TVE Co., Ltd.

Consolidated Financial Statements and
Related Notes to the Year Ended September 30, 2022

TVE Co., Ltd. and Subsidiaries

Consolidated Balance Sheet
September 30, 2022

ASSETS	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars (Note 1) 2022
CURRENT ASSETS:			
Cash and cash equivalents (Note 15)	¥ 4,126	¥ 5,055	$ 28,457
Receivables (Note 15):			
Trade notes	147	215	1,015
Electronically recorded claims	583	500	4,026
Trade accounts	1,614	1,840	11,131
Contract assets	31		217
Other	312	6	2,154
Inventories (Note 7)	2,055	1,547	14,173
Prepaid expenses and other current assets	173	96	1,197
Total current assets	9,044	9,263	62,370
PROPERTY, PLANT, AND EQUIPMENT (Note 8):			
Land	466	341	3,220
Buildings and structures	862	495	5,946
Machinery and equipment	560	562	3,868
Furniture and fixtures	44	44	310
Leased assets	36	40	249
Construction in progress	145	30	1,001
Total property, plant, and equipment	2,116	1,514	14,594
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 6 and 15)	1,140	1,067	7,868
Software	176	177	1,216
Leased assets	41	64	290
Goodwill (Note 5)	62		429
Customer related assets	134		924
Deferred tax assets (Note 11)	94	99	655
Other assets	164	161	1,132
Allowance for doubtful accounts		(7)	
Total investments and other assets	1,814	1,562	12,514
TOTAL	¥ 12,974	¥ 12,340	$ 89,478

LIABILITIES AND EQUITY	Millions of Yen 2022	Millions of Yen 2021	Thousands of U.S. Dollars (Note 1) 2022
CURRENT LIABILITIES:			
Short-term bank loans	¥ 450		$ 3,103
Current portion of long-term debts (Notes 8, 14, and 15)	138	¥ 96	953
Payables:			
Trade notes	89	185	620
Electronically recorded obligations	214	120	1,479
Trade accounts	346	227	2,391
Other	481	464	3,322
Income taxes payable	188	153	1,300
Allowance for losses on contracts (Note 3)	349	275	2,407
Accrued expenses	420	486	2,897
Other current liabilities	158	111	1,091
Total current liabilities	2,837	2,123	19,563
LONG-TERM LIABILITIES:			
Long-term debts (Notes 8, 14, and 15)	107	162	741
Liability for retirement benefits (Note 9)	630	679	4,346
Other long-term liabilities	10	9	73
TOTAL LONG-TERM LIABILITIES	748	850	5,160
COMMITMENTS AND CONTINGENT LIABILITIES (Note 14)			
EQUITY (Note 10):			
Common stock – authorized, 10,040,000 shares; issued, 2,678,600 shares in 2022 and 2021	1,739	1,739	11,997
Capital surplus	1,663	2,015	11,470
Retained earnings	5,784	5,948	39,891
Treasury stock – at cost, 127,547 shares in 2022 and 384,622 shares in 2021	(211)	(638)	(1,459)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	335	284	2,313
Foreign currency translation adjustments	62	18	433
Defined retirement benefit plans	15	0	109
Total	9,389	9,366	64,754
Non-controlling interests	0	0	1
Total equity	9,389	9,366	64,755
TOTAL	¥ 12,974	¥ 12,340	$ 89,478

See notes to consolidated financial statements.

TVE Co., Ltd. and Subsidiaries

Consolidated Statement of Operations
Year Ended September 30, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
SALES (Note 12)	¥8,514	¥10,451	$58,719
COST OF SALES	6,756	8,027	46,595
Gross profit	1,757	2,423	12,124
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Note 13)	1,844	1,727	12,724
Operating income	(86)	696	(600)
OTHER INCOME (EXPENSES):			
Interest and dividend income	44	32	310
Interest expense	(11)	(2)	(78)
Loss on disposal of property, plant, and equipment	(10)	(7)	(75)
Exchange gain	18		124
Subsidy income	37	12	256
Rent received	9	6	66
Profits on sales of scrap work	6	4	43
Insurance income	4	0	32
Other – net	6	25	39
Other income – net	103	70	717
INCOME BEFORE INCOME TAXES	16	766	117
INCOME TAXES (Note 11):			
Current	216	241	1,493
Deferred	(138)	68	(958)
Total income taxes	77	310	535
NET INCOME	(60)	455	(418)
NET INCOME (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(0)	(0)	(1)
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ (60)	¥ 455	$ (417)

	Yen		U.S. Dollars
	2022	2021	2022
PER SHARE OF COMMON STOCK (Notes 2.q and 17):			
Basic net income	¥(26)	¥198	$(0.18)
Cash dividends applicable to the year	50	40	0.35

See notes to consolidated financial statements.

TVE Co., Ltd. and Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended September 30, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
NET INCOME	¥ (60)	¥455	$(418)
OTHER COMPREHENSIVE INCOME (LOSS) (Note 16):			
Unrealized (loss) gain on available-for-sale securities	51	188	353
Foreign currency translation adjustments	44	15	308
Defined retirement benefit plans	15	(4)	107
Net other comprehensive (loss) income	111	199	768
COMPREHENSIVE INCOME	¥ 51	¥655	$ 350
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥51	¥655	$351
Non-controlling interests	(0)	(0)	(1)

See notes to consolidated financial statements.

