

Daido Metal Co., Ltd.
and Consolidated Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023,
AND
INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Daido Metal Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Daido Metal Co., Ltd. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2023, and the consolidated statement of operations, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside 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 provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. 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.

Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
Valuation of intangible assets including goodwill.	
<p>As stated in Note 3 to the consolidated financial statements, goodwill of ¥4,629 million and customer related assets of ¥3,122 million, resulting from the acquisition of ATA Casting Technology Japan Co., Ltd. and its subsidiaries (hereinafter the “ATA Group”) and Iino Holding Ltd. and its subsidiaries (hereinafter the “Iino Group”), were recorded in the consolidated balance sheet as of March 31, 2023.</p> <p>In determining whether impairment indications are identified, an impairment test is carried out for a larger unit, which consists of goodwill, customer-related asset and group of assets in which goodwill has been allocated, assuming that there is an indication of impairment and the amount of the purchase price allocated to intangible assets, including goodwill, is material.</p> <p>When recognizing and measuring the impairment loss, the recoverable amount is based on the value in use. The Group evaluates whether there is any indication of impairment by utilizing the estimated undiscounted future cash flows, which are based on the business plan reflecting the current business environment.</p> <p>The significant assumptions used in estimating the value in use involve the projection of sales quantities, reflection of price changes in major raw materials to selling prices in response to market fluctuations and the estimation of progress in measures to reduce production cost, which are the basis of the business plan made by management.</p> <p>The projection of sales quantities of the ATA Group was calculated based on the production plan for product items with a high order probability, considering estimated orders supported by the current forecasted receipts from customers, and a considerable recovery from the decrease in the number of new vehicles produced due to factors such as semiconductor shortages is also incorporated into these figures. In addition, reflection of price changes in aluminum bullion of a major raw material to selling prices in response to market fluctuations were</p>	<p>Our audit procedures to test the valuation of intangible assets, including goodwill, included the following, among others:</p> <p>-We assessed the estimated future cash flows in calculating the value in use by evaluating whether they were consistent with the business plan of the following year and the medium-term management plan approved by management.</p> <p>In addition, we assessed the accuracy of the future business plan by comparing the medium-term management plan in prior years with the actual results.</p> <p>-Regarding the ATA Group, we tested whether the estimated orders of new parts, which resulted in the sales increase, were supported by current forecasted receipts from customers, and we evaluated the degree of the recovery from the decrease in the number of new vehicles produced due to factors such as semiconductor shortages. We also tested whether the projection of sales quantities was based on the estimated production quantities by customer with which we compared to the estimated automotive production quantities obtained from independent sources. In addition, we inspected the estimates to determine whether market fluctuations in aluminum bullion of a major raw material were regularly reflected on selling prices and evaluated the reasonableness of the assumptions used by management.</p> <p>-Regarding the Iino Group, we compared the projection of an increase in sales quantities with the projection of automobile production quantities obtained from independent sources, and evaluated the reasonableness of the assumptions used by management by comparing the sales forecast of product items with a high order probability to the estimates and current forecasted receipts from customers.</p> <p>We also performed a sensitivity analysis to assess the reasonableness of highly uncertain assumptions and projections used in estimating the</p>

<p>partially incorporated into the business plan.</p> <p>The projection of sales quantities of the Iino Group was calculated based on the assumption of an increase in the production quantities of the main customers and the sales forecasts for product items with a high order probability.</p> <p>The assessment for recognizing and measuring impairment losses requires careful consideration as the assumptions above have a significant impact on the estimated undiscounted future cash flows.</p> <p>Therefore, we determined the valuation of intangible assets, including goodwill, resulting from the acquisition of the ATA Group and the Iino Group as a key audit matter.</p>	<p>value in use of the assets.</p>
<p>Valuation of tangible assets for DM Casting Technology (Thailand) Co., Ltd.</p>	
<p>As stated in Note 3 to the consolidated financial statements, tangible assets of DM Casting Technology (Thailand) Co., Ltd. of ¥1,708 million and related impairment losses of ¥2,014 million were recorded in the consolidated financial statements for the year ended March 31, 2023.</p> <p>If there is an indication of impairment of an asset or asset group, the Group determines whether an impairment loss should be recognized. If the recoverable amount of an asset group is less than the carrying amount, the Group reduces the carrying amount to the recoverable amount and recognizes the reduction as an impairment loss.</p> <p>DM Casting Technology (Thailand) Co., Ltd. manufactures aluminum die-cast parts for Electric Vehicles. The company's sales are affected by the number of vehicles produced with these and its costs are affected by the increase in initial production costs at the time of new product launch and the period required for cost improvement, respectively. Since the start of mass production of its products, the Group has experienced a number of production defects for certain products and has shown indications of impairment as its operating profit has been negative due to rising inspection costs to prevent the outflow of defective products and transportation costs by air to meet deadlines.</p> <p>When recognizing and measuring the impairment</p>	<p>Our audit procedures to test the valuation of tangible assets for DM Casting Technology (Thailand) CO., LTD., included the following, among others:</p> <ul style="list-style-type: none"> - We assessed the estimated future cash flows in calculating the value in use by evaluating whether they were consistent with the business plan of the following year and the medium-term management plan approved by management. In addition, we assessed the accuracy of the future business plan by comparing the medium-term management plan in prior years with the actual results. - We tested whether the estimated orders of new parts, which resulted in the sales increase, were supported by current forecasted receipts from customers, and tested whether the projection of sales quantities was based on the estimated production quantities by customer with which we compared to the estimated automotive production quantities obtained from independent sources. In addition, we inspected the estimates to determine whether a considerable recovery from the decrease in the number of new vehicles produced due to factors, such as semiconductor shortages, were reflected on sales quantities. -With regard to the estimated recovery of production volume by reducing the defect rate and

<p>loss, the recoverable amount is based on the value in use. The Group evaluates whether there is any indication of impairment by utilizing estimated undiscounted future cash flows, which are based on the business plan reflecting the current business environment.</p> <p>The significant assumptions used in estimating the value in use involve the projection of sales quantities, the estimated recovery of production volume by reducing the defect rate and thereby the timing of the elimination of air transportation.</p> <p>The projection of sales quantities was calculated based on the production plan for product items with a high order probability considering estimated orders based on the current forecasted receipts from customers, and a considerable recovery from the decrease in the number of new vehicles produced due to factors, such as semiconductor shortages, is also incorporated into these figures. In addition, an increase in production due to capital investment and productivity improvements, and the resulting elimination of air transportation are also incorporated into these figures.</p> <p>The assessment of recognition and measurement of impairment losses requires careful consideration as the assumptions above have a significant impact on the estimated undiscounted future cash flows.</p> <p>Therefore, we determined the valuation of tangible assets for DM Casting Technology (Thailand) CO., LTD. as a key audit matter.</p>	<p>the timing of the elimination of air transportation, we inquired with management of the specific measures to be taken. We also inspected monthly production reports and a summary of the change in daily production volume to evaluate the reasonableness of the assumptions used by management.</p> <p>-We performed a sensitivity analysis to assess the reasonableness of highly uncertain assumptions and projections used in estimating the value in use of the assets.</p>
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Other Information

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

We determined that no such information existed and therefore, we did not perform any work thereon.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board 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.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing 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 overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as 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 Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, 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.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

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

Deloitte Touche Tohmatsu LLC

July 21, 2023

Daido Metal Co., Ltd. and Consolidated Subsidiaries

**CONSOLIDATED BALANCE SHEET
MARCH 31, 2023**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 17)	¥ 18,955	¥ 18,868	\$ 141,456
Time deposits (Note 17)	5,153	4,150	38,456
Receivables (Notes 14 and 17):			
Trade notes	4,141	3,840	30,905
Trade accounts	25,827	22,424	192,739
Non-consolidated subsidiaries and associated companies	349	1,026	2,604
Other	890	773	6,642
Inventories (Note 6)	37,009	33,546	276,184
Other current assets	1,812	1,429	13,524
Allowance for doubtful accounts	(81)	(127)	(607)
Total current assets	94,055	85,929	701,903
PROPERTY, PLANT AND EQUIPMENT:			
Land (Notes 8 and 9)	10,182	9,876	75,982
Buildings and structures (Notes 7, 8 and 9)	39,189	37,885	292,452
Machinery and equipment (Notes 7 and 9)	112,543	105,755	839,876
Furniture and fixtures (Note 9)	8,378	7,837	62,519
Lease assets	1,970	5,013	14,706
Construction in progress	5,163	2,578	38,534
Total	177,425	168,944	1,324,069
Accumulated depreciation	(121,904)	(111,653)	(909,735)
Net property, plant and equipment	55,521	57,291	414,334
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 5 and 17)	3,572	3,120	26,653
Investments in non-consolidated subsidiaries and associated companies	2,531	2,330	18,888
Long-term loans	281	213	2,095
Goodwill	4,629	5,153	34,545
Other intangible assets	5,880	6,344	43,883
Asset for employees' retirement benefits (Note 10)	4,098	3,203	30,583
Deferred tax assets (Note 13)	1,564	1,541	11,669
Other investments and other assets	1,233	1,084	9,212
Allowance for doubtful accounts	(47)	(52)	(353)
Total investments and other assets	23,741	22,936	177,175
TOTAL ASSETS	¥ 173,317	¥ 166,156	\$ 1,293,412

(Continued)

