as required by the Japanese Financial Instruments and Exchange Act. Some supplementary information included in the statutory consolidated financial statements prepared in Japanese, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2024, which was ¥151.41 to U.S. \$1.00. These translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

Amounts in the consolidated financial statements and notes are rounded to the nearest million yen. For translations into U.S. dollars, amounts are rounded to the nearest thousand dollars. As a result, totals shown in the consolidated financial statements and notes do not necessarily agree with the sum of the individual amounts.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Consolidation

The consolidated financial statements include the accounts of the Company and all of its significant subsidiaries. All significant intercompany transactions and balances have been eliminated. The difference between the cost of investments in consolidated subsidiaries and the underlying equity at dates of acquisition is treated as goodwill.

Investments in unconsolidated subsidiaries and affiliates are, with minor exceptions, accounted for using the equity method. Investments in unconsolidated subsidiaries and affiliates not accounted for using the equity method are stated at cost.

All of the overseas consolidated subsidiaries that have a fiscal year ending other than March 31 have processed additional annual financial closings for the March-end date for consolidation purposes, aiming at a more appropriate disclosure.

### b) Translation of Foreign Currencies

All assets and liabilities of overseas subsidiaries and affiliates are translated into Japanese yen at the respective fiscal year-end exchange rates, revenues and expenses are translated at average exchange rates, and shareholders' equity is translated at historical rates. The resulting foreign currency translation adjustments are shown as a separate component of net assets, net of non-controlling interests.

### c) Cash and Time Deposits

Cash and time deposits include cash on hand, readily available deposits and deposits with a maturity of one year or less.

### d) Securities

The Company and its domestic consolidated subsidiaries classify and account for securities as follows:

Held-to-maturity debt securities are stated at amortized cost. Investments in unconsolidated subsidiaries and affiliates, excluding those accounted for using the equity method, are stated at cost.

Debt and equity securities not classified as above are classified as available-for-sale securities. Available-for-sale securities other than those without market values are stated at the fair value at the fiscal year end, and unrealized holding gains and losses, net of related taxes and non-controlling interests, are reported as a separate component of net assets. Available-for-sale securities without market values are stated at moving average cost. Realized gains and losses on sales of such securities are computed using moving average cost.

Held-to-maturity debt securities and available-for-sale securities maturing within one year from the fiscal year end and highly liquid investment funds are included in securities in current assets. Other securities are included in investments in unconsolidated subsidiaries and affiliates and investment securities.

### e) Derivatives and Hedging Transactions

The Company and its consolidated subsidiaries utilize hedge accounting for foreign currency forward exchange contracts hedging foreign currency monetary assets and liabilities, foreign currency swap contracts hedging foreign currency debt and others, interest rate swap contracts hedging interest on debt and others and commodity forward contracts, etc., hedging raw materials.

Derivative financial instruments are stated at fair value. If the derivative financial instruments meet certain hedging criteria, the Company and its consolidated subsidiaries defer the recognition of gains and losses until the hedged transactions occur. Certain foreign currency forward exchange contracts and foreign currency swap contracts meeting certain conditions are accounted for as a part of translating foreign currency monetary assets and liabilities in the consolidated balance sheet. In cases in which an interest rate swap contract is used as a hedge and meets certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

The Company and its consolidated subsidiaries utilize hedging instruments to hedge risks of future changes in foreign exchange rates, interest rates and prices of raw materials in accordance with respective internal policies and procedures on risk control.

The Company and its consolidated subsidiaries assess the effectiveness of each hedge contract by comparing the total cash flow fluctuation of hedging instruments and hedged items, except in cases in which interest rate swap contracts are used as hedges and meet certain hedging criteria.

### f) Allowance for Doubtful Receivables

The allowance for doubtful receivables is provided based upon estimated uncollectible amounts of individually identified doubtful receivables and historical loss experience for other receivables.

### g) Provision for loss on business

The provision for loss on business is estimated based on reasonable amounts of losses expected to be incurred in the future for building a mass production system in some businesses.

**h) Inventories**

Inventories are stated mainly at the lower of the cost, using the weighted average method, or net realizable value.

**i) Property, Plant and Equipment (excluding leases)**

The straight-line method is applied.

**j) Goodwill**

Goodwill is amortized on a straight-line basis over a period within 20 years (mostly 10 years).

**k) Revenue Recognition**

The Company and its consolidated subsidiaries recognize the amount expected to be received in exchange for promised goods or services as revenue at the time when the control of the goods or services is transferred to the customer.

The main businesses of the Company and its consolidated subsidiaries are manufacture and sales of products in the following business segments: Environment and Energy, Infocommunications, Automotive, Electronics and Industrial Materials and Others. Revenue is recognized at the time when the control of the goods or services is transferred to the customer. The timing of domestic sales transactions is mainly at the time of the acceptance inspection by the customer or arrival at the customer. The timing of export sales transactions is mainly at the time when risks are transferred to the customer on the basis of trade terms such as incoterms. In the Environment and Energy segment, the Company and its consolidated subsidiaries operate the business of design and construction, such as the installation of products, as well as the manufacture and sales of the products. For construction contracts in which the performance obligation is satisfied over time, revenue is recognized based on the estimated progress towards the satisfaction of the performance obligation. The method used to estimate the progress towards the satisfaction of the performance obligation is the input method based on the ratio of the incurred costs to the total estimated costs, because incurred costs are considered to represent the progress of construction appropriately. For other contracts, revenue is recognized when the control of the goods or services is considered to be transferred, mainly on the completion of installation as the performance obligation is satisfied at that point in time. Consideration for the transaction is received mainly within one year from the satisfaction of the performance obligation and does not include a significant financing component.

**l) Research and Development**

Expenses related to research and development activities are charged to expenses as incurred and totaled ¥141,992 million (US\$937,798 thousand) and ¥127,672 million for the years ended March 31, 2024 and 2023, respectively.

**m) Retirement Benefits**

(1) Method of attributing expected benefits to periods of service

When calculating retirement benefit obligations, a benefit formula basis is used for attributing expected retirement benefits to periods of service.

(2) Method for calculating expenses for actuarial gains and losses and past service cost

The amount of defined benefit liabilities (assets) is based on the benefit obligation and fair value of plan assets at the end of the fiscal year.

Past service cost is amortized on a straight-line basis over certain periods within the average remaining service years of employees (mainly 3 years) from the year in which it arises or accounted for as an expense when it arises at some consolidated subsidiaries.

Actuarial gains and losses are amortized on a straight-line basis over certain periods within the average remaining service years of employees (mainly 14 years) from the year following the year in which they arise. At some consolidated subsidiaries, they are accounted for as an expense when they arise.

**n) Income Taxes**

Income tax expense comprises current and deferred tax.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is accounted for by the asset-liability method. Deferred tax assets and liabilities are determined based on the financial statements carrying amounts and tax bases of assets and liabilities using the effective tax rates in effect for the year in which the temporary differences are expected to be recovered or settled. Deferred tax assets are also recognized for the estimated future tax effects attributable to operating loss carryforwards.

**o) Leases**

Leased assets related to finance leases which do not transfer ownership of the lease assets and right-of-use assets in consolidated subsidiaries that apply IFRS 16 "Leases" are depreciated by the straight-line method, assuming the lease period as the useful life and no residual value.

#### **p) Consolidated Statement of Cash Flows**

In preparing the consolidated statement of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

#### **q) Appropriation of Retained Earnings**

The Company and its domestic consolidated subsidiaries record cash dividends as a charge directly to retained earnings in the fiscal year in which the appropriation of retained earnings is approved at the shareholders' meeting.

#### **r) Use of Estimates**

In the preparation of these financial statements in accordance with generally accepted accounting principles, the management has made estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Certain amounts based upon accounting estimates and recorded in the financial statements of the current fiscal year may have a significant effect on the following fiscal year ending March 31, 2025 as follows:

(Large construction projects)

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

The amount of sales was ¥979,977 million (US\$6,472,340 thousand) and the amount of provisions for loss on orders received was ¥1,415 million (US\$9,345 thousand) in the Environment and Energy segment.

(2) Other information that contributes to the understanding of accounting estimates

In the Environment and Energy segment, the Company and its consolidated subsidiaries operate the business of design and construction such as electrical/power supply work, engineering and installation of products as well as the manufacture and sales of the products.

In the recognition of revenue for construction contracts when the performance obligation is satisfied over time, revenue is recognized over time based on the estimated progress towards the satisfaction of that performance obligation. If it is possible to measure the outcome of the performance obligation reasonably, the method used to estimate the progress towards the satisfaction of the performance obligation is the input method based on the ratio of the actual costs to the total estimated costs. If it is not possible to measure the outcome of the performance obligation reasonably, revenue is recognized only to the extent of actual costs incurred.

Regarding orders received for constructions where the total construction costs are more likely to exceed the total construction revenue at the end of the consolidated fiscal year and the amount can be reasonably estimated, the provision is recognized for losses expected to be incurred in the next consolidated fiscal year onward.

When estimating the total construction cost, the Company and its consolidated subsidiaries calculate the appropriate cost after considering the entire content of the work to be performed according to the customer's specifications, and review the estimate in a timely manner in response to any change in the situation after receiving the order. However, regarding long-term construction projects, such as projects for the installation of high-voltage direct current cables for interconnections among national and regional power electric utilities or remote island power transmission business, if additional costs are incurred and exceed the estimate as of the end of the consolidated fiscal year because of unexpected circumstances such as an extension of the construction period due to the weather or other unforeseen changes in the content of the work or additional costs due to soaring outsourcing costs and personnel expenses and exchange rate fluctuations, the profit and loss of the next consolidated fiscal year may be affected.

