Note:This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

April 26, 2024

JVCKENWOOD

# Accounting Report for the FYE March 31, 2024 (Under IFRS)

Company name: JVCKENWOOD Corporation
Listing: Prime Market of the Tokyo Stock Exchange
Securities code: 6632
URL: https://www.jvckenwood.com/en.html
Representative: EGUCHI Shoichiro, Representative Director of the Board, President and CEO
Inquiries: MIYAMOTO Masatoshi, Representative Director of the Board, Senior Managing Executive Officer, Chief Financial Officer (CFO)
Telephone: +81-45-444-5232
Scheduled date of annual general meeting of shareholders: June 21, 2024
Scheduled date to commence dividend payments: May 28, 2024
Scheduled date to file annual securities report: June 21, 2024
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results briefing: Yes (for analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

## 1. Consolidated financial results for the FYE March 31, 2024 (from April 1, 2023 to March 31, 2024

(1) Operating results (cumulative) (Percentages indicate year-on-year changes.)

| | Revenue | | Core operating income* | | Operating profit | | Profit before tax | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| FYE3/'24 | 359,459 | 6.7 | 19,710 | 24.5 | 18,226 | (15.8) | 18,245 | (13.8) | 13,016 | (19.8) |
| FYE3/'23 | 336,910 | 19.4 | 15,836 | 121.6 | 21,634 | 138.9 | 21,161 | 148.5 | 16,229 | 176.3 |

*Core operating income is calculated by deducting cost of sales, selling and general administrative expenses from revenue, and does not include other income, other expenses, and foreign exchange gains and losses, which are nonrecurring items that mainly occur temporarily.

| | Basic earnings per share | Diluted earnings per share | Return on equity attributable to owners of parent | Ratio of profit before tax to total assets | Ratio of operating profit to revenue |
|---|---|---|---|---|---|
| | Yen | Yen | % | % | % |
| FYE3/'24 | 84.34 | 83.84 | 12.2 | 5.9 | 5.1 |
| FYE3/'23 | 99.27 | 99.10 | 18.2 | 7.3 | 6.4 |

(2) Financial positions

| | Total assets | Total equity | Equity attributable to owners of parent | Ratio of equity attributable to owners of parent to total assets | Equity attributable to owners of parent per share |
|---|---|---|---|---|---|
| | Million yen | Million yen | Million yen | % | Yen |
| FYE3/'24 | 316,819 | 121,220 | 114,801 | 36.2 | 761.35 |
| FYE3/'23 | 299,355 | 103,731 | 98,807 | 33.0 | 604.39 |

(3) Cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---|---|---|---|---|
| | Million yen | Million yen | Million yen | Million yen |
| FYE3/'24 | 33,172 | (16,062) | (19,353) | 57,874 |
| FYE3/'23 | 26,607 | (7,329) | (14,032) | 56,186 |

## 2. Dividends

| | Annual dividends | | | | | Total cash dividends (Total) | Payout ratio (Consolidated) | Ratio of dividends to equity attributable to owners of parent (Consolidated) |
|---|---|---|---|---|---|---|---|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year- end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| FYE3/'23 | — | 0.00 | — | 12.00 | 12.00 | 1,967 | 12.1 | 2.2 |
| FYE3/'24 | — | 0.00 | — | 12.00 | 12.00 | 1,827 | 14.2 | 1.8 |
| FYE3/'25 (Forecast) | — | 5.00 | — | 8.00 | 13.00 | | 15.7 | |

Year-end dividends in FYE3/'23: Regular dividend 7.00 (yen) and Special dividend 5.00 (yen)
Year-end dividends in FYE3/'24: Regular dividend 12.00 (yen)
Year-end dividends in FYE3/'25 (Forecast): Regular dividend 13.00 (yen) (interim dividend of 5 yen and year-end dividend of 8 yen)

3. **FYE3/'25 full-year earnings forecast (April 1, 2024 – March 31, 2025)** (% indicate year-on-year changes)

| | Revenue | | Core operating income* | | Operating profit | | Profit before tax | | Profit attributable to owners of parent | | Basic earnings per share |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 362,000 | 0.7 | 19,000 | (3.0) | 18,200 | (0.1) | 18,000 | (1.3) | 12,500 | (4.0) | 82.90 |

*Core operating income is calculated by deducting cost of sales, selling and general administrative expenses from revenue, and does not include other income, other expenses, and foreign exchange gains and losses, which are nonrecurring items that mainly occur temporarily.