Daido Metal Co., Ltd. and Consolidated Subsidiaries

**CONSOLIDATED BALANCE SHEET
MARCH 31, 2023**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term bank loans (Note 9)	¥ 31,976	¥ 27,056	\$ 238,628
Current portion of long-term debt (Notes 9 and 17)	6,980	8,402	52,086
Payables:			
Trade notes and accounts	19,273	19,644	143,827
Non-consolidated subsidiaries and associated companies	17	42	127
Acquisitions of property, plant and equipment	1,281	784	9,558
Other	2,601	2,689	19,409
Income taxes payable	593	1,522	4,424
Contract liabilities (Note 14)	83	88	616
Accrued expenses	4,215	3,907	31,460
Other current liabilities	1,704	1,281	12,724
Total current liabilities	68,723	65,415	512,859
LONG-TERM LIABILITIES:			
Long-term debt (Notes 9 , 12 and 17)	22,978	21,671	171,478
Liability for employees' retirement benefits (Note 10)	7,574	7,515	56,519
Provision for share-based remuneration	59	49	441
Provision for share-based remuneration for directors	49	41	366
Provision for loss on guarantees	-	144	-
Asset retirement obligations	18	18	132
Deferred tax liabilities (Note 13)	3,085	2,201	23,024
Other long-term liabilities	377	407	2,816
Total long-term liabilities	34,140	32,046	254,776
CONTINGENT LIABILITIES (Note 19)			
EQUITY (Note 11):			
Common stock,			
Authorized: 80,000,000 shares in 2023 and 2022			
Issued: 47,520,253 shares in 2023 and 2022	8,413	8,413	62,788
Capital surplus	13,114	13,114	97,869
Retained earnings	34,171	37,567	255,006
Treasury stock, at cost			
411,152 shares in 2023 and 743,664 shares in 2022 (Note12)	(310)	(560)	(2,318)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	975	981	7,273
Foreign currency translation adjustments	4,359	907	32,530
Defined retirement benefit plans	415	(83)	3,095
Total	61,137	60,339	456,243
Non-controlling interests	9,317	8,356	69,534
Total equity	70,454	68,695	525,777
TOTAL LIABILITIES AND EQUITY	¥ 173,317	¥ 166,156	\$ 1,293,412

See notes to consolidated financial statements.

(Concluded)

Daido Metal Co., Ltd. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
NET SALES (Note 14)	¥ 115,480	¥ 104,024	\$ 861,791
COST OF SALES (Note 15)	89,312	77,266	666,509
Gross profit	26,168	26,758	195,282
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 15 and 16)	23,343	21,716	174,201
Operating income	2,825	5,042	21,081
OTHER INCOME (EXPENSES):			
Interest and dividend income	205	155	1,532
Interest expense	(980)	(621)	(7,314)
Foreign exchange gain	388	227	2,899
Equity in earnings of non-consolidated subsidiaries and associated companies	175	109	1,305
Loss on sales and disposals of property, plant and equipment	(34)	(218)	(256)
Grants income	183	68	1,368
Impairment loss on long-lived assets (Note 7)	(2,015)	(457)	(15,034)
Other—net	148	75	1,100
Other expenses—net	(1,930)	(662)	(14,400)
INCOME BEFORE INCOME TAXES	895	4,380	6,681
INCOME TAX EXPENSE (Note 13):			
Current	1,751	2,365	13,066
Deferred	684	(480)	5,105
Total income taxes	2,435	1,885	18,171
NET (LOSS) INCOME	(1,540)	2,495	(11,490)
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	669	597	4,992
NET (LOSS) INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ (2,209)	¥ 1,898	\$ (16,482)
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2v. and 21):			
Basic net (loss) income	¥ (47.05)	¥ 40.70	\$ (0.35)
Cash dividends applicable to the year	12.00	25.00	0.09

See notes to consolidated financial statements.

Daido Metal Co., Ltd. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED MARCH 31, 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
NET (LOSS) INCOME	¥ (1,540)	¥ 2,495	\$ (11,490)
OTHER COMPREHENSIVE INCOME (Note 20):			
Unrealized loss on available-for-sale securities	(3)	(13)	(23)
Foreign currency translation adjustments	3,918	2,191	29,236
Remeasurements of defined retirement benefit plans	547	740	4,083
Share of other comprehensive income in nonconsolidated subsidiaries and associated companies	176	62	1,313
Total other comprehensive income	4,638	2,980	34,609
COMPREHENSIVE INCOME	¥ 3,098	¥ 5,475	\$ 23,119
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 1,734	¥ 4,672	\$ 12,943
Non-controlling interests	1,364	803	10,176

See notes to consolidated financial statements.

Daido Metal Co., Ltd. and Consolidated Subsidiaries

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEAR ENDED MARCH 31, 2023**

	Thousands	Millions of Yen									
	Number of Shares of Common Stock Outstanding	Accumulated Other Comprehensive Income									Total Equity
		Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Non-Controlling Interests	
Balance at March 31, 2021 (April 1, 2021, as previously reported)	46,484	¥ 8,413	¥ 13,114	¥ 36,610	¥ (781)	¥ 995	¥ (1,170)	¥ (793)	¥ 56,388	¥ 8,151	¥ 64,539
Cumulative effect of accounting change				10					10		10
Balance at April 1, 2021 (as restated)	46,484	8,413	13,114	36,620	(781)	995	(1,170)	(793)	56,398	8,151	64,549
Net income attributable to owners of the parent				1,898					1,898		1,898
Cash dividends, interim and year-end, ¥20 per share				(951)					(951)		(951)
Decrease in treasury stock	293				221				221		221
Net changes in the year						(14)	2,077	710	2,773	205	2,978
Balance at March 31, 2022	46,777	8,413	13,114	37,567	(560)	981	907	(83)	60,339	8,356	68,695
Net loss attributable to owners of the parent				(2,209)					(2,209)		(2,209)
Cash dividends, interim and year-end, ¥25 per share				(1,187)					(1,187)		(1,187)
Decrease in treasury stock	332				250				250		250
Net changes in the year						(6)	3,452	498	3,944	961	4,905
Balance at March 31, 2023	47,109	¥ 8,413	¥ 13,114	¥ 34,171	¥ (310)	¥ 975	¥ 4,359	¥ 415	¥ 61,137	¥ 9,317	¥ 70,454

	Thousands of U.S. Dollars (Note 1)									
	Accumulated Other Comprehensive Income									Total Equity
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Non-Controlling Interests	
Balance at March 31, 2022	62,788	97,869	280,352	(4,184)	7,324	6,765	(616)	450,298	62,356	512,654
Net loss attributable to owners of the parent			(16,482)					(16,482)		(16,482)
Cash dividends, interim and year-end, \$0.19 per share			(8,864)					(8,864)		(8,864)
Decrease in treasury stock				1,866				1,866		1,866
Net changes in the year					(51)	25,765	3,711	29,425	7,178	36,603
Balance at March 31, 2023	\$ 62,788	\$ 97,869	\$ 255,006	\$ (2,318)	\$ 7,273	\$ 32,530	\$ 3,095	\$ 456,243	\$ 69,534	\$ 525,777

See notes to consolidated financial statements.

Daido Metal Co., Ltd. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
OPERATING ACTIVITIES:			
Income before income taxes	¥ 895	¥ 4,380	\$ 6,681
Adjustments for:			
Income taxes—paid	(2,568)	(1,291)	(19,166)
Depreciation and amortization	9,191	9,240	68,587
Impairment loss on long-lived assets	2,015	457	15,034
Amortization of goodwill	750	725	5,596
Foreign exchange losses	274	486	2,043
Loss on sales and disposals of property, plant and equipment, net	34	218	256
Equity in earnings of non-consolidated subsidiaries and associated companies	(175)	(109)	(1,305)
Changes in assets and liabilities:			
Increase in notes and accounts receivable	(1,878)	(912)	(14,013)
Decrease in allowance for doubtful accounts	(58)	(157)	(433)
Increase in inventories	(1,780)	(7,046)	(13,281)
(Decrease) increase in notes and accounts payable	(1,579)	4,812	(11,787)
(Decrease) increase in liability for employees' retirement benefits	(230)	207	(1,714)
Increase in provision for share-based remuneration	10	33	75
Increase in provision for share-based remuneration for directors	8	11	57
Increase (decrease) in provision for loss on guarantees	18	(2)	135
Other—net	77	2,155	578
Total adjustments	4,109	8,827	30,662
Net cash provided by operating activities	5,004	13,207	37,343
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(4,764)	(6,453)	(35,555)
Proceeds from sales of property, plant and equipment	80	6	597
Acquisition of investment securities	(453)	(328)	(3,379)
Purchases of intangible assets	(402)	(487)	(2,997)
Payments into time deposits	(5,857)	(4,859)	(43,706)
Proceeds from withdrawal of time deposits	5,191	4,002	38,735
Other—net	(140)	47	(1,049)
Net cash used in investing activities	(6,345)	(8,072)	(47,354)
FORWARD	¥ (1,341)	¥ 5,135	\$ (10,011)

(Continued)

Daido Metal Co., Ltd. and Consolidated Subsidiaries**CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2023**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
FORWARD	¥ (1,341)	¥ 5,135	\$ (10,011)
FINANCING ACTIVITIES:			
Net increase (decrease) in short-term bank loans	3,222	(800)	24,045
Proceeds from long-term bank loans	7,769	6,641	57,979
Repayment of long-term bank loans	(8,003)	(8,681)	(59,725)
Proceeds from treasury stock, net	168	162	1,253
Dividends paid, including payment to non-controlling interests	(1,649)	(1,591)	(12,309)
Proceeds from sales and leasebacks	-	245	-
Repayment of finance lease obligations	(717)	(1,052)	(5,343)
Net cash provided by (used in) financing activities	790	(5,076)	5,900
FOREIGN CURRENCY TRANSLATION			
ADJUSTMENTS TO CASH AND CASH EQUIVALENTS	638	171	4,759
NET INCREASE IN CASH AND CASH EQUIVALENTS	87	230	648
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	18,868	18,638	140,808
CASH AND CASH EQUIVALENTS AT END OF YEAR	¥ 18,955	¥ 18,868	\$ 141,456

See notes to consolidated financial statements.