#### **s) Reclassifications and Restatements**

Certain prior year amounts are reclassified and restated to conform to the current year presentation. These reclassifications and restatements have no effect on previously reported results of operations or retained earnings.

#### **t) Accounting for Corporation Tax and Local Corporation Tax and Tax Effect Accounting**

The Company and its wholly owned domestic consolidated subsidiaries apply the group tax sharing system. In addition, corporation tax and local corporation tax, as well as their tax effects, are accounted for and disclosed under "Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System" (PITF No.42, August 12, 2021).



#### **u) Standard Issued but Not Yet Adopted**

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

##### (1) Summary

Accounting Standard for Tax Effect Accounting (ASBJ Statement No.28) and the others were revised and published on February, 2018, and the practical guidance for tax effect accounting was transferred from the Japanese Institute of Certified Public Accountants to the Accounting Standards Board of Japan. In the process of the transfer, the following two issues were planned for discussion and consideration again after publication of the standard and the others. The discussion and consideration were closed and the standard and the others were published.

- Categories in which income tax expense should be recorded (taxes on other comprehensive income)
- Tax effects associated with sales of shares of subsidiaries, etc. (i.e., shares of subsidiaries or affiliates) when the group taxation regime is applied

##### (2) Planned Adoption Date

The Company and its consolidated subsidiaries will adopt the standards and guidance from the beginning of the fiscal year ending March 31, 2025.

##### (3) Impact of Adoption

The impact of the adoption of the standards and guidance on the consolidated financial statements has not yet been determined.

### 3. CASH AND CASH EQUIVALENTS

#### a) Reconciliations

The reconciliations between cash and time deposits in the consolidated balance sheet and cash and cash equivalents in the consolidated statement of cash flows as of March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	FY2023	FY2022	FY2023
	As of March 31, 2024	March 31, 2023	March 31, 2024
Cash and time deposits	¥269,744	¥283,425	\$1,781,547
Deposits placed with banks with a maturity of over three months	(1,471)	(3,993)	(9,715)
Cash and cash equivalents	¥268,273	¥279,432	\$1,771,831

### 4. FINANCIAL INSTRUMENTS

#### a) Qualitative Information on Financial Instruments

##### (1) Policies for using financial instruments

The Company and its consolidated subsidiaries finance investment in equipment and operating capital for business mainly through borrowings from banks and the issuance of bonds and commercial papers in accordance with their cash flow planning. Temporary excess cash is managed with low risk financial assets. The Company and its consolidated subsidiaries use derivative transactions only to hedge the risk of future changes in cash flows and fair values and not for trading purpose.

##### (2) Details of financial instruments used and the exposures to risk and how they arise

Trade notes and accounts receivable are exposed to the credit risks of customers. The Company and its consolidated subsidiaries try to reduce and manage the risk according to rules for credit control. Operating receivables denominated in foreign currencies are exposed to foreign exchange risks. The Company and its consolidated subsidiaries hedge the risks using forward exchange contracts, etc., for the net position of foreign currency operating receivables and payables. Securities and investment securities are held mainly to build and strengthen long-term and stable customer relationships and to facilitate business and technical customer partnerships and are exposed to market value fluctuation risks. The Company and its consolidated subsidiaries review the circumstances periodically and evaluate the fair value of the securities and investment securities and the financial condition of the issuers, which are generally business counterparties.

Payment terms of operating payables such as trade notes and accounts payable are mostly less than one year. Operating payables denominated in foreign currencies are exposed to foreign exchange risks, but it is consistently less than the accounts receivable balance denominated in the same foreign currencies. The main purpose of holding debt and issuing bonds and commercial papers is to secure financing for capital expenditure and working capital. The derivative transactions entered into comprise forward exchange contracts to hedge exchange risks of foreign currency debts and credits, interest swap contracts to hedge fluctuation risks of interest rates and fair value for debt and bonds and commodity forward transactions to hedge the risk of price fluctuation for raw materials. The Company and its consolidated subsidiaries manage and control these risks according to management's rules for derivative transactions.

#### b) Fair Value of Financial Instruments

The carrying amounts and fair values of the financial instruments on the consolidated balance sheet as of March 31, 2024 and 2023 are set forth in the table below. Securities without market values are not included in "Investment securities." Cash is omitted. In addition, time deposits, trade notes and accounts receivable, securities, trade notes and accounts payable, short-term debt and commercial papers are also omitted because their carrying amounts approximate the fair value because of the short maturity.

As of	Millions of yen						Thousands of U.S. dollars		
	FY2023			FY2022			FY2023		
	March 31, 2024			March 31, 2023			March 31, 2024		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Investment securities <sup>*1</sup>	¥474,910	¥576,576	¥101,666	¥384,439	¥407,386	¥22,947	\$3,136,583	\$3,808,044	\$671,462
Total assets	474,910	576,576	101,666	384,439	407,386	22,947	3,136,583	3,808,044	671,462
Bonds	184,890	182,506	(2,384)	94,864	94,342	(522)	1,221,121	1,205,376	(15,745)
Long-term debt	164,579	161,749	(2,830)	195,578	193,963	(1,615)	1,086,976	1,068,285	(18,691)
Total liabilities	349,469	344,255	(5,214)	290,442	288,305	(2,137)	2,308,097	2,273,661	(34,436)
Derivative transactions <sup>*2</sup>	¥ (5,225)	¥ (5,225)	¥ —	¥ (4,807)	¥ (4,807)	¥ —	\$ (34,509)	\$ (34,509)	\$ —

\*1 Securities without market values are as follows:

	Millions of yen		Thousands of U.S. dollars
	FY2023	FY2022	FY2023
	As of March 31, 2024	March 31, 2023	March 31, 2024
Unlisted securities (available-for-sale securities)	¥ 6,518	¥ 6,576	\$ 43,049
Unlisted investments in unconsolidated subsidiaries and affiliates	125,677	112,776	830,044

These financial instruments are not included in "Investment securities."

\*2 Please refer to Note 6 about Derivative transactions.

### c) Breakdown of fair value of financial instruments by level

The fair values of financial instruments are categorized into three levels on the basis of the observability and the materiality of the valuation inputs used in fair value measurements.

**Fair values of Level 1:** Fair values measured by quoted prices for the assets or liabilities are given in active markets among observable valuation inputs

**Fair values of Level 2:** Fair values measured by inputs other than inputs included within Level 1 among observable valuation inputs

**Fair values of Level 3:** Fair values measured by unobservable valuation inputs

When several inputs that have significant impact on the fair value measurement are used and those inputs are categorized into different levels, the fair value is categorized into the lowest priority level for fair value measurement among the levels in which each of the inputs belongs.

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

FY2023	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stock	¥291,853	¥ —	¥6,396	¥298,249
Bonds (other)	—	—	—	—
Other	—	—	—	—
Derivative transactions				
Foreign currency forward exchange and currency option contracts	—	1,935	—	1,935
Interest rate and currency swap contracts	—	—	—	—
Commodity forward and swap contracts	—	1,317	—	1,317
Total assets	291,853	3,252	6,396	301,501
Derivative transactions				
Foreign currency forward exchange and currency option contracts	—	7,630	—	7,630
Interest rate and currency swap contracts	—	5	—	5
Commodity forward and swap contracts	—	842	—	842
Total liabilities	¥ —	¥8,477	¥ —	¥ 8,477

FY2022	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stock	¥222,764	¥ —	¥5,116	¥227,880
Bonds (other)	—	—	—	—
Other	—	—	—	—
Derivative transactions				
Foreign currency forward exchange and currency option contracts	—	255	—	255
Interest rate and currency swap contracts	—	—	—	—
Commodity forward and swap contracts	—	600	—	600
Total assets	222,764	855	5,116	228,735
Derivative transactions				
Foreign currency forward exchange and currency option contracts	—	4,305	—	4,305
Interest rate and currency swap contracts	—	17	—	17
Commodity forward and swap contracts	—	1,340	—	1,340
Total liabilities	¥ —	¥5,662	¥ —	¥ 5,662
	Thousands of U.S. dollars			
	Fair value			
FY2023	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stock	\$1,927,568	\$ —	\$42,243	\$1,969,810
Bonds (other)	—	—	—	—
Other	—	—	—	—
Derivative transactions				
Foreign currency forward exchange and currency option contracts	—	12,780	—	12,780
Interest rate and currency swap contracts	—	—	—	—
Commodity forward and swap contracts	—	8,698	—	8,698
Total assets	1,927,568	21,478	42,243	1,991,289
Derivative transactions				
Foreign currency forward exchange and currency option contracts	—	50,393	—	50,393
Interest rate and currency swap contracts	—	33	—	33
Commodity forward and swap contracts	—	5,561	—	5,561
Total liabilities	\$ —	\$55,987	\$ —	\$ 55,987

## (2) Financial instruments other than those recorded at fair value in the consolidated balance sheet

FY2023	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity debt securities				
Government bonds, Local government bonds	¥ —	¥ —	¥—	¥ —
Bonds (other)	—	—	—	—
Investments in subsidiaries and affiliates				
Investments in affiliates	278,327	—	—	278,327
Total assets	278,327	—	—	278,327
Bonds	—	182,506	—	182,506
Long-term debt	—	161,749	—	161,749
Total liabilities	¥ —	¥344,255	¥—	¥344,255

FY2022	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity debt securities				
Government bonds, Local government bonds	¥ —	¥ —	¥—	¥ —
Bonds (other)	—	—	—	—
Investments in subsidiaries and affiliates				
Investments in affiliates	179,506	—	—	179,506
Total assets	179,506	—	—	179,506
Bonds	—	94,342	—	94,342
Long-term debt	—	193,963	—	193,963
Total liabilities	¥ —	¥288,305	¥—	¥288,305

FY2023	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity debt securities				
Government bonds, Local government bonds	\$ —	\$ —	\$—	\$ —
Bonds (other)	—	—	—	—
Investments in subsidiaries and affiliates				
Investments in affiliates	1,838,234	—	—	1,838,234
Total assets	1,838,234	—	—	1,838,234
Bonds	—	1,205,376	—	1,205,376
Long-term debt	—	1,068,285	—	1,068,285
Total liabilities	\$ —	\$2,273,661	\$—	\$2,273,661

(3) Explanation of valuation techniques and valuation inputs used in fair value measurements

**Investment securities:**

The fair value of listed shares is stated at the fair market value in active markets and is categorized as Level 1.

