

**Matters for Internet Disclosure Pursuant to Laws and Regulations  
and Articles of Incorporation**

**For the 13th Fiscal Year**  
(April 1, 2021 to March 31, 2022)

- 1) Notes to Consolidated Financial Statements**
- 2) Notes to Non-Consolidated Financial Statements**

**RESTAR HOLDINGS CORPORATION**

In accordance with the laws and regulations and Article 16 of Articles of Incorporation of the Company, matters above are deemed to be provided to the shareholders by being available on the Company's website (<https://www.en.restargp.com/>).

## Notes to Consolidated Financial Statements

### I. Significant Matters as the Basis for Preparation of Consolidated Financial Statements

#### (1) Scope of consolidation

##### 1) Number and names of consolidated subsidiaries

- Number of consolidated subsidiaries: 46
- Names of major consolidated subsidiaries:  
Restar Electronics Corporation  
Restar Castec Corporation  
Restar Communications Corporation  
Restar Supply Chain Solution Corporation  
V-Power Co., Ltd.  
Vitec Enesta Co., Ltd.  
Vitec Vegetable Factory Co., Ltd.  
CU TECH CORPORATION
- Increase and decrease in consolidated subsidiaries during the fiscal year under review are as follows:

##### (Increase)

Due to acquisition of shares:

- PALTEK Corporation
- Cardservice Inc.
- PALTEK Hong Kong Limited
- WEI HUANG GREEN ENERGY TAIWAN CO., LTD.

Due to new establishment:

- Restar-SBI Innovation Investment Limited Partnership

##### (Decrease)

Due to absorption-type merger where a consolidated subsidiary is a surviving company:

- Restar Marketing Corporation
- UKC System Engineering Corporation
- VITEC ELECTRONICS TRADING (SHANGHAI) CO., LTD.

Due to completion of liquidation:

- VITEC ELECTRONICS (SHENZHEN) CO., LTD.

##### 2) Names of major non-consolidated subsidiaries, etc.

- Names of major non-consolidated subsidiaries:  
RESTAR ELECTRONICS VIETNAM CO., LTD.  
Kyoshin Communications Shikoku Co., LTD.

- Reason for exclusion from the scope of consolidation:

All of these non-consolidated subsidiaries are small in scale, and their combined total assets, net sales, profit (loss) (amount corresponding to equity interest), and retained earnings (amount corresponding to equity interest) do not have a material impact on the consolidated financial statements.

#### (2) Application of the equity method

##### 1) Number and names of associates accounted for using equity method

- Number of associates accounted for using equity method: 2
- Names of major associates:  
Privatech Inc.

2) Names of non-consolidated subsidiaries and associates not accounted for using equity method

- Names of major companies, etc.:

(Non-consolidated subsidiaries)

RESTAR ELECTRONICS VIETNAM CO., LTD.

Kyoshin Communications Shikoku Co., LTD.

- Reason for not applying equity method

The exclusion from the scope of equity method accounting of these non-consolidated subsidiaries and associates not accounted for using equity method has a negligible impact on the consolidated financial statements in terms of profit (loss) (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest), etc. and they are also not significant in total.

(3) Matters relating to accounting policies

1) Basis and method for valuation of significant assets

(a) Securities

Available-for-sale securities

- Securities other than shares and other securities without a market price

Securities other than shares and other securities without a market price are stated at fair value (valuation differences are recognized directly in net assets, and the cost of such securities sold is calculated using the moving average method).

- Shares and other securities without a market price

Shares and other securities without a market price are stated at cost using the moving average method. Meanwhile, investments in investment partnerships, etc. are stated at the net amount equivalent to equity interests based on the most recent financial statements of the partnership.

(b) Derivatives

Derivatives are stated at fair value.

(c) Inventories

- Merchandise and finished goods

Merchandise and finished goods are mainly stated at cost using the moving average method (in which the carrying amount is written down in case of a decline in profitability).

- Work in process

Consignment products

Consignment products are stated at cost using the specific identification method (in which the carrying amount is written down in case of a decline in profitability).

- Other manufactured products

Other manufactured products are stated at cost using the moving average method (in which the carrying amount is written down in case of a decline in profitability).

- Raw materials and supplies

Raw materials and supplies are mainly stated at cost using the moving average method (in which the carrying amount is written down in case of a decline in profitability).

2) Depreciation/amortization methods for significant depreciable/amortizable assets

(a) Property, plant and equipment (excluding leased assets)

At the Company and its consolidated subsidiaries in Japan, items of property, plant and equipment (excluding leased assets) are depreciated using the declining balance method. Meanwhile, at foreign subsidiaries, such items are mainly depreciated using the straight-

line basis. However, buildings (excluding accompanying facilities) acquired by the Company and its consolidated subsidiaries in Japan on and after April 1, 1998 and accompanying facilities and structures acquired by them on or after April 1, 2016 are depreciated on a straight-line basis.

(b) Intangible assets (excluding goodwill)

Intangible assets (excluding goodwill) are amortized on a straight-line basis.

Software for internal use by the Company and its consolidated subsidiaries in Japan is amortized on a straight-line basis over the period available for internal use (five years).

(c) Leased assets

Leased assets arising from finance lease transactions that transfer ownership

- Leased assets arising from finance lease transactions that transfer ownership are depreciated by the same depreciation method applied to non-current assets owned by the Group.

Leased assets arising from finance lease transactions that do not transfer ownership

- Leased assets arising from finance lease transactions that do not transfer ownership are depreciated using the straight-line method over the lease term with no residual value (or the guaranteed residual value if it is specified in the lease contract).

3) Standard for significant provisions

(a) Allowance for doubtful accounts

To provide for potential credit losses on trade receivables, the Company and its consolidated subsidiaries in Japan record allowance for doubtful accounts at an estimated unrecoverable amount calculated based on the historical rate of credit loss for general receivables and determined in consideration of recoverability of individual receivables for doubtful accounts and certain other receivables. Foreign consolidated subsidiaries record allowance for doubtful accounts at an estimated unrecoverable amount mainly for specific receivables.

(b) Provision for bonuses

To provide for payment of bonuses to employees, provision for bonuses is recorded at an amount of estimated future bonus payments that is attributable to the fiscal year under review.

(c) Provision for bonuses for directors (and other officers)

To provide for payment of bonuses to directors and other officers, provision for bonuses for directors (and other officers) is recorded at an amount of estimated bonus payments for the fiscal year under review.

(d) Provision for retirement benefits for directors (and other officers)

To provide for payments of retirement benefits to directors and other officers, provision for retirement benefits for directors (and other officers) is recorded at an amount required to be paid at the fiscal year-end in accordance with the regulations for retirement benefits for directors and other officers.