(Concluded)

Daido Metal Co., Ltd., and Consolidated Subsidiaries

Notes to Consolidated Financial Statements **Year Ended March 31, 2023**

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. ("IFRS").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2022 consolidated financial statements to conform to the classifications used in 2023.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Daido Metal Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥134 to \$1, the approximate rate of exchange at March 31, 2023. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Consolidation*—The consolidated financial statements as of March 31, 2023, include the accounts of the Company and its 33 (33 in 2022) significant subsidiaries (together, the "Group").

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in one (one in 2022) non-consolidated subsidiary and three (three in 2022) associated companies are accounted for by the equity method.

Investments in the remaining two (two in 2022) non-consolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to investments in these subsidiaries, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Group have been eliminated.

The differences between the cost and underlying net equity of investments in consolidated subsidiaries at acquisition are included in goodwill and are amortized by the straight-line method within 14 years.

Twenty (twenty in 2022) consolidated subsidiaries, and one (one in 2022) non-consolidated subsidiary accounted for by the equity method have fiscal year-ends differing from that of the Company as of March 31, 2023. The accounts of the subsidiaries that have different fiscal periods have been adjusted for significant transactions to

properly reflect their financial positions at March 31, 2023 and 2022, and their results of operations for the years ended March 31, 2023 and 2022.

- b. *Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements***—Under Accounting Standards Board of Japan (“ASBJ”) Practical Issues Task Force (“PITF”) No. 18, “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements,” the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS or generally accepted accounting principles in the United States of America (“U.S. GAAP”) may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized research and development (“R&D”) costs; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting, and (e) recoding a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.
- c. *Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method***—ASBJ Statement No. 16, “Accounting Standard for Equity Method of Accounting for Investments,” requires adjustments to be made to conform associates’ accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associates’ financial statements are used in applying the equity method, unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either IFRS or U.S. GAAP may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recoding a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign associate elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.
- d. *Cash Equivalents***—Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value. Cash equivalents include time deposits, all of which mature or become due within three months of the date of acquisition.
- e. *Inventories***—Inventories are stated at the lower of cost, determined mainly by the periodic average method for merchandise, finished products, work in process, and raw materials and mainly by the moving-average method for supplies, or net selling value.
- f. *Allowance for doubtful accounts***—The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group’s past credit loss experiences and an evaluation of potential losses in the receivables outstanding.

- g. *Investment Securities***—Investment securities are classified and accounted for, depending on management's intent, as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to their fair values by a charge to income.

- h. *Property, Plant and Equipment***—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and 6 domestic consolidated subsidiaries are computed by the declining-balance method while the straight-line method is applied to buildings acquired after April 1, 1998, and building improvements and structures acquired on or after April 1, 2016. Depreciation of property, plant and equipment of other subsidiaries is computed by the straight-line method.

Leased properties under finance leases that do not transfer ownership of the leased property to the lessee and right-of-use-assets are depreciated by the straight-line method over the lease period. Depreciation of leased properties that transfer ownership to the lessee are computed by the same method of the Group's owned properties.

The range of useful lives is principally from 3 to 60 years for buildings and structures, and from 4 to 10 years for machinery and equipment.

- i. *Long-Lived Assets***—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

- j. *Other Intangible Assets***—Other intangible assets are amortized by the straight-line method. Leased assets under finance leases that do not transfer ownership of the leased assets to the lessee are depreciated by the straight-line method over the lease period.

- k. *Accrued Expenses***—Accrued expenses include liabilities for indemnification of defective products, accrued bonuses to employees, and accrued bonuses to directors and Audit & Supervisory Board members. A liability for indemnification of defective products represents a provision for estimated compensation costs in the future related to the quality of products.

Accrued bonuses to employees represent a provision for the estimated amount of payment corresponding to the fiscal year. Accrued bonuses to directors and Audit & Supervisory Board members are accrued at year-end to which such bonuses are attributable.

- l. *Retirement and Pension Plans***—The Company has unfunded and funded pension plans covering substantially all of their employees (excluding executive officers) and a retirement benefit plan for executive officers. Two domestic consolidated subsidiaries have funded pension plans and 6 domestic consolidated subsidiaries have unfunded retirement benefit plans. Certain overseas consolidated subsidiaries have unfunded and funded retirement benefit plans and a plan for medical benefits for retired employees.

The Company accounted for the liability for retirement benefits based on the projected benefit obligations and fair value of pension plan assets at the consolidated balance sheet date. The projected benefit obligations are attributed

- to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income) after adjusting for tax effects and are recognized in profit or loss over 14 years, no longer than the expected average remaining service period of the employees. The discount rate is determined using different discount rates reflecting the estimated timing of the benefit payments. In order to prepare for the retirement benefits to executive officers, the amount required to be paid at the end of the year in accordance with the internal rules is provided.
- m. **Stock Ownership Plan***—In accordance with PITF No. 30, "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts," upon transfer of treasury stock to the employee stockownership trust (the "Trust") by the Company, any difference between the book value and fair value of the treasury stock is recorded in capital surplus. At year-end, the Company records (1) the Company stock held by the Trust as treasury stock in equity, (2) all other assets and liabilities of the Trust on a line-by-line basis, and (3) a liability/asset for the net of (i) any gain or loss on delivery of the stock by the Trust to the employee shareholding association, (ii) dividends received from the Company for the stock held by the Trust, and (iii) any expenses relating to the Trust. In order to prepare for the loss on guarantee at the termination of the Trust, an estimated amount of loss is provided.
 - n. **Provision for Share-based Remuneration***—In order to prepare for the share-based remuneration for directors and executive officers, the estimated benefit amount of stock based on the points allocated to is provided.
 - o. **Revenue Recognition***—The Group recognizes revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for satisfying performance obligations to transfer the goods, or services promised in contracts with customers. The nature of performance obligation for each of the Group's major industry and when such obligations are satisfied are as follows:
Manufacturing of bearing products is the principal business line of the Group. Revenue from the sale of such products is recognized at the time the products are delivered to customers and the control of the goods is transferred to the customers. Revenue is measured in an amount determined by subtracting discounts, rebates, and product returns from a consideration promised in a contract with the customer. As the consideration is usually paid within one year after delivering products to customers, the consideration promised does not include any significant financial components.
 - p. **Research and Development Costs***—Research and development costs are charged to income as incurred.
 - q. **Leases***—Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the consolidated balance sheet. For overseas subsidiaries, all leases are capitalized as assets and liabilities in accordance with IFRS 16 and ASC 842. All other leases are accounted for as operating leases.
 - r. **Income Taxes***—The provision for current income taxes is computed based on pretax income or loss included in the consolidated statement of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred tax assets and liabilities are measured by applying the currently enacted income tax rates to the temporary differences.
 - s. **Foreign Currency Transactions***—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of operations to the extent that they are not hedged by forward exchange contracts.

- t. Foreign Currency Financial Statements**—The balance sheet accounts and revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as “Foreign currency translation adjustments” in a separate component of equity.
- u. Derivative Financial Instruments**—The Group uses derivative financial instruments to manage their exposures to fluctuations in foreign exchange. Foreign exchange forward contracts are utilized by the Group to reduce foreign currency exchange risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at fair value; and gains or losses on derivative transactions are recognized in the income statement and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign currency forward contracts employed to hedge foreign exchange exposures for sales and purchases are measured at the fair value and the unrealized gains/losses are recognized in income.

- v. Per Share Information**—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance), with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants. Diluted net income per share is not presented as the Group did not have potential dilutive common shares and was in a loss position in 2023.

Cash dividends per share presented in the accompanying consolidated statement of operations are dividends applicable to the year, including dividends to be paid after the end of the year.

- w. Change in Presentation**
(Statement of Operations)

Prior to April 1, 2022, the grants income was included in the “other-net” within the other income (expenses) section of the consolidated statement of income. During the fiscal year ended March 31, 2023, the grants income increased significantly, and as such, the amount was disclosed separately as “grants income” in the statement of operations. Prior to April 1, 2022, the subsidy income was disclosed separately as “subsidy income” within the other income (expenses) section of the consolidated statement of income. During the fiscal year ended March 31, 2023, the subsidy income decreased and such, the amount was included in “other-net” of the statement of operations. As a result, “other-net” of ¥81 million and “subsidy income” of ¥62 million that was recorded for the fiscal year ended March 31, 2022 were reclassified to “grants income”, totaling ¥68 million and “other-net”, totaling ¥75 million for comparative purposes.

3. SIGNIFICANT ACCOUNTING ESTIMATE

Valuation of intangible assets including goodwill

(1) Carrying amounts

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Goodwill	¥4,629	¥5,153	\$ 34,545
Customer -related assets	3,123	3,143	23,304

The breakdown of goodwill is ¥1,209 million (\$9,023 thousand) for Iino Holding Ltd. and its subsidiaries (hereinafter referred to as the “Iino Group”) and ¥ 3,420 million (\$25,522 thousand) for ATA Casting Technology Japan Co., Ltd. (hereinafter referred to as the “ATA Group”), and the breakdown of customer-related assets are ¥ 2,422 million (\$ 18,072 thousand) for Iino Group and ¥701 million (\$5,232 thousand) for ATA Group at March 31, 2023.