The fair value of unlisted shares is determined using valuation techniques based on market prices of comparable companies and others and is categorized as Level 3. In measuring the fair value of unlisted shares, unobservable inputs, such as valuation multiples, are used.

**Derivative transactions:**

The fair value of derivative transactions is measured by the discounted present value method using interest rates in consideration of future cash flow based on forward exchange rates, etc., and is categorized as Level 2.

**Bonds:**

The fair value of bonds is stated at the fair market value and is categorized as Level 2.

**Long-term debt:**

The fair value of long-term debt is estimated based on the present value of future cash flows using appropriate current discount rates and is categorized as Level 2.

## 5. SECURITIES

The carrying amounts of securities in current assets and investment securities as of March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	As of	FY2023 March 31, 2024	FY2022 March 31, 2023	FY2023 March 31, 2024
<b>Securities in current assets:</b>				
Available-for-sale securities		¥—	¥—	\$—
Held-to-maturity debt securities		—	—	—
		¥—	¥—	\$—
<b>Investment securities:</b>				
Available-for-sale securities		¥304,767	¥234,456	\$2,012,859
Held-to-maturity debt securities		—	—	—
		¥304,767	¥234,456	\$2,012,859

Available-for-sale securities with fair values or quoted market values included in securities in current assets and investment securities as of March 31, 2024 and 2023 were as follows:

	Millions of yen			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Fair value)
<b>FY2023</b>				
Equity securities	¥26,065	¥272,501	¥(317)	¥298,249
Other	—	—	—	—
	¥26,065	¥272,501	¥(317)	¥298,249
<b>Millions of yen</b>				
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Fair value)
<b>FY2022</b>				
Equity securities	¥28,455	¥199,696	¥(271)	¥227,880
Other	—	—	—	—
	¥28,455	¥199,696	¥(271)	¥227,880
<b>Thousands of U.S. dollars</b>				
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Fair value)
<b>FY2023</b>				
Equity securities	\$172,148	\$1,799,756	\$(2,094)	\$1,969,810
Other	—	—	—	—
	\$172,148	\$1,799,756	\$(2,094)	\$1,969,810

Proceeds from sales of available-for-sale securities were ¥70,141 million (US\$463,252 thousand) and ¥18,048 million for the years ended March 31, 2024 and 2023, respectively. The net realized gains were ¥66,834 million (US\$441,411 thousand) and ¥17,255 million, respectively.

Impairment loss on securities during fiscal year 2023 amounted to ¥162 million (US\$1,070 thousand), which consisted of ¥62 million (US\$409 thousand) for available-for-sale securities and ¥100 million (US\$660 thousand) for investments in unconsolidated subsidiaries. Impairment loss on securities during fiscal year 2022 amounted to ¥51 million, which consisted of ¥8 million for available-for-sale securities and ¥43 million for investments in unconsolidated subsidiaries.

## 6. DERIVATIVE TRANSACTIONS

The Company and its consolidated subsidiaries have entered into foreign currency forward exchange contracts, foreign currency option contracts and foreign currency swap contracts to hedge risks of exchange rate fluctuations in connection with foreign currency monetary assets and liabilities, interest rate swap contracts to hedge risks of interest rate fluctuations and commodity forward contracts, etc., to hedge risks of fluctuations in the price of raw materials. The Company and its consolidated subsidiaries use derivative transactions for managing market risk related to recorded assets and liabilities as well as for future commitments and not for speculation or dealing purposes. The Company and its consolidated subsidiaries deal only with highly rated international financial institutions and trading concerns as counterparties to these transactions to minimize credit risk exposure. Derivative transactions are entered into by each operational division, and the processing of the transactions is controlled and reviewed by administrative divisions in accordance with established policies that restrict dealing in derivatives, including limits on authority and amounts.

Additional information for derivative transactions as of and for the years ended March 31, 2024 and 2023 is as follows:

	Millions of yen									
	FY2023					FY2022				
	Contracts for which hedge accounting is not adopted			Contracts for which hedge accounting is adopted <sup>†</sup>		Contracts for which hedge accounting is not adopted			Contracts for which hedge accounting is adopted <sup>†</sup>	
	Contracted amount	Fair value	Recognized gain (loss)	Contracted amount	Fair value	Contracted amount	Fair value	Recognized gain (loss)	Contracted amount	Fair value
Foreign currency forward exchange and currency option contracts:										
Buy	¥ 57,974	¥ 582	¥ 582	¥118,824	¥ 1,027	¥ 42,688	¥ 114	¥ 114	¥ 45,702	¥ 103
Sell	232,000	(1,911)	(1,911)	247,032	(5,393)	105,481	(1,526)	(1,526)	214,039	(2,741)
Interest rate and currency swap contracts	—	—	—	3,500	(5)	—	—	—	3,500	(17)
Commodity forward contracts (copper, nickel and aluminum):										
Buy	20,003	67	67	13,931	862	19,036	54	54	17,080	(190)
Sell	27,510	(589)	(589)	20,234	(93)	24,253	(251)	(251)	19,394	(521)
Commodity swap contracts (copper and silver)	—	—	—	3,290	228	—	—	—	2,311	168
	<b>¥337,487</b>	<b>¥(1,851)</b>	<b>¥(1,851)</b>	<b>¥406,811</b>	<b>¥(3,374)</b>	<b>¥191,458</b>	<b>¥(1,609)</b>	<b>¥(1,609)</b>	<b>¥302,026</b>	<b>¥(3,198)</b>

	Thousands of U.S. dollars				
	FY2023				
	Contracts for which hedge accounting is not adopted			Contracts for which hedge accounting is adopted <sup>†</sup>	
	Contracted amount	Fair value	Recognized gain (loss)	Contracted amount	Fair value
Foreign currency forward exchange and currency option contracts:					
Buy	\$ 382,894	\$ 3,844	\$ 3,844	\$ 784,783	\$ 6,783
Sell	1,532,263	(12,621)	(12,621)	1,631,543	(35,619)
Interest rate and currency swap contracts	—	—	—	23,116	(33)
Commodity forward contracts (copper, nickel and aluminum):					
Buy	132,111	443	443	92,008	5,693
Sell	181,692	(3,890)	(3,890)	133,637	(614)
Commodity swap contracts (copper and silver)	—	—	—	21,729	1,506
	<b>\$2,228,961</b>	<b>\$(12,225)</b>	<b>\$(12,225)</b>	<b>\$2,686,817</b>	<b>\$(22,284)</b>

\* Certain foreign currency forward exchange contracts meeting certain hedging criteria, except forecasted transactions, are excluded from the fair value of the table above for the years ended March 31, 2024 and 2023. Certain interest rate swap contracts of ¥20,000 million, which meet certain hedging criteria, are excluded from the table above for the year ended March 31, 2023.



## 7. INVENTORIES

Inventories as of March 31, 2024 and 2023 consisted of the following:

As of	Millions of yen		Thousands of U.S. dollars
	FY2023	FY2022	FY2023
	March 31, 2024	March 31, 2023	March 31, 2024
Merchandise and finished goods	<b>¥331,906</b>	¥318,492	<b>\$2,192,101</b>
Work in process	<b>253,554</b>	236,989	<b>1,674,619</b>
Raw materials and supplies	<b>299,557</b>	295,743	<b>1,978,449</b>
	<b>¥885,017</b>	¥851,224	<b>\$5,845,169</b>

## 8. INTEREST-BEARING LIABILITIES

### a) Short-Term Debt and Bonds in Current Liabilities

Short-term debt and bonds in current liabilities at March 31, 2024 and 2023 consisted of the following:

As of	Millions of yen		Thousands of U.S. dollars
	FY2023	FY2022	FY2023
	March 31, 2024	March 31, 2023	March 31, 2024
Short-term debt, principally from banks, with a weighted average interest rate of 4.96% at March 31, 2024	<b>¥343,313</b>	¥532,716	<b>\$2,267,439</b>
Current portion of long-term debt, principally from banks and insurance companies, with a weighted average interest rate of 0.47% at March 31, 2024	<b>42,262</b>	68,521	<b>279,123</b>
Commercial papers	—	7,000	—
Current portion of bonds	<b>10,000</b>	—	<b>66,046</b>
	<b>¥395,575</b>	¥608,237	<b>\$2,612,608</b>