TVE Co., Ltd. and Subsidiaries

Consolidated Statement of Changes in Equity
Year Ended September 30, 2022

	Shares/Millions of Yen				Millions of Yen							
	Common Stock Issued		Treasury Stock				Accumulated Other Comprehensive Income					
	Shares	Amount	Shares	Amount	Capital Surplus	Retained Earnings	Unrealized Gain (Loss) on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
BALANCE, OCTOBER 1, 2020	2,678,600	¥1,739	389,218	¥(646)	¥2,012	¥5,595	¥ 95	¥ 2	¥ 5	¥8,804	¥ 0	¥8,804
Net income attributable to owners of the parent						455				455		455
Cash dividends, ¥40 per share						(103)				(103)		(103)
Purchase of treasury stock			101	(0)						(0)		(0)
Disposal of treasury stock			(4,697)	7	2					10		10
Change in unrealized loss on available-for-sale securities							188			188		188
Change in foreign currency translation adjustments								15		15		15
Change in defined retirement benefit plans									(4)	(4)		(4)
Change in non-controlling interests											(0)	(0)
BALANCE, OCTOBER 1, 2021	2,678,600	1,739	384,622	(638)	2,015	5,948	284	18	0	9,366	0	9,366
Net income attributable to owners of the parent						(60)				(60)		(60)
Cash dividends, ¥50 per share						(103)				(103)		(103)
Purchase of treasury stock			200									
Disposal of treasury stock			(40,275)	66	8					75		75
Cancellation of treasury shares	(217,000)		(217,000)	360	(360)							
Change in unrealized loss on available-for-sale securities							51			51		51
Change in foreign currency translation adjustments								44		44		44
Change in defined retirement benefit plans									15	15		15
Change in non-controlling interests											(0)	(0)
BALANCE, SEPTEMBER 30, 2022	2,461,600	¥1,739	127,547	¥(211)	¥1,663	¥5,784	¥335	¥62	¥15	¥9,389	¥ 0	¥9,389

	Thousands of U.S. Dollars (Note 1)									
	Common Stock Issued	Treasury Stock			Accumulated Other Comprehensive Income					
	Amount	Amount	Capital Surplus	Retained Earnings	Unrealized Gain (Loss) on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
BALANCE, OCTOBER 1, 2021	$11,997	$(4,407)	$13,898	$41,021	$1,960	$125	$ 2	$64,596	$ 1	$64,597
Net income attributable to owners of the parent				(417)				(417)		(417)
Cash dividends, $0.35 per share				(713)				(713)		(713)
Purchase of treasury stock										
Disposal of treasury stock		462	58					520		520
Cancellation of treasury shares		2,486	(2,486)							
Change in unrealized loss on available-for-sale securities					353			353		353
Change in foreign currency translation adjustments						308		308		308
Change in defined retirement benefit plans							107	107		107
Change in non-controlling interests									(0)	(0)
BALANCE, SEPTEMBER 30, 2022	$11,997	$(1,459)	$11,470	$39,891	$2,313	$433	$109	$64,754	$ 1	$64,755

See notes to consolidated financial statements.

TVE Co., Ltd. and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended September 30, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
OPERATING ACTIVITIES:			
Income before income taxes	¥ 16	¥ 766	$ 117
Adjustments for:			
Income taxes – paid	(268)	(239)	(1,854)
Depreciation and amortization	330	320	2,282
Changes in assets and liabilities:			
Decrease in trade receivables	330	568	2,281
Decrease in contract assets	69		478
(Increase) decrease in inventories	(366)	1,414	(2,527)
Decrease in advance payments		121	
(Decrease) increase in trade payables	117	(184)	811
(Decrease) increase in allowance for losses on contracts	46	(59)	321
(Decrease) in contract liabilities	(58)		(401)
Increase in advances received		38	
Other – net	(601)	43	(4,148)
Net cash (used in) provided by operating activities	(382)	2,788	(2,640)
INVESTING ACTIVITIES:			
Payments for purchases of property, plant, and equipment	(359)	(460)	(2,477)
Payments for purchases of intangible assets	(79)	(75)	(546)
Proceeds from maturity of insurance funds	656		4,531
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,021)		(7,045)
Other	(3)	(1)	(22)
Net cash used in investing activities	(806)	(536)	(5,559)
FINANCING ACTIVITIES:			
Increase in short-term bank loans-net	450		3,103
Repayments of long-term debt	(98)	(60)	(678)
Dividends paid	(103)	(102)	(711)
Other	(34)	(42)	(237)
Net cash provided by (used in) financing activities	214	(205)	1,478
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	45	5	313
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(929)	2,051	(6,410)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,055	3,004	34,866
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 4,126	¥ 5,055	$ 28,457

See notes to consolidated financial statements.

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made to the 2021 consolidated financial statements to conform to the classifications used in 2022.

The consolidated financial statements are stated in Japanese yen, the functional and presentation currency of TVE Co., Ltd. (the "Company"). The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥145 to $1, the approximate rate of exchange at September 30, 2022. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Japanese yen figures less than a million yen are rounded down to the nearest million yen, except for per share data.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation – The consolidated financial statements as of September 30, 2022 and 2021, include the accounts of the Company and all of its subsidiaries (together, the "Group").

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

b. Cash Equivalents – Cash equivalents are short-term investments that are readily convertible into cash and are exposed to an insignificant risk of changes in value.