4) Standard for revenues and expenses

Revenue from sale of products or merchandise is mainly derived from wholesale sales or sales from manufacturing. The Group has a performance obligation to deliver product or merchandise under contracts with customers. The performance obligation is deemed to be satisfied at a point in time at which product or merchandise is delivered to the customer and the customer obtains control of the promised product or merchandise, and revenue is recognized upon the delivery of the product or merchandise. Meanwhile, the Group recognizes revenue upon shipment if the period from the time of shipment to the time when control of the product or merchandise is transferred to the customer is normal.

For transactions in which the Group acts as an agent in the sale of products to a customer,

the Group recognizes revenue at the net amount calculated by deducting the amount paid to third parties from the gross amount of consideration.

Revenue from maintenance service is mainly derived from the maintenance of products or merchandise. The Group has a performance obligation to provide the maintenance service under maintenance contracts with customers. The maintenance contracts are transactions where the performance obligation is satisfied over time, and revenue is recognized based on progress toward complete satisfaction of the performance obligation.

The Group recognizes revenue from construction contracts as the Group satisfies the performance obligation over time, except for very-short-term construction contracts. In some circumstances, the Group may not be able to reasonably measure the progress of satisfaction of performance obligation, but the Group expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Group recognizes revenue using the cost recovery method. The Group recognizes revenue from very-short-term construction contracts when the performance obligation is completely satisfied.

5) Accounting procedures for retirement benefits

(a) Attribution method for projected retirement benefits

In calculating retirement benefit obligations, the benefit formula basis is used to attribute the projected amount of retirement benefits to periods up to the end of the fiscal year under review.

(b) Accounting procedures for actuarial gains and losses and prior service cost

To provide for payments of retirement benefits to employees, the Company records an amount based on projected retirement benefits at the end of the fiscal year under review.

Prior service cost is amortized using the straight-line method over a certain number of years (mainly 10 years) within the average remaining service years of employees at the time of recognition.

Actuarial gains and losses, except for the amount amortized in lump sum with respect to employees retired under the early retirement incentive program and others, are amortized on a pro-rata basis using the straight-line method over a certain number of years (mainly 10 years) within the average remaining service years of employees from the fiscal year following the respective fiscal year of recognition.

(c) Accounting procedures for unrecognized actuarial gains and losses and unrecognized prior service cost

Unrecognized actuarial gains and losses and unrecognized prior service cost are recorded, after adjustment for tax effects, in remeasurements of defined benefit plans under accumulated other comprehensive income in net assets.

(d) Application of the simplified method

Some consolidated subsidiaries that fall under the categories of smaller companies and others use the simplified method to calculate retirement benefit liability and retirement benefit expenses using the amount of retirement benefits required to be paid for voluntary retirement at the end of the fiscal year under review.

6) Other significant matters for preparation of consolidated financial statements

(a) Matters concerning the fiscal years, etc. of consolidated subsidiaries

Consolidated subsidiaries whose fiscal year ends on December 31:

Restar-SBI Innovation Investment Limited Partnership

RESTAR ELECTRONICS (SHANGHAI) CO., LTD.

RESTAR ELECTRONICS (SHENZHEN) CO., LTD.

CU TECH CORPORATION

Dongguan CU Tech Electronics Corporation

CU TECH VIETNAM CO., LTD.

VGEL (SHENZHEN) CO., LTD.

VITEC WPG Limited

ViMOS Technologies GmbH

Consolidated subsidiaries whose fiscal year ends on October 31:

Cardservice Inc.

In preparing the consolidated financial statements, financial statements based on the provisional settlement of accounts as of the consolidated balance sheet date are used for nine consolidated subsidiaries out of those listed above. Meanwhile, for Restar-SBI Innovation Investment Limited Partnership, financial statements as of the balance sheet date of the company are used for consolidated accounting as the difference between the company's balance sheet date and the consolidated balance sheet date does not exceed three months.

In addition, necessary adjustments are made to reflect significant transactions occurred during the period from these balance sheet dates to the consolidated balance sheet date.

As the deemed acquisition date of Cardservice Inc., which became a consolidated subsidiary in the fiscal year under review, is March 31, 2022, only the balance sheet of the company was consolidated.

(b) Accounting policy for translating significant foreign currency-denominated assets and liabilities into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate at the consolidated balance sheet date, and translation adjustments are recognized in profit or loss. Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the spot exchange rates at the foreign subsidiaries' balance sheet dates, and their revenues and expenses are translated into Japanese yen at the average exchange rates during the periods. Translation adjustments of foreign subsidiaries are included in foreign currency translation adjustment in net assets.

(c) Significant hedge accounting methods

• Hedge accounting method

Hedging activities are principally accounted for under the deferral hedge accounting. The designation hedge accounting is applied to forward exchange contracts that fulfill the requirements for the designation method.

• Hedging instruments and hedged items

Hedging instruments: forward exchange contracts, currency options, interest rate swaps, and currency swaps

Hedged items: receivables and payables denominated in foreign currencies

• Hedge policy

Forward exchange contracts, currency options, and currency swaps are entered into to hedge the risks associated with fluctuations in exchange rates on transactions denominated in foreign currencies. Meanwhile, interest rate swaps are entered into to hedge the risks associated with fluctuations in interest rates.

- Method for assessing the effectiveness of hedges  
Hedge effectiveness is not assessed for forward exchange contracts, currency options, and currency swaps.

(Hedge accounting to which “Practical Solution on Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” is applied)

Among the hedging relationships described above, the exceptional treatment prescribed in the “Practical Solution on Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (PITF No. 40, March 17, 2022) is applied to all hedging relationships included in the scope of application of the Practical Solution. The details of hedging relationships to which the Practical Solution is applied are as follows:

- Hedge accounting method: deferral hedge accounting
- Hedging instruments: interest rate swaps
- Hedged items: borrowings denominated in foreign currencies
- Types of hedging transactions: to fix the cash flows

(d) Amortization method and period of goodwill

Goodwill is amortized by the straight-line method over a reasonable period not exceeding 20 years.

(e) Application of the consolidated taxation system

The Group has applied the consolidated taxation system.

(f) Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

The Company and some of its consolidated subsidiaries in Japan will transition from the consolidated taxation system to the group tax sharing system from the following fiscal year. However, as for items subject to the transition to the group tax sharing system established under the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 8 of 2020), as well as to the review of the non-consolidated taxation system in association therewith, the Company and some of its consolidated subsidiaries in Japan have not applied the provisions of Paragraph 44 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018), pursuant to the treatment in Paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No. 39, March 31, 2020), and the amounts of deferred tax assets and deferred tax liabilities are presented pursuant to the provisions of the tax laws before the revision.

Effective from the beginning of the following fiscal year, the Company and some of its consolidated subsidiaries in Japan plan to apply the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42, August 12, 2021), which establishes the accounting and disclosure treatment of corporate and local income taxes and tax effect accounting in the case of applying the group tax sharing system.