(2) Information on the significant accounting estimate

To strengthen product offerings to existing customers of the Group, and diversify and expand products and businesses for the Group over the medium to long term, the Group acquired Iino Group and ATA Group in the fiscal year ended March 2017, categorizing both groups as part of the “Parts for Automobiles Other than Bearings” segment and recording intangible assets including goodwill in the consolidated balance sheets.

The related assets are subject to the analysis of impairment indicators, and an impairment test is carried out for the group of assets where goodwill has been allocated, assuming that there is an indication of impairment. The amounts allocated to intangible assets, including goodwill, are material.

The carrying amount of non-current assets including goodwill is ¥ 6,955 million (\$ 51,904 thousand) for the Iino Group and ¥ 8,616 million (\$ 64,301 thousand) for the ATA Group at March 31, 2023. The impairment tests show that the total amount of future cash flow before discount exceeds the carrying amount of non-current assets including goodwill, and therefore, no impairment losses were recognized for both groups.

The cash flows before discount are calculated based on the figures presented in the medium-term business plans of both groups. Among these figures, net sales are obtained based on the production plan of product unit numbers with a higher order probability, considering estimated orders supported by the current forecasted receipts from customers.

In addition, a considerable recovery from the decrease in the number of new vehicles produced due to factors such as semiconductor shortages is incorporated into these figures.

As for expenses, reflection of price changes in major raw materials to selling prices in response to market fluctuations, cost reduction effects through cutting labor expenses, promoting in-house manufacturing, and improving the efficiency of logistics are partially reflected in the plans.

When the assumptions used in these estimates need to be revised due to changes in automobile production forecasts, including the cost reduction status, impairment losses may be recognized for the following fiscal year.

Valuation of tangible assets for DM Casting Technology (Thailand) CO., LTD.

(1) Carrying amounts

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Tangible fix assets	¥ 1,708	¥ 3,431	\$ 12,748
Impairment losses	2,015	457	15,034

(2) Information on the significant accounting estimate

The Company established DM Casting Technology (Thailand) CO., LTD. in 2018 to manufacture aluminum die cast parts for electric vehicles and allocated it to the “Parts for Automobiles Other than Bearings” segment.

The related assets are subject to the analysis of impairment indicators, and an impairment test is carried out. If there is indication of impairment, the Company measures determines if the recoverable amount of the asset group is less than its carrying amount, and if it is, the Company reduces the carrying amount to the recoverable amount and recognizes an impairment loss.

Since the start of mass production of its products, the Company has experienced a number of production defects for certain products and has shown indication of impairment as its operating profit has been negative due to rising inspection costs to prevent the outflow of defective products and transportation costs by air to meet deadlines. When recognizing and measuring impairment losses, the recoverable amount is determined based on the value in use, which is based on figures in the Company’s medium-term management plan. The sales in the medium-term management plan are calculated based on the projected vehicle production plan assuming high order probability that take into consideration estimated orders supported by the current forecasted receipts from customers, while costs are determined assuming a reduced defect rate and elimination of air transportation.

If the assumptions used in these estimates need to be revised due to changes in projected vehicle production volumes or progress in cost improvement, the amount of impairment loss may change in the following fiscal year.

4. ACCOUNTING CHANGES

(Application of ASC 842, "Leases")

Effective from the beginning of fiscal year ended March 31, 2023, the Company has applied ASC No. 842, "Leases" (hereafter, “ASC 842”) to its overseas consolidated subsidiaries applying U.S. GAAP. As a result, in principle, all leases of lessees are recorded as assets and liabilities on the balance sheet. In applying ASC 842, the cumulative effect of applying this standard, which is recognized as a transitional measure, is recognized on the effective date.

There is no material impact on the consolidated financial statements for the year ended March 31, 2023.

5. INVESTMENT SECURITIES

Investment securities at March 31, 2023 and 2022, consisted of only equity securities.

The costs and aggregate fair values of investment securities at March 31, 2023 and 2022, were as follows:

March 31, 2023	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥ 1,680	¥ 1,858	¥ 34	¥ 3,504

March 31, 2022	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥ 1,227	¥ 1,826	¥ 1	¥ 3,052

March 31, 2023	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	\$ 12,534	\$ 13,863	\$ 249	\$ 26,148

6. INVENTORIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Merchandise	¥ 6,355	¥ 5,651	\$ 47,425
Finished products	10,618	8,956	79,236
Work in process	12,925	10,865	96,458
Raw materials and supplies	7,111	8,074	53,065
Total	¥ 37,009	¥ 33,546	\$ 276,184

(Reversal of write down) write-down of inventories was recognized ¥(35) million (\$258 thousand) and ¥346 million for the years ended March 31, 2023 and 2022, respectively.

7. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2023 and 2022.

In 2023, the Group recognized impairment losses totaling ¥2,015million (\$15,034 thousand) as other expenses for the “Parts for Automobiles Other Than Bearings” segment of the plant in Thailand.

Due to continuing operating losses of that operations in Thailand, the carrying amounts of the relevant assets were written down to the recoverable amounts for the year ended March 31, 2023.

The recoverable amount of the assets was measured at its value in use and the discount rate used for computation of the

present value of future cash flows was 12.19%.

In 2022, the Group recognized impairment losses totaling ¥457million as other expenses for the “Parts for Automobiles Other Than Bearings” plant in Thailand.

Due to continuing operating losses of that operations in Thailand, the carrying amounts of the relevant assets were written down to the recoverable amounts for the year ended March 31, 2022.

The recoverable amount of the assets was measured at its value in use, and the discount rate used for computation of the present value of future cash flows was 11.63%.

8. INVESTMENT PROPERTY

The Group owns certain rental properties, such as office buildings and land, in Nagoya and other areas. The net of rental income for those rental properties for the years ended March 31, 2023 and 2022, was ¥ 66 million (\$494 thousand) and ¥69 million, respectively, and were included in the “NET SALES” and “COST OF SALES” line items of the accompanying consolidated statement of operations.

In addition, the carrying amounts, changes in such balances, and market prices of such properties were as follows:

Millions of Yen			
Carrying Amount (1)			Fair Value (2)
April 1, 2022	Increase/(Decrease)	March 31, 2023	March 31, 2023
¥ 1,287	¥ 18	¥ 1,305	¥ 3,049

Millions of Yen			
Carrying Amount (1)			Fair Value (2)
April 1, 2021	Increase/(Decrease)	March 31, 2022	March 31, 2022
¥ 1,272	¥ 15	¥ 1,287	¥ 2,867

Thousands of U.S. Dollars			
Carrying Amount (1)			Fair Value (2)
April 1, 2022	Increase/(Decrease)	March 31, 2023	March 31, 2023
\$ 9,607	\$ 133	\$ 9,740	\$ 22,756

Notes:

1. The carrying amount recognized in the consolidated balance sheet is net of accumulated depreciation and accumulated impairment losses, if any.
2. The fair value of properties as of March 31, 2023 and 2022 is measured by the Group in accordance with the Real Estate Appraisal Standard.

9. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2023 and 2022, consisted of notes to banks and bank overdrafts. The average annual interest rates applicable to the short-term bank loans were 3.1% and 1.4% at March 31, 2023 and 2022, respectively.

The Group contracted bank overdraft agreements with 22 banks for efficient fund raising at March 31, 2023 (22 banks in 2022). The Group was able to withdraw the maximum amount of ¥30,369 million (\$226,631 thousand) and ¥30,190 million at March 31, 2023 and 2022, respectively. The outstanding balance of bank overdrafts at March 31, 2023 and 2022, was ¥5,564 million (\$41,523 thousand) and ¥3,278 million, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Loans from banks and other financial institutions, with weighted-average interest rates of 0.7% in 2023 and 0.7% in 2022	¥ 27,635	¥ 27,412	\$ 206,232
Lease obligations, with weighted-average interest rates of 1.9% in 2023 and 1.5% in 2022	2,323	2,661	17,332
Total	29,958	30,073	223,564
Less current portion	(6,980)	(8,402)	(52,086)
Long-term debt, less current portion	¥ 22,978	¥ 21,671	\$ 171,478

Annual maturities of long-term debt at March 31, 2023, were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2024	¥ 6,980	\$ 52,086
2025	8,473	63,234
2026	4,754	35,474
2027	5,798	43,270
2028	3,885	28,991
2029 and thereafter	68	509
Total	¥ 29,958	\$ 223,564

The carrying amounts of assets pledged as collateral for short-term bank loans of ¥2,794 million (\$20,851 thousand) and long-term debt (including current portion) of ¥1,457 million (\$10,869 thousand) at March 31, 2023, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Land	¥ 1,924	\$ 14,354
Buildings and structures—net of accumulated depreciation	508	3,789
Machinery and equipment—net of accumulated depreciation	1,357	10,131
Furniture and fixtures—net of accumulated depreciation	0	0
Total	¥ 3,789	\$ 28,274

The carrying amounts of assets pledged as factory foundation mortgage collateral in the above assets for short-term bank loans of ¥1,950 million (\$14,552 thousand) and long-term debt (including current portion) of ¥900 million (\$6,716 thousand) at March 31, 2023, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Land	¥ 1,782	\$ 13,304
Buildings and structures—net of accumulated depreciation	9	65
Machinery and equipment—net of accumulated depreciation	0	0
Other property, plant and equipment—net of accumulated depreciation	0	0
Total	¥ 1,791	\$ 13,369

10. RETIREMENT AND PENSION PLANS

The Company has a lump-sum retirement benefit plan and a non-contributory funded pension plan for employees. In conjunction with these benefit plans, the Company contributed securities to a trust. The Company implemented a defined contribution pension plan in October 2012, by which a portion of the lump-sum retirement benefit plan was terminated. Two domestic subsidiaries have funded defined benefit pension plans. Six domestic subsidiaries have lump-sum retirement benefit plans. Certain overseas subsidiaries have defined benefit pension plans or defined contribution pension plans, and one overseas consolidated subsidiary provides a postretirement medical care plan to its employees.