### b) Bonds and Long-Term Debt

Bonds and long-term debt at March 31, 2024 and 2023 consisted of the following:

As of	Millions of yen		Thousands of U.S. dollars
	FY2023	FY2022	FY2023
	March 31, 2024	March 31, 2023	March 31, 2024
Unsecured bonds, due 2025 to 2033, with an interest rate of 0.08%-0.809%	<b>¥184,890</b>	¥ 94,864	<b>\$1,221,121</b>
Long-term debt, principally from banks and insurance companies, due 2024 to 2032, with a weighted average interest rate of 0.49% at March 31, 2024	<b>206,841</b>	264,099	<b>1,366,099</b>
	<b>391,731</b>	358,963	<b>2,587,220</b>
Current portion of bonds and long-term debt	<b>(52,262)</b>	(68,521)	<b>(345,169)</b>
	<b>¥339,469</b>	¥290,442	<b>\$2,242,051</b>

The aggregate annual maturities of bonds and long-term debt at March 31, 2024 were as follows:

(Bonds)

March 31	Millions of yen	Thousands of U.S. dollars
2025 (= current portion)	¥ 10,000	\$ 66,046
2026	—	—
2027	45,000	297,206
2028	18,000	118,883
2029	—	—
2030 and thereafter	112,000	739,713

(Long-term debt)

March 31	Millions of yen	Thousands of U.S. dollars
2025 (= current portion)	¥42,262	\$279,123
2026	43,457	287,015
2027	17,123	113,090
2028	29,080	192,061
2029	35,567	234,905
2030 and thereafter	39,352	259,904

The following assets were pledged as collateral for short-term debt and long-term debt, including the current portion, at March 31, 2024 and 2023.

	Millions of yen		Thousands of U.S. dollars
	FY2023	FY2022	FY2023
	As of March 31, 2024	March 31, 2023	March 31, 2024
Property, plant and equipment, net of accumulated depreciation	¥2,009	¥1,935	\$13,269

## 9. NET ASSETS

Under the Law, the entire amount of the issue price of 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, 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.

### a) Stock Information

Changes in the number of shares issued and outstanding during the years ended March 31, 2024 and 2023 were as follows:

Common stock outstanding	Thousands of shares	
	<b>FY2023</b>	FY2022
For the years ended	<b>March 31, 2024</b>	March 31, 2023
Balance at beginning of year	<b>793,941</b>	793,941
Balance at end of year	<b>793,941</b>	793,941

  

Treasury stock outstanding	Thousands of shares	
	<b>FY2023</b>	FY2022
For the years ended	<b>March 31, 2024</b>	March 31, 2023
Balance at beginning of year	<b>14,068</b>	14,060
Increase due to purchase of shares of common stocks	—	—
Increase due to purchase of odd-lot stocks	<b>2</b>	2
Other, net	<b>3</b>	6
Balance at end of year	<b>14,073</b>	14,068

## b) Dividend Information

Dividends paid in fiscal year 2023			Total amount	
Resolution	Record date	Effective date	Millions of yen	Thousands of U.S. dollars
Shareholders' meeting on June 28, 2023	March 31, 2023	June 29, 2023	¥19,502	\$128,803
Board of Directors on November 2, 2023	September 30, 2023	December 1, 2023	¥19,502	\$128,803

Dividends paid after March 31, 2024 with respect to fiscal year 2023			Total amount	
Resolution	Record date	Effective date	Millions of yen	Thousands of U.S. dollars
Shareholders' meeting on June 26, 2024	March 31, 2024	June 27, 2024	¥40,564	\$267,908

Dividends paid in fiscal year 2022			Total amount
Resolution	Record date	Effective date	Millions of yen
Shareholders' meeting on June 24, 2022	March 31, 2022	June 27, 2022	¥19,502
Board of Directors on November 2, 2022	September 30, 2022	December 1, 2022	¥19,502

Dividends paid after March 31, 2023 with respect to fiscal year 2022			Total amount
Resolution	Record date	Effective date	Millions of yen
Shareholders' meeting on June 28, 2023	March 31, 2023	June 29, 2023	¥19,502

## 10. AMOUNTS PER SHARE

Basic earnings per share is computed based on the weighted average number of shares of common stock outstanding during each period. Diluted earnings per share is computed based on the weighted average number of shares of common stock outstanding increased by the number of shares which would have been outstanding assuming the conversion of all dilutive bonds and the exercise of all dilutive share warrants at the beginning of the period after giving effect to the dilutive potential of shares. The related interest expense, net of income taxes, has been eliminated for the purpose of this calculation.

In the year ended March 31, 2024 and 2023, there were no potentially dilutive common shares.

Cash dividends per share in the consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the consolidated fiscal year.

## 11. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Reclassification adjustments and tax effects on other comprehensive income (loss) for the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of
			U.S. dollars
	<b>FY2023</b>	FY2022	<b>FY2023</b>
For the years ended	<b>March 31, 2024</b>	March 31, 2023	<b>March 31, 2024</b>
<b>Net Unrealized Holding Gains or Losses on Available-for-Sale</b>			
<b>Securities:</b>			
Increase (decrease) during the year	¥139,631	¥99,995	\$ 922,205
Reclassification adjustments	(66,826)	(16,922)	(441,358)
Subtotal, before tax	72,805	83,073	480,847
Tax effects	(21,827)	(24,480)	(144,158)
Subtotal, net of tax	¥ 50,978	¥58,593	\$ 336,688
<b>Deferred Gains or Losses on Hedges:</b>			
Increase (decrease) during the year	¥ (64)	¥ 1,673	\$ (423)
Reclassification adjustments	(84)	(3,126)	(555)
Subtotal, before tax	(148)	(1,453)	(977)
Tax effects	(180)	405	(1,189)
Subtotal, net of tax	¥ (328)	¥ (1,048)	\$ (2,166)
<b>Foreign Currency Translation Adjustments:</b>			
Increase (decrease) during the year	¥ 65,652	¥30,112	\$ 433,604
Reclassification adjustments	147	—	971
Subtotal, before tax	65,799	30,112	434,575
Tax effects	—	—	—
Subtotal, net of tax	¥ 65,799	¥30,112	\$ 434,575
<b>Remeasurements of Defined Benefit Plans</b>			
Increase (decrease) during the year	¥122,965	¥ (3,026)	\$ 812,133
Reclassification adjustments	(8,098)	(6,411)	(53,484)
Subtotal, before tax	114,867	(9,437)	758,649
Tax effects	(36,179)	3,376	(238,947)
Subtotal, net of tax	¥ 78,688	¥ (6,061)	\$ 519,701
<b>Share of Other Comprehensive Income (Loss) of Affiliates</b>			
<b>Accounted for Using Equity Method:</b>			
Increase (decrease) during the year	¥ 15,361	¥19,956	\$ 101,453
Reclassification adjustments	219	(1,889)	1,446
Subtotal, net of tax	15,580	18,067	102,899
Total other comprehensive income (loss)	¥210,717	¥99,663	\$1,391,698

\* Reclassification adjustments of the portion of other comprehensive income (loss) of affiliates accounted for using the equity method include adjustments for the acquisition cost of assets.

## 12. INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to several taxes based on income which, in the aggregate, resulted in a statutory tax rate of approximately 30.6% for the years ended March 31, 2024 and 2023.

The following table summarizes the significant differences between the statutory tax rate and the effective tax rate for financial statement purposes for the years ended March 31, 2024 and 2023:

	For the years ended	<b>FY2023</b> March 31, 2024	FY2022 March 31, 2023
Statutory tax rate		<b>30.6%</b>	30.6%
Share of profit of investments accounted for using the equity method		<b>(2.6)</b>	(1.8)
Non-deductible expenses		<b>0.1</b>	0.1
Non-taxable dividend income		<b>(0.1)</b>	(0.2)
Tax credits		<b>(3.4)</b>	(3.2)
Effect of lower tax rates for overseas consolidated subsidiaries		<b>(4.5)</b>	(3.5)
Change in valuation allowance		<b>5.1</b>	4.2
Intercompany profits		<b>0.3</b>	0.3
Change in undistributed earnings of consolidated subsidiaries and affiliates		<b>1.9</b>	1.0
Foreign income taxes		<b>1.7</b>	2.2
Gain on sales of shares of affiliates		<b>—</b>	1.4
Other		<b>0.1</b>	1.6
Effective tax rate		<b>29.2%</b>	32.7%

Deferred tax assets and liabilities included in the consolidated balance sheet at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	As of	FY2023 March 31, 2024	FY2022 March 31, 2023
Deferred tax assets		<b>¥ 31,953</b>	¥ 30,909
Deferred tax liabilities		<b>(136,103)</b>	(87,895)
		<b>¥(104,150)</b>	\$(687,867)