(g) Unit of presentation

Amounts presented herein are rounded down to the nearest million yen.

## II. Notes on Changes in Accounting Policies

(Application of Revenue Recognition Standard, etc.)

The Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter the “Revenue Recognition Standard”) and other standards from the beginning of the fiscal year under review, and recognizes revenue when control of the promised goods or services is transferred to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Major changes due to the application of the Revenue Recognition Standard, etc. are as follows:

(1) Transactions in which the Group acts as an agent

Previously, the Group recognized revenue from certain transactions based on the gross amount of consideration received from the customer. However, the Group has changed the revenue recognition method for transactions in which the Group acts as an agent in the sale of products to customers to recognize revenue at the net amount calculated by deducting the amount paid to third parties from the gross amount of consideration.

(2) Performance obligation satisfied over time

Previously, the Group applied the percentage-of-completion method to construction contracts for which the outcome of the construction activity was deemed certain during the course of the activity, and the completed-contract method to other construction contracts. However, the Group has changed the revenue recognition method to recognize revenue from construction contracts, except for very-short-term construction contracts, as the Group satisfies the performance obligation over time. In some circumstances, the Group may not be able to reasonably measure the progress of satisfaction of performance obligation, but the Group expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Group recognizes revenue using the cost recovery method.

In applying the Revenue Recognition Standard, etc., the Group followed the transitional treatment set forth in the proviso to Article 84 of the Standard. Specifically, the cumulative effects of retrospective application of the new accounting policy prior to the beginning of the fiscal year under review were added to or subtracted from retained earnings at the beginning of the fiscal year under review, and the new accounting policy has been applied from the beginning balance of the fiscal year under review. However, the new accounting policy has not been applied retrospectively to contracts for which nearly all the revenue amounts had been recognized in accordance with the previous treatment in periods prior to the beginning of the fiscal year under review by applying the method set forth in the proviso to Article 86 of the Revenue Recognition Standard.

In addition, as a result of the application of the Revenue Recognition Standard, etc., “Notes and accounts receivable-trade,” which had been presented in “Current assets” on the consolidated balance sheet for the previous fiscal year, have been included in “Notes receivable-trade,” “Accounts receivable-trade,” and “Contract assets” from the fiscal year under review.

As the major impact of a result of the application of Revenue Recognition Standard, etc. on the consolidated balance sheet for the fiscal year under review, contract assets increased by 392 million yen and work in process decreased by 392 million yen, compared to before the application. On the consolidated statement of income for the fiscal year under review, net sales and cost of sales decreased by 3,418 million yen and 3,405 million yen, respectively, and operating profit, ordinary profit, and profit before income taxes each decreased by 13 million yen. This application had no impact on the balance of retained earnings at the beginning of the fiscal year under review.

(Application of Fair Value Measurement Standard, etc.)

The Group has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter the “Fair Value Measurement Standard”) and other standards from the beginning of the fiscal year under review. At the same time, the Group decided to apply the new accounting policies stipulated in the Fair Value Measurement Standard, etc. prospectively, following



the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This application had no impact on the consolidated financial statements for the fiscal year under review.

In addition, the Group decided to make notes on matters related to breakdowns for each level of fair value of financial instruments in the “Notes on Financial Instruments.”

### III. Notes on Changes in Presentation

“Long-term prepaid expenses,” which had been included in “Other” under “Investments and other assets” in the previous fiscal year, have been presented separately from the fiscal year under review due to its increased quantitative materiality.

### IV. Notes on Accounting Estimates

(Impairment of non-current assets for the vegetable factory business)

(1) Amount recorded on the consolidated financial statements for the fiscal year under review

	Fiscal year under review
Property, plant and equipment	843 million yen
Intangible assets	2 million yen

Although there was no indication of impairment in the fiscal year under review, this information was identified as a disclosure item in view of the risk of a material impact on the consolidated financial statements for the following fiscal year.

(2) Other information that contributes to understanding the estimates

1) Calculation method

As a general rule, the Group considers business assets of individual companies as a basic unit for asset grouping that constitutes the smallest unit that generates cash flows. Meanwhile, goodwill is grouped by business, which is in line with the managerial accounting classifications on which profit and loss are continuously monitored.

In our vegetable factory business, which is a constituent of our environmental energy segment, vegetable factories share finished products with each other in order to ensure the stable supply of products, and the income and expenditure of the business are monitored as a whole. Due to such nature of the business, we use an asset-grouping approach in which the entire vegetable factory business is considered as a single business.

In recognizing an impairment loss of a non-current asset, we assess impairment by comparing the undiscounted future cash flows to the carrying amount of the asset. The undiscounted future cash flows are estimated based on business plans approved by management, and in consideration of future uncertainties.

2) Key assumptions

A business plan, which is the basis for estimating future cash flows, is formulated, taking into account harsh external conditions, such as rapidly declining demand for eating out and home-meal replacement due to the COVID pandemic and intensifying competition from recent well-capitalized entrants into the vegetable factory business, based on a realistic outlook. We have made the outlook based on factors, including a drastic review of our customer mix and product mix, withdrawal from unprofitable businesses, logistics cost reduction driven by promoting local production and consumption as well as by reviewing our customer mix, and efforts for quality improvement and new product development based on scientific approaches.

3) Impact on the consolidated financial statements for the following fiscal year

If changes in a business plan or market conditions used as a key assumption cause changes

in conditions or assumptions, upon which their amounts were estimated, we may need to recognize an impairment loss on non-current assets.

## V. Additional Information

(Impact of the COVID-19 pandemic)

Although it is expected that the uncertainty about when the pandemic will end will continue, we assume that the ongoing uncertainty will not have a significant impact on the Group's business conditions, judging from the Group's situation during the current fiscal year under review. Based on such an assumption, the Group makes accounting estimates.

(Lost earnings incurred by an overseas subsidiary of the Company)

It was discovered that an overseas subsidiary of the Company (hereinafter the "Subject Company") had engaged in transactions suspected of constituting a compliance violation with local companies run by the relatives of its employees and that there was a possibility of lost earnings in such transactions (hereinafter this "Case"). As this Case could affect the Company's consolidated financial statements, the Company determined that it was necessary to understand the facts of this Case, the actual situation on the existence of events similar to this Case, etc. Accordingly, the Company established a special investigation committee consisting of outside experts, etc. on June 6, 2022 in order to conduct a fair and appropriate investigation, and the committee conducted the investigation since then.

On July 28, 2022, the Company received an investigation report on this Case from the special investigation committee and decided the amount of profit that the Subject Company should have earned (lost earnings) to be 102 million yen after examining the amount based on the investigation report. The Company recorded the amount of claim for the lost earnings incurred in this Case of 102 million yen against the employees concerned as long-term loans receivable and recorded the same amount as allowance for doubtful accounts.

