CONSOLIDATED FINANCIAL STATEMENTS
FURUKAWA ELECTRIC CO., LTD. AND SUBSIDIARIES
March 31, 2021 and 2020

CONSOLIDATED BALANCE SHEETS
FURUKAWA ELECTRIC CO., LTD. AND SUBSIDIARIES
At March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2021	2020	2021
ASSETS			
Current assets:			
Cash and bank deposits (Note 5)	¥ 84,362	¥ 54,357	$ 766,927
Marketable securities (Note 6)	2,923	899	26,573
Notes and accounts receivable	191,930	192,513	1,744,818
Inventories (Note 7)	120,837	115,862	1,098,518
Other current assets	30,653	23,801	278,664
Allowance for doubtful accounts	(894)	(1,254)	(8,127)
Total current assets	429,812	386,179	3,907,382
Property, plant and equipment (Notes 9 and 15)			
Land	35,127	36,354	319,336
Buildings	235,399	229,611	2,139,991
Machinery and equipment	521,457	550,564	4,740,518
Leased assets	1,257	1,261	11,427
Right-of-use assets	11,390	10,934	103,545
Construction in progress	27,108	34,529	246,436
Total	831,741	863,256	7,561,282
Accumulated depreciation	(584,996)	(609,037)	(5,318,145)
Net property, plant and equipment	246,744	254,219	2,243,127
Investments and other assets:			
Investments and long-term loans (Notes 6 and 8)	113,544	109,310	1,032,218
Deferred tax assets (Note 17)	6,948	14,726	63,164
Asset for retirement benefits (Notes 2g and 10)	6,859	5,899	62,355
Other non-current assets	29,168	25,346	265,164
Allowance for doubtful accounts	(1,034)	(1,065)	(9,400)
Total investments and other assets	155,486	154,217	1,413,509
Total	¥ 832,044	¥ 794,616	$ 7,564,036

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2021	2020	2021
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term debt (Note 9)	¥ 103,523	¥ 110,515	$ 941,118
Commercial paper (Note 9)	30,000	15,000	272,727
Notes and accounts payable	115,502	111,586	1,050,018
Accrued income taxes	2,033	2,785	18,482
Provision for product defect compensation (Notes 2h and 3)	4,022	17,711	36,564
Other current liabilities	60,121	62,048	546,555
Total current liabilities	315,204	319,647	2,865,491
Long-term liabilities :			
Bonds (Note 9)	30,000	30,000	272,727
Long-term debt (Note 9)	127,094	95,573	1,155,400
Liability for retirement benefits (Notes 2g and 10)	44,514	53,460	404,673
Provision for environmental costs (Note 2i)	10,229	10,396	92,991
Asset retirement obligations	1,323	1,304	12,027
Other long-term liabilities	12,061	11,202	109,645
Total long-term liabilities	225,222	201,937	2,047,473
Contingent liabilities (Note 12)			
Net assets			
Shareholders' equity (Note 11)			
Common stock			
Authorized shares, 250,000 thousand in 2021 and 2020			
Issued shares, 70,666 thousand in 2021 and 2020	69,395	69,395	630,864
Capital surplus	23,028	22,787	209,345
Retained earnings	168,542	165,101	1,532,200
Common treasury stock, at cost 49,800 in 2021 49,400 in 2020	(576)	(598)	(5,236)
Total shareholders' equity	260,388	256,685	2,367,164
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities	13,929	10,950	126,627
Deferred gain (loss) on derivatives under hedge accounting	2,677	(1,691)	24,336
Adjustments for retirement benefits	(3,829)	(12,810)	(34,809)
Foreign currency translation adjustments	(13,295)	(12,853)	(120,864)
Total accumulated other comprehensive income	(518)	(16,405)	(4,709)
Non-controlling interests	31,747	32,750	288,609
Total net assets	291,617	273,030	2,651,064
Total	¥ 832,044	¥ 794,616	$ 7,564,036

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME
FURUKAWA ELECTRIC CO., LTD. AND SUBSIDIARIES
For the years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2021	2020	2021
Net sales	¥ 811,600	¥ 914,439	$ 7,378,182
Cost of sales (Notes 7 and 13)	682,288	764,200	6,202,618
Gross profit	129,311	150,239	1,175,555
Selling, general and administrative expenses (Note 13)	120,881	126,674	1,098,918
Operating income	8,429	23,565	76,627
Other income (expenses):			
Interest and dividend income	2,302	2,652	20,927
Interest expense	(3,586)	(4,326)	(32,600)
Foreign exchange gain	502	-	4,564
Foreign exchange loss	-	(1,014)	-
Equity in income of non-consolidated subsidiaries and affiliates	-	2,458	-
Equity in loss of non-consolidated subsidiaries and affiliates	(893)	-	(8,118)
Gain on valuation of derivatives	-	548	-
Loss on valuation of derivatives	(1,167)	-	(10,609)
Gain on sales of investment securities	9,521	7,494	86,555
Gain on disposal of property, plant and equipment (Note 16)	22,144	5,848	201,309
Loss on disposal of property, plant and equipment	(1,303)	(798)	(11,845)
Impairment loss (Note 15)	(2,542)	(623)	(23,109)
Provision for product defect compensation (Note 3)	(4,820)	(65)	(43,818)
Loss on disaster (Note 16)	-	(958)	-
Loss on change in equity (Note 22)	(490)	-	(4,455)
Loss on transfer of business (Note 22)	(3,770)	-	(34,273)
Loss on Covid-19 (Note 16)	(1,385)	-	(12,591)
Other, net	(1,624)	(4,029)	(14,764)
Profit before income taxes	21,316	30,751	193,782
Income taxes (Note 17) :			
Current	6,047	7,793	54,973
Deferred	3,171	3,960	28,827
Total income taxes	9,219	11,754	83,809
Profit	12,097	18,997	109,973
attributable to non-controlling interests	2,095	1,357	19,045
attributable to owners of parent	¥ 10,001	¥ 17,639	$ 90,918

	Yen		U.S. dollars
Per share of common stock (Notes 2p and 19)			
Basic profit	¥ 141.88	¥ 250.25	$ 1.29
Diluted profit	¥ -	¥ -	$ -
Cash dividends applicable to the year	¥ 60.00	¥ 85.00	$ 0.55

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FURUKAWA ELECTRIC CO., LTD. AND SUBSIDIARIES

For the years ended March 31, 2021 and 2020

	Millions of yen				Thousands of U.S. dollars (Note 4)	
	2021		2020		2021	
Profit	¥	12,097	¥	18,997	$	109,973
Other comprehensive income (Note 18)						
Unrealized gain (loss) on available-for-sale securities		2,945		(10,119)		26,773
Deferred gain (loss) on derivatives under hedge accounting		4,235		(1,604)		38,500
Adjustments for retirement benefits		8,124		(3,942)		73,855
Foreign currency translation adjustments		244		(3,905)		2,218
Share of other comprehensive income of affiliates accounted for by the equity method		294		(1,485)		2,673
Total other comprehensive income (loss)		15,844		(21,058)		144,036
Total comprehensive income (loss)	¥	27,941	¥	(2,060)	$	254,009
Attributable to :						
Owners of parent	¥	25,888	¥	(3,272)	$	235,345
Non-controlling interests	¥	2,053	¥	1,211	$	18,664

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FURUKAWA ELECTRIC CO., LTD. AND SUBSIDIARIES

(For the year ended March 31, 2021)

	Thousands	Millions of yen				
		Shareholders' equity				
	Number of shares of Common stock outstanding	Common stock	Capital surplus	Retained earnings	Common treasury stock	Total shareholders' equity
Balance at March 31, 2020	70.487	¥ 69,395	¥ 22,787	¥ 165,101	¥ (598)	¥ 256,685
Cash dividends paid		-	-	(6,002)	-	(6,002)
Profit attributable to owners of parent		-	-	10,001	-	10,001
Net effect of increase in consolidated subsidiaries		-	-	(239)	-	(239)
Net effect of decrease in consolidated subsidiaries		-	-	(65)	-	(65)
Net effect of increase in an affiliated company accounted for by the equity method due to change in scope of equity method		-	-	(253)	-	(253)
Acquisition of treasury stock	(0)	-	-	-	(2)	(2)
Disposal of treasury stock	8	-	-	-	23	23
Net effect of change in parent's equity due to transaction with non-controlling interests		-	240	-	-	240
Net change in items other than those in shareholders' equity		-	-	-	-	-
Net change during the year	8	-	240	3,441	21	3,702
Balance at March 31, 2021	70,495	¥ 69,395	¥ 23,028	¥ 168,542	¥ (576)	¥ 260,388

	Millions of yen						
	Accumulated other comprehensive income						
	Unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Adjustment for retirement benefits (Note 10)	Foreign currency translation adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2020	¥ 10,950	¥ (1,691)	¥ (12,853)	¥ (12,810)	¥ (16,405)	¥ 32,750	¥ 273,030
Cash dividends paid	-	-	-	-	-	-	(6,002)
Profit attributable to owners of parent	-	-	-	-	-	-	10,001
Net effect of increase in consolidated subsidiaries	-	-	-	-	-	-	(239)
Net effect of decrease in consolidated subsidiaries	-	-	-	-	-	-	(65)
Net effect of increase in an affiliated company accounted for by the equity method due to change in scope of equity method	-	-	-	-	-	-	(253)
Acquisition of treasury stock	-	-	-	-	-	-	(2)
Disposal of treasury stock	-	-	-	-	-	-	23
Net effect of change in parent's equity due to transaction with non-controlling interests	-	-	-	-	-	-	240
Net change in items other than those in shareholders' equity	2,979	4,368	(442)	8,980	15,886	(1,002)	14,883
Net change during the year	2,979	4,368	(442)	8,980	15,886	(1,002)	18,586
Balance at March 31, 2021	¥ 13,929	¥ 2,677	¥ (13,295)	¥ (3,829)	¥ (518)	¥ 31,747	¥ 291,617

	Thousands of U.S. dollars (Note 4)				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Common treasury stock	Total shareholders' equity
Balance at March 31, 2020	$ 630,864	$ 207,155	$ 1,500,918	$ (5,436)	$ 2,333,500
Cash dividends paid	-	-	(54,564)	-	(54,564)
Profit attributable to owners of parent	-	-	90,918	-	90,918
Net effect of increase in consolidated subsidiaries	-	-	(2,173)	-	(2,173)
Net effect of decrease in consolidated subsidiaries	-	-	(591)	-	(591)
Net effect of increase in an affiliated company accounted for by the equity method due to change in scope of equity method	-	-	(2,300)	-	(2,300)
Acquisition of treasury stock	-	-	-	(18)	(18)
Disposal of treasury stock	-	-	-	209	209
Net effect of change in parent's equity due to transaction with non-controlling interests	-	2,182	-	-	2,182
Net change in items other than those in shareholders' equity	-	-	-	-	-
Net change during the year	-	2,182	31,282	191	33,655
Balance at March 31, 2021	$ 630,864	$ 209,345	$ 1,532,200	$ (5,236)	$ 2,367,164

	Thousands of U.S. dollars (Note 4)						
	Accumulated other comprehensive income						
	Unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Adjustment for retirement benefits (Note 10)	Foreign currency translation adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2020	$ 99,545	$ (15,373)	$ (116,845)	$ (116,455)	$ (149,136)	$ 297,727	$ 2,482,091
Cash dividends paid	-	-	-	-	-	-	(54,564)
Profit attributable to owners of parent	-	-	-	-	-	-	90,918
Net effect of increase in consolidated subsidiaries	-	-	-	-	-	-	(2,173)
Net effect of decrease in consolidated subsidiaries	-	-	-	-	-	-	(591)
Net effect of increase in an affiliated company accounted for by the equity method due to change in scope of equity method	-	-	-	-	-	-	(2,300)
Acquisition of treasury stock	-	-	-	-	-	-	(18)
Disposal of treasury stock	-	-	-	-	-	-	209
Net effect of change in parent's equity due to transaction with non-controlling interests	-	-	-	-	-	-	2,182
Net change in items other than those in shareholders' equity	27,082	39,709	(4,018)	81,636	144,418	(9,109)	135,300
Net change during the year	27,082	39,709	(4,018)	81,636	144,418	(9,109)	168,964
Balance at March 31, 2021	$ 126,627	$ 24,336	$ (120,864)	$ (34,809)	$ (4,709)	$ 288,609	$ 2,651,064

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FURUKAWA ELECTRIC CO., LTD. AND SUBSIDIARIES

(For the year ended March 31, 2020)

	Thousands	Millions of yen				
		Shareholders' equity				
	Number of shares of Common stock outstanding	Common stock	Capital surplus	Retained earnings	Common treasury stock	Total shareholders' equity
Balance at March 31, 2019	70,486	¥ 69,395	¥ 22,535	¥ 151,744	¥ (600)	¥ 243,074
Cash dividends paid		-	-	(6,002)	-	(6,002)
Profit attributable to owners of parent		-	-	17,639	-	17,639
Net effect of increase in consolidated subsidiaries		-	128	1,031	-	1,160
Net effect of increase in an affiliated company accounted for by the equity method due to change in scope of equity method		-	-	688	-	688
Acquisition of treasury stock	(0)	-	-	-	(2)	(2)
Disposal of treasury stock	1	-	-	-	4	4
Net effect of change in parent's equity due to transaction with non-controlling interests		-	123	-	-	123
Net change in items other than those in shareholders' equity		-	-	-	-	-
Net change during the year	1	-	252	13,356	1	13,611
Balance at March 31, 2020	70,487	¥ 69,395	¥ 22,787	¥ 165,101	¥ (598)	¥ 256,685