Cash equivalents include time deposits, certificates of deposit, commercial paper, and bond funds, all of which mature or become due within three months of the date of acquisition.

c. Inventories – Inventories are stated at the lower of cost or net selling value (see Note 5). Cost is determined by the specific identification method for finished products and work in process and by the average cost method for raw materials and supplies.

d. Marketable and Investment Securities – Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (1) held-to-maturity debt securities, for which there is a positive intent and ability to hold to maturity, are reported at amortized cost and (2) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable available-for-sale securities are stated at cost, determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to the income statement.

e. ***Property, Plant, and Equipment*** – Property, plant, and equipment are stated at cost. Depreciation of property, plant, and equipment of the Company and its consolidated domestic subsidiaries is computed substantially by the declining-balance method based on the estimated useful lives of the assets, except for a foreign subsidiary which uses the straight-line method. Additionally, the straight-line method is applied to buildings acquired after April 1, 1998, lease assets, and building improvements and structures acquired on or after April 1, 2016. The range of useful lives is principally from 28 to 45 years for buildings and structures, from 4 to 12 years for machinery and equipment, and from 2 to 20 years for furniture and fixtures. The useful lives for lease assets are the terms of the respective leases.

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

g. ***Retirement and Pension Plans*** – The Company and certain consolidated subsidiaries have severance payment plans for employees. They are contributory funded defined benefit pension plans and defined contribution pension plans.

The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the consolidated balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated within other comprehensive income), after adjusting for tax effects, and are recognized in profit or loss over 10 years, no longer than the expected average remaining service period of the employees. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

h. ***Allowance for Losses on Contracts*** – To account for losses on contracts for orders received, an amount is estimated equal to the amount of foreseeable losses that can be reasonably estimated at the end of the fiscal year.

i. ***Asset Retirement Obligations*** – Asset retirement obligations are recorded for future liabilities, of an uncertain timing or amount, which relate to legal or constructive obligations to decommission or retire an asset. Such obligations typically arise following the acquisition, construction, development, or normal operation of a tangible fixed asset. The valuation of the asset retirement obligation is calculated as the sum of the discounted cash flows required for completing future asset retirement activities and is first recognized in the period in which the obligation arises, provided that a reasonable estimate can be made. If a reasonable estimate of the timing and amount of the asset retirement obligation cannot be made in the same period it arises, the liability is recognized in the first period in which a reliable estimate can be made. Upon initial recognition of an asset retirement obligation, the income statement expense is capitalized, thereby increasing the value of the underlying fixed asset. The capitalized expense is subsequently charged to the income statement via depreciation, thereby matching the useful economic life of the asset. Over time, the liability is accreted to its present value each period, with a finance cost recognized in the income statement. Any subsequent revisions to the timing or amount of the cash flows are recorded as adjustments to the book value of the asset retirement liability and the corresponding asset.

j. ***Revenue Recognition –*** The Group's principal businesses include development, manufacture and sale of various industrial valves, maintenance, and electrical equipment related businesses. Performance obligation under a sales contract for products is satisfied upon delivery of the products to the customer. Because, it is when the legal ownership, physical possession and significant risks and economic value associated with the ownership of the products are transferred to the customer, the Group deemed to be entitled to receive payment for the transaction from our customers. However, revenue is recognized at the time of shipment for domestic sales. In addition, our group performance obligations for sales contracts of products to overseas customers are satisfied based on the trade terms established by Incoterms when control and risk are transferred to customers. Upon satisfaction of performance obligations, the Group recognizes revenue.

For repair and inspection of various industrial valves, maintenance services are provided to the valves, hence, provision of maintenance is a performance obligation, where revenue is recognized when the maintenance is completed. For electrical equipment related business, the inspection of measuring instruments is a performance obligation. Revenue recognition is over time as the performance obligation is based on the percentage of completion which is fulfilled over a period of time, except for when the service is excepted to be performed within a short period of time. When accrued costs could not be reasonably estimated to calculate the percentage of completion, cost recovery method is used when costs can be recovered. If the performance obligation is point in time, revenue is recognized when the service is provided.

k. ***Research and Development Costs*** – Research and development costs are charged to the income statement as they are incurred.

l. ***Leases*** – Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the balance sheet.

m. ***Bonuses to Directors*** – Bonuses to directors are accrued for at the end of the year to which the Directors' services relate.

n. ***Income Taxes*** – The provision for income taxes is calculated based on the 'income before taxes' included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

o. ***Foreign Currency Transactions*** – All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

p. ***Foreign Currency Financial Statements*** – The balance sheet accounts of the consolidated foreign subsidiary are translated into Japanese yen at the current exchange rate at the balance sheet date, except for equity accounts, which are translated at the historical rate. Differences arising on translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Income and expense accounts of the foreign subsidiary are translated into yen at the average exchange rate during the year.

q. ***Per Share Information*** – Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period.

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

The weighted-average number of common shares outstanding for the years ended September 30, 2022 and 2021, were 2,308,415, and 2,292,575, respectively.

r. Accounting Changes and Error Corrections – Under Accounting Standards Board of Japan ("ASBJ") Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections," accounting treatments are required as follows: (1) Changes in Accounting Policies – When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively, unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation – When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates – A change in an accounting estimate is accounted for in the period of the change if the change affects that period only and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors – When an error in prior-period financial statements is discovered, those statements are restated.

s. Additional Information – Accounting estimates associated with novel coronavirus disease (COVID-19).

The Group is making accounting estimates for recoverability of deferred tax assets, etc. based on the assumption that the impact of COVID-19 will continue for fiscal year ending September 30, 2022.

t. New Accounting Pronouncements –

Accounting Standard for Fair Value Measurement – On June 17, 2021, the ASBJ issued ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement."

At the time of publication of the Accounting Standard for Fair Value Measurement on July 4, 2019, consultation with relevant parties in order to examine the "calculation of the market value of investment trusts" and "investments in partnerships and other entities that record the net amount of their equity interest in the balance sheet" when revising its accounting standards. The notes on fair value also require a certain amount of consideration, and therefore, the accounting standard for the calculation of fair value, which was to be considered approximately one year after its publication, has been revised and published.

The standard will be effective from the beginning of the financial year ending September 30, 2023.