## VI. Notes to Consolidated Balance Sheet

(1) Accumulated depreciation of plant, property and equipment: 15,409 million yen

(2) Loan commitment agreements

In order to finance working capital efficiently, the Company has entered into a loan commitment agreement with three banks. The balance of undrawn loan commitments under these agreements is as follows:

Total loan commitments	65,000 million yen
Drawn commitments	50,104 million yen
Undrawn commitments	14,895 million yen

(3) Advanced depreciation of non-current assets due to acceptance of national subsidies

The advanced depreciation of non-current assets due to acceptance of national subsidies totaled 53 million yen, which is deducted from the cost to calculate the consolidated balance sheet amount of the assets. This amount can be broken down into buildings and structures of 21 million yen, machinery, equipment and vehicles of 30 million yen, and tools, furniture and fixtures of 1 million yen.

(4) Assets pledged as collateral and secured liabilities  
(Assets pledged as capital)

	(Million yen)
Buildings and structures	104
Machinery, equipment and vehicles	165
Tools, furniture and fixtures	7
<hr/> Total	<hr/> 278
(Collateral liabilities)	
Long-term borrowings	810

**VII. Notes to Consolidated Statement of Income**

(Gain on bargain purchase)

The Group recorded a gain on bargain purchase arising from making PALTEK Corporation and other companies consolidated subsidiaries.

(Loss on fire and insurance claim income)

The Group recorded losses incurred from a fire at a factory of its consolidated subsidiary Vitec Farm Kazuno Co., Ltd. in extraordinary losses and insurance claim income in extraordinary income. The loss on fire includes expenses related to restoration and an impairment loss on inventory.

## VIII. Notes to Consolidated Statement of Changes in Net Assets

### (1) Number of issued shares (shares)

Class of shares	Number of shares at the beginning of the fiscal year under review	Increase during the fiscal year under review	Decrease during the fiscal year under review	Number of shares at the end of the fiscal year under review
Common stock	30,072,643	–	–	30,072,643

### (2) Number of treasury shares (shares)

Class of shares	Number of shares at the beginning of the fiscal year under review	Increase during the fiscal year under review	Decrease during the fiscal year under review	Number of shares at the end of the fiscal year under review
Common stock	4,186	131	–	4,317

Note: The increase of 131 treasury shares was due to purchases of shares less than one unit.

### (3) Dividends

#### 1) Dividends paid

Dividend resolved at the Board of Directors meeting held on May 28, 2021

- Class of shares: common stock
- Total dividends: 1,503 million yen
- Dividend per share: 50.0 yen
- Record date: March 31, 2021
- Effective date: June 8, 2021

Dividend resolved at the Board of Directors meeting held on November 11, 2021

- Class of shares: common stock
- Total dividends: 1,353 million yen
- Dividend per share: 45.0 yen
- Record date: September 30, 2021
- Effective date: December 3, 2021

#### 2) Dividends for which the record date falls in the fiscal year under review, but the effective date falls in the following fiscal year

Dividend resolved at the Board of Directors meeting held on May 27, 2022

- Class of shares: common stock
- Total dividends: 1,653 million yen
- Dividend per share: 55.0 yen
- Record date: March 31, 2022
- Effective date: June 7, 2022

## **IX. Notes on Financial Instruments**

### **(1) Status of financial instruments**

#### **1) Policies on financial instruments**

The Group raises necessary funds through securitization of receivables and bank borrowings. The Group's policy is to use derivatives to hedge against risks described below and not to enter into speculative transactions.

#### **2) Nature and risks of financial instruments**

Notes receivable-trade, accounts receivable-trade, and electronically recorded monetary claims-operating, which are trade receivables, are exposed to business partners' credit risk. In addition, trade receivables denominated in foreign currencies arising from our global operations are exposed to the risk of exchange rate fluctuations. As a general rule, the Group uses forward exchange contracts to hedge the net position of trade payables denominated in foreign currencies.

Investment securities are mainly composed of shares and other securities related to business and capital alliance, and shares are exposed to the risk of market price fluctuations.

Notes payable-trade and accounts payable-trade, which are trade payables, are due within one year. Certain trade payables denominated in foreign currencies are exposed to the risk of exchange rate fluctuations, but the risk is constantly within the balance of accounts receivable in the same currency. Borrowings are mainly intended to finance operating transactions. For certain long-term borrowings, interest rate swaps are entered into to avoid the risk of fluctuations in interest rates payable, thereby hedging against the risk of interest rate fluctuations. Lease liabilities under finance lease transactions are mainly intended to finance capital expenditures.

Derivatives entered into by the Group include forward exchange contracts, which are used to hedge against the risk of exchange rate fluctuations associated with trade receivables and payables denominated in foreign currencies; currency options; and interest rate swaps, which are used to hedge against the risk of fluctuations in interest rates payable associated with borrowings. For more details on hedging accounting, including hedging instruments and hedged items, hedge policies, and methods for assessing the effectiveness of hedges, please refer to I. (3) Matters relating to accounting policies, 6) (c) Significant hedge accounting methods discussed above.

#### **3) Risk management system for financial instruments**

At the Group's individual operating companies, the administration manager of a sales department manages paid-in amounts and outstanding balances of trade and other receivables from business partners, and in cooperation with a credit management department, works to early identify and mitigate concerns over collection arising from the deterioration in financial conditions of business partners and other reasons, in accordance with the credit management rules established by each operating company. Also, the credit management department monitors the financial conditions of individual business partners on a monthly basis, and, if there are any doubts about their credibility, requests each sales department to report about the business partners.

As a general rule, the Company uses forward exchange contracts and currency options to hedge against exchange rate risk, identified by currency on a monthly basis, associated with its trade receivables and payables denominated in foreign currencies.

(2) Fair value of financial instruments

The consolidated balance sheet amount and fair value of financial instruments as of March 31, 2022 and their differences are as follows:

(Million yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Investment securities (*2)	2,547	2,547	–
(2) Bad debts	10,675		
Allowance for doubtful accounts (*4)	(10,206)		
	469	469	–
Total assets	3,016	3,016	–
(1) Long-term borrowings (*5)	8,990	9,009	19
(2) Lease liabilities (*5)	8,991	8,604	(387)
Total liabilities	17,981	17,614	(367)
Derivatives (*6)	(164)	(164)	–

(\*1) Notes on “Cash and deposits,” “Notes receivable-trade,” “Accounts receivable-trade,” “Electronically recorded monetary claims-operating,” “Notes payable-trade,” and “Short-term borrowings” are omitted because their fair value approximates the carrying amount as they are settled in cash and in a short period of time.

(\*2) Consolidated balance sheet amount of shares and other securities without a market price

Category	Consolidated balance sheet amount
Unlisted shares	1,929

They are not included in “(1) Investment securities.”