(a) Defined Benefit Pension Plans

(1) The changes in the defined benefit obligation for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Balance at beginning of year	¥ 19,994	¥ 19,775	\$ 149,206
Service cost	1,035	1,148	7,727
Interest cost	108	76	806
Actuarial gains	(1,070)	(297)	(7,983)
Benefits paid	(856)	(791)	(6,392)
Others	153	83	1,139
Balance at end of year	¥ 19,364	¥ 19,994	\$ 144,503

(2) The changes in plan assets for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Balance at beginning of year	¥ 15,682	¥ 14,678	\$117,030
Expected return on plan assets	290	273	2,167
Actuarial (losses) gains	(516)	357	(3,850)
Contributions from the employer	1,005	993	7,503
Benefits paid	(661)	(644)	(4,935)
Others	88	25	652
Balance at end of year	¥ 15,888	¥ 15,682	\$118,567

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of the defined benefit obligation and plan assets at March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Funded defined benefit obligation	¥ 13,350	¥ 13,947	\$ 99,630
Plan assets	(15,888)	(15,682)	(118,567)
	(2,538)	(1,735)	(18,937)
Unfunded defined benefit obligation	6,014	6,047	44,873

Net liability arising from defined benefit obligation	¥ 3,476	¥ 4,312	\$ 25,936
	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Liability for employees' retirement benefits	¥ 7,574	¥ 7,515	\$ 56,519
Asset for employees' retirement benefits	(4,098)	(3,203)	(30,583)
Net liability arising from defined benefit obligation	¥ 3,476	¥ 4,312	\$ 25,936

- (4) The components of net periodic benefit costs for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Service cost	¥ 1,035	¥ 1,148	\$ 7,727
Interest cost	108	76	806
Expected return on plan assets	(290)	(273)	(2,167)
Recognized actuarial losses	176	379	1,311
Other	(47)	0	(350)
Net periodic benefit costs	¥ 982	¥ 1,330	\$ 7,327

- (5) Amounts recognized in other comprehensive income (before income taxes) in respect of defined retirement benefit plans for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Actuarial gains/losses	¥ 731	¥ 1,032	\$ 5,458
Total	¥ 731	¥ 1,032	\$ 5,458

- (6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Unrecognized actuarial gains/losses	¥ (606)	¥ 104	\$ (4,521)
Total	¥ (606)	¥ 104	\$ (4,521)

(7) Plan assets

a. *Components of plan assets*

Plan assets consisted of the following:

	2023	2022
Debt investments	21%	21%
Equity investments	38	38
Assets in an insurer's general account	15	15
Cash and cash equivalents	7	8
Others	19	18
Total	100%	100%

The retirement benefit trust for the Company's defined retirement benefit plan accounted for 21% (21% in 2022) of total plan assets.

b. *Method of determining the expected rate of return on plan assets*

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2023 and 2022, were set forth as follows:

	2023	2022
Discount rate	0.7%	0.5%
Expected rate of return on plan assets	1.9%	1.9%

(b) Defined Contribution Pension Plans

The Group's contributions to defined contribution pension plan funds for the years ended March 31, 2023 and 2022, were ¥401 million (\$2,992 thousand) and ¥372 million, respectively.

11. EQUITY

Japanese companies are subject to the Companies Act of Japan (the “Companies Act”). The significant provisions in the Companies Act that impact the financial and accounting matters of the Group are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders’ meeting. For companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria. The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(c) Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

12. STOCK OWNERSHIP PLAN

(a) Granting Company Stock to Employees through a Trust

In order to incentivize employees to achieve the medium-term business plan goals and raise corporate value in medium to long term, and to provide an employee welfare program, the Company introduced an E-Ship® Trust-Type Employee Stock Purchase Incentive Plan (hereinafter “the Incentive Plan”).

The Incentive Plan is available to the Group employees who participate in the Daido Metal Employee Stock Purchase Plan (hereinafter, “ESPP”). Under the Incentive Plan, the Company will set up the Daido Metal ESPP Trust (hereinafter, “ESPP Trust”), with a trust bank. The ESPP Trust will purchase the Company’s shares upfront

for the amount ESPP will likely purchase over a certain period, financing the transaction with bank loans. Afterwards, the ESPP Trust will sell the Company's shares to the ESPP for its periodical purchases. At the end of the trust period, if the ESPP Trust asset balance resulted in a positive position due to the accumulated gains on the Company's shares, such residual assets will be distributed to members of the ESPP who meet beneficiary eligibility criteria. As the Company has guaranteed ESPP Trust for its bank borrowing in financing its purchase of the Company's shares, any shortfalls in repayment at the end of Trust period, due to accumulated loss at ESPP Trust caused by a drop in the Company's share price, will be repaid by the Company as a guarantor.

Residual shares in the ESPP Trust have been recorded as treasury stock under net assets at the book value in the trust (excluding ancillary expenses). ESPP trust held the treasury stock and long-term debt, which were included in the consolidated balance sheet of the Company as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Treasury stock	¥ 1	¥ 248	\$ 9
(shares)	(1,600)	(330,400)	
Long-term debt	¥ 177	¥ 350	\$ 1,317

(b) Performance-linked Stock-based Remuneration Scheme for Directors and Executive Officers

The Company introduced a new performance-linked stock-based remuneration ("the Scheme") for Directors (excluding Outside Directors, the same applying hereinafter) and Executive Officers (excluding a Director concurrently serving as an Executive Officer, the same applying hereinafter) in order to incentivize Directors and Executive Officers to improve the business performance of the Company and to enhance the corporate value in the medium to long term.

The Board Benefit Trust ("the BBT") was created with contribution from the Company. The BBT purchases the Company's shares, and the Company gives eligible Directors and Executive Officers the shares based on accumulated number of points conferred in accordance with their individual rank and their achievement in meeting goals etc., as set forth in the Share Grant Rule. Beneficiaries of the BBT shall be those who serve as Directors and Executive Officers during the period. The Company's shares are granted to each of the Directors and Executive Officers when they retire from their position.

Residual shares in the BBT have been recorded as treasury stock under net assets at the book value in the trust (excluding ancillary expenses). BBT held treasury stock, which was included in the balance sheet of the Company, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Treasury stock	¥ 309	¥ 312	\$ 2,305
(shares)	(407,820)	(411,920)	

13. INCOME TAXES

The Company is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.6% for the years ended March 31, 2023 and 2022.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2023 and 2022, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Deferred tax assets:			
Tax loss carryforwards	¥ 2,320	¥ 1,690	\$ 17,316
Write-down of inventories	989	887	7,380
Depreciation	702	594	5,242
Impairment of long-lived assets	555	271	4,141
Write-down of investment securities	88	88	655
Write-down of golf membership	17	17	127
Allowance for doubtful accounts	23	28	174
Accrued bonuses	418	492	3,117
Liability for indemnification of defective products	28	17	208
Liability for employees' retirement benefits	2,609	2,555	19,470
Long-term accounts payable	80	72	599
Unrealized gains on intercompany transactions	851	1,109	6,349
Other	561	436	4,186
Total of tax loss carryforwards and temporary differences	9,241	8,256	68,964
Less valuation allowance for tax loss carryforwards	(2,118)	(1,278)	(15,806)
Less valuation allowance for temporary differences	(1,391)	(988)	(10,381)
Total valuation allowance	(3,509)	(2,266)	(26,187)
Deferred tax assets	5,732	5,990	42,777
Deferred tax liabilities:			
Deferred gain on property, plant and equipment	1,955	1,969	14,589
Unrealized gain on available-for-sale securities	528	560	3,937
Asset for employees' retirement benefits	1,253	980	9,349
Unrealized gain on net assets of consolidated subsidiaries	524	521	3,912
Undistributed earnings of foreign subsidiaries	839	853	6,263
Customer - related assets	784	800	5,853
Other	1,370	967	10,229
Deferred tax liabilities	7,253	6,650	54,132
Net deferred tax liabilities	¥ (1,521)	¥ (660)	\$ (11,355)

Notes: Valuation allowance increased by ¥1,243 million (\$9,276 thousand) mainly due to increase in tax loss carryforwards and the related valuation allowances in consolidated subsidiaries.