The impact of the adoption of the Accounting Standard for Fair Value Calculation on the consolidated financial statements is under evaluation.

3. SIGNIFICANT ACCOUNTING ESTIMATE

Allowance for Losses on Contracts

(1) *Carrying amounts*

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Allowance for losses on contracts	¥349	¥275	$2,407

(2) *Information on the significant accounting estimate*

Calculation method of estimation

The Group records allowance for losses on contracts if the future losses are expected and the amounts can be reasonably estimated at the end of the fiscal year. Losses on contracts provided for the excess of the estimated costs of the projects over the contract prices.

Key assumptions for the estimation

The total estimated costs are calculated based on order specifications from customers with reference to similar projects in the past in accordance with the Company's accounting policy for the estimation of the costs.

Impact on the next fiscal year's consolidated financial statements

The total estimated costs involve uncertainty, such as fluctuations in the estimated elements due to the impact of changes in order specifications from customers until the project is completed.

4. ACCOUNTING CHANGE

Revenue Recognition – On March 31, 2020, the ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition." The core principle of the standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. As a result, revenue is recognized when the transaction meets the requirements of the accounting standard for revenue recognition. For domestic sales, revenue is recognized upon shipment, when the days from shipment to transfer the control of products to the customers deemed to be within normal delivery day. This is the alternative treatment provided in paragraph 98 of the Guidance on Accounting Standard for Revenue Recognition.

In accordance with the transitional treatment set out in the proviso to paragraph 84 of this accounting standard, the cumulative effect of the retrospective adoption of the new accounting policy prior to the beginning of the current fiscal year is added to or deducted from retained earnings at the beginning of the current fiscal year, and the new accounting policy is applied from the beginning balance.

The impact on profit and loss and retained earnings at the beginning of the current fiscal year is immaterial.

Fair Value Measurement – On July 4, 2019, the ASBJ issued ASBJ Statement No. 30, "Accounting Standard for Fair Value Measurement" and ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," and revised related ASBJ Statement and ASBJ Guidance (the "new Accounting Standards").

This change has no impact on the consolidated financial statements.

5. BUSINESS COMBINATION

Year Ended September 31, 2022

(Business Combination by Acquisition)

a. Outline of the business combination

(1) Name of acquired company and its business outline

Name of the acquired company: Taiyo Dengyo Co., Ltd.

Business outline: Electric construction, tubing, machine setting construction

(2) Major reason for the business combination

The Company expects this acquisition will create a multiple synergistic effects and enhance the cooperate value.

We, the Company and the acquiree, will utilize each other's know-how, resource and experience to create and develop the new business for the nuclear industry in the East Japan region where the Company has not had much business in the past due to the reactor type.

(3) Date of business combination

January 4, 2022

(4) Legal form of business combination

Share acquisition in exchange for cash

(5) Ratio of voting rights acquired

100%

(6) Basis for determining the acquirer

The Company acquired 100% of voting rights in consideration for cash.

b. The period for which the operations of the acquired company are included in the consolidated financial statements

The operations of the acquired company for the nine months from January 1, 2022 to September 30, 2022, were included in the consolidated statement of income for the year ended September 30, 2022.

c. Acquisition cost of the acquired company and related details of each class of consideration

The acquisition price is undisclosed due to an agreement between the two parties, however, the acquisition price was appropriately decided.

d. Major acquisition-related costs

Advisory fees etc. ¥8 million ($61 thousand)

e. Amount of goodwill incurred, reasons for the goodwill incurred, and the method and period of amortization

(1) Amount of goodwill incurred

¥67 million ($464 thousand)

(2) Reasons for the goodwill incurred

Goodwill incurred from the future economic benefits through future business development.

(3) Method and period of amortization

Goodwill is amortized on a straight-line basis over 10 years.

f. The assets acquired and the liabilities assumed at the acquisition date are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥2,204	$15,203
Property, plant and equipment	320	2,209
Other assets	2	18
Intangible assets	0	5
Total assets acquired	2,528	17,435
Total liabilities assumed	433	2,988
Net assets acquired	¥2,094	$14,447

g. Amount allocated to intangible fixed assets other than goodwill, breakdown by type, and amortization period

	Millions of Yen	Thousands of U.S. Dollars
Customer related assets (amortization period 8 years)	¥142	$980
Backlog of orders (amortization period 1 year)	20	143

h. Pro forma information (unaudited)

If this business combination had been completed as of October 1, 2021, the beginning of the current fiscal year, the effects on the consolidated statement of income for the year ended September 30, 2022, would be as follows:

	Millions of Yen	Thousands of U.S. Dollars
Sales	¥348	$2,401
Operating income	24	169
Income before income taxes	27	187
Net income attributable to owners of the parent	20	143

Outline of the method of calculation for the effects above:

The difference between the sales and profit and loss information is calculated on the assumption that the business combination was completed at the beginning of the consolidated fiscal year and the sales and profit and loss information in the consolidated statement of income of the acquiring company are used as the estimated amount of impact.

Note that this note was not audited.

6. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of September 30, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Non-current:			
Equity securities	¥1,110	¥1,034	$7,659
Trust fund investments and other	30	32	209
Total	¥1,140	¥1,067	$7,868

The costs and aggregate fair values of marketable and investment securities at September 30, 2022 and 2021, were as follows:

	Millions of Yen			
September 30, 2022	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥632	¥485	¥(10)	¥1,107
Other	26	4	(0)	30

	Millions of Yen			
September 30, 2021	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥632	¥444	¥(45)	¥1,031
Other	26	6	(0)	32

	Thousands of U.S. Dollars			
September 30, 2022	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$4,365	$3,348	$(72)	$7,641
Other	181	30	(2)	209

Investments in equity instruments that do not have a quoted market price were ¥2 million ($18 thousand) and ¥2 million as of September 30, 2022 and 2021, respectively.