(\*3) Notes on investments in partnerships and other similar entities for which equity interests are recorded on a net basis on the consolidated balance sheet are omitted. The consolidated balance sheet amount of these investments was 89 million yen.

(\*4) The figures exclude the amount of allowance for doubtful accounts individually recorded in bad debts.

(\*5) The figures include the amount of current portion of long-term borrowings and current portion of lease liabilities.

(\*6) Net receivables and payables arising from derivatives are presented on a net basis, and net payables are presented in parentheses. The above table only shows derivatives to which hedge accounting is not applied.

(3) Breakdown of financial instruments by each fair value level

The fair value of financial instruments is classified into the following three levels depending on the observability and significance of the inputs used for fair value measurement.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement

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

Level 3 fair value: Fair value measured using unobservable inputs

If multiple inputs that have a significant impact on fair value measurement are used, the fair value is classified as the level that is least significant to the fair value measurement from among the levels into which each of the inputs is classified.

1) Financial instruments recorded at fair value on the consolidated balance sheet

(Million yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	1,759	–	788	2,547
Total assets	1,759	–	788	2,547
Derivatives				
Currency-related	–	(64)	–	(64)
Interest-rate related	–	(99)	–	(99)
Total liabilities	–	(164)	–	(164)

2) Financial instruments other than those recorded at fair value on the consolidated balance sheet

(Million yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Bad debts	–	–	469	469
Total assets	–	–	469	469
Long-term borrowings	–	9,009	–	9,009
Lease liabilities	–	8,604	–	8,604
Total liabilities	–	17,614	–	17,614

Note: Explanation of valuation techniques and inputs used for fair value measurement

Investment securities:

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.

Derivatives:

The fair value of interest rate swaps and forward exchange contracts are measured using the discounted cash flow method based on observable inputs, such as interest rates and forward exchange rates, and is classified as Level 2.

Bad debts:

The estimated doubtful accounts are calculated based on amounts expected to be collected through the disposal of collateral or execution of guarantees. Therefore, the fair value of bad debts approximates, and thus, defined as the balance sheet amount, less the estimated doubtful accounts, and is classified as Level 3.

Long-term borrowings and lease liabilities:

The fair value of these items is measured using the discounted cash flow method based on the sum of principal and interest, remaining maturities, and an interest rate reflecting credit risk, and is classified as Level 2.

**X. Per Share Information**

(1) Net assets per share:	2,580.33 yen
(2) Basic earnings per share:	198.12 yen
(3) Diluted earnings per share:	197.31 yen

**XI. Significant Subsequent Events**

Not applicable.

**XII. Notes on Revenue Recognition****(1) Disaggregation of revenue from contracts with customers**

(Million yen)

	Reporting segment					Total
	Semiconductor and electronic components	Procurement	Electronic equipment	Environment	Total	
Device	263,702	–	–	–	263,702	263,702
EMS	24,375	–	–	–	24,375	24,375
Procurement	–	81,527	–	–	81,527	81,527
Electronic equipment	–	–	18,140	–	18,140	18,140
System equipment	–	–	2,405	–	2,405	2,405
Energy	–	–	–	3,989	3,989	3,989
Power producer and supplier	–	–	–	4,248	4,248	4,248
Vegetable factory	–	–	–	1,199	1,199	1,199
Revenue from contracts with customers	288,077	81,527	20,546	9,437	399,590	399,590
Sales to external customers	288,077	81,527	20,546	9,437	399,590	399,590

(2) Information that provides a basis for understanding revenue from contracts with customers  
Information that provides a basis for understanding revenue is as stated in “I. Significant Matters as the Basis for Preparation of Consolidated Financial Statements, (3) Matters relating to accounting policies, 4) Standard for revenues and expenses.”



### **XIII. Other Notes**

(Business combinations)

Business combination through acquisition (PALTEK Corporation)

The Company resolved at its Board of Directors meeting held on April 9, 2021 to acquire shares of common stock in PALTEK Corporation (“PALTEK”) through a tender offer under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended), and conducted the tender offer, with an acquisition period from April 12, 2021 through May 27, 2021. The tender offer was intended to make PALTEK a consolidated subsidiary.

After that, PALTEK conducted a share consolidation effective on September 2, 2021, and the Company acquired (additional) fractional shares resulting from the share consolidation with the permission of the court, pursuant to the provisions of Article 234, Paragraph 2 of the Companies Act, which applies mutatis mutandis to Article 235, Paragraph 2 of the same act. As a result, PALTEK became a wholly-owned subsidiary of the Company.

#### (1) Outline of the business combination

##### 1) Name of the acquired company and description of its business

Name of the acquired company: PALTEK Corporation

Description of business: Semiconductor business, design service business, solution business

##### 2) Main reason for the business combination

FPGA (Note), which is a mainstay product of PALTEK, is a semiconductor which plays a central role in equipment development. With this product, we expect to enhance our proposal capability in combination with the Group’s strengths in sensors (input) and LCD (output) and other peripheral devices.

Specifically, this acquisition allows us to explore new markets and customers through the development of original boards by mutually utilizing each other’s technologies specific to individual devices, as well as to provide high value-added technical proposals to customers in growth fields, such as in-vehicle products, industrial equipment, medicine, and commercial-off-the-shelf products.

As such, through this acquisition, we can expect to expand our semiconductor business. This acquisition is also intended to enhance the Group’s corporate value by benefiting from expected synergies generated with our electronic equipment business and environmental energy business, as well as synergistic effects, such as rationalization, business streamlining, and strengthening of our management base.

Note: FPGA (field-programmable gate array): Design can be changed by development engineers as many times as necessary. A type of integrated circuit that can be used in a wide range of applications, from communications and industrial equipment to home appliances

##### 3) Date of the business combination

June 3, 2021 (Deemed acquisition date: June 30, 2021)

##### 4) Legal form of the business combination

Share acquisition in exchange for cash

##### 5) Name of company after the business combination

Unchanged.

6) Ratio of voting rights acquired

100%

7) Basis for determining the acquiring company

The Company is the acquiring company because it acquired shares in exchange for cash.

(2) Period of operating results of the acquired company included in the consolidated financial statements

From July 1, 2021 to March 31, 2022

(3) Acquisition cost of the acquired company and its breakdown by type of consideration

Consideration for the acquisition	Cash	7,448 million yen
Acquisition cost		7,448 million yen

(4) Description and amount of major acquisition-related expenses

Advisory fees, etc.: 219 million yen

(5) Amount of gain on bargain purchase recognized and reason for recognition

1) Amount of gain on bargain purchase recognized

1,934 million yen

2) Reason for recognition

As the fair value of net assets at the date of business combination exceeded the acquisition cost, the difference was recognized as a gain on bargain purchase.