The expiration of tax loss carryforwards and the related valuation allowances and the resulting net deferred tax assets as of March 31, 2023 and 2022, were as follows:

Millions of Yen							
March 31, 2023	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards	¥ 94	¥ 79	¥ 176	¥ 251	¥ 180	¥ 1,540	¥ 2,320
Less valuation allowances for tax loss carryforwards	(68)	(43)	(87)	(212)	(180)	(1,528)	(2,118)
Net deferred tax assets relating to tax loss carryforwards	26	36	89	39	-	12	202

Millions of Yen							
March 31, 2022	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards	¥ 92	¥ 137	¥ 46	¥ 217	¥ 176	¥ 1,022	¥ 1,690
Less valuation allowances for tax loss carryforwards	(90)	(47)	(46)	(95)	(47)	(953)	(1,278)
Net deferred tax assets relating to tax loss carryforwards	2	90	-	122	129	69	412

Thousands of U.S. Dollars							
March 31, 2023	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards	\$ 705	\$ 591	\$ 1,317	\$ 1,871	\$ 1,344	\$ 11,488	\$ 17,316
Less valuation allowances for tax loss carryforwards	(510)	(322)	(650)	(1,578)	(1,344)	(11,402)	(15,806)
Net deferred tax assets relating to tax loss carryforwards	195	269	667	293	-	86	1,510

Note: Deferred tax assets of ¥202 million (\$1,510 thousand) and ¥412 million are recognized related to tax loss carryforwards of ¥2,320 million (\$ 17,316 thousand) and ¥1,690 million at March 31, 2023 and 2022, respectively. For the tax loss carryforwards recognized on the deferred tax assets, valuation allowance related to the portion of tax loss carryforwards is determined to be realizable based on the estimated future taxable income.

A reconciliation between the effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of operations for the years ended March 31, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Effective statutory tax rate	30.6%	30.6%
Expenses not deductible for income tax purposes	30.4	5.7
Income not recognized for tax purposes	(4.7)	(0.5)
Per capita tax	3.3	0.8
Effects of differences in income tax rates applicable to foreign subsidiaries	32.1	(0.6)
Amortization of goodwill not recognized for tax purposes	25.6	5.1
Equity in earnings of a non-consolidated subsidiary and an associated company	(6.0)	(0.8)
Net change in valuation allowance	173.3	5.2
Tax credit relating to R&D and other	(15.5)	(3.8)
Other—net	2.8	1.3
Actual effective tax rate	<u>271.9%</u>	<u>43.0%</u>

14. REVENUE

(1) Disaggregation of Revenue

Revenues from contracts with customers on a disaggregated basis for the years ended March 31, 2023 and 2022, were as follows:

		Millions of Yen					
		2023					
		Reportable Segment				Other (*)	Total
		Automotive Motor Bearings	Automotive Non-Motor Bearings	Non-automotive Bearings	Parts for Automobiles Other than Bearings		
Geographical areas:							
Japan	¥ 26,067	¥ 9,273	¥ 9,065	¥3,806	¥ 48,211	¥1,076	¥49,287
North America	5,893	2,227	1,045	2,598	11,763	79	11,842
Asia	20,260	4,858	1,634	10,275	37,027	136	37,163
Europe	7,549	2,054	2,879	1	12,483	78	12,561
Other	2,877	831	145	679	4,532	10	4,542
Revenues from contracts with customers	¥ 62,646	¥ 19,243	¥14,768	¥17,359	¥114,016	¥1,379	¥115,395
Other revenue	-	-	-	-	-	85	85
Total	¥ 62,646	¥ 19,243	¥14,768	¥17,359	¥114,016	¥1,464	¥115,480
		Millions of Yen					
		2022					
		Reportable Segment				Other (*)	Total
		Automotive Motor Bearings	Automotive Non-Motor Bearings	Non-automotive Bearings	Parts for Automobiles Other than Bearings		
Geographical areas:							
Japan	¥ 24,758	¥ 10,246	¥ 6,778	¥3,313	¥45,095	¥1,147	¥46,242
North America	4,914	1,926	729	2,114	9,683	66	9,749
Asia	18,705	5,224	1,324	7,684	32,937	166	33,103
Europe	6,825	2,077	2,091	3	10,996	67	11,063
Other	2,394	782	111	575	3,862	5	3,867
Revenues from contracts with customers	¥ 57,596	¥ 20,255	¥11,033	¥13,689	¥102,573	¥1,451	¥104,024
Other revenue	-	-	-	-	-	-	-
Total	¥ 57,596	¥ 20,255	¥11,033	¥13,689	¥102,573	¥1,451	¥104,024

Thousands of U.S. Dollars							
2023							
	Reportable Segment				Other (*)	Total	
	Automotive Motor Bearings	Automotive Non-Motor Bearings	Non-automotive Bearings	Parts for Automobiles Other than Bearings			
Geographical areas:							
Japan	\$194,529	\$69,200	\$67,653	\$28,401	\$359,783	\$8,031	\$367,814
North America	43,981	16,619	7,798	19,385	87,783	593	88,376
Asia	151,196	36,252	12,196	76,681	276,325	1,018	277,343
Europe	56,335	15,332	21,483	9	93,159	579	93,738
Other	21,467	6,200	1,083	5,067	33,817	72	33,889
Revenues from contracts with customers	\$467,508	\$143,603	\$110,213	\$129,543	\$850,867	\$10,293	\$861,160
Other revenue	-	-	-	-	-	631	631
Total	\$467,508	\$143,603	\$110,213	\$129,543	\$850,867	\$10,924	\$861,791

* Other includes electrode sheets for electric double layer capacitors, metallic dry bearings, rotary pumps, and property rental.

(2) Basic Information to Understand Revenues from Contracts with Customer

Basic information to understand revenues from contracts with customer is described in Note 2.o. to the consolidated financial statements.

(3) Contract Balance

Receivables from contract with customers, contract assets and contract liabilities at the beginning and end of the year are as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2023	2022	2023	
Receivables from contracts with customers:				
Balance at beginning of year	¥ 27,285	¥ 25,463	\$ 203,618	
Balance at end of year	30,317	27,285	226,245	
Contract liabilities:				
Balance at beginning of year	¥ 88	¥ 53	\$ 658	
Balance at end of year	83	88	616	

Contract liabilities primarily relate to prepaid payments received in advance of the satisfaction of performance obligations where the Group sells bearing products to customers. The Group generally records revenue upon completion of the delivery of the products. The contractual liability for these prepaid payments received is monetized in a short period of time. The amount of revenue recognized in the years ended March 31, 2023 and 2022 that was included in the contract liabilities at the beginning of year is immaterial.

(4) Transaction Prices Allocated to Remaining Performance Obligations

The transaction prices allocated to remaining performance obligations to be satisfied within one year are not presented since the amount is immaterial.

Consideration arising from the contract with the customer that are not included in the transaction price is immaterial.

15. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥2,205 million (\$ 16,456 thousand) and ¥1,935 million for the years ended March 31, 2023 and 2022, respectively.

16. SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

Selling, general, and administrative expenses for the years ended March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2023	2022	2023	
Fare	¥ 3,571	¥ 3,477	\$ 26,654	
Outsourcing commission	1,471	1,442	10,979	
Provision of allowance for doubtful accounts	(47)	(32)	(351)	
Executive remuneration	620	552	4,627	
Salary allowance	5,634	5,116	42,042	
Provision for bonuses to employees	266	368	1,985	
Provision for bonuses to directors and Audit & Supervisory Board members	-	40	-	
Provision for product warranties	77	74	572	
Net periodic retirement benefit cost	339	461	2,527	
Welfare expense	1,249	1,121	9,325	
Depreciation	1,543	1,428	11,513	
Rent costs	1,093	1,137	8,156	
Research and development costs	2,140	1,882	15,969	
Other	5,387	4,650	40,203	
Total	¥ 23,343	¥ 21,716	\$ 174,201	

17. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group uses financial instruments, mainly long-term debt, including bank loans and lease obligations, based on its capital financing plan. Cash surpluses, if any, are invested in low-risk financial assets. Short-term bank loans are used to fund the Group's ongoing operations. Derivatives are not used for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and Extent of Risks Arising from Financial Instruments

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates. Investment securities, mainly equity instruments of customers and suppliers of the Group or held for business alliances, are exposed to the risk of market price fluctuations.

Maturities of bank loans and lease obligations are over a period of up to 8 years after the balance sheet date. A portion of such bank loans and lease obligations is exposed to market risks from changes in variable interest rates.

Derivatives mainly include forward foreign currency contracts which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables, and foreign currency swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of long-term loans from banks. Please see Note 18 for more details about derivatives.

(3) Risk Management for Financial Instruments

Credit Risk Management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers at an early stage.

As the counterparties to these derivatives are limited to major international financial institutions, the Company does not anticipate any losses arising from credit risk.

Market Risk Management (Foreign Exchange Risk and Interest Rate Risk)

Investment securities are managed by monitoring market values and the financial position of issuers on a regular basis. The basic principles for derivative transactions of the Company have been approved by management in accordance with the Company's policies which define transaction limits and trading rights. At least once every three months, the responsible department reports to the Board of Directors on the status of foreign exchange risk management, and risk measures are being considered. Consolidated subsidiaries also manage derivative transactions in accordance with the Group's policies or their own policies.

Liquidity Risk Management

The Group manages liquidity risk by maintaining the cash management plan according to reports from each department.

(4) Fair Value of Financial Instruments

The fair value of financial instruments is based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Fair value information for cash and cash equivalents, notes and accounts receivable, notes and accounts payable, short-term bank loans, and income tax payable is omitted since carrying amounts of them are approximate fair value because of their short maturities. Please see Note 18 for more details on fair values for derivatives.