7. INVENTORIES

Inventories at September 30, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Finished products	¥ 157	¥ 166	$ 1,084
Work in process	1,452	937	10,020
Raw materials and supplies	444	443	3,069
Total	¥2,055	¥1,547	$14,173

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

Short-term bank loans at September 30, 2022, consisted of notes to banks and bank overdrafts. The annual interest rates applicable to the short-term bank loans ranged from 0.35% to 0.63% at September 30, 2022.

Long-term debt at September 30, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Loans from banks and other financial institutions, due serially to 2025 with interest rates ranging from 0.47% to 0.6% (2022) and from 0.6% to 0.8% (2021):			
Collateralized	¥ 90	¥150	$ 620
Unsecured	73		507
Lease obligations	82	109	567
Total	245	259	1,694
Less current portion	(138)	(96)	(953)
Long-term debt, less current portion	¥ 107	¥162	$ 741

Annual maturities of long-term debt at September 30, 2022, were as follows:

Years Ending September 30	Millions of Yen	Thousands of U.S. Dollars
2023	¥138	$ 953
2024	87	600
2025	15	106
2026	5	35
Total	¥245	$1,694

The carrying amounts of assets pledged as collateral for the collateralized long-term debt at September 30, 2022, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Property, plant, and equipment – net of accumulated depreciation	¥451	$3,116

General agreements with respective banks provide, as is customary in Japan, that additional collateral must be provided under certain circumstances if requested by such banks and that certain banks have the right to offset cash deposited with them against any long-term or short-term debt or obligation that becomes due and, in case of default and certain other specified events, against all other debt payable to the banks. The Company has never been requested to provide any additional collateral.

9. RETIREMENT AND PENSION PLANS

The Company and certain consolidated subsidiaries have severance payment plans for employees. They are contributory funded defined benefit pension plans and defined contribution pension plans.

Under most circumstances, employees of the Company terminating their employment are entitled to retirement benefits determined based on post, grade, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company and a lump-sum severance payment or annuity payments from a trustee and specified retirement allowance mutual aid.

Employees of certain consolidated subsidiaries are also entitled to retirement benefits under most circumstances. Such retirement benefits are made in the form of a lump-sum severance payment from the subsidiaries and a lump-sum severance payment or annuity payments from smaller enterprise retirement allowance mutual aid.

Years Ended September 30, 2022 and 2021

(1) The changes in defined benefit obligation for the years ended September 30, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance at beginning of year (as restated)	¥1,724	¥1,716	$11,896
Current service cost	94	89	650
Interest cost	10	10	73
Actuarial losses	(42)	16	(296)
Benefits paid	(166)	(108)	(1,149)
Balance at end of year	¥1,620	¥1,724	$11,174

(2) The changes in plan assets for the years ended September 30, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance at beginning of year	¥1,045	¥1,041	$7,213
Expected return on plan assets	15	15	108
Actuarial losses	(23)	1	(164)
Contributions from the employer	52	53	360
Benefits paid	(99)	(66)	(688)
Balance at end of year	¥ 990	¥1,045	$6,829

(3) Reconciliation between the liability recorded in the consolidated balance sheets and the balances of defined benefit obligation and plan assets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Defined benefit obligation	¥1,093	¥ 1,122	$ 7,540
Plan assets	(990)	(1,045)	(6,829)
Total	103	76	711
Unfunded defined benefit obligation	526	602	3,635
Net liability arising from defined benefit obligation	¥ 630	¥ 679	$ 4,346

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Liability for retirement benefits	¥630	¥679	$4,346
Net liability arising from defined benefit obligation	¥630	¥679	$4,346

(4) The components of net periodic benefit costs for the years ended September 30, 2022 and 2021 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Service cost	¥ 94	¥ 89	$ 650
Interest cost	10	10	74
Expected return on plan assets	(15)	(15)	(108)
Recognized actuarial losses	(3)	10	(25)
Net periodic benefit costs	¥ 85	¥ 94	$ 591

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended September 30, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Actuarial (gains) losses	¥15	¥(4)	$107
Total	¥15	¥(4)	$107

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of September 30, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Unrecognized actuarial losses	¥(15)	¥(0)	$(109)
Total	¥(15)	¥(0)	$(109)

(7) Plan assets

a. Components of plan assets

Plan assets as of September 30, 2022 and 2021, consisted of the following:

	2022	2021
General account	71%	70%
Special account:		
Domestic bonds	25	25
Domestic stocks	4	5
Total	100%	100%

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

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

(8) Assumptions used for the years ended September 30, 2022 and 2021, were as follows:

	2022	2021
Discount rate	0.6%	0.6%
Expected rate of return on plan assets	1.5%	1.5%

(9) Defined contribution pension plan

Required contributions to the defined contribution pension plan of the Company and certain consolidated subsidiaries were ¥24 million ($172 thousand) and ¥21 million as at September 30, 2022 and 2021, respectively.

10. EQUITY

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

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a board of directors, (2) having independent auditors, (3) having an audit and supervisory board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by their articles of incorporation, the board of directors may declare dividends (except for dividends in kind) at any time during the fiscal year if a company has prescribed so in its articles of incorporation. With respect to the third condition above, the board of directors of companies with (a) board committees (namely, appointment committee, compensation committee, and audit committee) or (b) an audit and supervisory committee (as implemented under the Companies Act effective May 1, 2015) may also declare dividends at any time because such companies, by nature, meet the criteria under the Companies Act. The Company was organized as a company with an audit and supervisory committee effective December 22, 2016, however, the Company cannot do so because it does not meet the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the board of directors if the articles of incorporation of a company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

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

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

*c. **Treasury Stock and Treasury Stock Acquisition Rights***

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

11. INCOME TAXES

The Company and its consolidated domestic subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, resulted in normal effective statutory tax rate of approximately 30.6% for the years ended September 30, 2022 and 2021.