## Note

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
Newly included: None
Excluded: Shanghai Kenwood Electronics Co., Ltd.

(2) Changes in accounting policies and changes in accounting estimates
(i) Changes in accounting policies required by IFRS: Yes
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)
(i) Total number of issued shares at the end of the period (including treasury shares)

| | |
|---|---|
| As of March 31, 2024 | 164,000,201 shares |
| As of March 31, 2023 | 164,000,201 shares |

(ii) Number of treasury shares at the end of the period

| | |
|---|---|
| As of March 31, 2024 | 13,213,108 shares |
| As of March 31, 2023 | 516,992 shares |

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

| | |
|---|---|
| As of March 31, 2024 | 154,326,461 shares |
| As of March 31, 2023 | 163,484,274 shares |

* Accounting reports are exempt from review conducted by certified public accountants or an audit corporation.

# 1. Overview of Operating Results

## (1) Overview of Operating Results for the Fiscal Year under Review

Overview of Operating Results

The following is an overview of the financial position, operating results, and cash flows ("Operating Results") for the JVCKENWOOD Group (JVCKENWOOD Corporation and its consolidated subsidiaries and equity-method companies) for the fiscal year under review. Forward-looking statements in this document are based on the Company's judgment as of the publication date of this document.

Financial Position and Operating Results

On April 1, 2023, JVCKENWOOD Corporation changed business sector names from "Public Service Sector" to "Safety & Security Sector" and from "Media Service Sector" to "Entertainment Solutions Sector" in order to clarify the business strategy the Company pursues in transforming its business portfolio into a more profitable market where the Company's strengths can be leveraged to maximize corporate value.

Revenue of JVCKENWOOD Corporation and its consolidated subsidiaries for the fiscal year under review increased in year-on-year comparison. This was mainly due to the continued strong performance of the Communications Systems Business in the Safety & Security Sector, as well as the solid performance of the Overseas OEM Business in the Mobility & Telematics Services Sector. Core operating income of the JVCKENWOOD Group (the "Group") increased as a result. Operating profit of the Group decreased in year-on-year comparison; however, excluding the impact of a gain on the transfer of non-current assets of approximately 9,700 million yen recorded in the third quarter of the previous fiscal year, it increased significantly from a year earlier.

A summary of consolidated operating results for the fiscal year under review is as follows.

(Million yen)

| | Fiscal year ended March 2023 | Fiscal year ended March 2024 | Year-on-year comparison | Change |
|---|---|---|---|---|
| Revenue | 336,910 | 359,459 | +22,548 | +6.7% |
| Core operating income* | 15,836 | 19,710 | +3,874 | +24.5% |
| Operating profit | 21,634 | 18,226 | (3,407) | (15.8)% |
| Profit before income taxes | 21,161 | 18,245 | (2,915) | (13.8)% |
| Profit attributable to owners of the parent | 16,229 | 13,016 | (3,212) | (19.8)% |

* Core operating income is calculated by deducting cost of sales and selling, general and administrative expenses from revenue, and does not include other income, other expenses, and foreign exchange gains and losses, which are primarily due to one-time factors. Operating performance by business segment is explained using "core operating income."