This acquisition of additional fractional shares was treated as a single transaction, together with the share acquisition through the tender offer conducted on June 3, 2021, with the aim of making the acquired company a wholly-owned subsidiary. Goodwill on the additional equity interest acquired after obtaining the control over the acquired company was calculated based on an assumption that the goodwill had been recorded at the time of obtaining the control.

(6) Amounts of assets acquired and liabilities assumed at the date of business combination and their main components

	(Million yen)
Current assets	18,957
Non-current assets	660
Total assets	19,618
Current liabilities	10,034
Non-current liabilities	198
Total liabilities	10,233

## Business combination through acquisition (Cardservice Inc.)

The Company resolved at its Board of Directors meeting held on January 27, 2022 to acquire some of the shares in Cardservice Inc. (“Cardservice”) and make it a subsidiary of the Company as detailed below. Accordingly, the Company executed a share transfer agreement on January 28, 2022 and conducted the share transfer on February 16, 2022.

### (1) Outline of the business combination

#### 1) Name of the acquired company and description of its business

Name of the acquired company: Cardservice Inc.

Description of business: Sale of credit card/e-money payment terminals and loyalty point card terminals, entrusted development of all kinds of systems for credit card payment, consulting services, etc.

#### 2) Main reason for the business combination

Cardservice deals in foreign-made payment terminals that accept a variety of payment options, such as credit card and QR code, and offers a broad range of products and services mainly to major payment service providers in Japan. The company also has technology for developing embedded software that meets requirements of customer-specific use cases as well as knowledge and know-how of dealing with law reforms and complying with standards relating to payment services. We concluded that this acquisition allows us, together with Cardservice, to provide higher quality and more value-added products in the market of cashless payment devices using contactless technologies that the Company’s subsidiary Restar Castec Corporation is working on, as well as to generate synergies with the Group’s wide range of businesses, and, therefore decided to acquire shares in the company.

#### 3) Date of the business combination

February 16, 2022 (Deemed acquisition date: March 31, 2022)

#### 4) Legal form of the business combination

Share acquisition in exchange for cash

#### 5) Name of company after the business combination

Unchanged.

#### 6) Ratio of voting rights acquired

66.8%

#### 7) Basis for determining the acquiring company

The Company is the acquiring company because it acquired shares in exchange for cash.

### (2) Period of operating results of the acquired company included in the consolidated financial statements

As the deemed acquisition date of the acquired company is March 31, 2021, only the balance sheet of the acquired company was consolidated. Accordingly, the operating results of the company is not included in the consolidated statement of income for the fiscal year under review.

(3) Acquisition cost of the acquired company and its breakdown by type of consideration  
We would like to refrain from disclosing this information because the counterparties to the share acquisition are individuals and the Company is obliged to maintain confidentiality under the share transfer agreement.

(4) Description and amount of major acquisition-related expenses  
Advisory fees, etc.: 97 million yen

(5) Amount of goodwill recognized, reason for recognition, and amortization method and period

1) Amount of goodwill recognized

812 million yen

The allocation of the acquisition cost has not yet been completed because the identification and fair value measurement of identifiable assets and liabilities as of the date of the business combination were not completed due to the short time span between the business combination date and the balance sheet date. Therefore, the above figure was calculated on a provisional basis.

2) Reason for recognition

As the acquisition cost exceeded the net amount of assets acquired and liabilities assumed, the difference was recognized as goodwill.

3) Amortization method and period

The goodwill will be amortized evenly over a period during which excess earnings is expected to be generated. The amortization period is currently under calculation.

(6) Amounts of assets acquired and liabilities assumed at the date of business combination and their main components

	(Million yen)
Current assets	437
Non-current assets	249
<hr/> Total assets	<hr/> 686
Current liabilities	93
Non-current liabilities	227
<hr/> Total liabilities	<hr/> 320

## Notes to Non-Consolidated Financial Statements

### I. Matters Relating to Significant Accounting Policies

#### (1) Basis and method for valuation of assets

##### 1) Securities

###### (a) Shares of subsidiaries and associates

Shares of subsidiaries and associates are stated at cost using the moving average method.

###### (b) Investments in capital of subsidiaries and associates

Investments in limited liability partnerships are stated at the net amount equivalent to equity interests based on the financial statements specified in the respective partnership agreements.

###### (c) Available-for-sale securities

- Securities other than shares and other securities without a market price

Securities other than shares and other securities without a market price are stated at fair value (valuation differences are recognized directly in net assets, and the cost of such securities sold is calculated using the moving average method).

- Shares and other securities without a market price

Shares and other securities without a market price are stated at cost using the moving average method. Meanwhile, investments in investment partnerships, etc. are stated at the net amount equivalent to equity interests based on the most recent financial statements of the partnership.

##### 2) Derivatives

Derivatives are stated at fair value.

#### (2) Depreciation/amortization methods for non-current assets

##### 1) Property, plant and equipment (excluding leased assets)

Items of property, plant and equipment (excluding leased assets) are depreciated using the declining balance method.

However, accompanying facilities and structures acquired on or after April 1, 2016 are depreciated on a straight-line basis.

##### 2) Intangible assets

Intangible assets are amortized on a straight-line basis. Software for internal use is amortized on a straight-line basis over the period available for internal use (five years).

##### 3) Leased assets

Leased assets are depreciated using the straight-line method over the lease term with no residual value.

#### (3) Standard for provisions

##### 1) Allowance for doubtful accounts

To provide for potential credit losses on trade receivables, the Company records allowance for doubtful accounts at an estimated unrecoverable amount calculated based on the historical rate of credit loss for general receivables and determined in consideration of recoverability of individual receivables for doubtful accounts and certain other receivables.

##### 2) Provision for bonuses

To provide for payment of bonuses to employees, provision for bonuses is recorded at an amount of estimated future bonus payments that is attributable to the fiscal year under review.

3) Provision for bonuses for directors (and other officers)

To provide for payment of bonuses to directors and other officers, provision for bonuses for directors (and other officers) is recorded at an amount of estimated bonus payments for the fiscal year under review.

4) Provision for retirement benefits

To provide for payments of retirement benefits to employees, the Company records an amount based on projected retirement benefits at the end of the fiscal year under review.

Prior service cost is amortized using the straight-line method over a certain number of years (10 years) within the average remaining service years of employees at the time of recognition.

Actuarial gains and losses are amortized on a pro-rata basis using the straight-line method over a certain number of years (10 years) within the average remaining service years of employees from the fiscal year following the respective fiscal year of recognition.

5) Provision for loss on business of subsidiaries and associates

To provide for losses expected to be incurred by subsidiaries and associates, provision for loss on business of subsidiaries and associates is recorded at an amount of estimated loss to be borne by the Company.

(4) Standard for revenues and expenses

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and the “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021), and recognizes revenue when control of the promised goods or services is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company’s revenue consists of consulting fee income and dividend income from its subsidiaries. With regard to consulting fee income, the Company’s performance obligation is to provide entrusted services to its subsidiaries based on contract details. As the Company’s performance obligation is satisfied when the services are provided, revenue and expenses are recognized at that time. The Company recognizes revenue from dividend income on the effective date of dividend.