The tax effects of significant temporary differences and tax losses carried forward, which resulted in deferred tax assets and liabilities at September 30, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Deferred tax assets:			
Accrued bonuses	¥ 98	¥ 103	$ 676
Allowance for losses on contracts	109	84	752
Liability for retirement benefits	197	207	1,364
Property, plant, and equipment	130	140	899
Inventories	52	62	359
Tax loss carryforwards	151	56	1,047
Other	40	53	279
Total of tax loss carryforwards and temporary difference	779	709	5,376
Less valuation allowance for tax loss carryforwards	(120)	(56)	(832)
Less valuation allowance for temporary differences	(420)	(431)	(2,897)
Total valuation allowance	(540)	(488)	(3,729)
Deferred tax assets	238	220	1,647
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(143)	(121)	(992)
Total	(143)	(121)	(992)
Net deferred tax assets	¥ 94	¥ 99	$ 655

The expiration of tax losses carried forward, the related valuation allowances and the resulting net deferred tax assets as of September 30, 2022 and 2021, were as follows:

	Millions of Yen						
September 30, 2022	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards				¥ 0	¥ 2	¥ 149	¥ 151
Less valuation allowances for tax loss carryforwards				(0)	(2)	(118)	(120)
Net deferred tax assets relating to tax loss carryforwards						31	31
September 30, 2021							
Deferred tax assets relating to tax loss carryforwards				¥ 2	¥ 2	¥ 51	¥ 56
Less valuation allowances for tax loss carryforwards				(2)	(2)	(51)	(56)
Net deferred tax assets relating to tax loss carryforwards							

	Thousands of U.S. Dollars						
September 30, 2022	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards				$ 2	$ 16	$1,029	$1,047
Less valuation allowances for tax loss carryforwards				(2)	(16)	(814)	(832)
Net deferred tax assets relating to tax loss carryforwards						215	215

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the consolidated income statement for the year ended September 30, 2022, with the corresponding figures for 2021, is as follows:

	2022	2021
Normal effective statutory tax rate	30.6%	30.6%
Expenses not deductible for income tax purposes	42.0	2.4
Change in valuation allowance for deferred tax assets	333.6	8.7
Inhabitant tax on per capita basis	91.7	1.9
Difference in tax rates between foreign subsidiaries	(36.2)	(0.9)
Other – net	(3.8)	(2.1)
Actual effective tax rate	457.9%	40.6%

12. REVENUE

(1) Disaggregation of Revenue

Disaggregation of revenue is described in Note 18 to the consolidated financial statements.

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

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

(3) Contract Balances

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

	Millions of Yen	Thousands of U.S. Dollars
	2022	2022
Receivables from contracts with customers:		
Balance at beginning of year	¥2,556	$17,633
Balance at end of year	2,344	16,172
Contract assets:		
Balance at beginning of year		
Balance at end of year	31	217
Contract liabilities:		
Balance at beginning of year	93	646
Balance at end of year	138	956

(4) Transaction Prices Allocated to Remaining Performance Obligations

The Group applies the practical expedient not to allocate the transaction prices to the remaining performance obligations that are over one year since the amount is considered immaterial. For significant contracts, the amounts of consideration arising from the contracts with the customers are included in the transaction price.

13. RESEARCH AND DEVELOPMENT COSTS

Research and development costs expensed to the income statement were ¥217 million ($1,501 thousand) and ¥99 million for the years ended September 30, 2022 and 2021, respectively.

14. LEASES

The Group leases certain computer equipment and software.

Total lease payments under finance leases for the years ended September 30, 2022 and 2021, were ¥33 million ($231 thousand) and ¥41 million, respectively.

15. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group mainly consists of two businesses. One area is the maintenance of valves, for which the average receivable collection period is a few months. The other area of business is the manufacture and sale of valves, for which the average receivable collection period is comparatively longer than for valve maintenance revenue. The Group's investment and financing operations are governed by the board ratified business plans.

Cash surpluses, if any, are invested in low-risk and highly liquid financial assets. Short-term bank loans are used to finance current operations. Long-term bank loans and leases are used for both current operations and capital investment. The Group sometimes hedges the risk of floating interest rates of long-term bank loans via interest rate swaps.

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

Trade notes and trade accounts receivable are exposed to customer credit risk. However, the Group trades almost half of its products and services through Japanese major 'sōgō shōsha' (approximate translation is a 'general trading company') which are diversified, stable and are easily able to trade on credit. The group trades the other half of its products and services with financially stable, non-sōgō shōsha companies, such as Japanese plant makers.

Most of the companies the Group trades with are long-term customers whom the Group has established as having relatively low credit risk. The Group conducts effective credit exposure management with a focus on newer customers. Furthermore, the Group frequently makes use of letters of credit when trading with customers based outside of Japan.

Marketable and investment securities are exposed to market price fluctuations. Marketable securities are low-risk and highly liquid money market funds and corporate bonds which will be redeemed in less than one year. Investment securities consist mainly of equity securities of companies related to the Group's business.

Payment terms of trade notes payable, trade accounts payable, and income taxes payable are less than one year. Short-term bank loans are used to fund current operations and the interest rate is fixed. Long-term bank loans are used for current operations and equipment investment, and interest rates are fixed and floating. Payables, short-term bank loans, and long-term bank loans with fixed interest rates are exposed to liquidity risk, which the Group manages by making monthly collection forecasts and holding a cash surplus.