	Millions of yen						
	Accumulated other comprehensive income						
	Unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Adjustment for retirement benefits (Note 10)	Foreign currency translation adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2019	¥ 21,788	¥ 124	¥ (8,391)	¥ (8,937)	¥ 4,584	¥ 32,252	¥ 279,911
Cash dividends paid	-	-	-	-	-	-	(6,002)
Profit attributable to owners of parent	-	-	-	-	-	-	17,639
Net effect of increase in consolidated subsidiaries	-	-	-	-	-	-	1,160
Net effect of increase in an affiliated company accounted for by the equity method due to change in scope of equity method	-	-	-	-	-	-	688
Acquisition of treasury stock	-	-	-	-	-	-	(2)
Disposal of treasury stock	-	-	-	-	-	-	4
Net effect of change in parent's equity due to transaction with non-controlling interests	-	-	-	-	-	-	123
Net change in items other than those in shareholders' equity	(10,838)	(1,816)	(4,419)	(3,915)	(20,989)	497	(20,492)
Net change during the year	(10,838)	(1,816)	(4,419)	(3,915)	(20,989)	497	(6,880)
Balance at March 31, 2020	¥ 10,950	¥ (1,691)	¥ (12,810)	¥ (12,853)	¥ (16,405)	¥ 32,750	¥ 273,030

CONSOLIDATED STATEMENTS OF CASH FLOWS
FURUKAWA ELECTRIC CO., LTD. AND
SUBSIDIARIES

For the years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2021	2020	2021
Cash flows from operating activities:			
Profit before income taxes	¥ 21,316	¥ 30,751	$ 193,782
Adjustments for:			
Depreciation	32,163	29,423	292,391
Equity in income of non-consolidated subsidiaries and affiliates	893	(2,458)	8,118
Gain on sales of marketable securities and investment securities, net	(9,166)	(7,462)	(83,327)
Loss on transfer of business	3,770	-	34,273
Loss on unrealized investment securities, net	236	1,102	2,145
Gain on disposal of property, plant and equipment, net	(20,840)	(5,050)	(189,455)
Impairment loss	2,542	623	23,109
Loss on disaster	-	958	-
Insurance income	(1,281)	-	(11,645)
Loss on Covid-19	1,385	-	12,591
Loss on write-down of inventories	1,246	388	11,327
Interest and dividend income	(2,302)	(2,652)	(20,927)
Interest expense	3,586	4,326	32,600
Foreign exchange (gain) loss, net	338	(591)	3,073
(Increase) decrease in trade receivable	(13,788)	23,499	(125,345)
(Increase) decrease in inventories	(13,770)	4,071	(125,182)
Increase (decrease) in trade payable	12,161	(17,252)	110,555
Increase in liability for retirement benefits	1,059	387	9,627
(Decrease) in provision for product defect compensation	(13,706)	(10,667)	(124,600)
Other, net	2,009	1,873	18,264
Subtotal	7,852	51,273	71,382
Interest and dividend income received	3,287	4,682	29,882
Interest expense paid	(3,603)	(4,344)	(32,755)
Income taxes paid	(8,209)	(8,952)	(74,627)
Loss on disaster paid	-	(717)	-
Insurance income received	1,281	-	11,645
Loss on Covid-19 paid	(1,088)	-	(9,891)
Net cash provided by (used in) operating activities	(479)	41,942	(4,355)
Cash flows from investing activities:			
Decrease in time deposits, net	4	39	36
Purchases of investment securities	(2,112)	(1,543)	(19,200)
Proceeds from sales and redemption of investment securities	14,804	10,916	134,582
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	2,306	-	20,964
Purchases of property, plant and equipment	(33,386)	(47,312)	(303,509)
Purchases of intangible assets	(7,325)	(6,550)	(66,591)
Proceeds from sales of non-current assets	22,370	6,789	203,364
Decrease in short-term loans, net	3,540	4,950	32,182
Payments for long-term loans	(1,796)	(427)	(16,327)
Proceeds from collection of long-term loans	1	261	9
Other	(315)	(242)	(2,864)
Net cash used in investing activities	(1,908)	(33,119)	(17,345)

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2021	2020	2021
Cash flows from financing activities:			
Increase in short-term debt, net	2,008	1,735	18,255
Increase in commercial paper, net	15,000	15,000	136,364
Proceeds from long-term debt	55,965	8,935	508,773
Repayments of long-term debt	(30,100)	(27,390)	(273,636)
Proceeds from issue of bonds	-	10,000	-
Proceeds from non-controlling shareholders	452	728	4,109
Payments for purchase of common treasury stock	(9)	(1)	(82)
Payments for purchase of common treasury stock by subsidiaries	-	(151)	-
Cash dividends paid	(6,001)	(5,998)	(54,555)
Cash dividends paid to non-controlling shareholders	(521)	(1,379)	(4,736)
Other	(1,651)	(1,649)	(15,009)
Net cash provided by (used in) financing activities	35,140	(171)	319,455
Effect of exchange rate changes on cash and cash equivalents	(594)	(928)	(5,400)
Net increase in cash and cash equivalents	32,158	7,722	292,345
Cash and cash equivalents at beginning of year	55,055	46,838	500,500
Cash and cash equivalents of newly consolidated subsidiaries	819	494	7,445
Cash and cash equivalents of de-consolidated subsidiaries	(866)	-	(7,873)
Cash and cash equivalents of merger	22	-	200
Cash and cash equivalents at end of year (Note 5)	¥ 87,189	¥ 55,055	$ 792,627

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FURUKAWA ELECTRIC CO., LTD. AND
ITS SUBSIDIARIES

1. Basis of Presenting Consolidated Financial Statements

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2020 consolidated financial statements to conform to the classifications used in 2021.

Japanese yen figures less than a thousand yen are rounded down to the nearest thousand yen, except where otherwise indicated.

2. Significant Accounting Policies

a) Basis of consolidation

(1) The consolidated financial statements as of March 31, 2021, include the accounts of the Company and its 109 (112 in 2020) significant subsidiaries (together, the "Group").

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

Investments in 13 (13 in 2020) unconsolidated subsidiaries and associated companies are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is amortized over a period of 20 years.

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

(2) Fiscal year-end of the consolidated subsidiaries

There are 50 subsidiaries' fiscal year-ends that differ from that of the Company due to local statutory requirements. Those 50 subsidiaries' fiscal year-end is December 31, and the Company makes necessary adjustments if there are any significant transactions. There have been no significant transactions, which would materially affect the Company's financial position and results of operations, with such subsidiaries during the period from their closing date to March 31.

(3) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

Under Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification) tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

(4) Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method

ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments," requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method, unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting.

(5) Business Combinations

Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements' provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

b) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits capable of being withdrawn on demand and short-term investments with an original maturity of three months or less and subject to a minor risk of fluctuation in value.

c) Financial instruments

(1) Debt and equity securities

Debt securities for which the Company and its consolidated subsidiaries have both the positive intent and ability to hold to maturity are classified as "held-to-maturity debt securities" and mainly carried at amortized cost. Securities other than held-to-maturity debt securities and investments in equity securities of non-consolidated subsidiaries and affiliates are classified as "available-for-sale securities" and carried at fair value with unrealized gain and loss, net of tax, reported as a separate component of net assets. For computing gain and loss on securities sold, the cost of these securities is determined using the moving average method. Securities that do not have readily determinable fair values are recorded at cost. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income. The Company and its consolidated subsidiaries do not hold any trading securities.

Debt securities due within one year are presented as "Marketable securities" under current assets, and all other securities are presented as "Investments and long-term loans" in the accompanying balance sheets.

Additional information with respect to marketable debt and equity securities is included in Note 6.

(2) Derivatives and Hedging Activities

The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange, interest rates and prices. Foreign exchange forward contracts, currency swap, interest rate swaps and forward contracts for metal materials are utilized by the Group to reduce foreign currency exchange and interest rate risks and price fluctuation risk of raw materials. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Foreign currency forward contracts employed to hedge foreign exchange exposures for export sales and purchases are measured at fair value and the unrealized gains/losses are recognized in income.
Forward contracts applied for forecasted (or committed) transactions used are also measured at fair value but the unrealized gains/losses are deferred until the underlying transactions are completed.

Trade receivable and trade payable denominated in foreign currencies for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations is translated at the contracted rate if the forward contracts qualify for hedge accounting.

Long-term debt denominated in foreign currencies for which currency swap are used to hedge the foreign currency fluctuations is translated at the contracted rate if the forward contracts qualify for hedge accounting. Also, those long-term debt with interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense.
Additional information on derivatives is presented in Note 21.

d) Inventories

Inventories are stated principally at cost determined using the average method, which requires the amount of the inventories on the balance sheets be written down when there is a decrease in profitability.

e) Allowance for doubtful accounts

Allowance for doubtful accounts is provided at the amount of estimated non-recoverable receivables on an individual account basis, plus the amount calculated by applying the historical bad debt loss ratios to the remaining receivables.

f) Property, plant and equipment

Property, plant and equipment, including significant capital expenditures and additions, are stated at cost. Repairs and maintenance expense are charged to income as incurred. Properties except for leased assets are depreciated principally using the straight-line method.

g) Retirement benefits

Employees who terminate their service with the Company or its domestic consolidated subsidiaries are entitled to lump-sum severance indemnities determined based on accumulated points allocated to employees each year according to their job classification and performance. The liability for these severance indemnities is not funded.

The retirement benefit plans of the Company and its domestic consolidated subsidiaries have features whereby employees who retire at age 55 or over with 20 or more years of service may elect to receive benefits in the form of pensions. These plans, which are non-contributory and funded, generally provide for an annuity payable over a ten-year period subsequent to retirement. The annual contributions for pension benefits include current service costs, amortization of prior service costs and interest on the unfunded portion of past service costs.
The Company and its domestic consolidated subsidiaries recognize retirement benefits based on the estimated amounts of projected benefit obligation reduced by the fair value of the pension plan assets at each fiscal year-end.

The retirement benefit obligation for employees is attributed to each period by the benefit formula method.
Prior service cost is being amortized as incurred by the straight-line method over periods (mainly 1 year through 10 years), which are shorter than the average remaining years of service of the employees.

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods (mainly 1 year through 10 years), which are shorter than the average remaining years of service of the employees.
Unrecognized actuarial gain or loss and unrecognized prior service cost are recorded as adjustments for retirement benefits in accumulated other comprehensive income within net assets after adjusting for tax effects.

A minimum pension liability adjustment is required for the Company's consolidated subsidiaries in the U.S., generally when the accumulated benefit obligation exceeds plan assets under U.S. GAAP. The minimum liability adjustment, less allowable intangible assets, is directly charged to retained earnings, net of tax benefit, in the accompanying consolidated financial statements.

Certain consolidated subsidiaries use a simplified method for calculating retirement benefit expenses and liabilities based on the assumption that the benefits payable, which are calculated as if all eligible employees voluntarily terminated their employment at fiscal year-end, approximates the retirement benefit obligation at year-end.

h) Provision for product defect compensation

Provision for product defect compensation is provided at an amount deemed necessary to cover possible compensation costs.

i) Provision for environmental costs

Provision for environmental costs, mainly to remove Poly Chlorinated Biphenyl ("PCB") and to improve soil conservation, is provided to cover estimated future costs.

j) Research and development costs, and computer software

Research and development expenditure is charged to income when incurred. Expenditure relating to computer software developed for internal use is charged to income when incurred, except when it contributes to the generation of income or to future cost savings. Such expenditure is capitalized as an asset and amortized using the straight-line method over its estimated useful life of 5 years.

k) Leases

Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the balance sheet.
Depreciation of finance lease assets that transfer ownership of the assets is calculated by the same method applied for property, plant and equipment.
Depreciation of finance lease assets, that do not transfer ownership of the assets, at the end of the lease term, mainly machinery and equipment, and vehicles, is calculated by the straight-line method over the lease periods, which are deemed as the useful lives, assuming no residual value.
All other leases are accounted for as operating leases.
Right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or lease terms.

l) Construction Contracts

Construction revenue and construction costs are recognized by the percentage-of-completion method if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract is deemed to be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on such construction contracts.

m) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income.

Deferred income taxes are recognized to reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and measured using the enacted tax rates and laws, which will be in effect when differences are expected to reverse.

The Company has elected to file its tax return under the consolidated tax filing system.

As for the items subjected to the transition to the group tax sharing system established under the "Act on Partial Revision of the Income Tax Act, etc." (Act No. 8 of 2020), as well as the items reviewed under the non-consolidated taxation system in conjunction with the transition to the group tax sharing system, domestic consolidated companies excluding a few exceptions have not adopted the provisions of Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, issued on February 16, 2018) in accordance with the treatment under Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39, issued on March 31, 2020). The amounts of deferred tax assets and deferred tax liabilities are calculated based on the provisions of the Income Tax Act before the revision.

n) Translation of foreign currency accounts

Current and non-current monetary items denominated in foreign currencies are translated into Japanese yen at exchange rates in effect at the respective balance sheet dates. Monetary items denominated in foreign currencies, for which foreign exchange forward contracts are used to hedge the foreign currency fluctuation, are translated into Japanese yen at the contracted rates. Exchange gain or loss is credited or charged to current operations.

The Company translates the revenue and expense accounts of the overseas consolidated subsidiaries and affiliates accounted for by the equity method at the average rates of exchange in effect during the year. The balance sheet accounts except for the components of net assets excluding non-controlling interests in the overseas consolidated subsidiaries and affiliates accounted for by the equity method, are translated into Japanese yen at the rates of exchange in effect at the respective balance sheet date. The components of net assets excluding non-controlling interests in the overseas consolidated subsidiaries and affiliates accounted for by the equity method are translated at their historical exchange rates. Differences arising from translation where two exchange rates have been used are presented under translation adjustments and non-controlling interests as a component of net assets.

o) Impairment of property, plant and equipment

Property, plant and equipment are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the statements of income by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount, to be measured as the higher of net selling price or value in use.

Accumulated loss of impairment is deducted directly from the acquisition costs of the related assets in accordance with the revised disclosure requirements.

p) 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, retroactively adjusted for stock splits.

Diluted net income per share is not presented as the effect of including potential common shares is anti-dilutive.

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.

q) Standards issued but not yet effective.

(1) The Company and its consolidated domestic subsidiaries

(a) Accounting Standard for Revenue Recognition (ASBJ Statement No 29)
Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No.30)

(i) Overview
The International Accounting Standard Board ("IASB") and the Financial Accounting Standard Board ("FASB") jointly developed comprehensive accounting standard for revenue recognition and the Revenue from Contracts with Customers was issued in May 2014, (IFRS No.15 by IASB and Topic 606 by FASB).

