TVE Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Year Ended September 30, 2024, and Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu LLC
Meijiyasudaseimei Kobe Building
8-3-5 Isogami-dori, Chuo-ku
Kobe 651-0086
Japan

Tel: +81 (78) 221 8161
Fax: +81 (78) 221 8225
www.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of TVE Co., Ltd.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of TVE Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as of September 30, 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

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

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

<table>
<tr><th colspan="2">Appropriateness of total estimated costs when providing for losses on contracts</th></tr>
<tr><th>Key Audit Matter Description</th><th>How the Key Audit Matter Was Addressed in the Audit</th></tr>
<tr><td>The allowance for losses on contracts of ¥327 million was recognized on the consolidated balance sheet as of September 30, 2024. As described in Note 3 to the consolidated financial statements, the Group records expected losses on contracts if the amounts can be reasonably estimated at the end of the fiscal year.

As described in Note 3 to the consolidated financial statements, allowance for losses on contracts is provided for the excess of the estimated costs of the projects over the contract prices. Therefore, the total estimated costs affect the amount of allowance for losses on contracts. The total estimated costs are determined based on order specifications from customers with reference to similar projects in the past in accordance with the Group's accounting policy for the estimation of the costs. 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.

We determined that the appropriateness of total estimated costs when providing for losses on contracts was a key audit matter because auditing the total estimated costs of projects for orders received required consideration of various factors related to estimation for each project and involved high degree of uncertainty.</td><td>In examining the appropriateness of total estimated costs when providing for losses on contracts, we performed the following audit procedures, among others:

We obtained an understanding of the Group's monitoring activities for the project costs incurred against the budgets and estimating total projects costs and evaluated the design and operating effectiveness of the relevant internal controls, including the approval of initial and revised total estimated costs.

We performed the following procedures for the projects selected considering the estimated losses exceeding certain threshold amount and qualitative risks such as project delays.

• We identified the significant factors impacting total estimated costs and evaluated management's judgment on the impact of uncertainty in the estimated elements, including those related to customer specifications on goods and the timing of delivery, by making inquiries of management of sales division, technical division, maintenance division and accounting department and examining project budgets and cost accounting information.

• We compared the estimated man-hours of each project with actual man-hours of similar projects in terms of each cost item.

• We evaluated management's judgment in determining whether to revise total estimated costs, considering the facts and circumstances of each project based on our understanding obtained by making inquiries of management and examining project budgets and cost accounting information.

• We assessed the accuracy of total estimated costs by comparing the total estimated costs in the initial estimates and subsequent updates at the prior-period end with the actual total costs for the projects completed during the year.</td></tr>
</table>

Other Information

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

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

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

<Fee-Related Information>

Fees for audit and other services for the year ended September 30, 2024, which were charged by us and our network firms to TVE Co., Ltd. and its subsidiaries were ¥40 million and ¥3 million, respectively.

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

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

Deloitte Touche Tohmatsu LLC

February 7, 2025

TVE Co., Ltd. and Subsidiaries

Consolidated Balance Sheet
September 30, 2024

ASSETS	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars (Note 1) 2024
CURRENT ASSETS:			
Cash and cash equivalents (Note 13)	¥ 5,881	¥ 4,707	$ 41,131
Receivables (Note 13):			
Trade notes	61	126	430
Electronically recorded claims	415	413	2,905
Trade accounts	2,083	1,825	14,570
Contract assets	36	83	259
Other	1	248	11
Inventories (Note 5)	1,805	2,345	12,625
Prepaid expenses and other current assets	128	139	898
Total current assets	10,414	9,890	72,829
PROPERTY, PLANT, AND EQUIPMENT (Note 6):			
Land	466	466	3,265
Buildings and structures	1,012	1,048	7,078
Machinery and equipment	605	596	4,232
Furniture and fixtures	41	53	293
Leased assets	24	48	174
Construction in progress	72	36	506
Total property, plant, and equipment	2,223	2,250	15,548
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 13)	1,859	1,265	13,007
Software	135	151	948
Leased assets	46	71	324
Goodwill	48	55	341
Customer-related assets	93	111	652
Deferred tax assets (Note 9)	33	16	232
Other assets	235	252	1,645
Total investments and other assets	2,452	1,924	17,149
TOTAL	¥15,090	¥14,065	$ 105,526