Profit-and-loss exchange rates used when preparing the financial statements for the fiscal year under review are as follows.

| | | Q1 | Q2 | Q3 | Q4 | Full year |
|---|---|---|---|---|---|---|
| Profit-and-loss exchange rate | U.S. dollar | Approx. 137 yen | Approx. 145 yen | Approx. 148 yen | Approx. 149 yen | Approx. 145 yen |
| | Euro | Approx. 150 yen | Approx. 157 yen | Approx. 159 yen | Approx. 161 yen | Approx. 157 yen |
| FY2022 (for reference) | U.S. dollar | Approx. 130 yen | Approx. 138 yen | Approx. 141 yen | Approx. 132 yen | Approx. 135 yen |
| | Euro | Approx. 138 yen | Approx. 139 yen | Approx. 144 yen | Approx. 142 yen | Approx. 141 yen |

**Revenue**

Revenue of JVCKENWOOD Corporation and its consolidated subsidiaries for the fiscal year under review rose approximately 22,500 million yen, or 6.7%, from a year earlier to 359,459 million yen. This was mainly because sales in the Communications Systems Business in the Safety & Security Sector remained very brisk as in the previous fiscal year and because sales in the Overseas OEM Business in the Mobility & Telematics Services Sector and in the Entertainment Business in the Entertainment Solutions Sector remained strong.

**Core operating income**

JVCKENWOOD Corporation defines core operating income as revenue less cost of sales and selling, general and administrative expenses.

Core operating income for the fiscal year under review increased approximately 3,900 million yen, or 24.5%, from a year earlier to 19,710 million yen, reflecting an increase in revenue as described above.

**Operating profit**

Operating profit for the fiscal year under review decreased by approximately 3,400 million yen, or 15.8%, from the previous year to 18,226 million yen, mainly due to the recording of a gain on the transfer of non-current assets (approximately 9,700 million) in the third quarter of the previous fiscal year, despite an increase in core operating income.

**Profit before income taxes**

Profit before income taxes for the fiscal year under review decreased approximately 2,900 million yen, or 13.8%, from a year earlier to 18,245 million yen, mainly due to a decrease in operating profit.

**Profit attributable to owners of the parent**

Profit attributable to owners of the parent for the fiscal year under review decreased approximately 3,200 million yen, or 19.8%, from the previous year to 13,016 million yen, reflecting a significant decrease in profit before income taxes.

Revenue and Profit (Loss) by Business Segment

Revenue and core operating income by business segment are as follows.

Fiscal Year Ended March 2024 (from April 1, 2023, to March 31, 2024) (Million yen)

| Segment | | Fiscal year ended March 2023 | Fiscal year ended March 2024 | Year-on-year comparison |
|---|---|---|---|---|
| Mobility & Telematics Services Sector | Revenue | 197,564 | 199,435 | +1,871 |
| | Core operating income | 4,396 | 3,871 | -524 |
| Safety & Security Sector | Revenue | 74,652 | 93,755 | ＋19,102 |
| | Core operating income | 10,675 | 16,485 | ＋5,810 |
| Entertainment Solutions Sector | Revenue | 57,265 | 55,978 | (1,286) |
| | Core operating income | 798 | (257) | (1,055) |
| Others | Revenue | 7,427 | 10,289 | ＋2,861 |
| | Core operating income | (33) | (389) | -355 |
| Total | Revenue | 336,910 | 359,459 | ＋22,548 |
| | Core operating income | 15,836 | 19,710 | ＋3,874 |

**Mobility & Telematics Services Sector**

Revenue of the Mobility & Telematics Services Sector for the fiscal year under review increased approximately 1,900 million yen, or 0.9%, from the previous year to 199,435 million yen. Core operating income decreased approximately 500 million yen, or 11.9%, from a year earlier to 3,871 million yen.

Core operating income includes approximately 3,200 million yen as a negative impact of foreign exchange hedge, and core operating income of this sector, calculated by deducting the impact of foreign exchange hedge, increased year on year.

Revenue

Revenue of the OEM Business increased year on year. This was mainly because sales of ASK Industries S.p.A., our subsidiary in Europe, remained brisk as in the previous fiscal year, despite the impact of a decline in production and sales by domestic automobile manufacturers in the fourth quarter of the fiscal year under review.