IFRS No.15 was applied for annual reporting periods beginning on or after January 1, 2018, Topic 606 was also applied from annual reporting periods beginning December 15, 2017. Based on such a situation, the ASBJ developed the comprehensive accounting standard for revenue recognition/the implementation guidance and issued them together.

On the ASBJ's basic policy for development of accounting standard for revenue recognition, the basic principles of IFRS No.15 were incorporated into the ASBJ Statement No.29 as a starting point, the Statement was set out, from the viewpoint of comparability among financial statements, which is one of the merits for consistency with IFRS No.15. If there are any items which should be considered in current practices in Japan, alternative treatments are added to the extent to not losing the comparability.

(ii) Schedule date of adoption
This standard will be applied from the beginning of the accounting reporting period for the year ending March 31, 2022.

(iii) Impact of adoption of accounting standard and implementation guidance
The adoption of this accounting standard is expected to decrease net sales mainly due to the following changes in accounting policies.

For transactions in which the Company purchased raw materials and other material from customers and processed, and then sold to the customers, the Company previously recognized revenue based on the total amount of consideration including the purchase price of raw materials, but after the change, revenue will be recognized based on the net amount of consideration excluding the purchase price of raw materials.

For transactions in which the Company acts as an agent to provide goods or services to a customer, the Company previously recognized revenue based on the total amount of consideration received from the customer, but after the change, revenue will be recognized based on the net amount of consideration received from the customer less the amount paid to the supplier.

In accordance with the transitional provisions described in the proviso to paragraph 84 of the Revenue Recognition Accounting Standard, the cumulative effect of retrospectively applying the new accounting policy prior to the beginning of the fiscal year ending March 31, 2022, will be added to, or deducted from retained earnings at the beginning of the fiscal year ending March 31, 2022.

In accordance with paragraph 86 of the Accounting Standard for Revenue Recognition, the Company will not apply retrospectively to contracts for which almost all of the revenue amounts have been recognized by the previous accounting policy before the beginning of the fiscal year ending March 31, 2022.

As a result, the impact on the opening retained earnings is immaterial.

(b) Accounting Standard for Fair Value Measurement (ASBJ Statement No 30)
Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No.31)
Accounting Standard for Measurement of Inventories (ASBJ Statement No 9)
Accounting Standard for Measurement of Financial Instruments (ASBJ Statement No 10)
Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No.19)

(i) Overview
ASBJ set out Accounting Standard for Fair Value Measurement and Implementation Guidance on Accounting Standard for Fair Value Measurement to improve comparability with international accounting standards and defined a framework for fair value. It applies the following standards.

- Financial Instruments defined in Accounting Standard for Measurement of Financial Instruments
- Inventories held for trading purpose defined in Accounting Standard for Measurement of Inventories

In addition, Implementation Guidance on Disclosures about Fair Value of Financial Instruments was revised. Notes such as the breakdown of financial products by market value level are required.

(ii) Schedule date of adoption
This standard will be applied from the year-end date of the accounting reporting period for the year ending March 31, 2022.

(iii) Impact of adoption of accounting standard and implementation guidance
The effect amount is currently being evaluated in preparing its consolidated financial statements.

(2) Overseas consolidated subsidiaries

Leases (US GAAP ASU 2016-02)

(i) Overview
US GAAP generally requires a lessee the recognition of right-of-use assets and lease liabilities for all leases on the financial statements.

(ii) Schedule date of adoption
This standard will be applied from the beginning of the accounting reporting period for the year ending March 31, 2023.

(iii) Impact of adoption of accounting standard and implementation guidance
The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

r) Additional information

(1) Board Benefit Trust

Based upon a resolution of the 194th Ordinary General Meeting of Shareholders on June 27, 2016, the Company has introduced a Performance-Linked Stock Compensation System (Board Benefit Trust, hereafter the "BBT") to a part of remuneration for the Directors excluding the Outside Directors, and the Executive Officers other than the Directors and the Senior Fellow (collectively the "Directors, etc.") in order to make stronger linkage to the Company's business performance and contribute to higher corporate value on a medium - to long-term basis.

(a) Overview
In accordance with the Stock Benefit Regulations for Executives (the "Regulation"), previously set out by the Company, points are granted to the Directors, under the BBT during their term in office and the number of shares equivalent to the accumulated points that are granted at the time of their retirement, are provided after adjusting down points linked to the Company's business performance. If the Directors who receive the benefits meet the requirements of the Regulation, money in an amount equivalent to a certain portion of those points granted to the Directors shall be provided to them instead of the Company's shares.
The shares to be provided to the Directors, including the shares to be provided for their future services, have been acquired using monetary assets contributed previously by the Company to the BBT. Those shares are managed separately as an asset in BBT.

(b) Accounting treatment
The Gross method has been applied in accordance with "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (PITF No. 30 issued on March 26, 2015).

(c) The Company's shares remaining in the BBT
The Company's shares owned by the BBT are accounted for as treasury stock in the Net assets section at book value recorded by the BBT (excluding acquisition-related costs). The book value and the number of shares on treasury stock are ¥280 million ($2,545 thousand) and 104,900 shares on March 31, 2021, and ¥303 million and 113,500 shares on March 31, 2020, respectively.

3. Significant Accounting Estimates

1. The estimates and judgments based on the future business plan

As for the impact of the novel coronavirus, there is no consensus on when the virus will be contained. It is extremely difficult to forecast when economic activity will return to normal and the effect on the result of the Group.
The Company has developed the future business plans by each segment of the Group, taking into account information from outside source. Certain assumptions were used by the Company in order to develop the best estimate using one of the scenarios analyzed. In estimating the future taxable income, the Company used the assumption that the novel coronavirus will be contained in the next fiscal year.

In the event of uncertain future economic fluctuations, impairment losses on fixed assets and deferred tax assets will be evaluated in the consolidated financial statements.
It can have a significant impact on value.

(1) The recoverability of deferred tax assets
(i) The amount recorded in the consolidated financial statements for the current consolidated fiscal year was ¥6,948 million ($63,164 thousand).

(ii) Information about the basis of material accounting estimates for the items identified
Deferred tax assets are recognized based on future taxable income estimated by the future business plan with certain assumptions as described above.

The timing and amount of taxable income may be affected by uncertain future fluctuations in economic conditions. If the timing and amount of the deferred tax are different from the estimation, this may have a significant impact on the amount of deferred tax assets recognized in the following consolidated fiscal year.

(2) Impairment loss on assets of Furukawa Circuit Foil Taiwan Corporation (“FCFTC”)

(i) The amount recorded in the consolidated financial statements for the current consolidated fiscal year was as follows:

	Millions of Yen	Thousands of U.S. dollars
Buildings	¥ 3,624	$ 32,945
Machinery and vehicles	15,817	143,791
Tools, furniture and fixtures	286	2,600
Land	1,065	9,682
Leased assets	290	2,636
Construction in progress	1,977	17,973
Accumulated depreciation	(12,969)	(117,900)
Total	¥ 10,091	$91,736

(ii) Information about the basis of material accounting estimates for the items identified

The FCFTC manufactures and sells electrolytic copper foil for circuits, but the copper foil business is getting less profitable due to a decrease in demand for automobiles and a decrease in circuit foil production capacity caused by the fire accident last year.
The FCFTC assessed whether there was any indication of impairment of the asset group

to which the manufacturing plant for electrolytic copper foil for circuits belongs in accordance with International Financial Reporting Standards (IFRS).

In the current consolidated fiscal year, the indications of impairment were identified as the operating profit/loss was negative below the original budget. The Company calculated the value in use based on the present value of future cash flows expected to be generated from the asset group of the copper foil business of FCFTC.
No impairment loss was recognized because the value in use exceeded the carrying value.

The future cash flows used to calculate the value in use was calculated based on the future business plan approved in the FCFTC.
It is anticipated that demand for 5G-related businesses will grow. If demand forecasts deviate due to uncertain future economic fluctuations and the business plan needs to be revised, an impairment loss may be recognized in the next consolidated fiscal year.

2. Provision for product defect compensation
(1) The amount recorded in the consolidated financial statements for the current consolidated fiscal year was ¥4,022 million ($36,564 thousand).

(2) Information about the basis of material accounting estimates for the items identified
Provision for product defect compensation is provided at an amount deemed necessary to cover possible compensation costs.
In particular, the provision in reference to the automotive parts manufactured by its consolidated subsidiaries, vehicles in which such parts have been incorporated were being recalled, is recognized based on the estimated loss to be incurred if the customer repairs a malfunction of the vehicle with some parts manufactured by the Company's consolidated subsidiaries in the past.

This amount is calculated by multiplying each of the following factors:
i) Number of target vehicles
ii) Repair costs per unit
iii) Expected rate of market recovery measures (recall)
iv) Customer burden rate for repair costs
The FTFTC estimated ii) and iii) based on past recall results and iv) based on the status of negotiations with customers.

These estimates contain uncertainty, and as a result of the situation changes, an additional or reversal of provision may be required.

4. U.S. Dollar Amounts

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amount into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥ 110 to $1, the approximate rate of exchange as of March 31, 2021. 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.

5. Cash Flow Information

(1) Cash and cash equivalents as of March 31, 2021 and 2020 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Cash and bank deposits	¥ 84,362	¥ 54,357	$ 766,927
Less, time deposits with an original maturity of more than 3 months	(96)	(100)	(873)
Highly liquid securities	2,923	799	26,573
Cash and cash equivalents	¥ 87,189	¥ 55,055	$ 792,627

(2) The followings are the summary of assets and liabilities which were transferred due to business transfer

(For the year ended March 31, 2021)
None

The following are the summary of Daishin P&T Corporation and Furukawa Metal (Thailand) Public Co., Ltd. costs of shares and proceeds from sales of investments in the subsidiaries.

	Millions of yen	Thousands of U.S. dollars
	2021	2021
Current assets	¥ 12,562	$ 114,200
Non-current assets	3,179	28,900
Current liabilities	(6,158)	(55,982)
Non-current liabilities	(548)	(4,982)
Foreign currency translation adjustments	473	4,300
Deferred loss on derivatives under hedge accounting	(21)	(191)
Unrealized loss on available-for-sale securities	(21)	(191)
Non-controlling interests	(3,077)	(27,973)
Investment account after sales of shares	(52)	(473)
Decrease in retained earnings resulting from exclusion of subsidiaries from consolidation	(65)	(591)
Loss on business transfer	(3,770)	(34,273)
Sales amount of those shares	2,500	22,727
Accounts payable - other	114	1,036
Cash and cash equivalents	(309)	(2,809)
Proceeds from sales of those shares	¥ 2,306	$ 20,964

(For the year ended March 31, 2020)
None

6. Debt and Equity Securities

Investments in debt and equity securities that have a readily determinable fair value as of March 31, 2021 and 2020 included in "Marketable securities" (Current assets) and in "Investments and long-term loans" (Non-current assets) are summarized as follows:

	Millions of yen			
	2021			
	Cost	Fair value	Gross unrealized gain	Gross unrealized loss
Held-to-maturity debt securities:				
Government bonds, municipal bonds and other	¥ 2,923	¥ 2,923	¥ -	¥ -
Other debt securities	-	-	-	-
Total held-to-maturity debt securities	¥ 2,923	¥ 2,923	¥ -	¥ -
Available-for-sale securities:				
Marketable equity securities	¥ 9,125	¥ 29,917	¥ 20,985	¥ (193)
Other securities	4	4	-	-
Total available-for-sale securities	¥ 9,131	¥ 29,923	¥ 20,985	¥ (193)

	Thousands of U.S. dollars			
	2021			
	Cost	Fair value	Gross unrealized gain	Gross unrealized loss
Held-to-maturity debt securities:				
Government bonds, municipal bonds and other	$ 26,573	$ 26,573	$ -	$ -
Other debt securities	-	-	-	-
Total held-to-maturity debt securities	$ 26,573	$ 26,573	$ -	$ -
Available-for-sale securities:				
Marketable equity securities	$ 82,955	$ 271,973	$ 190,773	$ (1,755)
Other securities	36	36	-	-
Total available-for-sale securities	$ 83,009	$ 272,027	$ 190,773	$ (1,755)

	Millions of yen			
	2020			
	Cost	Fair value	Gross unrealized gain	Gross unrealized loss

Held-to-maturity debt securities:				
Government bonds, municipal bonds and other	¥ 798	¥ 798	¥ -	¥ -
Other debt securities	99	100	0	-
Total held-to-maturity debt securities	¥ 898	¥ 898	¥ 0	¥ -
Available-for-sale securities:				
Marketable equity securities	¥ 10,364	¥ 27,214	¥ 16,966	¥ (117)
Other securities	7	6	-	(1)
Total available-for-sale securities	¥ 10,372	¥ 27,221	¥ 16,966	¥ (118)

Proceeds from sales of available-for-sale securities for the years ended March 31, 2021 and 2020 were ¥9,518 million ($86,527 thousand) and ¥10,347 million, respectively.
The gross realized gains on those sales for the years ended March 31, 2021 and 2020 were ¥8,431 million ($76,645 thousand) and ¥7,492 million, respectively. The gross realized losses on those sales for the year ended March 31, 2021 and 2020 were ¥31 million ($282 thousand) and ¥65 million, respectively.
Impairment loss on available-for-sale securities with fair value for the years ended March 31, 2021 and 2020 amounted to ¥236 million ($2,145 thousand) and ¥1,102 million, respectively.

7. Inventories

Inventories as of March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Merchandise and finished goods	¥ 38,210	¥ 34,550	$ 347,364
Work in process	34,512	33,849	313,745
Raw materials and supplies	48,114	47,462	437,400
	¥ 120,837	¥ 115,862	$ 1,098,518

The amounts of inventories for normal sales be written down due to a decrease of profitability are ¥1,246 million ($11,327 thousand), and ¥388 million for the years ended March 31, 2021 and 2020, respectively, and are charged to cost of sales.