LIABILITIES AND EQUITY	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars (Note 1) 2024
CURRENT LIABILITIES:			
Short-term bank loans	¥ 70	¥ 100	$ 490
Current portion of long-term debts (Notes 6, 12 and 13)	144	215	1,009
Payables:			
Trade notes	59	63	415
Electronically recorded obligations	258	240	1,808
Trade accounts	374	331	2,622
Other	482	387	3,376
Contract liabilities (Note 10)	94	640	659
Income taxes payable	394	9	2,759
Allowance for losses on contracts (Note 3)	327	389	2,294
Accrued expenses	650	502	4,552
Other current liabilities	17	66	122
Total current liabilities	2,875	2,947	20,106
LONG-TERM LIABILITIES:			
Long-term debts (Notes 6, 12 and 13)	168	305	1,180
Deferred tax liabilities (Note 9)	227	58	1,588
Net defined benefit liability (Note 7)	778	774	5,447
Other long-term liabilities	11	14	78
Total long-term liabilities	1,185	1,152	8,293
COMMITMENTS AND CONTINGENT LIABILITIES (Note 12)			
EQUITY (Note 8):			
Common stock—authorized, 10,040,000 shares; issued, 2,461,600 shares in 2024 and 2023	1,739	1,739	12,165
Capital surplus	1,666	1,663	11,654
Retained earnings	6,742	6,126	47,151
Treasury stock—at cost, 119,795 shares in 2024 and 123,967 shares in 2023	(195)	(203)	(1,368)
Accumulated other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities	1,085	673	7,594
Foreign currency translation adjustments	91	89	638
Defined retirement benefit plans	(101)	(123)	(707)
Total	11,029	9,965	77,127
Non-controlling interests			
Total equity	11,029	9,965	77,127
TOTAL	¥15,090	¥14,065	$ 105,526

See notes to consolidated financial statements.

TVE Co., Ltd. and Subsidiaries

Consolidated Statement of Income
Year Ended September 30, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
SALES (Notes 10 and 16)	¥11,220	¥9,396	$78,466
COST OF SALES	8,050	6,956	56,299
Gross profit	3,169	2,439	22,167
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Note 11)	2,142	1,963	14,981
Operating income	1,027	476	7,186
OTHER INCOME (EXPENSES):			
Interest and dividend income	42	47	297
Interest expense	(4)	(4)	(33)
Loss on disposal of property, plant, and equipment	(8)	(22)	(57)
Loss on termination of retirement benefit plans	(13)		(96)
Impairment loss	(3)		(26)
Exchange gain (loss)	(5)	(15)	(36)
Subsidy income	49	6	349
Rent received	11	10	77
Profits on sales of scrap work	3	6	25
Gain on sales of securities		79	
Other—net	9	13	69
Other income—net	81	120	569
INCOME BEFORE INCOME TAXES	1,108	597	7,755
INCOME TAXES (Note 9):			
Current	415	175	2,909
Deferred	(28)	(13)	(202)
Total income taxes	387	161	2,707
NET INCOME	721	435	5,048
NET INCOME (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS			
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 721	¥ 435	$ 5,048

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.q and 15):			
Basic net income	¥308	¥186	$2.15
Cash dividends applicable to the year	60	40	0.42

See notes to consolidated financial statements.

TVE Co., Ltd. and Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended September 30, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
NET INCOME	¥ 721	¥435	$5,048
OTHER COMPREHENSIVE INCOME (Note 14):			
Unrealized gain (loss) on available-for-sale securities	412	338	2,882
Foreign currency translation adjustments	1	27	9
Defined retirement benefit plans	21	(58)	154
Total other comprehensive income	435	307	3,045
COMPREHENSIVE INCOME	¥1,157	¥742	$8,093
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥1,157	¥742	$8,093
Non-controlling interests			

See notes to consolidated financial statements.