Revenue of the Aftermarket Business decreased from the previous year mainly due to the impact of a sales decline resulting from inventory adjustment at major U.S. mass retailers.

Revenue of the Telematics Service Business fell from the previous year due to a decline in sales of telematics solution-related products including connected-type dashcams for insurance companies.

Core operating income

Core operating income of the entire Mobility & Telematics Services Sector decreased from the previous year. Although profit of the OEM Business was up from the previous year thanks to the revenue-increase effect, the segment as a whole was negatively impacted by foreign exchange hedging, and the Aftermarket Business and the Telematics Service Business were impacted by a revenue decrease.

**Safety & Security Sector**

Revenue of the Safety & Security Sector for the fiscal year under review rose approximately 19,100 million yen, or 25.6%, from the previous year to 93,755 million yen. Core operating income increased approximately 5,800 million yen from the previous year to 16,485 million yen.

Revenue

Revenue of the Communications Systems Business increased approximately 17,900 million yen from the previous year mainly because sales in the United States and other overseas markets were very brisk.
Revenue of the Professional Systems Business increased approximately 1,200 million yen from the previous year mainly because JVCKENWOOD Public & Industrial Systems Corporation tended to recover in the social infrastructure market including railways.

Core operating income

The Safety & Security Sector reported a sharp increase in profit from the previous year because the Communications Systems Business registered a large rise in profit thanks to substantial revenue growth, and the Professional Systems Business improved profit and loss because of revenue growth.

**Entertainment Solutions Sector**

Revenue of the Entertainment Solutions Sector for the fiscal year under review decreased approximately 1,300 million yen, or 2.2%, from the previous year to 55,978 million yen. Core operating income decreased approximately 1,100 million yen, or 132.2%, from the previous year to a loss of 257 million yen.
In addition, we decided to reduce the size of our professional camera business in the Media Business in consideration of the market conditions for the fiscal year ended March 2024 and other factors, and accordingly, we recorded an allowance of approximately 800 million yen for loss on components and materials as a structural reform expense in the third quarter of the fiscal year under review. This allowance for loss of approximately 800 million yen is included in core operating income.

Revenue

Revenue of the Media Business decreased approximately 3,400 million yen from the previous year mainly due to lower sales of portable power supplies and professional cameras although sales of headphones and earphones remained strong.
Revenue of the Entertainment Business increased approximately 2,100 million yen from the previous year mainly because sales in the content business remained strong.

Core operating income

Core operating income of the Entertainment Solutions Sector decreased from the previous year due to the impact of a decrease in revenue in the Media Business and the recording of an allowance of approximately 800 million yen for loss on components and materials as a structural reform expense in the professional camera business, although profit in the Entertainment Business rose due to the revenue-increase effect.

### (2) Overview of Financial Position for the Fiscal Year under Review

Assets

Total assets grew approximately 17,500 million yen from the end of the previous fiscal year to 316,819 million yen. This was mainly due to increases in trade and other receivables and property, plant and equipment, although inventories decreased.

Liabilities

Total liabilities decreased approximately 25 million yen from the end of the previous fiscal year to 195,598 million yen. This was mainly due to a decrease in borrowings, despite an increase in trade and other payables.

Equity

Total equity rose approximately 17,500 million yen from the end of the previous fiscal year to 121,220 million yen. This was due to an increase of approximately 11,200 million yen in retained earnings as well as an increase in other components of equity caused by the depreciation of the yen against major currencies, although there was a decrease due to purchase of treasury shares.

The ratio of equity attributable to owners of the parent was up 3.2 points from the end of the previous fiscal year to 36.2% due to an increase in equity attributable to owners of the parent.

### (3) Overview of Cash Flows for the Fiscal Year under Review

Cash Flow Analysis

Cash Flow from Operating Activities

Net cash provided by operating activities for the fiscal year under review was 33,172 million yen, which was an increase of approximately 6,600 million yen from the previous fiscal year. This was mainly due to a drop in working capital caused by a decrease in inventories, despite an increase in trade and other receivables.