8. Investments and Long-term Loans

Investments and long-term loans as of March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Non-consolidated subsidiaries and affiliates	¥ 77,204	¥ 77,755	$ 701,855

Other	36,340	31,555	330,364
	¥ 113,544	¥ 109,310	$ 1,032,218

9. Short-term Debt, Commercial paper, Bonds and Long-term Debt

Short-term debt, commercial paper, long-term debt and bonds as of March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Short-term loans, principally from banks, the weighted average effective interest rate 1.7%	¥ 78,149	¥ 79,113	$ 710,445
Commercial paper, the weighted average effective interest rate 0.0%	30,000	15,000	272,727
0.43% unsecured bonds due 2026	10,000	10,000	90,909
0.53% unsecured bonds due 2027	10,000	10,000	90,909
0.44% unsecured bonds due 2029	10,000	10,000	90,909
Unsecured Loans, principally from banks, due from 2022 to 2030, the weighted average effective interest rate 0.5%	152,467	126,975	1,386,064
	290,616	251,088	2,641,964
Less: portion due within one year	(133,522)	(125,515)	(1,213,836)
	¥ 157,094	¥ 125,573	$ 1,428,127

As of March 31, 2021, the following assets were pledged as collateral for short-term debt of ¥127 million ($1,155 thousand):

	Millions of yen	Thousands of U.S. dollars
	2021	2021
Property, plant and equipment	¥ 362	$ 3,291

As of March 31, 2020, the following assets were pledged as collateral for short-term debt of ¥875 million:

	Millions of yen
	2020
Property, plant and equipment	¥ 1,230

The aggregate annual maturities of the non-current portion of long-term debt and bonds as of March 31, 2021 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2023	¥ 11,018	$ 100,164
2024	26,452	240,473
2025	18,902	171,836
2026	28,720	261,091
2027 and thereafter	72,000	654,545

	¥ 157,094	$ 1,428,127

10. Severance and Retirement Plans

The Company and its consolidated subsidiaries have funded and/or unfunded defined benefit pension plans and/or defined contribution plans. The defined benefit plans consist of Employees' Pension Fund Plan, defined benefit corporation pension plan and lump-sum severance indemnity plan.

There are cases where additional retirement benefits are paid at the time of retirement of employees. The Company has established an employees' retirement benefit trust and certain consolidated subsidiaries have joined multi-employer employees' pension fund.

The plans, which are not possible to reasonably compute the amounts of plan assets corresponding to their own contribution amounts, are accounted for in the same way as the defined contribution plan.

Liability for retirement benefits and net periodic benefit costs are, however, calculated by the simplified method under the defined benefit corporation pension plans and the lump-sum severance indemnity plans set up by a part of consolidated subsidiaries.

a) Defined benefit plans

(1) The changes in defined benefit obligation for the years ended March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Balance at beginning of year	¥ 105,230	¥ 104,271	$ 956,636
Current service cost	4,007	4,251	36,427
Interest cost	1,008	1,116	9,164
Actuarial gain and loss	1,056	659	9,600
Unrecognized prior service cost	-	3	-
Benefits paid	(6,341)	(5,530)	(57,645)
Net effect resulting from business combinations	(442)	-	(4,018)
Foreign currency transaction adjustments	403	458	3,664
Balance at end of year	¥ 104,922	¥ 105,230	$ 953,836

(2) The changes in plan assets for the years ended March 31, 2021 and 2020, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Balance at beginning of year	¥ 59,373	¥ 63,681	$ 539,755
Expected return on plan assets	1,611	1,766	14,645
Actuarial gain and loss	10,061	(4,891)	91,464
Contributions from the Company	1,327	3,449	12,064

Benefits paid	(3,789)	(4,251)	(34,445)
Foreign currency transaction adjustments	358	(381)	3,255
Balance at end of year	¥ 68,943	¥ 59,373	$ 626,755

(3) The changes in net liability for retirement benefits using a simplified method for the years ended March 31, 2021 and 2020, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Balance at beginning of year	¥ 1,704	¥ 1,508	$ 15,491
Retirement benefit expenses	389	799	3,536
Benefits paid	(318)	(431)	(2,891)
Contributions to fund	(220)	(280)	(2,000)
Net effect resulting in change in scope of consolidation	-	107	-
Net effect resulting from business combinations	120	-	1,091
Balance at end of year	¥ 1,675	¥ 1,704	$ 15,227

(4) Reconciliation between the liabilities recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2021 and 2020, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Funded defined benefit obligation	¥ 99,706	¥ 99,788	$ 906,418
Plan assets	(73,176)	(63,644)	(665,236)
	26,530	36,144	241,182
Unfunded defined benefit obligation	11,124	11,416	101,127
Net liability for defined benefit obligation	37,654	47,560	342,309
Liability for retirement benefits	44,514	53,460	404,673
Asset for retirement benefits	(6,859)	(5,899)	(62,355)
Net liability for defined benefit obligation	¥ 37,654	¥ 47,560	$ 342,309

Note: The above items include the part used a simplified method.

(5) The components of retirement benefit expenses for the years ended March 31, 2021 and 2020, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Service cost	¥ 4,007	¥ 4,251	$ 36,427
Interest cost	1,008	1,116	9,164
Expected return on plan assets	(1,611)	(1,766)	(14,645)

Amortization of actuarial gain and loss	1,456	1,413	13,236
Amortization of prior service cost	59	61	536
Retirement benefit expenses calculated on a simplified method	389	799	3,536
Total retirement benefit expenses	¥ 5,310	¥ 5,876	$ 48,273

(6) The components of adjustments for retirement benefits in other comprehensive income (before tax effects) for the years ended March 31, 2021 and 2020, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Prior service cost	¥ 95	¥ 63	$ 864
Actuarial gain and loss	10,478	(5,015)	95,255
Total	¥ 10,573	¥ (4,952)	$ 96,118

(7) The components of adjustments for retirement benefits in accumulated other comprehensive income (before tax effects) for the years ended March 31, 2021 and 2020, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Unrecognized prior service cost	¥ (54)	¥ 41	$ (491)
Unrecognized actuarial gain and loss	4,315	14,793	39,227
Total	¥ 4,260	¥ 14,834	$ 38,727

(8) Plan assets as of March 31, 2021 and 2020

a) Components of plan assets

Plan assets consisted of the followings:

	2021	2020
Equity investments	41%	34%
Debt investments	22%	26%
Assets in a life-insurer's general account	18%	20%
Cash and deposits	2%	2%
Others	16%	18%
Total*	100%	100%

(*): The above plan assets included 16% and 12% of assets held by the retirement benefit trust set up for the retirement benefit plan as of March 31, 2021 and 2020, respectively.

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

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

(9) Assumptions used for the years ended March 31, 2021 and 2020 were set forth as follows:

	2021	2020
Discount rate	0.3-6.8%	0.1-7.2%
Expected rate of return on plan assets	1.0-5.0%	1.0-6.2%

b) Defined contribution plans

Required contributions for defined contribution plans for the years ended March 31, 2021 and 2020 were ¥522 million ($4,745 thousand) and ¥514 million, respectively.

c) The multi-employer plan which contributions necessary is treated as net periodic pension costs is as follows:

(1) The funded status of the multi-employer plan as of March 31, 2021 and 2020, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Plan assets	¥ 74,174	¥ 78,774	$ 674,309
Sum of actuarial liabilities of pension plan and minimum actuarial reserve	91,645	92,789	833,136
Net balance	¥ (17,471)	¥ (14,015)	$ (158,827)

(2) The contribution ratio of the Group in the multi-employer plan for the years ended March 31, 2021 and 2020, was as follows:

	2021	2020
The contribution ratio of the Group in the multi-employer plan	0.7%	0.7%

(3) Supplementary explanation

The above net balance resulted mainly from past service cost under the plan in pension actuarial valuation and special reserve.

The ratios above do not represent the actual actuarial liability ratio of the Group.

11. Shareholders' Equity

Japanese companies are subject to the Companies Act of Japan (the "Companies Act").

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 & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation.

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

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.

(Dividends)

Dividends whose record date is attributable to the year ended March 31, 2020 but to be effective in the following year.

(1) Dividend payment

Approvals by shareholders' meeting held on June 23, 2020 are as follows:

Type of shares	Common stock
Total amount of dividends	¥6,002 million
Funds for dividends	Retained earnings
Dividends per share	¥85.00
Record date	March 31, 2020
Effective date	June 24, 2020

(Note) Total amount of dividend payments include dividends of ¥9 million paid for the Company's shares held in BBT.

(2) Dividends whose record date is attributable to the year ended March 31, 2021 but to be effective in the following year.

Approvals by shareholders' meeting held on June 24, 2021 are as follows:

Type of shares	Common stock
Total amount of dividends	¥4,237 million ($38,518 thousand)
Funds for dividends	Retained earnings
Dividends per share	¥60.00 ($0.55)
Record date	March 31, 2021
Effective date	June 25, 2021

(Note) Total amount of dividend payments include dividends of ¥5 million ($45 thousand) paid for the Company's shares held in BBT.

12. Contingent Liabilities

a) Contingent liabilities as of March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Loans guaranteed (principally for non-consolidated subsidiaries and affiliates)	¥ 5,332	¥ 4,156	$ 48,473

Repurchase obligation of the securitization of receivables	4,863	5,780	44,209
Total	¥ 10,195	¥ 9,936	$ 92,682

b) Other

(1) The Company and its related companies are now negotiating compensations for damage with a part of automobile manufacturers in connection with violation of the Competition Act by automobile wire harness cartels.

(2) In reference to the construction of power cables in the Middle East, which is being carried out by an equity-method affiliate of the Company, the discussion has started with a customer regarding cost sharing for the delay of the construction.
The Company's consolidated financial results may be affected depending on the status of future negotiations. However, it is currently difficult to reasonably estimate the amount of impact.

13. Selling, General and Administrative Expenses

The components of selling, general and administrative expenses for the years ended March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Freightage and packing expenses	¥ 18,113	¥ 20,698	$ 164,664
Sales commissions	1,965	1,992	17,864
Salaries and wages	43,597	45,995	396,336
Retirement benefit expenses	1,950	2,398	17,727
Depreciation	4,300	3,362	39,091
Research and development costs	16,338	17,179	148,527
Other	34,618	35,050	314,709
Total	¥ 120,881	¥ 126,674	$ 1,098,918

Research and development costs charged to "Selling, general and administrative expenses" and manufacturing costs for the years ended March 31, 2021 and 2020 amounted to ¥20,217 million ($183,791 thousand) and ¥21,650 million, respectively.

14. Leases

The minimum rental commitments under noncancelable operating leases for the years ended March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Due within one year	¥ 749	¥ 764	$ 6,809
Due after one year	2,063	1,640	18,755

Total	¥ 2,812	¥ 2,405	$ 25,564

15. Impairment Loss

(For the year ended March 31, 2021)

The Group has recognized impairment loss of the following asset groups in this fiscal year. The Group classifies property, plant and equipment into groups by company, business or business unit, each of which is deemed to generate independent cash flows, and idle properties into individual independent groups.

Impairment loss by type of assets for the year ended March 31, 2021 consisted of the following:

Location	Usage	Type of asset	Millions of yen	Thousands of U.S. dollars
Nikko-city, Tochigi prefecture	Fixed assets for business use in the “Functional products” segment	Buildings	¥ 24	$ 218
		Machinery and equipment	644	5,855
		Land	248	2,255
		Others	71	645
		Total	988	8,982
Jiangsu Province, China	Fixed assets for business use in the “Infrastructure” segment	Buildings	488	4,436
		Machinery and equipment	152	1,382
		Others	28	255
		Total	668	6,073
Hiratsuka-city, Kanagawa prefecture	Fixed assets for business use in the “Infrastructure” segment	Buildings	60	545
		Machinery and equipment	288	2,618
		Others	70	636
		Total	417	3,791
Other	Fixed assets for business use in the “Electronics & Automotive Systems” and other segments	Buildings, Machinery and equipment, and others	¥ 467	$ 4,245

It has been decided that recoverable amounts of fixed assets for business use in Tochigi prefecture, Jiangsu Province, and Kanagawa prefecture, were less than their carrying amounts due to continuing negative cash flow generated from operating activities and the likelihood of the carrying amount not being recoverable by future cash flows. Accordingly, the carrying amounts of such assets were reduced to the recoverable amounts.

The recoverable amounts of the asset groups were mainly evaluated based on the appraisal value.

(For the year ended March 31, 2020)

None

16. Other income (expenses):

a) Gain on disposal of property, plant and equipment

The Company transferred the business related to the development, manufacture and sales of copper tubes, copper tube components and copper plates, and all of the outstanding shares issued by Okumura Metals Co., Ltd. (hereinafter "Okumura Metals"), the wholly-owned subsidiary of the Company to Daishin P&T Co., Ltd. established by the Company through an absorption-type company split on April 1, 2020, and transferred all of the outstanding shares issued by Daishin P&T Co., Ltd. and the Company's equity share in the consolidated subsidiary Furukawa Metal (Thailand) Public Co., Ltd. to CTJ Holdings 2 LLC, which is SPC and indirectly capitalized by Japan Industry No. 5 Investment Limited Partnership managed by Japan Industrial Partners, Inc. on June 1, 2020.

The Company recognized "Gain on disposal of property, plant and equipment" by the asset transfer which is subject to the execution condition of the business transfer.

The land has been leased back from the third party for up to 3 years and 9 months after the sale and has been subleased to CTJ Holdings 2 LLC.

Overview of the Land
Address: 7-6 and other, Doicho, Amagasaki City, Hyogo Prefecture
Registration area: 162,739.87 square meter
Applications: Factory
Gain on disposal of property, plant and equipment: ¥22,078 million ($200,709 thousand)
The effective date of the transfer: June 30, 2020

(*) The transfer price and book value will not be disclosed due to the intention of the transferee.

b) Loss on disaster

Loss on disaster, which consists of loss of inventories and property, plant and equipment, recovery costs and others, is damage caused by fire accident in its consolidated subsidiary, Furukawa Circuit Foil Taiwan Corporation on June 18, 2019.

c) Loss on Covid-19

Some fixed costs, at the Group's overseas consolidated subsidiaries for the period when some production plants were shut down based on direct orders from the governments of various countries to prevent the spread of the new coronavirus were recorded.

17. Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries consist of corporation tax, inhabitants' tax and enterprise tax, which in the aggregate would result in a statutory income tax rate of approximately 30.6% for the years ended March 31, 2021 and 2020. Overseas consolidated subsidiaries are subject to income taxes in the countries in which they operate.

Summarized below is a reconciliation of the statutory income tax rate and the effective income tax rate for the years ended March 31, 2021 and 2020:

	2021	2020
Japanese statutory income tax rate	30.6%	30.6%
Entertainment expense and other	3.6	2.9
Equity in income (loss) of non-consolidated subsidiaries and affiliates	1.0	(2.4)
Research and development cost	(2.8)	(1.6)
Valuation allowance	10.0	3.8
Difference of applicable tax rate of overseas consolidated subsidiaries	(3.3)	(0.9)
Amortization of goodwill	0.8	0.6
Undistributed earnings of subsidiaries and affiliates	2.6	3.5
Other, net	0.5	1.6
Effective income tax rate	43.2%	38.2%

Deferred tax assets (liabilities) as of March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Liability for retirement benefits	¥ 15,798	¥ 16,698	$ 143,618
Provision for environmental costs	3,132	3,183	28,473
Loss carryforwards	45,372	45,041	412,473
Accrued bonus	3,091	3,348	28,100
Depreciation	1,226	2,075	11,145
Provision for product defect compensation	1,095	5,835	9,955
Impairment loss	7,368	7,167	66,982
Loss on write-down of inventories	1,320	1,030	12,000
Unrealized loss on available-for-sale securities	1,469	1,618	13,355
Other	12,447	9,491	113,155
Gross deferred tax assets	92,325	95,493	839,318
Less valuation allowance for loss carryforwards	(40,807)	(39,163)	(370,973)
Less valuation allowance for total of future deductible temporary differences, etc.	(23,630)	(22,825)	(214,818)
Valuation allowance	(64,438)	(61,989)	(585,800)
Total deferred tax assets	27,887	33,503	253,518
Unrealized gain on available-for-sale securities	(6,305)	(5,179)	(57,318)
Undistributed earnings of subsidiaries and affiliates	(9,218)	(9,870)	(83,800)
Revaluation difference on land	(708)	(720)	(6,436)
Deferred gain on derivatives under hedge accounting	(1,447)	(21)	(13,155)
Other	(4,646)	(3,376)	(42,236)
Total deferred tax liabilities	(22,326)	(19,168)	(202,964)
Net deferred tax assets	¥5,560	¥ 14,334	$ 50,545

(For the year ended March 31, 2021)

The expiration of loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2021 was as follows:

March 31, 2021	Millions of Yen 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 loss carryforwards (*1)	¥ 1,662	¥ 989	¥ 6,866	¥ 6,442	¥ 4,816	¥ 24,595	¥ 45,372
Less valuation allowances for loss carryforwards	(1,224)	(823)	(5,716)	(5,385)	(3,647)	(24,009)	(40,807)
Net deferred tax assets relating to loss carryforwards (*2)	¥ 438	¥ 165	¥ 1,149	¥ 1,056	¥ 1,168	¥ 585	¥ 4,564

March 31, 2021	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 loss carryforwards (*1)	$ 15,109	$ 8,991	$ 62,418	$ 58,564	$ 43,782	$ 223,591	$ 412,473
Less valuation allowances for loss carryforwards	(11,127)	(7,482)	(51,964)	(48,955)	(33,155)	(218,264)	(370,973)
Net deferred tax assets relating to loss carryforwards (*2)	$ 3,982	$ 1,500	$ 10,445	$ 9,600	$ 10,618	$ 5,318	$ 41,491

(*1): Deferred tax assets relating to loss carryforwards are calculated using the effective income tax rate.

(*2): In terms of deferred tax assets relating to loss carryforwards of ¥45,372 million ($412,473), net deferred tax assets relating to loss carryforwards of ¥4,564 million ($41,491 thousand) were recognized. No valuation allowance was recognized on a recoverable part of it, based on the estimated future taxable income. The estimates and assumptions used in determining future taxable income is consistent with those described in q) Use of estimates and judgments in the section 2.Significant Accounting Policies

(For the year ended March 31, 2020)

The expiration of loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2020 was as follows:

Millions of Yen

March 31, 2020	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 loss carryforwards (*1)	¥ 1,852	¥ 1,721	¥ 2,824	¥ 7,332	¥ 6,110	¥ 25,201	¥ 45,041
Less valuation allowances for loss carryforwards	(978)	(1,283)	(1,675)	(5,431)	(4,619)	(25,175)	(39,163)
Net deferred tax assets relating to loss carryforwards (*2)	¥ 874	¥ 437	¥ 1,148	¥ 1,900	¥ 1,490	¥ 26	¥ 5,877

(*1): Deferred tax assets relating to loss carryforwards are calculated using the effective income tax rate.

(*2): In terms of deferred tax assets relating to loss carryforwards of ¥45,041 million, net deferred tax assets relating to loss carryforwards of ¥5,877 million were recognized. No valuation allowance was recognized on a recoverable part of it, based on the estimated future taxable income.

18. Other Comprehensive Income (Loss)

(For the year ended March 31, 2021)

1) The following table presents components of recycled amounts of other comprehensive income for the year ended March 31, 2021:

	Millions of yen	
Unrealized gain or loss on available-for-sale securities		
Amount arising during the year	¥ 12,488	
Reclassification adjustments for gains and losses included in profit	(8,417)	4,070
Deferred gain or loss on derivatives under hedge accounting		
Amount arising during the year	8,243	
Reclassification adjustments for gains and losses included in profit	(66)	
Adjustments for amounts transferred to assets' acquisition costs	(2,072)	6,103
Foreign currency translation adjustments		
Amount arising during the year	(1,885)	
Reclassification adjustments for gains and losses included in profit	2,130	244
Adjustments for retirement benefits		
Amount arising during the year	9,033	
Reclassification adjustments for gains and losses included in profit	1,539	10,573

Share of other comprehensive income of affiliates accounted for by the equity method		
Amount arising during the year	249	
Reclassification adjustments for gains and losses included in profit	45	294
Subtotal before tax effects		21,287
Tax effects		(5,442)
Total		¥ 15,844

	Thousands of U.S. dollars	
Unrealized gain or loss on available-for-sale securities		
Amount arising during the year	$ 113,527	
Reclassification adjustments for gains and losses included in profit	(76,518)	$ 37,000
Deferred gain or loss on derivatives under hedge accounting		
Amount arising during the year	74,936	
Reclassification adjustments for gains and losses included in profit	(600)	
Adjustments for amounts transferred to assets' acquisition costs	(18,836)	55,482
Foreign currency translation adjustments		
Amount arising during the year	(17,136)	
Reclassification adjustments for gains and losses included in profit	19,364	2,218
Adjustments for retirement benefits		
Amount arising during the year	82,118	
Reclassification adjustments for gains and losses included in profit	13,991	96,118
Share of other comprehensive income of affiliates accounted for by the equity method		
Amount arising during the year	2,264	
Reclassification adjustments for gains and losses included in profit	409	2,673
Subtotal before tax effects		193,518
Tax effects		(49,473)
Total		$ 144,036

2) Deferred tax of other comprehensive income for the year ended March 31, 2021:

	Millions of yen		
	Before-tax amounts	Tax (expense) Benefits	Net-of-tax amounts
Unrealized gain or loss on available-for-sale securities	¥ 4,070	¥ (1,125)	¥ 2,945
Deferred gain or loss on derivatives under hedge accounting	6,103	(1,868)	4,235
Adjustments for retirement benefits	244	-	244

Foreign currency translation adjustments	10,573	(2,448)	8,124
Share of other comprehensive income of affiliates accounted for by the equity method	294	-	294
Total	¥ 21,287	¥ (5,442)	¥ 15,844

	Thousands of U.S. dollars		
	Before-tax amounts	Tax benefits (expense)	Net-of-tax amounts
Unrealized gain or loss on available-for-sale securities	$ 37,000	$ (10,227)	$ 26,773
Deferred gain or loss on derivatives under hedge accounting	55,482	(16,982)	38,500
Adjustments for retirement benefits	2,218	-	2,218
Foreign currency translation adjustments	96,118	(22,255)	73,855
Share of other comprehensive income of affiliates accounted for by the equity method	2,673	-	2,673
Total	$ 193,518	$ (49,473)	$ 144,036

(For the year ended March 31, 2020)

1) The following table presents components of recycled amounts of other comprehensive income for the year ended March 31, 2020:

	Millions of yen	
Unrealized gain or loss on available-for-sale securities		
Amount arising during the year	¥ (7,550)	
Reclassification adjustments for gains and losses included in profit	(7,163)	¥ (14,713)
Deferred gain or loss on derivatives under hedge accounting		
Amount arising during the year	(3,049)	
Reclassification adjustments for gains and losses included in profit	-	
Adjustments for amounts transferred to assets' acquisition costs	802	(2,246)
Adjustments for retirement benefits		
Amount arising during the year	(6,369)	
Reclassification adjustments for gains and losses included in profit	1,417	(4,952)
Foreign currency translation adjustments		
Amount arising during the year	(3,929)	
Reclassification adjustments for gains and losses included in profit	23	(3,905)
Share of other comprehensive income of affiliates accounted for by the equity method		
Amount arising during the year	(1,413)	
Reclassification adjustments for gains and losses included in profit	¥ (72)	(1,485)
Subtotal before tax effects		(27,303)

Tax effects	6,245
Total	¥ (21,058)

2) Deferred tax of other comprehensive income for the year ended March 31, 2020:

	Millions of yen		
	Before-tax amounts	Tax (expense) Benefits	Net-of-tax amounts
Unrealized gain or loss on available-for-sale securities	¥ (14,713)	¥ 4,593	¥ (10,119)
Deferred gain or loss on derivatives under hedge accounting	(2,246)	641	(1,604)
Adjustments for retirement benefits	(4,952)	1,010	(3,942)
Foreign currency translation adjustments	(3,905)	-	(3,905)
Share of other comprehensive income of affiliates accounted for by the equity method	(1,485)	-	(1,485)
Total	¥ (27,303)	¥ 6,245	¥ (21,058)

19. Amount Per Share

	Yen		U.S. dollars
	2021	2020	2021
Profit attributable to owners of parent per share:			
Basic	¥ 141.88	¥ 250.25	$ 1.29
Diluted	¥ -	¥ -	$ -

	Yen		U.S. dollars
	2021	2020	2021
Net assets per share	¥ 3,686.36	¥ 3,408.86	$ 33.51

Basic profit attributable to owners of parent per common stock (the “Basic profit per share”) is calculated by dividing profit attributable to owners of parent by the weighted average number of shares of common stock outstanding during the respective years (the “Weighted average number of shares”), adjusted for treasury stock held.

Diluted profit attributable to owners of parent per common stock has not been presented for the years ended March 31, 2021 and 2020, since the Company has issued no dilutive potential shares.

Net assets per share are computed based on the net assets excluding non-controlling interests, and the number of shares of common stock outstanding at the year end.

The Company’s shares held in Board Benefit Trust (See in Note 2r), which are treated as treasury stock, are deducted from the number of shares at the end of the fiscal year, used in the calculation of the net asset per share, and also deducted from the weighted average number of shares used in the calculation of basic profit per share.

The number of shares of the above treasury stock deducted as of March 31, 2021 and 2020 are 104,900 and 113,500 shares, respectively. The weighted average number of shares of the above treasury stock deducted during the fiscal year ended March 31, 2021 and 2020 are 107,050 and 113,875 shares, respectively.

The bases for "Amount Per Share" calculation are as follows:

a) Basic profit attributable to owners of parent per share

	Thousands of shares	
	2021	2020
Weighted average number of shares of common stock during the fiscal year	70,493	70,487

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Profit attributable to owners of parent	¥ 10,001	¥ 17,639	$ 90,918
Profit not attributable to owners of parent	-	-	-
Profit attributable to owners of parent related to common stock	¥ 10,001	¥ 17,639	$ 90,918

b) Net assets per share

	Thousands of shares	
	2021	2020
Number of shares of common stock at the end of the fiscal year	70,495	70,487

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Total net assets	¥ 291,617	¥ 273,030	$ 2,651,064
Amounts deducted from total net assets:			
Non-controlling interests	(31,747)	(32,750)	(288,609)
Net assets attributable to shares of common stock	¥ 259,870	¥ 240,280	$ 2,362,455

20. Financial Instruments and Related Disclosures

a) Conditions of Financial instruments

(1) Policy for financial instruments

The fund management policy of the Group (the Company and its consolidated subsidiaries) has been set up to put its operating funds in deposits or investments that are assured of no impairment in the principal and the necessary fund is obtained through borrowings from banks and other financial institutions and bond issuances.

Derivative transactions are not entered into for speculative purposes.

(2) Details of financial instruments and associated risks and risk management system

Trade notes and accounts receivable arising from operation are exposed to credit risk of customers. The Group carries out the practice of keeping track of due dates and outstanding balances of each customer under the credit management rules, as well as monitoring major customers' credit status on a regular basis in order to minimize credit risk.
Marketable securities and investment securities are mainly equity securities and exposed to the risk of changes in market value. These securities are primarily the shares of companies with which the Group has business relationship, and the fair value of these securities are evaluated on a regular basis.
Trade notes and accounts payable arising from operations normally have payment terms of less than one year.
Short-term and long-term debt are mainly utilized for working capital and capital investments. The interest rate risk of a certain portion of those loans payable is hedged using interest rate swaps as hedging instruments.
On derivative transactions, foreign exchange forward contracts are used for hedge of foreign currency risk associated with receivables and payables arising from operations and denominated in foreign currency, interest rate swaps are used for hedge of interest rate risk associated with loans payable, metal forward contracts are used for hedge of price risk of raw materials and work in process. Execution and management of derivative transactions are subject to related internal rules.
In relation to accounting for hedge transactions, hedging instruments and hedged items, hedging policy, and effectiveness of hedge transactions are set out in the Company's internal rules.
Although trade payable and short-term and long-term debt are exposed to liquidity risk, these payables are managed by such means as cash flow projections prepared on a timely manner.