(3) Fair Values of Financial Instruments

Fair values of financial instruments are as follows:

Investments in equity instruments that do not have a quoted market price in an active market are not included in the following table. The fair values of cash and cash equivalents, receivables-trade, payables-trade, and short-term borrowings are not disclosed because their maturities are short and the carrying values approximate fair value.

(a) Fair value of financial instruments

	Millions of Yen		
September 30, 2022	Carrying Amount	Fair Value	Unrealized Gain/Loss
Marketable and investment securities	¥1,138	¥1,138	___
Total assets	¥1,138	¥1,138	___
Lease obligations	¥ 82	¥ 82	¥ 0
Long-term debt	163	156	(7)
Total liabilities	¥ 245	¥ 238	¥(6)

September 30, 2021	Millions of Yen Carrying Amount	Fair Value	Unrealized Gain/Loss
Marketable and investment securities	¥1,064	¥1,064	___
Total assets	¥1,064	¥1,064	___
Lease obligations	¥ 109	¥ 109	¥ 0
Long-term debt	150	149	(1)
Total liabilities	¥ 259	¥ 258	¥(1)

September 30, 2022	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Gain/Loss
Marketable and investment securities	$7,850	$7,850	___
Total assets	$7,850	$7,850	___
Lease obligations	$ 567	$ 568	$ 1
Long-term debt	1,127	1,079	(48)
Total liabilities	$1,694	$1,647	$(47)

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

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Unlisted equity instruments	¥2	¥2	$18

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

September 30, 2022	Millions of Yen Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥4,126	¥	¥	¥
Receivables:				
Trade notes	147			
Electronically recorded monetary claims	583			
Trade accounts	1,614			
Contract asset	31			
Total	¥6,502	¥	¥	¥

September 30, 2021	Millions of Yen Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥3,655	¥	¥	¥
Receivables:				
Trade notes	215			
Electronically recorded monetary claims	500			
Trade accounts	1,840			
Total	¥6,212	¥	¥	¥

September 30, 2022	Thousands of U.S. Dollars Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	$28,457	$	$	$
Receivables:				
Trade notes	1,015			
Electronically recorded monetary claims	4,026			
Trade accounts	11,131			
Contract asset	217			
Total	$44,846	$	$	$

Please see Note 8 for annual maturities of long-term debt.

(5) *Financial Instruments Categorized by Fair Value Hierarchy*

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

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

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

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

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

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

September 30, 2022	Millions of Yen Level 1	Level 2	Level 3	Total
Marketable and investment securities	¥1,107			¥1,107
Total assets	¥1,107			¥1,107

September 30, 2022	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Marketable and investment securities	$7,641			$7,641
Total assets	$7,641			$7,641

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

September 30, 2022	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Lease obligations		¥ 82		¥ 82
Long-term debt		156		156
Total liabilities		¥238		¥238

September 30, 2022	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Lease obligations		$ 568		$ 568
Long-term debt		1,079		1,079
Total liabilities		$1,647		$1,647

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

Marketable and investment securities

The fair values of marketable and investment securities are measured at the quoted market price on the stock exchange. Since listed equity securities are traded in active markets, the fair values of listed equity securities are categorized as Level 1.

Long-term debt and lease obligations

The fair values of long-term debt and lease obligations are calculated by discounting the cash flows related to the debt by the Group's assumed corporate borrowing rate for the fiscal year ended September 30, 2022, and are categorized as Level 2.

16. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended September 30, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Unrealized (loss) gain on available-for-sale securities:			
(Losses) gains arising during the year	¥ 73	¥270	$ 509
Recycling	0	0	0
Amount before income tax effect	73	270	509
Income tax effect	(22)	(81)	(156)
Total	51	188	353
Foreign currency translation adjustments:			
Adjustments arising during the year	44	15	308
Defined retirement benefit plans:			
Adjustments arising during the year	19	(15)	132
Reclassification adjustments to profit or loss	(3)	10	(25)
Amount before income tax effect	15	(4)	107
Total	15	(4)	107
Total other comprehensive income	¥111	¥199	$ 768

17. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended September 30, 2022 and 2021, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended September 30, 2022	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Basic EPS—Net income available to common shareholders	¥ (60)	2,308	¥ (26.2)	$(0.18)
Year Ended September 30, 2021				
Basic EPS—Net income available to common shareholders	¥455	2,292	¥198.7	

18. SEGMENT INFORMATION

(1) Description of Reportable Segments

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

The main business of the Group is to manufacture and sell valves and their parts, to repair and maintain valves, and to manufacture and sell cast metal. The manufacture and sale of valves and their parts and repair and maintenance of valves are closely related. The Group administers these businesses and plots strategies for them as a whole.

Therefore, the Group consists of Business A, Business B, Business C and other businesses. Business A consists of the valve business. Business B consists of the cast metal business. Business C consists of the electrical equipment business. Other businesses include the decommissioning of nuclear power plants, metal recycling, regional reconstruction, and other businesses.

The cast metal manufacturing division of the Company deals in the manufacture and sale of cast metal parts for valves in the Group and the manufacture and sale of cast metal mainly for construction machinery outside of the Group.

Segment amounts for Business B relate only to the manufacture and sale of cast metal to external customers. Amounts related to the manufacture of cast metal for the manufacture of valves within the Group are aggregated to Business A.

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

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies." The components of segment profit are consistent with the components of operating income in the consolidated statement of income.