March 31, 2023	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains/(Losses)
Investment securities	¥ 3,504	¥ 3,504	-
Total	¥ 3,504	¥ 3,504	-
Long-term debt, including current portion	¥ 29,958	¥ 29,719	¥ 239
Total	¥ 29,958	¥ 29,719	¥ 239
Derivatives	¥ 7	¥ 7	-

Millions of Yen			
March 31, 2022	Carrying Amount	Fair Value	Unrealized Gains/(Losses)
Investment securities	¥ 3,052	¥ 3,052	-
Total	¥ 3,052	¥ 3,052	-
Long-term debt, including current portion	¥ 30,073	¥ 30,077	¥ (4)
Total	¥ 30,073	¥ 30,077	¥ (4)
Derivatives	¥ (6)	¥ (6)	-
Thousands of U.S. Dollars			
March 31, 2023	Carrying Amount	Fair Value	Unrealized Gains/(Losses)
Investment securities	\$ 26,148	\$ 26,148	-
Total	\$ 26,148	\$ 26,148	-
Long-term debt, including current portion	\$ 223,564	\$ 221,786	\$ 1,778
Total	\$ 223,564	\$ 221,786	\$ 1,778
Derivatives	\$ 56	\$ 56	-

Carrying amount of investments in equity instruments that do not have a quoted market price in an active market

Millions of Yen		Thousands of U.S. Dollars
	2023	2022
Unlisted equity instruments	¥ 68	¥ 68
		\$ 505

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

Millions of Yen				
March 31, 2023	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥ 18,955	-	-	-
Time deposits	5,153	-	-	-
Receivables	31,207	-	-	-
Total	¥ 55,315	-	-	-
Millions of Yen				
March 31, 2022	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥ 18,868	-	-	-
Time deposits	4,150	-	-	-
Receivables	28,364	-	-	-
Total	¥ 51,382	-	-	-

Thousands of U.S. Dollars				
March 31, 2023	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	\$ 141,456	-	-	-
Time deposits	38,456	-	-	-
Receivables	232,890	-	-	-
Total	\$ 412,802	-	-	-

Please see Note 9 for annual maturities of long-term debt.

Financial Instruments Categorized by Fair Value Hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is categorized at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

- (1) The financial assets and liabilities measured at the fair values in the consolidated balance sheet

Millions of Yen				
March 31, 2023	Level 1	Level 2	Level 3	Total
Investment securities				
Available for sale				
Equity securities	¥3,504	-	-	¥3,504
Derivatives				
Foreign currency forward contracts	-	¥7	-	¥7
Total	¥3,504	¥7	-	¥3,511

Millions of Yen				
March 31, 2022	Level 1	Level 2	Level 3	Total
Investment securities				
Available for sale				
Equity securities	¥3,052	-	-	¥3,052
Total	¥3,052	-	-	¥3,052
Derivatives				
Foreign currency forward contracts	-	¥(6)	-	¥(6)
Total	-	¥(6)	-	¥(6)

Thousands of U.S. Dollars				
March 31, 2023	Level 1	Level 2	Level 3	Total
Investment securities				

Available for sale				
Equity securities	\$26,148	-	-	\$26,148
Derivatives				
Foreign currency forward contract	-	\$56	-	\$56
Total	<u>\$26,148</u>	<u>\$56</u>	<u>-</u>	<u>\$26,204</u>

(2) The financial assets and liabilities not measured at the fair values in the consolidated balance sheet

Millions of Yen				
March 31, 2023	Level 1	Level 2	Level 3	Total
Long-term debt, including current portion	-	¥29,719	-	¥29,719
Total	<u>-</u>	<u>¥29,719</u>	<u>-</u>	<u>¥29,719</u>

Millions of Yen				
March 31, 2022	Level 1	Level 2	Level 3	Total
Long-term debt, including current portion	-	¥30,077	-	¥30,077
Total	<u>-</u>	<u>¥30,077</u>	<u>-</u>	<u>¥30,077</u>

Thousands of U.S. Dollars				
March 31, 2023	Level 1	Level 2	Level 3	Total
Long-term debt, including current portion	-	\$221,786	-	\$221,786
Total	<u>-</u>	<u>\$221,786</u>	<u>-</u>	<u>\$221,786</u>

The following is a description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities:

Investment Securities

The fair value of investment securities is measured at the quoted market price of the stock exchange for the equity instruments. Since the equity instruments are traded in active markets, the fair values of them are categorized as Level 1.

Long-Term Debt

The fair values of long-term debt are measured by using discounted present value techniques considering assumptions including expected future cash flows and discount rates considering maturity and credit risk and are categorized as Level 2.

Derivatives

The fair values of foreign currency forward contracts are measured by using discounted present value techniques considering observable inputs such as foreign currency exchange rate and are categorized as Level 2.

18. DERIVATIVES

The Group enters into foreign currency forward contracts and currency swap contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

An accounting department of the Company is in charge of entering into such transactions based on an approved defined management policy on authority and limits on the maximum amount of derivative transactions. Consolidated subsidiaries also manage derivatives based on internal policies.

Derivative Transactions to Which Hedge Accounting is Not Applied

		Millions of Yen			
		Contract	Contract	Fair	Unrealized
		Amount	Amount Due	Value	Gain/Loss
			after One Year		
March 31, 2023					
Foreign currency forward contracts:					
Buying yen					
	Selling Chinese yuan	¥ 214	-	¥ 6	¥ 6
	Selling Thai Baht	56	-	1	1
	Total	¥ 270	-	¥ 7	¥ 7

		Millions of Yen			
		Contract	Contract	Fair	Unrealized
		Amount	Amount Due	Value	Gain/Loss
			after One Year		
March 31, 2022					
Foreign currency forward contracts:					
Buying yen					
	Selling Chinese yuan	¥ 516	-	¥ (6)	¥ (6)
	Selling Thai Baht	218	-	1	1
	Selling Indian Rupee	59	-	(1)	(1)
	Total	¥ 793	-	¥ (6)	¥ (6)

		Thousands of U.S. Dollars			
		Contract	Contract	Fair	Unrealized
		Amount	Amount Due	Value	Gain/Loss
			after One Year		
March 31, 2023					
Foreign currency forward contracts:					
Buying yen					
	Selling Chinese yuan	\$ 1,598	-	\$ 45	\$ 45
	Selling Thai Baht	421	-	11	11
	Total	\$ 2,019	-	\$ 56	\$ 56

19. CONTINGENT LIABILITIES

At March 31, 2023, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Guarantees of employees' housing loans	¥ 97	\$ 722

20. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Unrealized loss on available-for-sale securities:			
Losses arising during the year	¥ (1)	¥ (20)	\$ (11)
Reclassification adjustments to profit or loss	-	-	-
Amount before income tax effect	(1)	(20)	(11)
Income tax effect	(2)	7	(12)
Total	¥ (3)	¥ (13)	\$ (23)
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ 3,918	¥ 2,191	\$ 29,236
Total	¥ 3,918	¥ 2,191	\$ 29,236
Defined retirement benefit plans			
Adjustments arising during the year	¥ 555	¥ 653	\$ 4,147
Reclassification adjustments to profit or loss	176	379	1,311
Amount before income tax effect	731	1,032	5,458
Income tax effect	(184)	(292)	(1,375)
Total	¥ 547	¥ 740	\$ 4,083
Share of other comprehensive income in a nonconsolidated subsidiary and an associated company			
Gains arising during the year	¥ 176	¥ 62	\$ 1,313
Total	¥ 176	¥ 62	\$ 1,313
Total other comprehensive income	¥ 4,638	¥ 2,980	\$ 34,609

21. NET INCOME PER SHARE

Calculation of basic income per share for the years ended March 31, 2023 and 2022, was as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	Net (Loss) Income Per Share	
<u>For the year ended March 31, 2023:</u>				
Net loss income attributable to common shareholders	¥ (2,209)	46,936	¥ (47.05)	\$ (0.35)
<u>For the year ended March 31, 2022:</u>				
Net income attributable to common shareholders	¥ 1,898	46,628	¥ 40.70	

Diluted net income per share is not presented as the Group did not have potential dilutive common shares and was in a loss position in 2023. For 2022, the Group did not have potential dilutive common shares.

22. SUBSEQUENT EVENT

The following appropriation of retained earnings at March 31, 2023, was approved at the Board of Directors meeting held on May 25, 2023:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥2 (\$0.01) per share	¥ 95	\$ 709

23. SEGMENT INFORMATION

Under ASBJ Statement No. 17, “Accounting Standard for Disclosures about segments of an Enterprise and Related information,” and ASBJ Guidance No. 20, “Guidance on Accounting Standard for Disclosures about segments of an Enterprise and Related information,” an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity for which separate financial information is available and whose financial information is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and assess its performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of Reportable Segments

The Group’s reportable segments are those for which separate financial information is available and regular evaluation by the Company’s management is performed in order to decide how resources are allocated among the Group.

The Group mainly manufactures and sells bearings for the automotive, marine and construction machinery industries, dry bearings and special bearings for general industrial machinery, high-precision / high-quality parts for automotive engines and transmissions, and aluminum die cast automotive parts across the globe. Furthermore, the Group also manufactures and sells metallic dry bearings, rotary pumps, centralized lubrication equipment, electrode sheets for electric double layer capacitors and so on.

The Group has four reportable segments which include manufacturing automotive motor bearings, automotive non-motor bearings, non-automotive bearings, and parts for automobiles other than bearings, to correspond to its customers’ business needs.

2. Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets, and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, “SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.”

Reportable segment profit represents operating income. Intersegment sales or transfer prices are based upon the current market price.