Cash Flow from Investing Activities

Net cash used in investing activities for the fiscal year under review was 16,062 million yen, which was a decrease of approximately 8,700 million yen from the previous fiscal year. This was mainly due to an increase in expenditures for purchase of property, plant and equipment in conjunction with the construction of a new company building and other factors, and a significant decrease in proceeds from sale of property, plant and equipment.

Cash Flow from Financing Activities

Net cash used in financing activities for the fiscal year under review was 19,353 million yen, which was an increase of approximately 5,300 million yen from the previous fiscal year. This was mainly due to an increase in dividends and an increase in expenditure for the purchase of treasury shares.

Cash and cash equivalents at the end of the fiscal year under review decreased approximately 1,700 million yen from the previous fiscal year to 57,874 million yen.

### (4) Outlook for the Future

Outlook for the Next Fiscal Year

For the next fiscal year (fiscal year ending March 2025), revenue is expected to grow due to strong sales in the Communications Systems Business in the Safety & Security Sector and steady performance in the Overseas OEM Business in the Mobility & Telematics Services Sector. However, Core operating income is expected to decrease due to the expected impact of foreign exchange hedging of approximately 900 million yen and the planned increase in personnel and development investment in the Communications Systems Business in the Safety & Security Sector. Based on the above, the consolidated financial forecasts for the fiscal year ending March 2025 are as follows.

In the medium-term management plan "VISION 2025" released on April 27, 2023, JVCKENWOOD Corporation positioned the Communications Systems Business as a profit-generating driver that would lead the Company as a whole. Looking ahead, we will shift our management resources to further expand the Communications Systems Business, and expand the business by more aggressively investing in strategy and development, aiming for sustainable growth.

(Million yen)

| | Consolidated earnings for the FYE March 2024 | Consolidated earnings forecast for the FYE March 2025 | Year-on-year comparison |
|---|---|---|---|
| Revenue | 359,459 | 362,000 | +2,541 |
| Core operating income* | 19,710 | 19,000 | (710) |
| Operating profit | 18,226 | 18,200 | (26) |
| Profit before income taxes | 18,245 | 18,000 | (245) |
| Profit attributable to owners of the parent | 13,016 | 12,500 | (516) |

*Calculated by deducting cost of sales, selling and general administrative expenses from revenue, and does not include other income, other expenses, and foreign exchange gains and losses, which are primarily due to one-time factors.

Status of Dividends

| | Annual dividends (ordinary dividends) | | |
|---|---|---|---|
| | 1H | Year-end | Total |
| Fiscal year ended March 2024 | 0 yen | 12 yen | 12 yen |
| Fiscal year ending March 2025 (forecast) | 5 yen | 8 yen | 13 yen |

**Policy of profit distribution and dividends for the fiscal year under review and the next fiscal year**

JVCKENWOOD Corporation considers the stable return of profits and the securing of management resources for future growth as one of the most important management challenges. We use a total return ratio as an indicator for returning profits to shareholders based on a comprehensive consideration of profitability and financial conditions. In addition to distributing dividends in accordance with business performance, the Company flexibly repurchases its own shares and maintains stable returns to shareholders with a total return ratio of 30 to 40% while balancing the use of capital for medium- to long-term profit growth and the effect of improving capital efficiency.

For the fiscal year under review (fiscal year ended March 2024), the Company is scheduled to distribute a year-end dividend of 12 yen per share (ordinary dividend) based on the profit performance and the above-mentioned dividend policy as described in the "Revision of Dividend Forecast (Dividend Increase)" released on April 22, 2024.

For the next fiscal year (fiscal year ending March 2025), the Company will strive to improve the business performance and financial condition and forecasts an annual dividend of 13 yen per share (an interim dividend of 5 yen and a year-end dividend of 8 yen) based on the above policy.