TVE Co., Ltd. and Subsidiaries

Consolidated Statement of Changes in Equity
Year Ended September 30, 2024

	Shares / Millions of Yen				Millions of Yen							
							Accumulated Other Comprehensive Income					
	Common Stock Issued		Treasury Stock				Unrealized Gain (Loss) on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
	Shares	Amount	Shares	Amount	Capital Surplus	Retained Earnings				Total	Non-controlling Interests	Total Equity
BALANCE, OCTOBER 1, 2022	2,461,600	¥1,739	127,547	¥(211)	¥1,663	¥5,784	¥ 335	¥62	¥ (64)	¥ 9,308	¥0	¥ 9,308
Net income attributable to owners of the parent						435				435		435
Cash dividends, ¥40 per share						(93)				(93)		(93)
Change in ownership interest of parent due to transactions with non-controlling interests					(0)					(0)		(0)
Purchase of treasury stock			1,050	(0)						(0)		(0)
Disposal of treasury stock			(4,630)	7	0					8		8
Change in unrealized loss on available-for-sale securities							338			338		338
Change in foreign currency translation adjustments								27		27		27
Change in defined retirement benefit plans									(58)	(58)		(58)
Change in non-controlling interests											(0)	(0)
BALANCE, OCTOBER 1, 2023	2,461,600	1,739	123,967	(203)	1,663	6,126	673	89	(123)	9,965		9,965
Net income attributable to owners of the parent						721				721		721
Cash dividends, ¥60 per share						(105)				(105)		(105)
Purchase of treasury stock			925	(0)						(0)		(0)
Disposal of treasury stock			(5,097)	8	2					11		11
Change in unrealized loss on available-for-sale securities							412			412		412
Change in foreign currency translation adjustments								1		1		1
Change in defined retirement benefit plans									21	21		21
BALANCE, SEPTEMBER 30, 2024	2,461,600	¥1,739	119,795	¥(195)	¥1,666	¥6,742	¥1,085	¥91	¥(101)	¥11,029		¥11,029

	Thousands of U.S. Dollars (Note 1)									
					Accumulated Other Comprehensive Income					
	Common Stock Issued	Treasury Stock			Unrealized Gain (Loss) on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
	Amount	Amount	Capital Surplus	Retained Earnings				Total	Non-controlling Interests	Total Equity
BALANCE, OCTOBER 1, 2023	$12,165	$(1,427)	$11,635	$42,840	$4,712	$629	$(861)	$69,693		$69,693
Net income attributable to owners of the parent				5,048				5,048		5,048
Cash dividends, $0.42 per share				(737)				(737)		(737)
Purchase of treasury stock		(0)						(0)		(0)
Disposal of treasury stock		59	19					78		78
Change in unrealized loss on available-for-sale securities					2,882			2,882		2,882
Change in foreign currency translation adjustments						9		9		9
Change in defined retirement benefit plans							154	154		154
BALANCE, SEPTEMBER 30, 2024	$12,165	$(1,368)	$11,654	$47,151	$7,594	$638	$(707)	$77,127		$77,127

See notes to consolidated financial statements.

TVE Co., Ltd. and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended September 30, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
OPERATING ACTIVITIES:			
Income before income taxes	¥1,108	¥ 597	$ 7,755
Adjustments for:			
Income taxes—paid	(100)	(634)	(701)
Depreciation and amortization	360	368	2,524
Changes in assets and liabilities:			
(Increase) decrease in trade receivables and contract assets	(147)	(73)	(1,033)
(Increase) decrease in inventories	539	(284)	3,775
(Decrease) increase in trade payables	57	(15)	403
(Decrease) increase in allowance for losses on contracts	(61)	40	(433)
(Decrease) increase in contract liabilities	(546)	500	(3,822)
Other—net	629	613	4,401
Net cash provided by operating activities	1,840	1,111	12,869
INVESTING ACTIVITIES:			
Decrease in time deposit		(100)	
Payments for purchases of property, plant, and equipment	(291)	(572)	(2,040)
Payments for purchases of intangible assets	(20)	(52)	(145)
Proceeds from sales of property, plant, and equipment	0		3
Payments for disposal of property, plant, and equipment	(3)		(24)
Proceeds from sales of securities and investment securities		442	
Other	0	(15)	3
Net cash used in investing activities	(315)	(298)	(2,203)
FINANCING ACTIVITIES:			
(Decrease) increase in short-term bank loans—net	(30)	(350)	(210)
Proceeds from issuance of long-term debt		400	
Repayments of long-term debt	(151)	(171)	(1,060)
Dividends paid	(105)	(93)	(735)
Other	(56)	(45)	(396)
Net cash used in financing activities	(343)	(260)	(2,401)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(7)	27	(52)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,174	580	8,213
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,707	4,126	32,918
CASH AND CASH EQUIVALENTS, END OF YEAR	¥5,881	¥4,707	$41,131

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 IFRS Accounting 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 in the 2023 consolidated financial statements to conform to the classifications used in 2024.