3. Information about Sales, Profit (Loss), Assets, and Other Items

Millions of Yen											
2023											
	Reportable Segment					Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated		
	Automotive Motor Bearings	Automotive Non-Motor Bearings	Non-automotive Bearings	Parts for Automobiles Other than Bearings	Total						
Sales:											
Sales to external customers	¥ 62,647	¥ 19,242	¥14,768	¥ 17,359	¥ 114,016	¥ 1,464	¥ 115,480	-	¥ 115,480		
Intersegment sales or transfers	823	247	40	392	1,502	661	2,163	¥ (2,163)	-		
Total	¥ 63,470	¥ 19,489	¥ 14,808	¥ 17,751	¥ 115,518	¥ 2,125	¥ 117,643	¥ (2,163)	¥ 115,480		
Segment profit (loss)	¥ 6,961	¥ 2,671	¥ 2,086	¥ (2,097)	¥ 9,621	¥ 378	¥ 9,999	¥ (7,174)	¥ 2,825		
Segment assets	85,591	22,519	14,614	31,270	153,994	2,187	156,181	17,136	173,317		
Other:											
Depreciation and amortization	4,153	1,116	605	2,067	7,941	44	7,985	1,206	9,191		
Amortization of goodwill	-	-	-	750	750	-	750	-	750		
Investments in associated companies that are accounted for by the equity method	859	1,251	-	392	2,502	-	2,502	-	2,502		
Increase in property, plant and equipment and intangible assets	1,969	542	734	2,120	5,365	2	5,367	629	5,996		

	Millions of Yen																	
	2022																	
	Reportable Segment																	
	Automotive Motor Bearings		Automotive Non-Motor Bearings		Non-automotive Bearings		Parts for Automobiles Other than Bearings		Total		Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated				
Sales:																		
Sales to external customers	¥	57,596	¥	20,255	¥	11,034	¥	13,688	¥	102,573	¥	1,451	¥	104,024	-	¥	104,024	
Intersegment sales or transfers		792		144		43		749		1,728		672		2,400	¥	(2,400)	-	
Total	¥	58,388	¥	20,399	¥	11,077	¥	14,437	¥	104,301	¥	2,123	¥	106,424	¥	(2,400)	¥	104,024
Segment profit (loss)	¥	8,380	¥	3,338	¥	1,750	¥	(1,650)	¥	11,818	¥	344	¥	12,162	¥	(7,120)	¥	5,042
Segment assets		82,442		22,262		11,868		31,689		148,261		2,194		150,455		15,701		166,156
Other:																		
Depreciation and amortization		4,339		1,136		521		1,981		7,977		45		8,022		1,218		9,240
Amortization of goodwill		-		-		-		725		725		-		725		-		725
Investments in associated companies that are accounted for by the equity method		851		1,093		-		359		2,303		-		2,303		-		2,303
Increase in property, plant and equipment and intangible assets		1,958		465		311		2,993		5,727		35		5,762		991		6,753

Thousands of U.S. Dollars

2023									
	Reportable Segment					Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated
	Automotive Motor Bearings	Automotive Non-Motor Bearings	Non-automotive Bearings	Parts for Automobiles Other than Bearings	Total				
Sales:									
Sales to external customers	\$ 467,508	\$ 143,603	\$ 110,212	\$ 129,544	\$ 850,867	\$ 10,924	\$ 861,791	-	\$ 861,791
Intersegment sales or transfers	6,145	1,840	294	2,927	11,206	4,936	16,142	\$ (16,142)	-
Total	\$ 473,653	\$ 145,443	\$ 110,506	\$ 132,471	\$ 862,073	\$ 15,860	\$ 877,933	\$ (16,142)	\$ 861,791
Segment profit (loss)	\$ 51,948	\$ 19,930	\$ 15,566	\$ (15,648)	\$ 71,796	\$ 2,826	\$ 74,622	\$ (53,541)	\$ 21,081
Segment assets	638,738	168,050	109,056	233,362	1,149,206	16,324	1,165,530	127,882	1,293,412
Other:									
Depreciation and amortization	30,991	8,327	4,514	15,425	59,257	328	59,585	9,002	68,587
Amortization of goodwill	-	-	-	5,596	5,596	-	5,596	-	5,596
Investments in associated companies that are accounted for by the equity method	6,413	9,339	-	2,922	18,674	-	18,674	-	18,674
Increase in property, plant and equipment and intangible assets	14,696	4,041	5,475	15,820	40,032	18	40,050	4,694	44,744

Notes:

- Other includes real estate leases, oil-less metal bearings, rotary pumps businesses, and electrode sheets for electric double layer capacitors.
- Reconciliations are as follows:
 - The reconciliation for segment loss of ¥7,174 million (\$53,541 thousand) and ¥7,120 million as of March 31, 2023 and 2022, respectively, includes corporate-wide costs of ¥7,184 million (\$53,615 thousand) and ¥7,115 million, respectively, and the elimination of intersegment transactions of ¥10 million (\$74 thousand) and ¥5 million, respectively.
Corporate-wide costs, which are not allocated to reportable segments, principally consist of general and administrative expenses.
 - The reconciliation for segment assets of ¥17,136 million (\$127,882 thousand) and ¥15,701 million as of March 31, 2023 and 2022, respectively, includes corporate assets of ¥24,788 million (\$184,990 thousand) and ¥22,698 million, respectively, and the elimination of intercompany transactions of ¥7,652 million (\$57,108 thousand) and ¥6,997 million, respectively.
Corporate assets, which are not allocated to reportable segments, principally consist of the central office in Nagoya.
 - The reconciliation for depreciation of ¥1,206 million (\$9,002 thousand) and ¥1,218 million as of March 31, 2023 and 2022, respectively, relates to the depreciation of corporate assets.
 - The reconciliation for the increase in property, plant and equipment and intangible assets of ¥ 629 million (\$4,694 thousand) and ¥ 991 million as of March 31, 2023 and 2022, respectively, relates to the investment in corporate assets.

Associated Information

1. Information about geographical areas

(1) Sales

Millions of Yen							
2023							
Japan	North America	Asia (excl. China and Thailand)	China	Thailand	Europe	Other	Total
¥49,364	¥11,842	¥12,624	¥10,796	¥13,752	¥12,561	¥4,541	¥115,480
Millions of Yen							
2022							
Japan	North America	Asia (excl. China and Thailand)	China	Thailand	Europe	Other	Total
¥46,242	¥9,749	¥10,432	¥11,355	¥11,316	¥11,063	¥3,867	¥104,024
Thousands of U.S. Dollars							
2023							
Japan	North America	Asia (excl. China and Thailand)	China	Thailand	Europe	Other	Total
\$368,386	\$88,376	\$94,206	\$80,568	\$102,628	\$93,738	\$33,889	\$861,791

Note: Sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

Millions of Yen					
2023					
Japan	North America	Asia (excl. Thailand)	Thailand	Europe	Total
¥27,535	¥ 5,354	¥7,069	¥8,133	¥ 7,430	¥55,521

Millions of Yen					
2022					
Japan	North America	Asia (excl. Thailand)	Thailand	Europe	Total
¥ 28,478	¥ 4,936	¥ 7,169	¥ 9,813	¥ 6,895	¥ 57,291

Thousands of U.S. Dollars					
2023					
Japan	North America	Asia (excl. Thailand)	Thailand	Europe	Total
\$ 205,486	\$ 39,957	\$52,756	\$ 60,691	\$ 55,444	\$414,334

2. Information about Impairment of Long-Lived Assets

	Millions of Yen								
	2023								
	Reportable Segments				Other	Total	Elimination/ Corporate	Consolidated	
	Automotive Motor Bearings	Automotive Non-Motor Bearings	Non-automotive Bearings	Parts for Automobiles Other than Bearings					Total
Loss on impairment of long-lived assets	-	-	-	¥ 2,015	¥2,015	-	¥ 2,015	-	¥2,015
	Millions of Yen								
	2022								
	Reportable Segments				Other	Total	Elimination/ Corporate	Consolidated	
	Automotive Motor Bearings	Automotive Non-Motor Bearings	Non-automotive Bearings	Parts for Automobiles Other than Bearings					Total
Loss on impairment of long-lived assets	-	-	-	¥ 457	¥ 457	-	¥ 457	-	¥ 457
	Thousands of U.S. Dollars								
	2023								
	Reportable Segments				Other	Total	Elimination/ Corporate	Consolidated	
	Automotive Motor Bearings	Automotive Non-Motor Bearings	Non-automotive Bearings	Parts for Automobiles Other than Bearings					Total
Loss on impairment of long-lived assets	-	-	-	\$15,034	\$15,034	-	\$15,034	-	\$15,034

3. Information about Goodwill

Millions of Yen								
2023								
Reportable Segments					Other	Total	Elimination/ Corporate	Consolidated
Automotive Motor Bearings	Automotive Non-Motor Bearings	Non-automotive Bearings	Parts for Automobiles Other than Bearings	Total				
Goodwill	-	-	¥ 4,629	¥ 4,629	-	¥4,629	-	¥ 4,629

Millions of Yen								
2022								
Reportable Segments					Other	Total	Elimination/ Corporate	Consolidated
Automotive Motor Bearings	Automotive Non-Motor Bearings	Non-automotive Bearings	Parts for Automobiles Other than Bearings	Total				
Goodwill	-	-	¥ 5,153	¥ 5,153	-	¥ 5,153	-	¥ 5,153

Thousands of U.S. Dollars								
2023								
Reportable Segments					Other	Total	Elimination/ Corporate	Consolidated
Automotive Motor Bearings	Automotive Non-Motor Bearings	Non-automotive Bearings	Parts for Automobiles Other than Bearings	Total				
Goodwill	-	-	\$ 34,545	\$ 34,545	-	\$ 34,545	-	\$34,545

Note: Please see segment information for details about the amortization of goodwill.

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