Significant components of deferred tax assets and liabilities at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	FY2023	FY2022	FY2023
	As of March 31, 2024	March 31, 2023	March 31, 2024
<b>Deferred tax assets:</b>			
Net operating loss carryforwards <sup>*1</sup>	¥ 84,077	¥ 70,724	\$ 555,294
Fixed assets	22,888	18,934	151,166
Inventories	19,175	16,741	126,643
Accrued expenses	17,254	15,615	113,955
Net defined benefit liabilities	15,630	15,538	103,230
Intercompany profits	14,463	12,401	95,522
Investment securities	4,779	1,631	31,563
Foreign tax credits	4,155	5,422	27,442
Provision for loss on business	3,903	—	25,778
Allowance for doubtful receivables	1,060	660	7,001
Other	48,420	42,073	319,794
	<b>235,804</b>	<b>199,739</b>	<b>1,557,387</b>
Valuation allowance regarding net operating loss carryforwards <sup>*1</sup>	(79,279)	(65,667)	(523,605)
Valuation allowance regarding deductible temporary differences	(40,240)	(33,656)	(265,768)
Total valuation allowance	<b>(119,519)</b>	<b>(99,323)</b>	<b>(789,373)</b>
Total deferred tax assets	<b>116,285</b>	<b>100,416</b>	<b>768,014</b>
<b>Deferred tax liabilities:</b>			
Net defined benefit asset	(84,556)	(49,230)	(558,457)
Net unrealized holding gains or losses on available-for-sale securities	(81,911)	(59,984)	(540,988)
Undistributed earnings of consolidated subsidiaries and affiliates	(38,699)	(34,630)	(255,591)
Accelerated depreciation of overseas consolidated subsidiaries	(7,127)	(6,440)	(47,071)
Excess of fair value over the book value of assets and liabilities of consolidated subsidiaries at the acquisition dates	(3,953)	(3,906)	(26,108)
Reserve for tax purpose reduction entry of non-current assets	(809)	(839)	(5,343)
Other	(3,380)	(2,373)	(22,323)
Total deferred tax liabilities	<b>(220,435)</b>	<b>(157,402)</b>	<b>(1,455,881)</b>
Net deferred tax assets (liabilities)	<b>¥ (104,150)</b>	<b>¥ (56,986)</b>	<b>\$ (687,867)</b>

\*1 The expiration of net operating loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2024 and 2023 were as follows:

Millions of yen			
FY2023			
March 31	Net operating loss carryforwards <sup>*2</sup>	Valuation allowance	Deferred tax assets
2025	¥ 1,332	¥ (1,278)	¥ 54
2026	2,164	(1,864)	300
2027	1,341	(882)	459
2028	1,860	(871)	989
2029	2,314	(1,586)	728
2030 and thereafter	75,066	(72,798)	2,268
	<b>¥84,077</b>	<b>¥(79,279)</b>	<b>¥4,798</b>

Millions of yen			
FY2022			
March 31	Net operating loss carryforwards <sup>*2</sup>	Valuation allowance	Deferred tax assets
2024	¥ 1,606	¥ (1,455)	¥ 151
2025	1,670	(1,567)	103
2026	1,412	(780)	632
2027	1,935	(680)	1,255
2028	2,360	(1,044)	1,316
2029 and thereafter	61,740	(60,141)	1,599
	<b>¥70,724</b>	<b>¥(65,667)</b>	<b>¥5,057</b>

Thousands of U.S. dollars			
FY2023			
March 31	Net operating loss carryforwards <sup>*2</sup>	Valuation allowance	Deferred tax assets
2025	\$ 8,797	\$ (8,441)	\$ 357
2026	14,292	(12,311)	1,981
2027	8,857	(5,825)	3,032
2028	12,285	(5,753)	6,532
2029	15,283	(10,475)	4,808
2030 and thereafter	495,780	(480,800)	14,979
	<b>\$555,294</b>	<b>\$(523,605)</b>	<b>\$31,689</b>

\*2 This amount is net operating loss carryforwards multiplied by statutory tax rate.



### 13. RETIREMENT BENEFITS

The Company and most of its domestic consolidated subsidiaries have contributory and noncontributory defined benefit plans and lump-sum retirement benefit plans. The Company and some of its subsidiaries have defined contribution plans and prepaid retirement allowance plans. Some overseas subsidiaries have defined benefit plans and defined contribution plans. Some subsidiaries apply the simplified method for the computation of benefit obligations.

#### a) Defined Benefit Plans

(1) Movements in retirement benefit obligations, except for plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars	
	For the years ended	FY2023	FY2022	FY2023
		March 31, 2024	March 31, 2023	March 31, 2024
Balance at beginning of year		¥297,730	¥317,051	\$1,966,383
Service cost		12,995	14,099	85,827
Interest cost		4,549	2,859	30,044
Actuarial gains and losses		(605)	(24,904)	(3,996)
Benefits paid		(13,801)	(13,529)	(91,150)
Other		4,610	2,154	30,447
Balance at end of year		¥305,478	¥297,730	\$2,017,555

(2) Movements in plan assets, except for plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars	
	For the years ended	FY2023	FY2022	FY2023
		March 31, 2024	March 31, 2023	March 31, 2024
Balance at beginning of year		¥431,757	¥447,853	\$2,851,575
Expected return on plan assets		8,572	8,355	56,614
Actuarial gains and losses		119,705	(24,595)	790,602
Contributions paid by the employer		7,965	7,736	52,606
Benefits paid		(9,888)	(9,659)	(65,306)
Other		2,079	2,067	13,731
Balance at end of year		¥560,190	¥431,757	\$3,699,822

(3) Movements in net defined benefit liabilities (or assets) for defined benefit plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars	
	For the years ended	FY2023	FY2022	FY2023
		March 31, 2024	March 31, 2023	March 31, 2024
Balance at beginning of year		¥3,824	¥3,405	\$25,256
Retirement benefit costs		239	452	1,578
Benefits paid		(192)	(184)	(1,268)
Contributions paid by the employer		(82)	(80)	(542)
Other		118	231	779
Balance at end of year		¥3,907	¥3,824	\$25,804

(4) Reconciliation from retirement benefit obligations and plan assets to net defined benefit liabilities (assets) in the consolidated balance sheet, including the defined benefit plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars	
	As of	FY2023 March 31, 2024	FY2022 March 31, 2023	
			FY2023 March 31, 2024	
Funded retirement benefit obligations		¥ 268,530	¥ 267,486	\$ 1,773,529
Plan assets		(562,839)	(434,280)	(3,717,317)
		(294,309)	(166,794)	(1,943,788)
Unfunded retirement benefit obligations		43,504	36,591	287,326
Total net defined benefit liabilities (assets)		¥(250,805)	¥(130,203)	\$ (1,656,463)
Net defined benefit liabilities		¥ 52,935	¥ 45,794	\$ 349,614
Net defined benefit assets		(303,740)	(175,997)	(2,006,076)
Total net defined benefit liabilities (assets)		¥(250,805)	¥(130,203)	\$ (1,656,463)

(5) Retirement benefit costs

	Millions of yen		Thousands of U.S. dollars	
	For the years ended	FY2023 March 31, 2024	FY2022 March 31, 2023	
			FY2023 March 31, 2024	
Service cost		¥12,494	¥13,612	\$82,518
Interest cost		4,549	2,859	30,044
Expected return on plan assets		(8,572)	(8,355)	(56,614)
Amortization:				
Actuarial gains and losses		(4,781)	(8,211)	(31,577)
Past service cost		666	(209)	4,399
Retirement benefit costs from plans applying the simplified method		239	452	1,578
Other		38	160	251
Total retirement benefit costs		¥ 4,633	¥ 308	\$30,599

1. Employees' contribution to the corporate pension fund is deducted from "Service cost."

2. In addition to the retirement benefit costs listed above, an extra payment of retirement benefits in the amount of ¥2,794 million (US\$18,453 thousand) and ¥4,138 million were recognized as restructuring expenses in the consolidated statement of income for fiscal years 2023 and 2022, respectively.

(6) Remeasurements of defined benefit plans (before tax)

	Millions of yen		Thousands of U.S. dollars	
	For the years ended	FY2023 March 31, 2024	FY2022 March 31, 2023	
			FY2023 March 31, 2024	
Past service cost		¥ (541)	¥ (197)	\$ (3,573)
Actuarial gains and losses		115,408	(9,240)	762,222
Total		¥114,867	¥(9,437)	\$758,649

(7) Accumulated remeasurements of defined benefit plans (before tax)

	Millions of yen		Thousands of U.S. dollars	
	As of	FY2023 March 31, 2024	FY2022 March 31, 2023	FY2023 March 31, 2024
Unrecognized past service cost		¥ 134	¥ 675	\$ 885
Unrecognized actuarial gains and losses		186,701	71,293	1,233,082
Total		¥186,835	¥71,968	\$1,233,967

(8) Plan assets

1. Plan assets comprise:

	FY2023	FY2022
Equity securities	57.1%	49.0%
Bonds	22.5	27.9
General account	7.1	9.0
Cash and cash equivalents	4.3	3.1
Other	9.0	11.0
Total	100.0%	100.0%

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.

(9) Actuarial assumptions

The principal actuarial assumptions at March 31, 2024 and 2023 (expressed as weighted averages) were as follows:

	FY2023	FY2022
Discount rate	1.7%	1.5%
Long-term expected rate of return	2.0	2.0

The Company and some of its consolidated subsidiaries do not apply expected rates of pay raises to calculate retirement benefit obligations because they have adopted a point basis.

**b) Defined Contribution Plans and Prepaid Retirement Allowance Plans**

The amount of required contributions to the defined contribution plans and the prepaid retirement allowance plans of the Company and its consolidated subsidiaries was ¥8,639 million (US\$57,057 thousand) and ¥8,010 million for FY2023 and FY2022, respectively.