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

	Millions of Yen						
	2022						
	Reportable Segments						
	A	B	C	Total	Other	Reconciliations	Consolidated
Sales:							
Sale of valves	¥1,721			¥1,721			¥ 1,721
Sale of parts	913			913			913
Maintenance of valves in nuclear power plants	795			795			795
Maintenance of valves in other plants	2,768			2,768			2,768
Sales of the cast metal business		¥1,046		1,046			1,046
Maintenance of the electrical equipment			¥1,032	1,032			1,032
Others					¥237		237
Revenues from contracts with customers	6,198	1,046	1,032	8,277	237		8,514
Other revenue							
Sales to external customers	6,198	1,046	1,032	8,277	237		8,514
Intersegment sales or transfers	43	10		53	27	¥ (81)	
Total	6,241	1,056	1,032	8,330	265	(81)	8,514
Segment profit or (loss)	1,096	(341)	86	840	(38)	(889)	(86)
Segment assets	5,348	802	2,991	9,142	417	3,414	12,974
Other:							
Depreciation	255	46	8	310	7	12	330
Amortization of goodwill			5	5			5
Increase in property, plant, and equipment and intangible assets	484		258	743	26	68	837

	Millions of Yen						
	2021						
	Reportable Segments						
	A	B	C	Total	Other	Reconciliations	Consolidated
Sales:							
Sales to external customers	¥9,015	¥ 900		¥9,915	¥ 535		¥10,451
Intersegment sales or transfers	26	13		40	112	¥ (152)	0
Total	9,041	913		9,955	647	(152)	10,451
Segment profit or (loss)	1,788	(231)		1,556	(100)	(759)	696
Segment assets	5,201	784		5,985	276	6,077	12,340
Other:							
Depreciation	255	38		293	1	25	320
Increase in property, plant, and equipment and intangible assets	505	0		505	19	59	585

	Thousands of U.S. Dollars						
	2022						
	Reportable Segments						
	A	B	C	Total	Other	Reconciliations	Consolidated
Sales:							
Sale of valves	$ 11,869			$ 11,869			$ 11,869
Sale of parts	6,300			6,300			6,300
Maintenance of valves in nuclear power plants	5,486			5,486			5,486
Maintenance of valves in other plants	19,090			19,090			19,090
Sales of the cast metal business		$ 7,220		7,220			7,220
Maintenance of the electrical equipment			$ 7,118	7,118			7,118
Others					$ 1,636		1,636
Revenues from contracts with customers	42,745	7,220	7,118	57,083	1,636		58,719
Other revenue							
Sales to external customers	42,745	7,220	7,118	57,083	1,636		58,719
Intersegment sales or transfers	303	69		372	192	$ (564)	
Total	43,048	7,289	7,118	57,455	1,828	(564)	58,719
Segment profit or (loss)	7,560	(2,358)	596	5,798	(264)	(6,134)	(600)
Segment assets	36,887	5,534	20,633	63,054	2,879	23,545	89,478
Other:							
Depreciation	1,760	324	57	2,141	51	90	2,282
Amortization of goodwill			35	35			35
Increase in property, plant, and equipment and intangible assets	3,342		1,783	5,125	181	471	5,777

Associated Information

1. Information about Products and Services

	Millions of Yen							
	2022							
	Sale of Valves	Sale of Parts	Maintenance of Valves in Nuclear Power Plants	Maintenance of Valves in Other Plants	Sales of the Cast Metal Business	Maintenance of the Electrical Equipment	Other	Total
Sales to external customers	¥1,721	¥913	¥795	¥2,768	¥1,046	¥1,032	¥237	¥8,514

	Millions of Yen							
	2021							
	Sale of Valves	Sale of Parts	Maintenance of Valves in Nuclear Power Plants	Maintenance of Valves in Other Plants	Sales of the Cast Metal Business	Maintenance of the Electrical Equipment	Other	Total
Sales to external customers	¥2,272	¥1,179	¥1,724	¥3,865	¥913		¥495	¥10,451

	Thousands of U.S. Dollars							
	2022							
	Sale of Valves	Sale of Parts	Maintenance of Valves in Nuclear Power Plants	Maintenance of Valves in Other Plants	Sales of the Cast Metal Business	Maintenance of the Electrical Equipment	Other	Total
Sales to external customers	$11,869	$6,300	$5,486	$19,090	$7,220	$7,118	$1,636	$58,719

2. Information about Geographical Areas

(1) Sales

Geographical sales information for the years ended September 30, 2022 and 2021, is not shown since sales to overseas customers are not material in the context of the consolidated financial statements.

(2) Property, plant, and equipment

Geographical property, plant, and equipment information is not shown since overseas property, plant, and equipment is not material in the context of the consolidated financial statements.

3. Information about Major Customers

	2022		
	Sales		
Name of Customer	Millions of Yen	Thousands of U.S. Dollars	Related Segment Name
Mitsubishi Corporation Power Systems, Inc.	¥3,162	$21,809	Business A
Mitsubishi Heavy Industries, Ltd.	858	5,924	Business A

	2021	
	Sales	
Name of Customer	Millions of Yen	Related Segment Name
Mitsubishi Corporation Power Systems, Inc.	¥4,666	Business A
Seika Corporation	1,642	Business A

4. Information about Amortization of Goodwill

	Millions of Yen					
	2022					
	the Valve Business	Sales of the Cast Metal Business	Maintenance of the Electrical Equipment	Other	Reconciliations	Total
Amortization amount			¥ 5			¥ 5
Balance			62			62

	Thousands of U.S. Dollars					
	2022					
	the Valve Business	Sales of the Cast Metal Business	Maintenance of the Electrical Equipment	Other	Reconciliations	Total
Amortization amount			$ 35			$ 35
Balance			429			429

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