(3) Supplementary information on the fair value of financial instruments

The fair value of financial instruments is based upon the market prices or reasonable estimates of fair value of these instruments if these fair values are not available. The estimated fair values would not be fixed due to variety of factors and assumptions. In addition, the contractual amounts of the derivative transactions set out in "2. Fair value of financial instruments" as below are not an indicator of the market risk associated with derivative transactions.

b) Fair value of financial instruments

The carrying amounts on the consolidated balance sheets, fair value, and differences as of March 31, 2021 and 2020 are as follows. In addition, financial instruments, of which it is extremely difficult to measure the fair value, are not included in the following table. (Please see "Financial instruments of which the fair value is extremely difficult to measure")

(As of March 31, 2021)

	Millions of yen		
	Carrying amount (*1)	Fair value (*1)	Difference
(1) Cash and bank deposits	¥ 84,362	¥ 84,362	¥ -

(2) Trade receivable	191,930	191,930	-
(3) Marketable securities and investments securities			
a. Held-to-maturity debt securities	2,923	2,923	-
b. Available-for-sale securities	29,923	29,923	-
c. Unconsolidated subsidiaries and affiliated companies	60,072	54,736	(5,336)
Total of assets	369,212	363,876	(5,336)
(1) Trade payable	(115,502)	(115,502)	-
(2) Short-term debt	(103,523)	(103,523)	-
(3) Commercial paper	(30,000)	(30,000)	-
(4) Bonds (including current portion)	(30,000)	(29,772)	228
(5) Long-term debt	(127,094)	(127,044)	50
Total of liabilities	(406,120)	(405,842)	278
Derivative transactions (*2)			
(1) Derivative transactions for which hedge accounting does not apply	(647)	(647)	-
(2) Derivative transactions for which hedge accounting apply	4,461	4,461	-
Total of derivative transactions	¥ 3,814	¥ 3,814	¥ -

	Thousands of U.S. dollars		
	Carrying amount (*1)	Fair value (*1)	Difference
(1) Cash and bank deposits	$ 766,927	$ 766,927	$ -
(2) Trade receivable	1,744,818	1,744,818	-
(3) Marketable securities and investments securities			
a. Held-to-maturity debt securities	26,573	26,573	-
b. Available-for-sale securities	272,027	272,027	-
c. Unconsolidated subsidiaries and affiliated companies	546,109	497,600	(48,509)
Total of assets	3,356,473	3,307,964	(48,509)
(1) Trade payable	(1,050,018)	(1,050,018)	-
(2) Short-term debt	(941,118)	(941,118)	-
(3) Commercial paper	(272,727)	(272,727)	-
(4) Bonds (including current portion)	(272,727)	(270,655)	2,073
(5) Long-term debt	(1,155,400)	(1,154,945)	455
Total of liabilities	(3,692,000)	(3,689,473)	2,527
Derivative transactions (*2)			
(1) Derivative transactions for which hedge accounting does not apply	(5,882)	(5,882)	-
(2) Derivative transactions for which hedge accounting apply	40,555	40,555	-
Total of derivative transactions	$ 34,673	$ 34,673	$ -

(*1); Liabilities are included in parentheses.

(*2); Assets and liabilities arising from derivative transactions are presented on a net basis and net liabilities are included in parentheses.

(As of March 31, 2020)

	Millions of yen		
	Carrying amount (*1)	Fair value (*1)	Difference
(1) Cash and bank deposits	¥ 54,357	¥ 54,357	¥ -
(2) Trade receivable	192,513	192,513	-
(3) Marketable securities and investments securities			
a. Held-to-maturity debt securities	898	898	0
b. Available-for-sale securities	27,221	27,221	-
c. Unconsolidated subsidiaries and affiliated companies	60,287	30,659	(29,628)
Total of assets	335,277	305,650	(29,627)
(1) Trade payable	(111,586)	(111,586)	-
(2) Short-term debt	(110,515)	(110,515)	-
(3) Commercial paper	(15,000)	(15,000)	-
(4) Bonds (including current portion)	(30,000)	(29,895)	104
(5) Long-term debt	(95,573)	(96,156)	(582)
Total of liabilities	(362,675)	(363,154)	(478)
Derivative transactions (*2)			
(1) Derivative transactions for which hedge accounting does not apply	768	768	-
(2) Derivative transactions for which hedge accounting apply	(1,785)	(1,785)	-
Total of derivative transactions	¥ (1,017)	¥ (1,017)	¥ -

(*1); Liabilities are included in parentheses.
(*2); Assets and liabilities arising from derivative transactions are presented on a net basis and net liabilities are included in parentheses.

I. Fair value of financial instruments

Assets

(1) Cash and bank deposits
The carrying amount approximates fair value due to the short maturity of these instruments.

(2) Trade receivable
The carrying amount approximates fair value due to the short maturity of these instruments.
A part of trade receivable is treated as receivable denominated in Japanese yen due to applying the special treatment of foreign currency exchange contracts and the carrying amount approximates fair value.

(3) Marketable securities and investment securities
The fair value of equity securities is based on quoted market price, if available.

The fair value of debt securities is based on quoted market price or provided price by financial institutions. Marketable securities and investment securities by holding purpose are set out in "Note 5. Debt and Equity Securities".

Liabilities
(1) Trade payable
The carrying amount approximates fair value because of the short maturity of these instruments.
A part of trade payable is treated as payable denominated in Japanese yen due to applying the special treatment of foreign currency exchange contracts and the carrying amount approximates fair value.

(2) Short-term debt
The carrying amount approximates fair value because of the short maturity of these instruments.

(3) Commercial paper
The carrying amount approximates fair value because of the short maturity of these instruments.

(4) Bonds
Fair value of bonds is based on quoted market price, if available. If not, the fair value is based on the present value by the discounting the total cash flows of principal and interest to be paid at the rate considering remaining periods of those bonds and the related credit risk.

(5) Long-term debt
Fair value of long-term debts is based on the price provided by financial institutions or the present value of future cash flows discounted using the current interest rate for similar debt of a comparable maturity. Interest rate swaps subject to special treatment are used for long-term floating rate debt. Principal and interest of the interest in which these interest rate swaps are embedded, are discounted using the current interest rate, which is estimated reasonably for similar debt of a comparable maturity.

Derivative Transactions
Notional amount, fair value, unrealized gain or loss, and others are described in Note 20. "Additional Information on Derivatives".

II. Financial instruments of which the fair value is extremely difficult to measure
Unlisted investment securities of unconsolidated subsidiaries and affiliated companies amounted to ¥11,712 million ($106,473 thousand) and ¥13,425 million as of March 31, 2021 and 2020, respectively, are not included in (3) Marketable securities and investments securities a. Held-to-maturity debt securities and c. Unconsolidated subsidiaries and affiliated companies above, because market value is not available and their future cash flow are difficult to estimate, accordingly it is not practicable to estimate the fair value.

III. The redemption schedule for money claim and held-to-maturity debt securities with maturity date subsequent to the consolidated balance sheets date:

(As of March 31, 2021)

	Millions of yen			
	Within 1 year	Over 1 year to 5 years	Over 5 year to 10 years	Over 10 years
Bank deposits	¥ 82,734	¥ -	¥ -	¥ -
Trade receivable	191,930	-	-	-
Marketable securities and investments securities Held-to-maturity debt securities:				
1) Government bonds, municipal bonds and other	2,923	-	-	-
2) Other debt securities	-	-	-	-
Total	¥ 277,589	¥ -	¥ -	¥ -

	Thousands of U.S. dollars			
	Within 1 year	Over 1 year to 5 years	Over 5 year to 10 years	Over 10 years
Bank deposits	$ 752,127	$ -	$ -	$ -
Trade receivable	1,744,818	-	-	-
Marketable securities and investments securities Held-to-maturity debt securities:				
1) Government bonds, municipal bonds and other	26,573	-	-	-
2) Other debt securities	-	-	-	-
Total	$ 2,523,536	$ -	$ -	$ -

(As of March 31, 2020)

	Millions of yen			
	Within 1 year	Over 1 year to 5 years	Over 5 year to 10 years	Over 10 years
Bank deposits	¥ 52,805	¥ -	¥ -	¥ -
Trade receivable	192,513	-	-	-
Marketable securities and investments securities Held-to-maturity debt securities:				
1) Government bonds, municipal bonds and other	798	-	-	-
2) Other debt securities	99	-	-	-
Total	¥ 246,218	¥ -	¥ -	¥ -

IV. The redemption schedule for long-term debt and other interest-bearing debt with maturity date subsequent to the consolidated balance sheets date are described in “Note 8. Short-term Debt, Commercial paper, Bonds and Long-term Debt”.

21. Additional Information on Derivatives

(1) Derivative transactions for which hedge accounting does not apply

(a) Foreign currency related transactions

(As of March 31, 2021)

	Millions of yen				Thousands of U.S. dollars			
	2021				2021			
	Notional Amount	Portion over 1 year	Fair value (*)	Unrealized gain (loss)	Notional Amount	Portion over 1 year	Fair value (*)	Unrealized gain (loss)
Non-market transaction								
Foreign currency:								
Sell								
U.S.$	¥ 8,670	¥ -	¥ (443)	¥ (443)	$ 78,818	$ -	$ (4,027)	$ (4,027)
Yen	1,271	-	15	15	11,555	-	136	136
Euro	3,238	-	(134)	(134)	29,436	-	(1,218)	(1,218)
Taiwan Dollar	6,819	-	(33)	(33)	61,991	-	(300)	(300)
Indonesian Rupiah	2,013	-	19	19	18,300	-	173	173
Other	2,373	-	(42)	(42)	21,573	-	(382)	(382)
Buy								
U.S.$	2,516	-	118	118	22,873	-	1,073	1,073
Taiwan Dollar	2,749	-	(29)	(29)	24,991	-	(264)	(264)
Other	539	-	(1)	(1)	4,900	-	(9)	(9)
Currency Swaps								
Receiving Yen, paying Philippine peso	747	747	(83)	(83)	6,791	6,791	(755)	(755)
Total	¥ 30,939	¥ 747	¥ (616)	¥ (616)	$ 281,264	$ 6,791	$ (5,600)	$ (5,600)

(As of March 31, 2020)

	Millions of yen			
	2020			
	Notional Amount	Portion over 1 year	Fair value (*)	Unrealized gain (loss)
Sell				
U.S.$	¥ 8,143	¥ -	¥ (21)	¥ (21)
Yen	1,113	-	39	39
Euro	3,318	-	18	18
Taiwan Dollar	583	-	(7)	(7)
Indonesian Rupiah	2,601	-	312	312
Other	5,212	-	59	59
Buy				
U.S.$	766	19	31	31
Taiwan Dollar	-	-	-	-
Other	600	-	1	1
Currency Swaps				
Receiving Yen, paying	747	747	(28)	(28)

Philippine peso				
Total	¥23,088	¥ 766	¥ 405	¥ 405

(*1) Fair value is determined by prices obtained from foreign exchange market.
(*2) To reflect the change in the quantitative materiality, "Qatari Riyal" and "Bahraini Dinar" are included "Other" of "Sell" in this consolidated fiscal year, as these were presented independently in "Sell" in the previous consolidated fiscal year. On the other hand, "Euro" and "Taiwan dollar" are presented independently in "Sell" as these were included in "Other" of "Sell" in the previous consolidated fiscal year.
(*3) Considering the quantitative materiality, "Yen" is included "Other" of "Buy" in this consolidated fiscal year, as this was presented independently in "Buy" in the previous consolidated fiscal year.
On the other hand, "Taiwan dollar" is presented independently in "Buy" as this was included in "Other" of "Buy" in the previous consolidated fiscal year.

(b) Commodity related transactions

(As of March 31, 2021)

	Millions of yen				Thousands of U.S. dollars			
	2021				2021			
	Notional Amount	Portion over 1 year	Fair value (*)	Unrealized gain (loss)	Notional Amount	Portion over 1 year	Fair value (*)	Unrealized gain (loss)
Market transaction								
Forward contracts:								
Sell	¥ 7,807	¥ -	¥ (44)	¥ (44)	$ 70,973	$ -	$ (400)	$ (400)
Buy	4,080	-	13	13	37,091	-	118	118
Total	¥ 11,888	¥ -	¥ (31)	¥ (31)	$ 108,073	$ -	$ (282)	$ (282)

(*) Fair value is determined by prices obtained from commodity exchange market.

(As of March 31, 2020)

	Millions of yen			
	2020			
	Notional Amount	Portion over 1 year	Fair value (*)	Unrealized gain (loss)
Market transaction				
Forward contracts:				
Sell	¥ 8,004	¥ -	¥ 290	¥ 290
Buy	13,937	517	70	70
Total	¥ 21,942	¥ 517	¥ 360	¥ 360

(*) Fair value is determined by prices obtained from commodity exchange market.

(2) Derivative transactions for which hedge accounting apply

(a) Foreign currency related transactions

(As of March 31, 2021)

	Hedged item	Millions of yen 2021 Notional Amount	Portion over 1 year	Fair value (*)	Calculati-on method of fair value	Thousands of U.S. dollars 2021 Notional Amount	Portion over 1 year	Fair value (*)
Normal accounting method								
Foreign currency:								
Sell								
U.S.$	Trade Receivable (Forecast transactions)	¥10,113	¥649	¥(351)	Forward rate of foreign currency	$ 91,936	$ 5,900	$(3,191)
Euro		660	266	(22)		6,000	2,418	(200)
Other		71	-	(0)		645	-	(0)
Buy								
U.S.$	Trade payable (Forecast transactions)	18,384	1,607	514	Forward rate of foreign currency	167,127	14,609	4,673
Euro		931	-	77		8,464	-	700
Taiwan Dollar		5,480	-	184		49,818	-	1,673
Other		786	-	(4)		7,145	-	(36)
Assignment accounting (special treatment for foreign exchange forward contracts)								
Foreign currency:								
Sell								
U.S.$	Trade receivable	3,424	-	-		31,127	-	-
Other		59	-	-		536	-	-
Buy								
U.S.$	Trade payable	368	-	-		3,345	-	-
Other		-	-	-		-	-	-
Currency swap								
Receiving U.S.$, Paying Yen	Long-term debt	3,000	-	-		27,273	-	-
Total		¥ 43,282	¥ 2,523	¥ 397		$ 393,473	$ 22,936	$ 3,609

(*) The fair value of foreign currency related transactions subject to assignment accounting (special treatment for foreign exchange forward contract) is accounted for together with the underlying trade receivable or trade payable or long-term debt subject to hedging.