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 ¥143 to $1, the approximate rate of exchange at September 30, 2024. 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, 2024 and 2023, 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. 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 15 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 the legal ownership, physical possession and significant risks and economic value associated with the ownership of the products are transferred to the customer at that time and the Group is 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, the 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 statement of income 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, 2024 and 2023, were 2,340,781, and 2,336,704, 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***—The Company transferred its defined benefit corporate pension plan to a defined contribution pension plan effective from October 1, 2024.

The Company adopted the "Accounting for Transfer between Retirement Benefit Plans" (ASBJ Guidance No. 1, December 16, 2016) and "Practical Solution on Accounting for Transfer between Retirement Benefit Plans" (ASBJ PITF No. 2, February 7, 2007).

As a result, a loss on termination of the retirement benefit plan of ¥13 million ($96 thousand) was recorded as other expenses in the current fiscal year of the consolidated financial statements.

t. ***New Accounting Pronouncements***

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

(1) Summary

The "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28), etc. was released in February 2018, completing the transfer of management of practical guidance on tax effect accounting from the Japanese Institute of Certified Public Accountants to the ASBJ. In the related deliberation process, the following two points were scheduled for reconsideration after the release of ASBJ Statement No. 28. These accounting standards represent the announcement of deliberation on these points.

- The accounting classification for tax expenses (tax on other comprehensive income)
- The tax effect associated with the sale of shares of subsidiaries, etc. (subsidiaries and affiliates) in cases where the group tax sharing system is applied

(2) Scheduled date of application

It is scheduled to be applied from the beginning of the fiscal year ending September 30, 2025.

(3) Effect of application of the aforementioned accounting standards, etc.

The effect of application of the "Accounting Standard for Current Income Taxes," etc. on the consolidated financial statements is currently being assessed.

- "Accounting Standards for Leases" (ASBJ Statement No. 34, September 13, 2024)
- "Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024), etc.

(1) Summary

As part of the process to align accounting principles generally accepted in Japan with international accounting standards, the ASBJ has conducted deliberations in a basis of international accounting standards to develop lease accounting standards that recognize assets and liabilities for all leases of lessees. As a basic principle, the standards are based on the single accounting model of IFRS 16. However, instead of adopting all provisions of IFRS 16, only the key provisions have been incorporated. This approach aims to create lease accounting standards that are simplified and practical. By focusing on the major provisions, the standards are designed to, in most cases, require no significant modifications when IFRS 16 is applied to individual financial statements. These lease accounting standards have now been publicly announced.

With regard to the lessee's accounting treatment, a single accounting model is applied to the lessee's method of allocating expenses for all leases, regardless of whether the lease is classified as a finance lease or an operating lease, in which depreciation on right-of-use assets and interest on the lease liability are recorded, as prescribed by IFRS 16.

(2) Scheduled date of application

It is scheduled to be applied from the beginning of the fiscal year ending September 30, 2028.

(3) Effect of application of aforementioned accounting standard, etc.

The effect of the adoption of "Accounting Standard for Leases" on the consolidated financial statements is currently being assessed.

3. SIGNIFICANT ACCOUNTING ESTIMATE

Allowance for Losses on Contracts

(1) *Carrying amounts*

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Allowance for losses on contracts	¥327	¥389	$2,294

(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. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of September 30, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Non-current:			
Equity securities	¥1,822	¥1,232	$12,744
Trust fund investments and other	37	33	263
Total	¥1,859	¥1,265	$13,007

The costs and aggregate fair values of marketable and investment securities at September 30, 2024 and 2023, were as follows:

	Millions of Yen			
September 30, 2024	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥269	¥1,549		¥1,819
Other	26	10		37
September 30, 2023				
Securities classified as:				
Available-for-sale:				
Equity securities	¥269	¥ 959		¥1,229
Other	26	7		33

	Thousands of U.S. Dollars			
September 30, 2024	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$1,888	$10,838		$12,726
Other	188	74		262

Investments in equity instruments that do not have a quoted market price were ¥2 million ($18 thousand) and ¥2 million as of September 30, 2024 and 2023, respectively.