(5) Other accounting policies for preparation of non-consolidated financial statements

1) Accounting procedures for retirement benefits

Accounting procedures for unrecognized actuarial gains and losses and unrecognized prior service cost related to retirement benefits are different from those adopted for the consolidated financial statements.

2) Standards for translating foreign currency-denominated assets and liabilities into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate at the fiscal year-end, and exchange differences are recognized in profit or loss.

3) Hedge accounting

• Hedge accounting method

Hedging activities are principally accounted for under the deferral hedge accounting. The designation hedge accounting is applied to forward exchange contracts that fulfill the requirements for the designation method.

• Hedging instruments and hedged items

Hedging instruments: forward exchange contracts, currency options, interest rate swaps, and currency swaps

Hedged items: receivables and payables denominated in foreign currencies

- Hedge policy  
Forward exchange contracts, currency options, and currency swaps are entered into to hedge the risks associated with fluctuations in exchange rates on transactions denominated in foreign currencies. Meanwhile, interest rate swaps are entered into to hedge the risks associated with fluctuations in interest rates.
  - Method for assessing the effectiveness of hedges  
Hedge effectiveness is not assessed for forward exchange contracts, currency options, and currency swaps.
- 4) Amortization method and period of goodwill  
Goodwill is amortized by the straight-line method over a reasonable period not exceeding 20 years.
  - 5) Application of the consolidated taxation system  
The Company has applied the consolidated taxation system.
  - 6) Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system  
The Company will transition from the consolidated taxation system to the group tax sharing system from the following fiscal year. However, as for items subject to the transition to the group tax sharing system established under the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 8 of 2020) enacted on March 27, 2020, as well as to the review of the non-consolidated taxation system in association therewith, the Company has not applied the provisions of Paragraph 44 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018), pursuant to the treatment in Paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No. 39, March 31, 2020), and the amounts of deferred tax assets and deferred tax liabilities are presented pursuant to the provisions of the tax laws before the revision.
  - 7) Unit of presentation  
Amounts presented herein are rounded down to the nearest million yen.

## II. Notes on Changes in Accounting Policies

(Application of Revenue Recognition Standard, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter the “Revenue Recognition Standard”) and other standards from the beginning of the fiscal year under review, and recognizes revenue when control of the promised goods or services is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. This application had no impact on the non-consolidated financial statements for the fiscal year under review.

(Application of Fair Value Measurement Standard, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter the “Fair Value Measurement Standard”) and other standards from the beginning of the fiscal year under review. At the same time, the Company decided to apply the new accounting policies stipulated in the Fair Value Measurement Standard, etc. prospectively, following the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This application had no impact on the non-consolidated financial statements for the fiscal year under review.

### III. Notes to Non-Consolidated Balance Sheet

(1) Accumulated depreciation of plant, property and equipment: 1,229 million yen

(2) Guarantee obligations

The Company has guaranteed borrowings from financial institutions and accounts payable as follows:

	(Million yen)
Vitec Enesta Co., Ltd.	20,382
PALTEK Corporation	10,550
Restar Supply Chain Solution Corporation	7,713
VITEC ENESTA TAIWAN CO., LTD	4,656
Restar Supply Chain Solution (Taiwan) Company Limited	2,985
Restar Electronics Corporation	2,878
UKC ELECTRONICS (S) PTE, LTD.	1,817
RESTAR ELECTRONICS (SHANGHAI) CO., LTD.	1,540
CU TECH CORPORATION	1,507
UKC ELECTRONICS (H.K.) CO., LTD.	1,202
VITEC ELECTRONICS (SINGAPORE) PTE. LTD	741
Restar Device Corporation	598
RESTAR ELECTRONICS TAIWAN CO., LTD.	426
RESTAR ELECTRONICS HONG KONG CO., LTD	239
Restar Supply Chain Solution (Hong Kong) Company Limited	97
RESTAR ELECTRONICS KOREA CORPORATION	76
Vitec Vegetable Factory Co., Ltd.	1

(3) Monetary receivables from and payables to subsidiaries and associates

1) Short-term monetary receivables:	2,591 million yen
2) Short-term monetary payables:	16 million yen

(4) Loan commitment agreements

In order to finance working capital efficiently, the Company has entered into a loan commitment agreement with three banks. The balance of undrawn loan commitments under these agreements is as follows:

Total loan commitments	60,000 million yen
Drawn commitments	49,204 million yen
Undrawn commitments	10,795 million yen



#### IV. Notes to Non-Consolidated Statement of Income

Transactions with subsidiaries and associates

1) Operating transactions	(Million yen)
Operating revenue:	4,302
Operating expenses:	3
2) Non-operating transactions	
Interest income:	196
Miscellaneous income:	10
Interest expenses:	8

#### V. Notes to Non-Consolidated Statement of Changes in Net Assets

Number of treasury shares (shares)

Class of shares	Number of shares at the beginning of the fiscal year under review	Increase during the fiscal year under review	Decrease during the fiscal year under review	Number of shares at the end of the fiscal year under review
Common stock	4,186	131	—	4,317

Note: The increase of 131 treasury shares was due to purchases of shares less than one unit.

#### VI. Tax Effect Accounting

Significant components of deferred tax assets and liabilities

	(Million yen)
Deferred tax assets:	
Allowance for doubtful accounts	5,253
Adjustments to carrying amount of investments associated with consolidated taxation	1,741
Loss on valuation of shares of subsidiaries and associates	1,098
Loss on valuation of investment securities	284
Provision for loss on business of subsidiaries and associates	644
Loss on valuation of non-current assets	156
Provision for bonuses	49
Other	120
Subtotal of deferred tax assets	9,347
Valuation allowance	(9,180)
Total deferred tax assets	167
Deferred tax liabilities:	
Valuation difference on available-for-sale securities	(159)
Other	(84)
Total deferred tax liabilities	(243)
Net deferred tax liabilities	(76)

## VII. Notes on Related Party Transactions

### (1) Subsidiaries

(Million yen, unless otherwise stated)