## 2. Consolidated Financial Statements

### (1) Consolidated Statement of Financial Position

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 56,186 | 57,874 |
| Trade and other receivables | 58,157 | 67,863 |
| Contract assets | 2,996 | 4,748 |
| Other financial assets | 3,552 | 4,914 |
| Inventories | 67,830 | 62,906 |
| Right to recover products | 261 | 254 |
| Income taxes receivable | 976 | 924 |
| Other current assets | 6,231 | 6,547 |
| Subtotal | 196,191 | 206,032 |
| Assets classified as held for sale | 995 | 16 |
| Total current assets | 197,187 | 206,049 |
| Non-current assets | | |
| Property, plant and equipment | 54,721 | 61,955 |
| Goodwill | 2,379 | 2,665 |
| Intangible assets | 18,065 | 17,969 |
| Net defined benefit assets | 1,933 | 1,052 |
| Investment property | 3,817 | 4,077 |
| Investments accounted for using the equity method | 4,983 | 5,880 |
| Other financial assets | 9,758 | 10,432 |
| Deferred tax assets | 6,128 | 6,160 |
| Other non-current assets | 380 | 576 |
| Total non-current assets | 102,167 | 110,770 |
| Total assets | 299,355 | 316,819 |

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|---|---|
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 52,868 | 53,430 |
| Contract liabilities | 4,088 | 4,968 |
| Refund liabilities | 5,084 | 4,915 |
| Short-term borrowings | 26,292 | 19,194 |
| Other financial liabilities | 4,643 | 6,110 |
| Income taxes payable | 2,995 | 1,700 |
| Provisions | 1,814 | 2,303 |
| Other current liabilities | 26,062 | 29,093 |
| Total current liabilities | 123,849 | 121,717 |
| Non-current liabilities | | |
| Long-term borrowings | 36,190 | 38,103 |
| Other financial liabilities | 11,999 | 13,380 |
| Net defined benefit liabilities | 18,459 | 17,436 |
| Provisions | 1,252 | 1,402 |
| Deferred tax liabilities | 2,981 | 2,663 |
| Other non-current liabilities | 890 | 895 |
| Total non-current liabilities | 71,774 | 73,881 |
| Total liabilities | 195,624 | 195,598 |
| Equity | | |
| Capital stock | 13,645 | 13,645 |
| Capital surplus | 42,029 | 42,209 |
| Retained earnings | 28,811 | 40,004 |
| Treasury stock | (140) | (7,125) |
| Other components of equity | 14,461 | 26,067 |
| Equity attributable to owners of the parent company | 98,807 | 114,801 |
| Non-controlling interests | 4,923 | 6,418 |
| Total equity | 103,731 | 121,220 |
| Total liabilities and equity | 299,355 | 316,819 |

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|---|---|
| Revenue | 336,910 | 359,459 |
| Cost of sales | 241,710 | 250,695 |
| Gross profit | 95,200 | 108,763 |
| Selling, general and administrative expenses | 79,363 | 89,053 |
| Other income | 11,342 | 4,762 |
| Other expenses | 4,971 | 6,158 |
| Foreign exchange gains (losses) | (573) | (88) |
| Operating profit | 21,634 | 18,226 |
| Finance income | 454 | 957 |
| Finance expenses | 1,221 | 1,485 |
| Share of profit (loss) of investments accounted for using the equity method | 293 | 547 |
| Profit before income taxes | 21,161 | 18,245 |
| Income tax expenses | 4,316 | 4,353 |
| Profit | 16,844 | 13,892 |
| Profit attributable to: | | |
| Owners of the parent company | 16,229 | 13,016 |
| Non-controlling interests | 615 | 875 |
| Profit | 16,844 | 13,892 |
| Earnings per share | | |
| Basic earnings per share | 99.27 yen | 84.34 yen |
| Diluted earnings per share | 99.10 yen | 83.84 yen |