#### 14. CONTINGENT LIABILITIES

Contingent liabilities as of March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	<b>FY2023</b>	FY2022	<b>FY2023</b>
	As of <b>March 31, 2024</b>	March 31, 2023	<b>March 31, 2024</b>
Notes receivable discounted	<b>¥2,285</b>	¥2,570	<b>\$15,091</b>
Notes receivable endorsed	<b>20</b>	7	<b>132</b>

<b>FY2023</b>	As of <b>March 31, 2024</b>	Millions of yen	Thousands of U.S. dollars
Guarantees: Debt guarantees and similar agreements			
	Jiaxing SEI-Futong Optical Fiber Co., Ltd.	<b>¥813</b>	<b>\$5,370</b>
	Sumiden International Trading (Shanghai) Co., Ltd.	<b>691</b>	<b>4,564</b>
	Daeheung SumiRiko Rubber Material (Yancheng) Co., Ltd.	<b>521</b>	<b>3,441</b>
	Employees	<b>78</b>	<b>515</b>
	Others	<b>532</b>	<b>3,514</b>

<b>FY2022</b>	As of <b>March 31, 2023</b>	Millions of yen
Guarantees: Debt guarantees and similar agreements		
	Jiaxing SEI-Futong Optical Fiber Co., Ltd.	¥866
	Daeheung SumiRiko Rubber Material (Yancheng) Co., Ltd.	751
	Sumiden International Trading (Shanghai) Co., Ltd.	725
	SEI-Futong Submarine Power Cables Co., Ltd.	576
	Employees	93
	Others	573

#### 15. FIRE INSURANCE RECOVERY GAIN AND COMPENSATION INCOME

In fiscal year 2022, the fire insurance recovery gain and compensation income were the insurance and compensation income for damages caused by a fire occurred at a distribution center at which a consolidated subsidiary outsourced product storage and other operations.

#### 16. LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Loss on disposal of property, plant and equipment for the years ended March 31, 2024 and 2023 was as follows:

	Millions of yen		Thousands of U.S. dollars
	<b>FY2023</b>	FY2022	<b>FY2023</b>
	For the years ended <b>March 31, 2024</b>	March 31, 2023	<b>March 31, 2024</b>
Buildings and structures	<b>¥ 771</b>	¥ 658	<b>\$ 5,092</b>
Machinery, equipment and others	<b>4,723</b>	2,421	<b>31,193</b>

## 17. IMPAIRMENT LOSS ON FIXED ASSETS

The Company and its consolidated subsidiaries grouped long-lived assets into asset groups by business segment and conducted impairment tests with the conclusion that the carrying amounts should be reduced to the recoverable amounts by ¥15,927 million (US\$105,191 thousand) and ¥4,774 million in FY2023 and FY2022, respectively. The recoverable amount is mainly the net selling price.

Impairment loss on fixed assets for each reportable segment is disclosed in Note 22 b) (4), for the years ended March 31, 2024 and 2023.

Impairment loss on fixed assets for the years ended March 31, 2024 and 2023 was as follows:

FY2023	Millions of yen	Thousands of U.S. dollars
Buildings and structures	¥ 6,074	\$ 40,116
Machinery, equipment and others	5,773	38,128
Construction in progress	1,197	7,906
Long-term prepaid expenses	1,150	7,595
Other	1,733	11,446
	¥15,927*	\$105,191*

\* The amount of ¥6,506 million (US\$42,969 thousand) is included in “Restructuring expenses” (Note 18) in the consolidated statement of income for fiscal year 2023.

FY2022	Millions of yen
Machinery, equipment and others	¥2,653
Long-term prepaid expenses	830
Construction in progress	727
Other	564
	¥4,774*

\* The amount of ¥1,951 million is included in “Restructuring expenses” (Note 18) in the consolidated statement of income for fiscal year 2022.

## 18. RESTRUCTURING EXPENSES

In fiscal year 2023, restructuring expenses of ¥15,613 million (US\$103,117 thousand) were related to the reorganization of the business locations to strengthen profitability and make the production structure of the sintered powder metal parts business, etc., more efficient and the partial review of R&D themes in the Company.

In fiscal year 2022, restructuring expenses of ¥9,622 million were related to the reorganization of the business locations to strengthen profitability and make the production structure of the sintered powder metal parts business and the wiring harness business, etc., more efficient and the withdrawal of some automakers from Russian business, etc.

Major expenses for the fiscal years 2023 and 2022 were as follows:

FY2023	Millions of yen	Thousands of U.S. dollars
Impairment loss on fixed assets (Note 17)	¥6,506	\$42,969
Loss on disposal of fixed assets	3,209	21,194
Extra payment of retirement benefits	2,794	18,453

  

FY2022	Millions of yen
Extra payment of retirement benefits	¥4,138
Impairment loss on fixed assets (Note 17)	1,951

#### 19. PROVISION FOR LOSS ON BUSINESS

In fiscal year 2023, the provision for loss on business was estimated based on reasonable amounts of losses expected to be incurred in the future for building a mass production system in some businesses.

#### 20. LOSS DUE TO FIRE

In fiscal year 2022, the loss due to fire was due to the loss of products, etc., caused by a fire which occurred at a distribution center to which a consolidated subsidiary outsources product storage and other operations.

## 21. REVENUE RECOGNITION

### a) Disaggregation of revenue

The Company and its consolidated subsidiaries derive revenue primarily from contracts with customers. The following table shows the disaggregation of revenue attributable to each reportable segment and its main products. Revenues from other sources are not material.

	Millions of yen		Thousands of U.S. dollars
	FY 2023	FY 2022	FY 2023
	For the year ended March 31, 2024	March 31, 2023	March 31, 2024
<b>Environment and Energy segment</b>			
Electric conductors	¥ 163,576	¥ 160,745	\$ 1,080,351
Power transmission wires, cables, equipment, work and engineering	284,138	261,972	1,876,613
Sumitomo Densetsu	185,524	175,121	1,225,309
Nissin Electric	145,220	142,615	959,118
Magnet wires and others	201,519	187,786	1,330,949
Subtotal	979,977	928,239	6,472,340
<b>Infocommunications segment</b>			
Optical fiber cables, telecommunication cables and equipment, fusion splicers	86,825	112,314	573,443
Optical and electronic devices	54,500	77,616	359,950
Access network equipment	43,310	39,879	286,045
Others	21,439	20,516	141,596
Subtotal	206,074	250,325	1,361,033
<b>Automotive segment</b>			
Wiring harnesses, car electronic components	1,976,607	1,642,324	13,054,666
Sumitomo Riko and others	619,797	544,525	4,093,501
Subtotal	2,596,404	2,186,849	17,148,167
<b>Electronics segment</b>			
Electronic wires	105,671	107,811	697,913
Flexible printed circuits	92,355	94,135	609,966
Electron beam irradiation products, fluorine resin products	23,886	26,049	157,757
Techno Associe	96,349	95,263	636,345
Others	38,217	42,755	252,407
Subtotal	356,478	366,013	2,354,389
<b>Industrial Materials and Others segment</b>			
Tensioning materials for prestressed concrete, precision spring steel wires, steel tire cord	111,591	110,721	737,012
Cemented carbide tools, diamond and CBN tools, laser optics	110,226	113,111	727,997
Sintered powder metal parts	82,872	75,101	547,335
A.L.M.T.	44,234	47,363	292,147
Others	15,262	17,000	100,799
Subtotal	364,185	363,296	2,405,290
Adjustments	(100,304)	(89,161)	(662,466)
Total	¥4,402,814	¥4,005,561	\$29,078,753

## b) Contract balances

The following table shows the balances of receivables from contracts with customers, contract assets and contract liabilities.

As of	Millions of yen		Thousands of
	<b>FY 2023</b>	FY 2022	U.S. dollars
	<b>March 31, 2024</b>	March 31, 2023	<b>FY 2023</b>
			<b>March 31, 2024</b>
Receivables from contracts with customers	<b>¥875,933</b>	¥842,794	<b>\$5,785,173</b>
Contract assets	<b>36,497</b>	32,838	<b>241,047</b>
Contract liabilities	<b>74,263</b>	50,168	<b>490,476</b>

The increase in contract assets was caused mainly by revenue recognition and the decrease in contract assets was caused mainly by their transfer to trade receivables.

The increase in contract liabilities was caused mainly by the receipt of advances from customers and the decrease in contract liabilities was caused mainly by revenue recognition.

Of the revenue recognized during the fiscal year ended March 31, 2024, and during the fiscal year ended March 31, 2023, ¥41,480 million (US\$273,958 thousand) and ¥38,086 million were included in contract liabilities at the beginning of the fiscal year. And revenue recognized in relation to performance obligations satisfied or partially satisfied in past periods was not material.

## c) Transaction price allocated to remaining performance obligations

The following table shows the total amounts of transaction price allocated to the remaining performance obligations and the period when the revenues were expected to be recognized in the Environment and Energy segment. There were no significant amounts of consideration arising from contracts with customers that were not included in the transaction price.

In some consolidated subsidiaries, transactions with initial expected contract terms of less than one year were not included in the amounts below.

In some consolidated subsidiaries, the transaction price in a contract in which the schedule of installation was not determined as of the end of March 31, 2024, is classified by the timing of the completion of the installation.

The segments except Environment and Energy, which have contracts in which initial expected terms are mainly one year or less are not included in this disclosure.