Category	Company name	Share capital or investment in capital	Description of business or occupation	Ratio of voting rights holding (held) (%)	Relationship	Nature of transaction	Transaction amount	Account	Balance at end of period
Subsidiary	Restar Electronics Corporation	310	Sale of electronic components	(Holding) Direct 100	Entrusted business management Interlocking directorates	Lending of funds (Note 1)	22,915	Short-term loans receivable from subsidiaries and associates	21,003
						Receipt of interest (Note 2)	88	Accounts receivable-other	1,374
						Borrowing of funds (Note 1)	3,593	Short-term borrowings from subsidiaries and associates	2,244
						Payment of interest (Note 2)	0	Accounts payable-other	–
						Consulting fee income and outsourcing service income (Note 4)	1,070	Accounts receivable-trade	100
						Lease revenue	56	–	–
						Debt guarantee (Note 3)	2,878	–	–
Subsidiary	Restar Device Corporation	310	Sale of electronic components	(Holding) Direct 100	Entrusted business management Interlocking directorates	Lending of funds (Note 1)	4,544	Short-term loans receivable from subsidiaries and associates	5,689
						Receipt of interest (Note 2)	17	Accounts receivable-other	–
Subsidiary	PALTEK Corporation	310	Sale of semiconductors	(Holding) Direct 100	Entrusted business management Interlocking directorates	Lending of funds (Note 1)	7,960	Short-term loans receivable from subsidiaries and associates	10,038
						Receipt of interest (Note 2)	14	Accounts receivable-other	4
						Debt guarantee (Note 3)	10,550	–	–
Subsidiary	Restar Communications Corporation	400	Sale of electronic equipment	(Holding) Direct 100	Entrusted business management Interlocking directorates	Lending of funds (Note 1)	2,383	Short-term loans receivable from subsidiaries and associates	2,800
						Receipt of interest (Note 2)	8	Accounts receivable-other	0
Subsidiary	UKC ELECTRONICS (S) PTE. LTD.	SGD 4,300 thousand	Sale of electronic components	(Holding) Direct 100	Entrusted business management	Lending of funds (Note 1)	2,565	Short-term loans receivable from subsidiaries and associates	4,161
						Receipt of interest (Note 2)	8	Accounts receivable-other	1
						Debt guarantee (Note 3)	1,817	–	–
Subsidiary	VITEC ELECTRONICS (SINGAPORE) PTE. LTD.	SGD 3,700 thousand	Sale of electronic components	(Holding) Direct 100	Entrusted business management	Lending of funds (Note 1)	989	Short-term loans receivable from subsidiaries and associates	1,468
						Receipt of interest (Note 2)	2	Accounts receivable-other	0

Category	Company name	Share capital or investment in capital	Description of business or occupation	Ratio of voting rights holding (held) (%)	Relationship	Nature of transaction	Transaction amount	Account	Balance at end of period
Subsidiary	UKC ELECTRONICS (H.K.) CO., LTD.	USD 25,262 thousand	Sale of electronic components	(Holding) Direct 100	Entrusted business management	Lending of funds (Note 1)	17,493	Long-term loans receivable from subsidiaries and associates	18,511
						Receipt of interest (Note 2)	2	Accounts receivable-other	0
						Provision for allowance for doubtful accounts	1,434	Allowance for doubtful accounts	17,060
Subsidiary	Restar Supply Chain Solution Corporation	308	Sale of electronic components	(Holding) Direct 80	Entrusted business management	Lending of funds (Note 1)	1,569	Short-term loans receivable from subsidiaries and associates	1,823
						Receipt of interest (Note 2)	5	Accounts receivable-other	0
						Debt guarantee (Note 3)	7,713	-	-
Subsidiary	Vitec Enesta Co., Ltd.	50	Solar power generation business	(Holding) Direct 100	Entrusted business management Interlocking directorates	Lending of funds (Note 1)	11,304	Short-term loans receivable from subsidiaries and associates	12,230
						Receipt of interest (Note 2)	32	Accounts receivable-other	-
						Consulting fee income and outsourcing service income (Note 4)	70	Accounts receivable-trade	6
						Lease revenue	8	-	-
						Debt guarantee (Note 3)	20,382	-	-
Subsidiary	VITEC ENESTA TAIWAN CO., LTD	TWD 6,000 thousand	Solar power generation business	(Holding) Indirect 100	Entrusted business management Interlocking directorates	Debt guarantee (Note 3)	4,656	-	-
Subsidiary	Restar Supply Chain Solution (Taiwan) Company Limited	TWD 13,500 thousand	Sale of electronic components	(Holding) Indirect 100	Entrusted business management	Debt guarantee (Note 3)	2,985	-	-
Subsidiary	RESTAR ELECTRONICS (SHANGHAI) CO., LTD.	USD 1,200 thousand	Sale of electronic components	(Holding) Direct 58.3 Indirect 41.7	Entrusted business management	Debt guarantee (Note 3)	1,540	-	-
Subsidiary	CU TECH CORPORATION	KRW 8,828 million	Sale of electronic components	(Holding) Direct 69.38	Entrusted business management Interlocking directorates	Debt guarantee (Note 3)	1,507	-	-

The transaction amounts do not include consumption and other taxes.

Notes: Transaction terms and policy for determining transaction terms

1. The interest rates for lending and borrowing of funds are reasonably determined with reference to market interest rates. As these transactions are performed repetitively, their amounts shown above are the average balances during the period.
2. The interest rates for receipt and payment of interest are reasonably determined with reference to market interest rates, and their transaction amounts shown above are the annual cumulative amounts.
3. The debt guarantees have been provided for bank borrowings and other payables. The Company has received guarantee fees calculated based on the amount guaranteed.
4. The consulting fee income and outsourcing service income are reasonably determined by taking comprehensively into account, among other factors, the scale of business operations, business performance trends, and expenses incurred in rendering of services.

(2) Directors and major individual shareholders, etc.

(Million yen, unless otherwise stated)

Category	Company name	Share capital or investment in capital	Description of business or occupation	Ratio of voting rights holding (held) (%)	Relationship	Nature of transaction	Transaction amount	Account	Balance at end of period
Company whose majority of voting rights are held by directors and their close relatives	KMF Co., Ltd.	99	Property management	(Held) Direct 17	Acceptance of collateral	Acceptance of collateral (Note 1)	31	—	—

The transaction amounts do not include consumption and other taxes.

Notes: Transaction terms and policy for determining transaction terms

1. Regarding the acceptance of collateral, the above company provided the collateral jointly with the borrower to secure the Company's loan claims. The transaction amount shown above is the amount of lending as of the end of the fiscal year under review.
2. In connection with the above transaction, the Company has received a repayment of its loan claims (the transaction amount for the fiscal year under review was 24 million yen) from the Company's Representative Director and CEO Kunihiro Konno (0.01% of the voting rights are held directly) on behalf of the borrower.
3. KMF Co., Ltd. also falls under the category of other subsidiaries and associates, and the details of its transactions are as shown above.

**VIII. Per Share Information**

- (1) Net assets per share: 1,479.75 yen  
(2) Net loss per share: 18.93 yen

**IX. Significant Subsequent Events**

Not applicable.

**X. Notes on Revenue Recognition**

Information that provides a basis for understanding revenue from contracts with customers  
Information that provides a basis for understanding revenue is as stated in "I. Matters Relating to Significant Accounting Policies, (4) Standard for revenues and expenses."