5. INVENTORIES

Inventories at September 30, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Finished products	¥ 66	¥ 171	$ 463
Work in process	1,267	1,721	8,866
Raw materials and supplies	471	451	3,296
Total	¥1,805	¥2,345	$12,625

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

Short-term bank loans at September 30, 2024, consisted of notes to banks and bank overdrafts. The annual average interest rates applicable to short-term borrowings at September 30, 2024 and 2023, were 0.83% and 0.5%, respectively.

Long-term debt at September 30, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Loans from banks and other financial institutions, due serially to 2026 with interest rates ranging from 0.25% to 0.94% (2024) and from 0.25% to 0.8% (2023):			
Collateralized	¥225	¥355	$1,573
Unsecured	15	36	105
Lease obligations	73	129	511
Total	313	520	2,189
Less current portion	(144)	(215)	(1,009)
Long-term debt, less current portion	¥168	¥305	$1,180

Annual maturities of long-term debt at September 30, 2024, were as follows:

Year Ending September 30	Millions of Yen	Thousands of U.S. Dollars
2025	¥144	$1,009
2026	124	868
2027	43	302
2028	1	10
2029		
Total	¥313	$2,189

The carrying amounts of assets pledged as collateral for the collateralized long-term debt at September 30, 2024, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Property, plant, and equipment—net of accumulated depreciation	¥507	$3,549

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.

7. 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.

The Company transferred its defined benefit corporate pension plan to a defined contribution pension plan effective October 1, 2024. As a result, a loss on termination of the retirement benefit plan of ¥13 million ($96 thousand) was recorded as other expenses in the current fiscal year of the consolidated financial statements.

Years Ended September 30, 2024 and 2023

(1) The changes in defined benefit obligation for the years ended September 30, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Balance at beginning of year (as restated)	¥1,752	¥1,700	$12,258
Current service cost	116	94	816
Interest cost	10	10	76
Actuarial (gains) losses	(13)	57	(97)
Benefits paid	(143)	(109)	(1,004)
Loss on termination of retirement benefit plan	13		96
Balance at end of year	¥1,736	¥1,752	$12,145

(2) The changes in plan assets for the years ended September 30, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Balance at beginning of year	¥978	¥990	$6,842
Expected return on plan assets	14	14	103
Actuarial losses	(4)	(6)	(34)
Contributions from the employer	52	51	364
Benefits paid	(82)	(71)	(577)
Balance at end of year	¥957	¥978	$6,698

(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
	2024	2023	2024
Defined benefit obligation	¥1,168	¥1,213	$8,172
Plan assets	(957)	(978)	(6,698)
Total	210	235	1,474
Unfunded defined benefit obligation	568	538	3,973
Net liability arising from defined benefit obligation	¥ 778	¥ 774	$5,447

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Liability for retirement benefits	¥778	¥774	$5,447
Net liability arising from defined benefit obligation	¥778	¥774	$5,447

(4) The components of net periodic benefit costs for the years ended September 30, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Service cost	¥116	¥94	$817
Interest cost	10	10	76
Expected return on plan assets	(14)	(14)	(103)
Recognized actuarial losses	12	5	91
Net periodic benefit costs	¥125	¥95	$881

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended September 30, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Actuarial (gains) losses	¥21	¥(58)	$154
Total	¥21	¥(58)	$154

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of September 30, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Unrecognized actuarial losses	¥101	¥123	$707
Total	¥101	¥123	$707

(7) Plan assets

a. Components of plan assets

Plan assets as of September 30, 2024 and 2023, consisted of the following:

	2024	2023
General account	100%	71%
Special account:		
Domestic bonds		25
Domestic stocks		4
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, 2024 and 2023, were as follows:

	2024	2023
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 ¥30 million ($214 thousand) and ¥28 million as at September 30, 2024 and 2023, respectively.

8. 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.

9. INCOME TAXES

The Company and its consolidated domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.6% for the years ended September 30, 2024 and 2023.