(As of March 31, 2020)

	Hedged item	Millions of yen 2020 Notional Amount	Portion over 1 year	Fair value (*)	Calculati-on method of fair value
Normal accounting method					
Foreign currency:					
Sell					
U.S.$	Trade Receivable (Forecast transactions)	¥10,460	¥223	¥24	Forward rate of foreign currency
Euro		88	-	0	
Other		931	-	(0)	

Buy					
U.S.$	Trade payable (Forecast transactions)	11,452	393	90	Forward rate of foreign currency
Euro		692	57	(10)	
Other		4,130	-	(38)	
Foreign currency:					
Sell					
U.S.$	Trade receivable	2,501	-	-	
Other		185	-	-	
Buy					
U.S.$	Trade payable	276	-	-	
Other		-	-	-	
Currency swap					
Receiving U.S.$, Paying Yen	Long-term debt	2,000	-	-	
	Total	¥ 32,720	¥ 674	¥ 65	

(*) The fair value of foreign currency related transactions subject to assignment accounting (special treatment for foreign exchange forward contract) is accounted for together with the underlying trade receivable or trade payable or long-term debt subject to hedging.

(b) Interest-rate related transactions

(As of March 31, 2021)

	Millions of yen				Thousands of U.S. dollars		
	2021				2021		
	Hedged item	Notional Amount	Portion over 1 year	Fair value (*)	Notional Amount	Portion over 1 year	Fair value (*)
Special treatment interest rate swap:							
Receiving floating rates and paying fixed rates	Long-term debt	¥ 10,500	¥ -	¥ -	$ 95,455	$ -	$ -
	Total	¥ 10,500	¥ -	¥ -	$ 95,455	$ -	$ -

(*) The fair value of interest rate swaps subject to special treatment embeds in long-term debt subject to hedging included in the fair value of the corresponding long-term debt.

(As of March 31, 2020)

	Millions of yen			
	2020			
	Hedged item	Notional Amount	Portion over 1 year	Fair value (*)
Special treatment interest rate swap:				
Receiving fixed rates and paying floating rates	Long-term debt	¥983	¥798	¥ -
Receiving floating rates and paying fixed rates	Long-term debt	29,100	10,500	-

Total	¥30,083	¥11,298	¥ -

(*) The fair value of interest rate swaps subject to special treatment embeds in long-term debt subject to hedging included in the fair value of the corresponding long-term debt.

(c) Commodity related transactions

(As of March 31, 2021)

		Millions of yen				Thousands of U.S. dollars		
		2021				2021		
	Hedged item	Notional Amount	Portion over 1 year	Fair value	Calculation method of fair value	Notional Amount	Portion over 1 year	Fair value
Normal accounting method:								
Forward contracts for metal materials:								
Sell	Raw materials and work in process	¥ 3,855	¥ -	¥ (416)	Forward rate of metal material	$ 35,045	$ -	$ (3,782)
Buy		15,805	179	4,481		143,682	1,627	40,736
Total		¥ 19,661	¥ 179	¥ 4,064		$ 178,736	$ 1,627	$ 36,945

(As of March 31, 2020)

		Millions of yen			
		2020			
	Hedged item	Notional Amount	Portion over 1 year	Fair value	Calculation method of fair value
Normal accounting method:					
Forward contracts for metal materials:					
Sell	Raw materials and work in process	¥ 2,558	¥ -	¥ 275	Forward rate of metal material
Buy		17,556	1,413	(2,126)	
Total		¥ 20,115	¥ 1,413	¥ (1,851)	

22. Business combinations

(1) Company split in the copper tube business and transfer of shares of succeeding company

The Company resolved at the Board of Directors meeting held on September 27, 2019, to transfer the business related to the development, manufacture and sales of copper tubes, copper tube components and copper plates (hereinafter the “Business”), and all of the outstanding shares issued by Okumura Metals Co., Ltd. (hereinafter “Okumura Metals”), the wholly-owned subsidiary of the Company to a newly established by the Company (hereinafter “New Company”) through an absorption-type company split (hereinafter “Company Split”) on April 1,2020, and to transfer all of the outstanding shares issued by the New Company and the Company's equity share in the consolidated subsidiary, Furukawa Metal (Thailand) Public Co., Ltd. (hereinafter "FMT"), to CTJ Holdings 2 LLC (hereinafter "CTJ"), which is SPC and indirectly capitalized by Japan Industry No. 5 Investment Limited Partnership managed by Japan Industrial Partners, Inc. (hereinafter "Stock Transfer" and "Transaction" incases including the Company Split) on June 1, 2020.

(a) Transaction under common control
(i) Overview of the transaction

Name of business	Copper tube business conducted by the Company and Okumura Metals
Detail of business	The development, manufacture and sales of copper tubes, copper tube components and copper plates
The effective date of the company split	April 1, 2020
The Stock Transfer method agreement	An absorption-type company split in which the Company is the split company, and the New Company is the succeeding company.
The name of the company after the split	Daishin P&T Co., Ltd.
Other information	This company split was carried out for the purpose of transferring shares.

(ii) Summary of accounting treatment implemented
In accordance with the Accounting Standard for Business Combinations (ASBJ Statement No.21) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10), the transaction was treated as a transaction under common control.

(b) Stock Transfer
(i) Overview of the transfer

The name of the transfer recipient	CTJ Holdings 2 LLC.
The name and the business of the companies of the shares	Daishin P&T Co., Ltd. The development, manufacture and sales of copper tubes, copper tube components and copper plates
	Furukawa Metal (Thailand) Public Co., Ltd. The manufacture and sales of copper tubes and others
Transaction Purpose	In its mid-term management plan "Furukawa G Plan 2020" formulated in 2016, the Company have worked to strengthen focus on these businesses and products. In addition, the Company has been reviewing its overall business portfolio. As a result of the comprehensive consideration of business

	synergies amongst the Company's focus businesses / products and the Business, and the further enhancement of the competitiveness of the Business, it was determined that transfer to CTJ, which is aiming to achieve business growth and integration with other copper tube companies, will contribute to the sustainable growth of the Business. Thus, the Company decided to conduct the Transaction with CTJ.
The effective date of the transfer	June 1, 2020
The Stock Transfer method agreement	Stock transfer in which the consideration received is only cash or other property

(ii) Summary of accounting treatment implemented
The current estimate of loss on business transfer is ¥3,770 million ($34,273 thousand). The amount of the loss on transfer may vary because the final transfer price will be determined through a post-closing price adjustment as stipulated in the share transfer agreement. As a result, the amount of loss on transfer is subject to change.

The financial position of the transferred subsidiaries was as follows:

Current assets	¥12,562 million ($114,200 thousand)
Non-current assets	¥3,179 million ($28,900 thousand)
Total assets	¥15,741 million ($143,100 thousand)-

Current liabilities	¥6,158 million ($55,982 thousand)
Non-current Liabilities	¥548 million ($4,982 thousand)
Total Liabilities	¥6,707 million ($60,973 thousand)

The difference between the book value of the transferred shares and the sale price was recorded as "Loss on transfer of business" in the consolidated statement of income for the current fiscal year.

(iii) Reportable segments in which the separated business was included
Electronics & Automotive Systems

(iv) Estimated amount of profit and loss related to the transferred business recorded in the consolidated statement of income for the current fiscal year
As the date of transfer was the beginning of the current consolidated fiscal year, the profit and loss of the separated business is not included in the consolidated statement of income for the current fiscal year.

(2) Company Split (absorption-type split) Accompanying the Transfer of Heavy Magnet Wire Business, and Contribution in kind of shares of Succeeding Company

On October 1, 2020, the Company transferred the development, manufacture and sales of the heavy magnet wire business and polyimide tube conducted by the Company and its wholly-owned subsidiary, Furukawa Magnet Wire Co., Ltd. ("FMGW") to EFMJ Co., Ltd. ("EFMJ") , a wholly owned subsidiary established by the Company on September 24, 2019 (collectively, the "Japanese Business"), through an absorption-type split method. EFMJ Co., Ltd changed its name to Essex Furukawa Magnet Wire Co., Ltd on November 16, 2020.
In addition, the Company contributed all shares issued by EFMJ Co., Ltd , all shares of FE Magnet Wire (Malaysia) Sdn. Bhd. ("FEMM"), which is a wholly-owned subsidiary of the Company, and all equity interest (49%) the Company has in Essex Furukawa Magnet Wire Europe GmbH(collectively with the Japanese Business, the "Business"), to a joint venture (newly established company) Essex Furukawa Magnet Wire LLC (the "Joint Venture") established with Superior Essex Holding Corp. ("SPSX"), via Furukawa Electric Magnet Wire America, Inc., which is a wholly-owned subsidiary of the Company. The equity share of the Joint Venture will be 39% for the Company and 61% for SPSX.

(a) Transaction under common control

(i) Overview of the transaction

Name of business	The heavy magnet wire business and polyimide tube conducted by the Company and FMGW
Detail of business	The manufacture and sales of the heavy magnet wire business and polyimide tube
The effective date of the company split	October 1, 2020
The Stock Transfer method agreement	An absorption-type Company Split in which the Company and FMGW are the split company and EFMJ is the succeeding company.
The name of the company after the split	Essex Furukawa Magnet Wire Co., Ltd.
Other information	This company split was carried out for the purpose of contributing shares of the successor company in kind.

(ii) Summary of accounting treatment implemented

In accordance with the Accounting Standard for Business Combinations (ASBJ Statement No.21) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10), the transaction was treated as a transaction under common control.

(b) Business split

(i) Overview of the transfer

The name of the transfer recipient	Essex Furukawa Magnet Wire LLC
The name and description of the	The heavy magnet wire business conducted by the Company

business	The manufacture and sales of the heavy magnet wire and various types of metal wire business
Transaction Purpose	In its mid-term management plan "Furukawa G Plan 2020" formulated in 2016, the Company positioned the infrastructure (communications solutions, energy) and automotive fields and their united areas as priority segments and have worked to strengthen our focus on these businesses and products. In addition, we have been reviewing our overall business portfolio. As a result of the comprehensive consideration of business synergies amongst the Company's focus businesses / products and the Business, and the further enhancement of the competitiveness of the Business, the Company will make a transfer to a joint venture with SPSX, a wholly-owned subsidiary of Superior Essex Inc., (Atlanta, GA) which the Company has been in a business partnership with for a significant amount of time, since it was considered that a transfer to the Joint Venture with SPSX would contribute to the sustainable growth of the Business.
The effective date of the transfer	October 1, 2020
The Stock Transfer method agreement	The Company contributed all shares issued by EFMJ, all shares of FEMM, and all equity interest (49%) the Company has in Essex Furukawa Magnet Wire Europe GmbH, to the Joint Venture via Furukawa Electric Magnet Wire America, Inc., which is a wholly-owned subsidiary of the Company. The equity share of the Joint Venture will be 39% for the Company and 61% for SPSX.

(ii) Summary of accounting treatment implemented
Loss on change in equity is ¥487 million ($4,427 thousand).

The financial position of the transferred business was as follows:

Current assets	¥9,710 million ($88,273 thousand)
Non-current assets	¥5,920 million ($53,818 thousand)
Total assets	¥15,631 million ($142,100 thousand)

Current liabilities	¥9,891 million ($88,273 thousand)
Non-current Liabilities	¥49 million ($445 thousand)
Total Liabilities	¥9,940 million ($90,364 thousand)

The transaction was treated in accordance with the Accounting Standard for Business Divestitures (ASBJ Statement No.7) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10).

(iii) Reportable segments in which the separated business was included
Electronics & Automotive Systems

(iv) Estimated amount of profit and loss related to the transferred business recorded in the consolidated statement of income for the current fiscal year

Net sales	¥ 9,070 million ($82,455 thousand)
Operating loss	¥ 168 million ($1,527 thousand)

23. Segment Information

1. Outline of reportable segments

The reportable segments of the Company are components for which the financial information can be obtained separately from its other components, and the Board of Directors reviews such reportable segments on a regular basis in order to decide allocations of managerial resources and evaluate business performance.

The Group establishes divisions by type of product and service, and each division draws up their comprehensive strategy on the products sold and services performed in domestic and overseas market.

Products and services of main business on each segment are as follows;

(1) Infrastructure

Optical fiber, optical fiber cable, optical components, semiconductor optical devices, material communication cable, fusion splicer, industrial lasers, network equipment, CATV system, radio products, power transmission cable, power transmission cable accessories and insulations, insulated wires, electrical insulation tape, electronic material products, etc.

(2) Electronics & Automotive Systems

Automotive components (wire harness, steering roll connector, battery state sensor, perimeter monitoring radar, etc.), automatic batteries/batteries for industrial use, copper/aluminum wires, magnet wires, copper and copper alloy products, functional surface products (plating), processed products for electronic parts (leading frame, etc.), special metal materials (shape-memory/super-elastic alloys), etc.

(3) Functional Products

Cable conduits, water-feeding pipe materials, foaming products, UV tapes for semiconductor manufacturing, electronic components materials, heat-dissipation products, hard disc drive (HDD) aluminum substrates, electrodeposited copper foils, etc.

(4) Service and Development, etc.

Logistics, supporting service for each business of the Group as business in trust etc., real-estate leasing, hydraulic power generation, driving of R&D for new products, etc.

2. Segment income(loss) is based on operating income. In addition, intersegment sales or transfers are based on market prices.