As of	Millions of yen		Thousands of
	<b>FY 2023</b>	FY 2022	U.S. dollars
	<b>March 31, 2024</b>	March 31 2023	<b>FY 2023</b>
			<b>March 31, 2024</b>
Environment and Energy segment			
Within 1 year	<b>¥228,194</b>	¥192,497	<b>\$1,507,126</b>
Later than 1 year	<b>191,167</b>	148,729	<b>1,262,578</b>
Total	<b>¥419,361</b>	¥341,226	<b>\$2,769,705</b>



## 22. SEGMENT INFORMATION

### a) Reportable Segments

The reportable segments of the Company are business areas for which separate financial information is available for the President, the supreme decision maker in the Company, to make decisions regarding resource allocation and to evaluate business results.

The Company has adopted a business unit system based upon similarities in each product category, methods for manufacturing, sales markets, etc., and devises comprehensive strategies for the Company and its affiliates by dividing businesses such as product development, manufacturing, sales and supplementary services into the following five classifications: "Environment and Energy," "Infocommunications," "Automotive," "Electronics" and "Industrial Materials and Others." Therefore, the Company considers the above five classifications as reportable segments.

The methods used to account for sales, profit or loss, assets and other items by reportable segment are in accordance with the accounting policies stated in Note 2. Intersegment sales are stated at current market value.

#### Environment and Energy:

Electric conductors, power transmission wires/cables/equipment, magnet wires, air cushions for railroad vehicles, power system equipment such as substation equipment/control systems, charged beam equipment and processing, electrical/power supply work and engineering, porous metals, and metal materials for electronic parts

#### Infocommunications:

Optical fiber cables, telecommunication cables and equipment, fusion splicers, optical/wireless devices such as optical transceiver modules/wireless communication devices, compound semiconductor, and access network equipment (GE-PON/set-top box/CATV-related products, etc.)

#### Automotive:

Wiring harnesses, anti-vibration rubbers, automotive hoses, car electronic components, and network/system devices such as traffic control devices

#### Electronics:

Electronic wires, electron beam irradiation products, flexible printed circuits, fluorine resin products, fasteners, metal parts, and chemical products

#### Industrial Materials and Others:

Tensioning materials for prestressed concrete, precision spring steel wires, steel tire cord, cemented carbide tools, diamond and CBN tools, laser optics, sintered powder metal parts, and semiconductors heat-spreader materials

Reportable segment information for the years ended March 31, 2024 and 2023 was as follows:

	Millions of yen						Consolidated
	Environment & Energy	Infocommunications	Automotive	Electronics	Industrial Materials & Others	Adjustments	
<b>FY2023</b>							
Sales to customers	¥949,182	¥202,660	¥2,593,472	¥308,383	¥349,117	¥ —	¥4,402,814
Intersegment sales	30,795	3,414	2,932	48,095	15,068	(100,304)	—
Net sales	¥979,977	¥206,074	¥2,596,404	¥356,478	¥364,185	¥(100,304)	¥4,402,814
Segment profit or loss	¥ 42,890	¥(11,552)	¥ 144,674	¥ 29,297	¥ 21,067	¥ (242)	¥ 226,618
Segment assets	¥982,852	¥287,333	¥2,173,494	¥313,255	¥994,403	¥(385,940)	¥4,365,397
Depreciation and amortization	¥ 23,980	¥ 16,997	¥ 118,625	¥ 21,095	¥ 25,634	¥ —	¥ 206,331
Amortization of goodwill	0	—	2	—	—	—	2
Investments in equity method affiliates	11,086	6,634	212,663	1,197	58,394	—	289,974
Amount of increase in tangible and intangible fixed assets	27,916	15,825	123,387	23,586	21,213	—	211,927

	Millions of yen						
	Environment & Energy	Infocommuni-cations	Automotive	Electronics	Industrial Materials & Others	Adjustments	Consolidated
<b>FY2022</b>							
Sales to customers	¥900,755	¥244,962	¥2,184,541	¥327,846	¥347,457	¥ —	¥4,005,561
Intersegment sales	27,484	5,363	2,308	38,167	15,839	(89,161)	—
Net sales	¥928,239	¥250,325	¥2,186,849	¥366,013	¥363,296	¥ (89,161)	¥4,005,561
Segment profit or loss	¥ 37,920	¥ 21,926	¥ 55,745	¥ 38,349	¥ 23,978	¥ (475)	¥ 177,443
Segment assets	¥918,753	¥296,968	¥1,959,924	¥279,916	¥895,120	¥(337,673)	¥4,013,008
Depreciation and amortization	¥ 22,530	¥ 18,822	¥ 107,821	¥ 20,692	¥ 26,134	¥ —	¥ 195,999
Amortization of goodwill	1	—	66	—	—	—	67
Investments in equity method affiliates	7,763	5,806	189,033	1,235	52,928	—	256,765
Amount of increase in tangible and intangible fixed assets	36,150	17,390	121,310	24,255	21,904	—	221,009

	Thousands of U.S. dollars						
	Environment & Energy	Infocommuni-cations	Automotive	Electronics	Industrial Materials & Others	Adjustments	Consolidated
<b>FY2023</b>							
Sales to customers	\$6,268,952	\$1,338,485	\$17,128,803	\$2,036,741	\$2,305,772	\$ —	\$29,078,753
Intersegment sales	203,388	22,548	19,365	317,647	99,518	(662,466)	—
Net sales	\$6,472,340	\$1,361,033	\$17,148,167	\$2,354,389	\$2,405,290	\$ (662,466)	\$29,078,753
Segment profit or loss	\$ 283,271	\$ (76,296)	\$ 955,512	\$ 193,494	\$ 139,139	\$ (1,598)	\$ 1,496,718
Segment assets	\$6,491,328	\$1,897,715	\$14,355,023	\$2,068,919	\$6,567,618	\$(2,548,973)	\$28,831,629
Depreciation and amortization	\$ 158,378	\$ 112,258	\$ 783,469	\$ 139,324	\$ 169,302	\$ —	\$ 1,362,730
Amortization of goodwill	0	—	13	—	—	—	13
Investments in equity method affiliates	73,218	43,815	1,404,551	7,906	385,668	—	1,915,158
Amount of increase in tangible and intangible fixed assets	184,374	104,518	814,920	155,776	140,103	—	1,399,690

1. Segment profit or loss included in Adjustments of ¥(242) million or US\$(1,598) thousand and ¥(475) million for FY2023 and FY2022, respectively, consists mainly of unrealized profits caused by intersegment transactions.
2. Segment assets included in Adjustments of ¥(385,940) million or US\$(2,548,973) thousand and ¥(337,673) million as of March 31, 2024 and 2023, respectively, consist mainly of elimination of receivables caused by intersegment transactions, cash and time deposits and investment securities owned by the Company.
3. Segment profit or loss is reconciled with operating profit in the consolidated statement of income.

## b) Related Information

(1) Information about products and services

	Millions of yen		
	Wiring harnesses	Others	Total
<b>FY2023</b>			
Sales to customers	¥1,976,607	¥2,426,207	¥4,402,814

	Millions of yen		
	Wiring harnesses	Others	Total
<b>FY2022</b>			
Sales to customers	¥1,642,324	¥2,363,237	¥4,005,561

	Thousands of U.S. dollars		
	Wiring harnesses	Others	Total
<b>FY2023</b>			
Sales to customers	\$13,054,666	\$16,024,087	\$29,078,753

(2) Information about geographical areas

Sales to customers

Millions of yen							
FY2023	Japan	Asia		Americas		Europe and Others	Consolidated
		China	Others	U.S.	Others		
Sales to customers	<b>¥1,664,836</b>	<b>¥615,139</b>	<b>¥615,786</b>	<b>¥654,173</b>	<b>¥274,176</b>	<b>¥578,704</b>	<b>¥4,402,814</b>

Millions of yen							
FY2022	Japan	Asia		Americas		Europe and Others	Consolidated
		China	Others	U.S.	Others		
Sales to customers	¥1,497,291	¥630,293	¥625,994	¥587,289	¥201,644	¥463,050	¥4,005,561

Thousands of U.S. dollars							
FY2023	Japan	Asia		Americas		Europe and Others	Consolidated
		China	Others	U.S.	Others		
Sales to customers	<b>\$10,995,549</b>	<b>\$4,062,737</b>	<b>\$4,067,010</b>	<b>\$4,320,540</b>	<b>\$1,810,818</b>	<b>\$3,822,099</b>	<b>\$29,078,753</b>

Net property, plant and equipment

Millions of yen							
FY2023	Japan	Asia		Americas	Europe and Others	Consolidated	
		China	Others				
Net property, plant and equipment	<b>¥482,125</b>	<b>¥114,879</b>	<b>¥239,504</b>	<b>¥123,134</b>	<b>¥138,509</b>	<b>¥1,098,151</b>	

Millions of yen							
FY2022	Japan	Asia		Americas	Europe and Others	Consolidated	
		China	Others				
Net property, plant and equipment	¥492,801	¥117,596	¥223,082	¥110,945	¥118,355	¥1,062,779	

Thousands of U.S. dollars							
FY2023	Japan	Asia		Americas	Europe and Others	Consolidated	
		China	Others				
Net property, plant and equipment	<b>\$3,184,235</b>	<b>\$758,728</b>	<b>\$1,581,824</b>	<b>\$813,249</b>	<b>\$914,794</b>	<b>\$7,252,830</b>	

(3) Information about major customers

This information is omitted because the Company does not have any major customers that account for 10% or more of net sales in the consolidated statement of income for FY2023 or FY2022.