The tax effects of significant temporary differences and tax losses carried forward, which resulted in deferred tax assets and liabilities at September 30, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Deferred tax assets:			
Accrued bonuses	¥ 140	¥113	$ 985
Allowance for losses on contracts	100	120	703
Liability for retirement benefits	239	237	1,672
Property, plant, and equipment	121	125	851
Inventories	56	58	398
Tax loss carryforwards	97	85	683
Other	86	51	605
Total of tax loss carryforwards and temporary difference	843	792	5,897
Less valuation allowance for tax loss carryforwards	(97)	(85)	(683)
Less valuation allowance for temporary differences	(465)	(453)	(3,248)
Total valuation allowance	(562)	(539)	(3,931)
Total	281	252	1,966
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(475)	(293)	(3,322)
Total	(475)	(293)	(3,322)
Net deferred tax assets	¥(193)	¥ (41)	$(1,356)

The expiration of tax losses carried forward, the related valuation allowances and the resulting net deferred tax assets as of September 30, 2024 and 2023, were as follows:

	Millions of Yen						
September 30, 2024	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		¥7	¥89	¥97
Less valuation allowances for tax loss carryforwards			(0)		(7)	(89)	(97)
Net deferred tax assets relating to tax loss carryforwards							
September 30, 2023							
Deferred tax assets relating to tax loss carryforwards				¥0		¥85	¥85
Less valuation allowances for tax loss carryforwards				(0)		(85)	(85)
Net deferred tax assets relating to tax loss carryforwards							

September 30, 2024	Thousands of U.S. Dollars 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			$6		$53	$624	$683
Less valuation allowances for tax loss carryforwards			(6)		(53)	(624)	(683)
Net deferred tax assets relating to tax loss carryforwards							

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, 2024, with the corresponding figures for 2023, is as follows:

	2024	2023
Normal effective statutory tax rate	30.6%	30.6%
Expenses not deductible for income tax purposes	2.6	2.6
Change in valuation allowance for deferred tax assets	3.1	73.1
Inhabitant tax on per capita basis	1.4	2.6
Difference in tax rates between foreign subsidiaries	(0.7)	(1.6)
Other—net	(2.1)	(80.2)
Actual effective tax rate	34.9%	27.1%

10. REVENUE

(1) *Disaggregation of Revenue*

Disaggregation of revenue is described in Note 16 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
	2024	2023	2024
Receivables from contracts with customers:			
Balance at beginning of year	¥2,366	¥2,344	$16,546
Balance at end of year	2,560	2,366	17,904
Contract assets:			
Balance at beginning of year	83	31	584
Balance at end of year	36	83	259
Contract liabilities:			
Balance at beginning of year	640	138	4,481
Balance at end of year	94	640	659

(**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.

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs expensed to the income statement were ¥227 million ($1,593 thousand) and ¥127 million for the years ended September 30, 2024 and 2023, respectively.

12. LEASES

The Group leases certain computer equipment and software.

Total lease payments under finance leases for the years ended September 30, 2024 and 2023, were ¥55 million ($388 thousand) and ¥44 million, respectively.

13. 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 that 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, 2024	Carrying Amount	Fair Value	Unrealized Gain/Loss
Marketable and investment securities	¥1,857	¥1,857	___
Total assets	¥1,857	¥1,857	___
Lease obligations	¥ 73	¥ 81	¥ 8
Long-term debt	240	237	(2)
Total liabilities	¥ 313	¥ 319	¥ 6
September 30, 2023			
Marketable and investment securities	¥1,263	¥1,263	___
Total assets	¥1,263	¥1,263	___
Lease obligations	¥ 129	¥ 129	¥ 0
Long-term debt	391	383	(7)
Total liabilities	¥ 520	¥ 512	¥(7)

	Thousands of U.S. Dollars		
September 30, 2024	Carrying Amount	Fair Value	Unrealized Gain/Loss
Marketable and investment securities	$12,989	$12,989	___
Total assets	$12,989	$12,989	___
Lease obligations	$ 511	$ 570	$59
Long-term debt	1,678	1,663	(15)
Total liabilities	$ 2,189	$ 2,233	$44

(*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
	2024	2023	2024
Unlisted equity instruments	¥2	¥2	$18

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

	Millions of Yen			
September 30, 2024	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	¥5,881			
Receivables:				
Trade notes	61			
Electronically recorded claims	415			
Trade accounts	2,083			
Contract asset	36			
Total	¥8,478			
September 30, 2023				
Cash and cash equivalents	¥4,707			
Receivables:				
Trade notes	126			
Electronically recorded claims	413			
Trade accounts	1,825			
Contract asset	83			
Total	¥7,156			

	Thousands of U.S. Dollars			
September 30, 2024	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	$41,131			
Receivables:				
Trade notes	430			
Electronically recorded claims	2,905			
Trade accounts	14,570			
Contract asset	259			
Total	$59,295			

Please see Note 6 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.