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|---|---|
| Profit | 16,844 | 13,892 |
| Other comprehensive income ("OCI") | | |
| Items that will not be reclassified subsequently to profit or loss | | |
| Financial assets measured at fair value through OCI | (108) | 196 |
| Remeasurement of defined benefit plans | 243 | 135 |
| Share of OCI of investments accounted for using the equity method | 1 | (10) |
| Total of items that will not be reclassified subsequently to profit or loss | 136 | 322 |
| Items that may be reclassified subsequently to profit or loss | | |
| Exchange differences arising on translation of foreign operations | 5,609 | 11,103 |
| Cash flow hedges | (1,211) | 645 |
| Share of OCI of investments accounted for using the equity method | (127) | 316 |
| Total of items that may be reclassified subsequently to profit or loss | 4,269 | 12,065 |
| OCI, net of income tax | 4,406 | 12,388 |
| Comprehensive income | 21,250 | 26,280 |
| Total comprehensive income attributable to: | | |
| Owners of the parent company | 20,376 | 24,761 |
| Non-controlling interests | 874 | 1,519 |
| Comprehensive income | 21,250 | 26,280 |

(3) Consolidated Statement of Cash Flows

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 21,161 | 18,245 |
| Depreciation and amortization | 17,615 | 18,182 |
| Impairment losses | 2,450 | 2,993 |
| Increase (decrease) in net defined benefit liabilities | (1,952) | (952) |
| Decrease (increase) in net defined benefit assets | 426 | 293 |
| Finance income | (454) | (957) |
| Finance expenses | 1,221 | 1,485 |
| Loss (gain) on valuation of financial assets measured at fair value through profit or loss | (428) | (54) |
| Loss (gain) on sales of property, plant and equipment | (9,772) | (415) |
| Loss on disposal of property, plant and equipment | 178 | 84 |
| Loss (gain) on sales of subsidiaries | 407 | (2,436) |
| Decrease (increase) in trade and other receivables | 3,002 | (4,607) |
| Decrease (increase) in inventories | (9,314) | 10,715 |
| Increase (decrease) in trade and other payables | 2,203 | (2,480) |
| Increase (decrease) in accrued expenses | 1,195 | 1,172 |
| Increase (decrease) in other current liabilities | 1,443 | 865 |
| Other, net | 999 | (3,162) |
| Subtotal | 30,382 | 38,972 |
| Interest received | 356 | 866 |
| Dividend received | 63 | 276 |
| Interest paid | (1,048) | (1,320) |
| Income taxes paid | (3,146) | (5,622) |
| Net cash provided by operating activities | 26,607 | 33,172 |
| Cash flows from investing activities | | |
| Purchases of property, plant and equipment | (7,367) | (11,697) |
| Proceeds from sales of property, plant and equipment | 11,317 | 2,530 |
| Purchases of intangible assets | (8,445) | (9,312) |

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|---|---|
| Payment for acquisition of investments accounted for using the equity method | (300) | (888) |
| Proceeds (payments) from sales of subsidiaries resulting in change in scope of consolidation | (2,541) | 2,858 |
| Proceeds from distribution of debt instruments | — | 712 |
| Other, net | 8 | (265) |
| Net cash used in investing activities | (7,329) | (16,062) |
| Cash flows from financing activities | | |
| Proceeds from short-term borrowings | 7,357 | 24,068 |
| Repayment of short-term borrowings | (10,254) | (21,519) |
| Proceeds from long-term borrowings | 17,190 | 14,573 |
| Repayment of long-term borrowings | (23,042) | (23,447) |
| Repayment of lease liabilities | (3,583) | (3,958) |
| Purchases of treasury stock | (0) | (7,001) |
| Cash dividends paid | (980) | (1,961) |
| Other, net | (719) | (106) |
| Net cash used in financing activities | (14,032) | (19,353) |
| Effect of exchange rate changes on cash and cash equivalents | 2,266 | 3,931 |
| Net increase (decrease) in cash and cash equivalents | 7,511 | 1,688 |
| Cash and cash equivalents at beginning of year | 48,707 | 56,186 |
| Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation | (32) | — |
| Cash and cash equivalents at end of year | 56,186 | 57,874 |