## (4) Information about impairment loss on fixed assets by reportable segment

	Millions of yen						
	Environment & Energy	Infocommunications	Automotive	Electronics	Industrial Materials & Others	Adjustments	Total
<b>FY2023</b>							
Impairment loss on fixed assets	¥280	¥4,912	¥1,210	¥712	¥3,795	¥5,018	¥15,927
	Millions of yen						
	Environment & Energy	Infocommunications	Automotive	Electronics	Industrial Materials & Others	Adjustments	Total
<b>FY2022</b>							
Impairment loss on fixed assets	¥186	¥1,541	¥456	¥577	¥2,014	¥—	¥4,774
	Thousands of U.S. dollars						
	Environment & Energy	Infocommunications	Automotive	Electronics	Industrial Materials & Others	Adjustments	Total
<b>FY2023</b>							
Impairment loss on fixed assets	\$1,849	\$32,442	\$7,992	\$4,702	\$25,064	\$33,142	\$105,191

Adjustments of ¥5,018 million or US\$33,142 thousand for FY2023 represented impairment losses on Research and Development equipment and others that were not attributable to any reportable segment.

## (5) Information about goodwill by reportable segment

	Millions of yen					
	Environment & Energy	Infocommunications	Automotive	Electronics	Industrial Materials & Others	Total
<b>FY2023</b>						
Amortization	¥0	¥—	¥ 2	¥—	¥—	¥2
Balance at end	¥3	¥—	¥—	¥—	¥—	¥3
	Millions of yen					
	Environment & Energy	Infocommunications	Automotive	Electronics	Industrial Materials & Others	Total
<b>FY2022</b>						
Amortization	¥1	¥—	¥66	¥—	¥—	¥67
Balance at end	¥4	¥—	¥ 2	¥—	¥—	¥ 6
	Thousands of U.S. dollars					
	Environment & Energy	Infocommunications	Automotive	Electronics	Industrial Materials & Others	Total
<b>FY2023</b>						
Amortization	\$ 0	\$—	\$13	\$—	\$—	\$13
Balance at end	\$20	\$—	\$—	\$—	\$—	\$20

## 23. RELATED PARTY INFORMATION

### Notes on Significant Affiliates

Condensed financial information for a significant affiliate, Sumitomo Rubber Industries, Ltd., that has a fiscal year ending December 31, at the end of FY2023 is as follows:

<b>FY2023</b>	Millions of yen	Thousands of U.S. dollars
Total current assets	<b>¥624,719</b>	<b>\$4,126,009</b>
Total non-current assets	<b>642,013</b>	<b>4,240,229</b>
Total current liabilities	<b>331,089</b>	<b>2,186,705</b>
Total non-current liabilities	<b>294,213</b>	<b>1,943,154</b>
Total equity	<b>641,430</b>	<b>4,236,378</b>
Sales revenue	<b>1,177,399</b>	<b>7,776,230</b>
Profit before tax	<b>62,745</b>	<b>414,405</b>
Profit for the year attributable to: Owners of the parent company	<b>37,048</b>	<b>244,687</b>

Condensed financial information for a significant affiliate, Sumitomo Rubber Industries, Ltd., that has a fiscal year ending December 31, at the end of FY2022 is as follows:

<b>FY2022</b>	Millions of yen
Total current assets	¥623,899
Total non-current assets	601,303
Total current liabilities	352,908
Total non-current liabilities	308,431
Total equity	563,863
Sales revenue	1,098,664
Profit before tax	22,539
Profit for the year attributable to: Owners of the parent company	9,415

## 24. ADDITIONAL INFORMATION

(Hyperinflation adjustment)

From the fiscal year ended March 31, 2023, the consolidated subsidiary and the affiliate accounted for by the equity method, both of which have consolidated subsidiaries in Turkey, have made adjustments pursuant to IAS 29 "Financial Reporting in Hyperinflationary Economies", and consolidated the financial statements of the Turkish subsidiaries.

As a result of the restatement pursuant to the accounting standard, retained earnings increased by ¥48 million, foreign currency translation adjustments increased by ¥2,268 million and non-controlling interests decreased by ¥33 million at the beginning of the fiscal year ended March 31, 2023. These changes are presented as "Hyperinflation adjustment" in the Consolidated Statement of Changes in Net Assets.

## 25. OTHER

The Company is in negotiations with some automakers for damages regarding violation of competition law in the Automotive segment.



# Independent auditor's report

To the Board of Directors of Sumitomo Electric Industries, Ltd.:

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Sumitomo Electric Industries, Ltd. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheet as at March 31, 2024, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year 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, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

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

### 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 estimates of total construction costs of large-scale contracts and the provision for loss on order

The key audit matter	How the matter was addressed in our audit
As described in Note 2 – r), “Use of Estimates” to the consolidated financial statements, Sumitomo Electric Industries, Ltd. (the “Company”) and its consolidated	With respect to the Company’s estimate of total construction costs that provided the basis to calculate the progress towards the completion of large-scale contracts to install power cables for revenue

subsidiaries recognized revenue in the consolidated financial statements for the current fiscal year from performance obligations as they are satisfied over time, mainly for construction contracts in the Environment & Energy segment, based on the estimated progress towards complete satisfaction of those performance obligations. Also as described in the same note, provisions are made for losses expected to be incurred in the subsequent fiscal years for contracts in progress at the end of the current fiscal year, when the total costs of the project is more likely to exceed the total revenue, and, the loss amount can be reasonably estimable.

The progress towards the completion of construction is estimated based on the proportion of construction costs incurred to the total construction costs in the project budgets. The order backlog in the Environment & Energy segment and the provision for loss on order amounted to ¥493,210 million and ¥1,415 million, respectively, at the end of the current fiscal year.

Construction to install high-voltage direct current cables for the interconnections among the national and regional power electric utilities and remote island power transmission business and submarine power cables for the large-scale commercial offshore wind power generation business within the Environment & Energy segment are characterized by (1) long construction periods and individually unique conditions; (2) frequent changes in construction periods and tasks subsequent to accepting orders due to changes in circumstances; and (3) the resulting revisions to the total construction costs at multiple times throughout the construction period until completion. If additional costs incurred as a result of subsequent increases in subcontract costs and labor costs cannot be recovered by passing those costs to the sales prices, it may adversely affect the construction profits. Accordingly, it is important that the estimate

recognition and the provision for loss on order in the Environment & Energy segment, we performed the following audit procedures with direct involvement of the senior members of the engagement team:

- (1) We tested the design and operating effectiveness of certain of the Company's internal controls related to the project budgets for construction contracts. In this assessment, we focused our testing on the following internal controls:
  - controls relevant to the risk assessment at the time of order acceptance;
  - controls relevant to the approvals of the project budgets; and
  - controls relevant to the monitoring of the project budgets and related risks.
- (2) we primarily performed the following procedures to assess whether the project budgets for construction contracts used to estimate the progress towards the completion of construction were appropriately prepared:
  - inspected the construction contracts to obtain understanding of the important terms and conditions;
  - inspected the materials used for the project progress meetings in which revisions to the project budgets were discussed on a quarterly basis, inquired of the construction project managers, the personnel responsible for the Planning & Administrative Department as well as the personnel responsible for the Accounting Department, among others, regarding their judgment as to whether the project budgets should be revised in response to changes in construction tasks and other factors during construction, inspected the documents supporting their responses, and assessed the responses for consistency with each other thoroughly by exercising our professional skepticism;
  - inquired of the construction project managers, the personnel responsible for the Planning & Administrative Department as well as the personnel responsible for the Accounting Department, among others, as to whether the determination to revise the project budgets was properly made in situations involving rising subcontract

<p>of total construction costs is revised in a timely manner in response to changes in circumstances and that all costs required to complete constructions are reflected in the project budgets. In particular, the following estimates in the total construction costs involve a certain degree of uncertainties:</p> <ul style="list-style-type: none"> <li>- additional costs to be incurred as a result of changes in construction tasks and periods during construction; and</li> <li>- additional costs to be incurred as a result of rising subcontract costs and labor costs</li> </ul> <p>We, therefore, determined that our assessment of the appropriateness of the Company's estimate of total construction costs that provided the basis to calculate the progress towards the completion of large-scale contracts for revenue recognition and the provision for loss on order was of most significance in our audit of the consolidated financial statements for the current fiscal year and, accordingly, a key audit matter.</p>	<p>costs and labor costs and traced to the related documents such as price index information published by external organizations and related contracts;</p> <ul style="list-style-type: none"> <li>- assessed the precision of the project budgets by comparing planned costs for the current fiscal year included in the project budget with actual costs incurred, and evaluated whether variances were properly reflected in the revisions to the project budgets.</li> </ul>
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**Other Information**

The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors 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 and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are 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 corporate auditors and the board of corporate auditors 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 corporate auditors and the board of corporate auditors 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, actions taken to eliminate threats or safeguards applied.

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

### **Fee-related Information**

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in "Accounting fees" included in "Supplemental Information" of the Annual Report.

### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 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 1 to the consolidated financial statements.

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

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Daisuke Harada  
Designated Engagement Partner  
Certified Public Accountant

Mitsuhiro Matsumoto  
Designated Engagement Partner  
Certified Public Accountant

Kazuki Sato  
Designated Engagement Partner  
Certified Public Accountant

KPMG AZSA LLC  
Osaka Office, Japan  
June 26, 2024

**Notes to the Reader of Independent Auditor's Report:**

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.