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

	Millions of Yen			
September 30, 2024	Level 1	Level 2	Level 3	Total
Marketable and investment securities	¥1,820			¥1,820
Mutual funds		¥37		37
Total assets	¥1,820	¥37		¥1,857
September 30, 2023				
Marketable and investment securities	¥1,229			¥1,229
Mutual funds		¥33		33
Total assets	¥1,229	¥33		¥1,263

	Thousands of U.S. Dollars			
September 30, 2024	Level 1	Level 2	Level 3	Total
Marketable and investment securities	$ 12,726			$ 12,726
Mutual funds		$263		263
Total assets	$ 12,726	$263		$ 12,989

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

	Millions of Yen			
September 30, 2024	Level 1	Level 2	Level 3	Total
Lease obligations		¥ 81		¥ 81
Long-term debt		237		237
Total liabilities		¥319		¥319
September 30, 2023				
Lease obligations		¥129		¥129
Long-term debt		383		383
Total liabilities		¥512		¥512

	Thousands of U.S. Dollars			
September 30, 2024	Level 1	Level 2	Level 3	Total
Lease obligations		$ 570		$ 570
Long-term debt		1,663		1,663
Total liabilities		$2,233		$2,233

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, 2024, and are categorized as Level 2.

14. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended September 30, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Unrealized gain (loss) on available-for-sale securities:			
Gains arising during the year	¥593	¥567	$4,151
Recycling		(79)	
Amount before income tax effect	593	487	4,151
Income tax effect	(181)	(149)	(1,269)
Total	¥412	¥338	$2,882
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ 1	¥ 27	$ 9
Defined retirement benefit plans:			
Adjustments arising during the year	¥ 9	¥ (63)	$ 64
Reclassification adjustments to profit or loss	12	5	90
Amount before income tax effect	21	(58)	154
Total	¥ 21	¥ (58)	$ 154
Total other comprehensive income	¥435	¥307	$3,045

15. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended September 30, 2024 and 2023, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended September 30, 2024	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Basic EPS—Net income available to common shareholders	¥721	2,340	¥308	$2.156
Year Ended September 30, 2023				
Basic EPS—Net income available to common shareholders	¥435	2,336	¥186	

16. 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						
	2024						
	Reportable Segments						
	A	B	C	Total	Other	Adjustments	Consolidated
Sales:							
Sale of valves	¥1,545			¥ 1,545			¥ 1,545
Sale of parts	1,279			1,279			1,279
Maintenance of valves in nuclear power plants	2,579			2,579			2,579
Maintenance of valves in other plants	2,582			2,582			2,582
Sales of the cast metal business		¥1,215		1,215			1,215
Maintenance of the electrical equipment			¥1,764	1,764			1,764
Others					¥252		252
Revenues from contracts with customers	7,987	1,215	1,764	10,967	252		11,220
Other revenue							
Sales to external customers	7,987	1,215	1,764	10,967	252		11,220
Intersegment sales or transfers	26	3		29	17	¥ (47)	
Total	¥8,014	¥1,218	¥1,764	¥10,997	¥270	¥ (47)	¥11,220
Segment profit (loss)	¥1,935	¥ (177)	¥ 321	¥ 2,079	¥ (27)	¥(1,024)	¥ 1,027
Segment assets	5,510	860	1,514	7,884	173	7,032	15,090
Other:							
Depreciation	265	66	9	341	7	11	360
Amortization of goodwill			6	6			6
Customer-related asset amortization expense			17	17			17
Increase in property, plant, and equipment and intangible assets	277		1	278	1	61	341

	Millions of Yen						
	2023						
	Reportable Segments						
	A	B	C	Total	Other	Adjustments	Consolidated
Sales:							
Sale of valves	¥1,460			¥1,460			¥ 1,460
Sale of parts	980			980			980
Maintenance of valves in nuclear power plants	1,225			1,225			1,225
Maintenance of valves in other plants	2,912			2,912			2,912
Sales of the cast metal business		¥1,158		1,158			1,158
Maintenance of the electrical equipment			¥1,432	1,432			1,432
Others					¥226		226
Revenues from contracts with customers	6,579	1,158	1,432	9,170	226		9,396
Other revenue							
Sales to external customers	6,579	1,158	1,432	9,170	226		9,396
Intersegment sales or transfers	41	2		44	29	¥ (73)	
Total	¥6,620	¥1,161	¥1,432	¥9,214	¥255	¥ (73)	¥ 9,396
Segment profit (loss)	¥1,385	¥ (181)	¥ 175	¥1,378	¥ (71)	¥ (830)	¥ 476
Segment assets	5,531	973	1,236	7,741	303	6,020	14,065
Other:							
Depreciation	275	62	2	340	8	19	368
Amortization of goodwill			6	6			6
Customer-related asset amortization expense			22	22			22
Increase in property, plant, and equipment and intangible assets	617		28	646	3	159	809

	Thousands of U.S. Dollars						
	2024						
	Reportable Segments						
	A	B	C	Total	Other	Adjustments	Consolidated
Sales:							
Sale of valves	$10,807			$10,807			$ 10,807
Sale of parts	8,951			8,951			8,951
Maintenance of valves in nuclear power plants	18,040			18,040			18,040
Maintenance of valves in other plants	18,061			18,061			18,061
Sales of the cast metal business		$ 8,497		8,497			8,497
Maintenance of the electrical equipment			$12,342	12,342			12,342
Others					$1,768		1,768
Revenues from contracts with customers	55,859	8,497	12,342	76,698	1,768		78,466
Other revenue							
Sales to external customers	55,859	8,497	12,342	76,698	1,768		78,466
Intersegment sales or transfers	188	21		209	122	$ (331)	
Total	$56,047	$ 8,518	$12,342	$76,907	$1,890	$ (331)	$ 78,466
Segment profit (loss)	$13,536	$(1,245)	$ 2,250	$14,542	$ (193)	$ (7,163)	$ 7,186
Segment assets	38,533	6,014	10,590	55,137	1,213	49,176	105,526
Other:							
Depreciation	1,857	466	68	2,391	54	79	2,524
Amortization of goodwill			47	47			47
Customer-related asset amortization expense			124	124			124
Increase in property, plant, and equipment and intangible assets	1,943		7	1,950	11	427	2,388

Associated information

a. Information about Products and Services

	Millions of Yen							
	2024							
	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	¥1,545	¥1,279	¥2,579	¥2,582	¥1,215	¥1,764	¥252	¥11,220

	Millions of Yen							
	2023							
	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	¥1,460	¥980	¥1,225	¥2,912	¥1,158	¥1,432	¥226	¥9,396

	Thousands of U.S. Dollars							
	2024							
	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	$10,807	$8,951	$18,040	$18,061	$8,497	$12,342	$1,768	$78,466

b. Information about Geographical Areas

(a) Sales

Geographical sales information for the years ended September 30, 2024 and 2023, is not shown since sales to overseas customers are not material in the context of the consolidated financial statements.

(b) 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.

c. Information about Major Customers

	2024		
	Sales		Related
Name of Customer	Millions of Yen	Thousands of U.S. Dollars	Segment Name
Seika Corporation	¥3,232	$22,605	Business A
Mitsubishi Corporation Power Systems, Inc.	1,245	8,711	Business A
Tokyo Power Technology, Ltd.	1,117	7,813	Business C

	2023	
	Sales	Related
Name of Customer	Millions of Yen	Segment Name
Mitsubishi Corporation Power Systems, Inc.	¥3,402	Business A
Tokyo Power Technology, Ltd.	1,012	Business C

d. Information about Amortization of Goodwill

	Millions of Yen					
	2024					
	The Valve Business	Sales of the Cast Metal Business	Maintenance of the Electrical Equipment	Other	Adjustments	Total
Amortization amount			¥ 6			¥ 6
Balance			48			48

	Thousands of U.S. Dollars					
	2024					
	The Valve Business	Sales of the Cast Metal Business	Maintenance of the Electrical Equipment	Other	Adjustments	Total
Amortization amount			$ 47			$ 47
Balance			341			341

17. RELATED PARTY DISCLOSURES

Transactions of the Company with Seika Corporation as other associated company for the year ended September 30, 2024, are as follows:

	Millions of Yen 2024	Thousands of U.S. Dollars 2024
Sales	¥3,232	$22,605

The balances due to or from Seika Corporation as other associated company at September 30, 2024, are as follows:

	Millions of Yen 2024	Thousands of U.S. Dollars 2024
Receivables	¥823	$5,758

* * * * * *