3. Segment information on sales and income (loss), identifiable assets and other items by business for the years ended March 31, 2021 and 2020 is summarized as follows:

(For the year ended March 31, 2021)

	Millions of yen						
	Infrastructure	Electronics & Automotive Systems	Functional products	Service and Development, etc.	Sub-total	Adjustments*	Total
Net sales							
Outside customers	¥ 255,513	¥ 423,026	¥ 108,648	¥ 24,412	¥ 811,600	¥ -	¥ 811,600
Inter-segment sales	3,673	10,013	6,031	14,300	34,018	(34,018)	-
Total	259,186	433,039	114,680	38,712	845,619	(34,018)	811,600
Segment income(loss)	¥ (2,129)	¥ 5,858	¥ 6,298	¥ (1,707)	¥ 8,319	¥ 110	¥ 8,429
Assets	¥ 250,876	¥ 292,796	¥ 103,915	¥ 100,332	¥ 747,921	¥ 84,122	¥ 832,044
Others							
Depreciation	¥ 10,244	¥ 13,195	¥ 4,843	¥ 1,592	¥ 29,876	¥ 2,286	¥ 32,163
Amortization of goodwill	¥ 41	¥ 117	¥ 115	¥ 345	¥ 620	¥ -	¥ 620
Investments in affiliates accounted for by the equity method	¥ 7,365	¥ 9,791	¥ 7,494	¥ 47,010	¥ 71,662	¥ -	¥ 71,662
Tangible/intangible fixed assets increased	¥ 10,329	¥ 15,492	¥ 6,708	¥ 1,940	¥ 34,471	¥ 5,492	¥ 39,963

	Thousands of U.S. dollars (Note 4)						
	Infrastructure	Electronics & Automotive Systems	Functional products	Service and Development, etc.	Sub-total	Adjustments*	Total
Net sales							
Outside customers	$ 2,322,845	$ 3,845,691	$ 987,709	$ 221,927	$ 7,378,182	$ -	$ 7,378,182
Inter-segment sales	33,391	91,027	54,827	130,000	309,255	(309,255)	-
Total	2,356,236	3,936,718	1,042,545	351,927	7,687,445	(309,255)	7,378,182
Segment income(loss)	$ (19,355)	$ 53,255	$ 57,255	$ (15,518)	$ 75,627	$ 1,000	$ 76,627
Assets	$ 2,280,691	$ 2,661,782	$ 944,682	$ 912,109	$ 6,799,282	$ 764,745	$ 7,564,036
Others							
Depreciation	$ 93,127	$ 119,955	$ 44,027	$ 14,473	$ 271,600	$ 20,782	$ 292,391
Amortization of goodwill	$ 373	$ 1,064	$ 1,045	$ 3,136	$ 5,636	$ -	$ 5,636
Investments in affiliates accounted for by the equity method	$ 66,955	$ 89,009	$ 68,127	$ 427,364	$ 651,473	$ -	$ 651,473
Tangible/intangible fixed assets increased	$ 93,900	$ 140,836	$ 60,982	$ 17,636	$ 313,373	$ 49,927	$ 363,300

*1 Adjustments for Segment income(loss) of ¥110 million ($994 thousand) includes the elimination of unrealized profit and others.

*2 Adjustments for Segment income(loss) is adjusted to the operating income in Consolidated statement of income.
*3 Adjustments for Assets of ¥84,122 million ($764,745) includes corporate assets of ¥100,938 million ($917,618) that are not allocated to each segment, and △¥16,815 million ($152,864) for the elimination of receivables and payables.
*4 Adjustments for Depreciation of ¥2,286 million ($20,649) includes depreciation of corporate assets and others.
*5 Adjustments for Tangible/intangible fixed assets increased of ¥5,492 million ($49,607) includes corporate Tangible/intangible fixed assets increased and others.

(For the year ended March 31, 2020)

	Millions of yen						
	Infrastructure	Electronics & Automotive Systems	Functional products	Service and Development, etc.	Sub-total	Adjustments*	Total
Net sales							
Outside customers	¥ 276,039	¥ 493,734	¥ 110,478	¥ 34,187	¥ 914,439	¥ -	¥ 914,439
Inter-segment sales	4,892	15,566	5,398	16,131	41,988	(41,988)	-
Total	280,932	509,300	115,877	50,318	956,428	(41,988)	914,439
Segment income(loss)	¥ 1,710	¥ 14,818	¥ 7,467	¥ (349)	¥ 23,645	¥ (80)	¥ 23,565
Assets	¥ 261,220	¥ 320,802	¥ 100,616	¥ 148,366	¥ 831,005	¥ (36,389)	¥ 794,616
Others							
Depreciation	¥ 9,043	¥ 13,035	¥ 4,496	¥ 1,458	¥ 28,034	¥ 1,389	¥ 29,423
Amortization of goodwill	¥ 70	¥ 122	¥ 115	¥ 345	¥ 654	¥ -	¥ 654
Investments in affiliates accounted for by the equity method	¥ 8,081	¥ 6,875	¥ 7,267	¥ 48,194	¥ 70,419	¥ -	¥ 70,419
Tangible/intangible fixed assets increased	¥ 18,428	¥ 21,505	¥ 4,772	¥ 2,599	¥ 47,305	¥ 5,838	¥ 53,144

*1 Adjustments for Segment income(loss) of △¥80 million includes the elimination of unrealized profit and others.
*2 Adjustments for Segment income(loss) is adjusted to the operating income in Consolidated statement of income.
*3 Adjustments for Assets of △¥36,389 million includes corporate assets of ¥53,270 million that are not allocated to each segment, and △¥89,659 million for the elimination of receivables and payables.
*4 Adjustments for Depreciation of ¥1,389 million includes depreciation of corporate assets and others.
*5 Adjustments for Tangible/intangible fixed assets increased of ¥5,838 million includes corporate Tangible/intangible fixed assets increased and others.

<Related information>

Information by regions

(For the year ended March 31, 2021)

	Millions of yen					
	Japan	China	Other Asian areas	North middle America	Other	Total
Net sales	¥ 435,195	¥ 82,777	¥ 141,029	¥ 78,179	¥ 74,418	¥ 811,600

	Millions of yen				
	Japan	Asia	North middle America	Other	Total
Property, plant and equipment, net of accumulated depreciation	¥ 138,220	¥ 65,845	¥ 33,299	¥ 9,378	¥ 246,744

	Thousands of U.S. dollars (Note 4)					
	Japan	China	Other Asian areas	North middle America	Other	Total
Net sales	$ 3,956,318	$ 752,518	$ 1,282,082	$ 710,718	$ 676,527	$ 7,378,182

	Thousands of U.S. dollars (Note 4)				
	Japan	Asia	North middle America	Other	Total
Property, plant and equipment, net of accumulated depreciation	$ 1,256,545	$ 598,591	$ 302,718	$ 85,255	$ 2,243,127

(For the year ended March 31, 2020)

	Millions of yen					
	Japan	China	Other Asian areas	North middle America	Other	Total
Net sales	¥ 495,658	¥ 75,059	¥ 183,033	¥ 78,302	¥ 82,386	¥ 914,439

	Millions of yen				
	Japan	Asia	North middle America	Other	Total
Property, plant and equipment, net of accumulated depreciation	¥ 142,846	¥ 67,362	¥ 34,506	¥ 9,502	¥ 254,219

<Information of impairment loss by reportable segments>

(For the year ended March 31, 2021)

	Millions of yen						
	Infrastructure	Electronics & Automotive Systems	Functional products	Service and Development, etc.	Sub-total	Adjustment	Total
Impairment loss	¥ 1,085	¥ 289	¥ 990	¥ 176	¥ 2,542	¥ -	¥ 2,542
	Thousands of U.S. dollars (Note 4)						
Impairment loss	$ 9,864	$ 2,627	$ 9,000	$ 1,600	$ 23,109	$ -	$ 23,109

(For the year ended March 31, 2020)

	Millions of yen						
	Infrastructure	Electronics & Automotive Systems	Functional products	Service and Development, etc.	Sub-total	Adjustment	Total
Impairment loss	¥ 236	¥ 368	¥ 18	¥ -	¥ 623	¥ -	¥ 623

<Information of goodwill by reportable segments>

(For the year ended March 31, 2021)

	Millions of yen						
	Infrastructure	Electronics & Automotive Systems	Functional products	Service and Development, etc.	Sub-total	Adjustment	Total
Amortization of goodwill	¥ 41	¥ 117	¥ 115	¥ 345	¥ 620	¥ -	¥ 620
Goodwill as of March 31	¥ 0	¥ 589	¥ 25	¥ 835	¥ 1,450	¥ -	¥ 1,450
	Thousands of U.S. dollars (Note 4)						
Amortization of goodwill	$ 373	$ 1,064	$ 1,045	$ 3,136	$ 5,636	$ -	$ 5,636
Goodwill as of March 31	$ 0	$ 5,355	$ 227	$ 7,591	$ 13,182	$ -	$ 13,182

(For the year ended March 31, 2020)

	Millions of yen						
	Infrastructure	Electronics & Automotive Systems	Functional products	Service and Development, etc.	Sub-total	Adjustment	Total
Amortization of goodwill	¥ 70	¥ 122	¥ 115	¥ 345	¥ 654	¥ -	¥ 654
Goodwill as of March 31	¥ 43	¥ 707	¥ 140	¥ 1,180	¥ 2,072	¥ -	¥ 2,072

23. Related Party Transactions

1. 1) Transactions of the Company with related companies and others
(For the year ended March 31, 2021)
None.

(For the year ended March 31, 2020)
None.

2) Transactions of the subsidiaries with related companies and others
(For the year ended March 31, 2021)
None.

(For the year ended March 31, 2020)
None.

2. Information on the parent company and significant affiliate companies

(For the years ended March 31, 2021 and 2020)
1) Information on the parent company
None.

2) Financial statements of a significant affiliate company
A significant affiliate company is UACJ Corporation (hereafter "UACJ"). Summarized aggregate financial statement data of UACJ is as follows.

		Millions of yen				Thousands of U.S. dollars (Note 4)
		2021		2020		2021
Total current assets	¥	294,502	¥	288,919	$	2,677,291
Total non-current assets		438,457		463,866		3,985,973
Total current liabilities		251,150		264,434		2,283,182
Total non-current liabilities		285,365		285,635		2,594,227
Net assets		196,445		202,716		1,785,864
Sales		569,756		615,150		5,179,600
Profit before income taxes		3,473		(1,622)		31,573
Profit attributable to owners of parent	¥	(3,269)	¥	2,038	$	(29,718)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Furukawa Electric Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Furukawa Electric Co., Ltd. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2021, 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 March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the provision for product defect compensation related to a recall (Note 3. Significant Accounting Estimates (2.Provision for product defect compensation))

	Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
1	On its consolidated balance sheet as of March 31, 2021, the Group recorded a 4,022 million yen provision for product defect compensation related to a recall. Most of the provision consists of estimated repair expenses to fix defects on automobiles containing parts mainly manufactured by certain consolidated subsidiaries which are subject to the recall. In accordance with the Accounting Standards Board of Japan (ASBJ) Statement No. 31, Accounting Standard for Disclosure of Accounting Estimates, the Group discloses additional information in Note 3. Significant Accounting Estimates (2.Provision for product defect compensation) to the consolidated financial statements to aid the user of the financial statements in understanding the details of the estimate for this provision. If customers arranged repairs for a defect in an automobile containing parts manufactured by these consolidated subsidiaries, the provision for product defect compensation related to the recall is estimated and recorded based on the amount deemed necessary to cover possible compensation. This amount is calculated by multiplying each of the following: —number of affected automobiles —repair cost per automobile —expected percentage of automobiles that will be subject to the recall —percentage of repair expenses covered by customers Each of these elements is dependent upon significant assumptions made by management and requires judgments to be made. In particular, for the repair cost per automobile, time and labor estimates can vary greatly depending on the reason for the defect. The expected percentage of automobiles that will be subject to the recall is estimated based on historical recall data, but this is difficult to extrapolate from, due to reasons such as different trends in the areas subject to the recall. Regarding the percentage of repair expenses covered by customers, the Group must estimate this based on negotiations with customers. As a result, a high degree of estimation uncertainty is inherent. It is also possible that repairs will be very expensive if a mass recall is implemented. For these reasons, we identified the appropriateness of the provision for product defect compensation related to the recall as a key audit matter.	Our audit procedures relating to the reasonableness of the provision for product defect compensation included, the following among others: —We tested the design and operating effectiveness of internal controls over the processes of the accounting department working with the auto parts business unit at appropriate times to obtain information about the number of affected automobiles, the repair cost per automobile, the expected percentage of automobiles that will be subject to recall, and the percentage of repair expenses which will be covered by customers used in estimating the provision. —We made inquiries of the auto parts business unit manager and inspected meeting minutes (e.g. for the Board of Directors) regarding new repair projects to address defects, e.g. an overview of the project and causes for the product defect. —We compared the Group's estimated number of affected automobiles with available external data. —For the expected percentage of automobiles that will be subject to the recall, we evaluated the reasonableness of management's significant assumptions by referring to past recall data (including other recall projects), trends in areas subject to the recall, and available external data. —For the repair cost per automobile and the percentage of repair expenses covered by customers, we made inquiries of the auto parts business unit manager and inspected supporting documents. —We compared the initial estimates of the repair cost per automobile and the percentage of repair expenses covered by customers with these actual amounts for each in previous recall projects to evaluate the reasonableness of management's significant assumptions.

Revenue recognition related to the sale transaction of the Amagasaki factory land (Note 16. Other income (expenses a). Gain on disposal of property, plant and equipment)		
	Key Audit Matter Description	**How the Key Audit Matter Was Addressed in the Audit**
2	In order for the Group to effectively leverage its management resources and improve its financial standing, it reviewed its assets and transferred the factory land for its copper tube business in Amagasaki, Hyogo Prefecture to a third party on June 30, 2020. As a result of this transfer, the Group recorded a 22,078 million yen gain on disposal of property, plant and equipment in its consolidated statement of income. For this land, the Group set up a maximum lease-back period of three years nine months with the third party that bought it after the sell-off and sub-leased to CTJ HOLDINGS 2 LLC as the transferee of its copper tube business disclosed in Note 16. Other income (expenses a). Gain on disposal of property, plant and equipment. In this sale and lease-back transaction, the Group continues to be involved with the real estate after the sale, and it could therefore have the characteristics of a financing arrangement. Therefore, it is necessary to cautiously consider whether the sale transaction has been fulfilled under the risks and rewards approach. Furthermore, since the real estate sale transaction was ad hoc, the economic rationale and reasonableness of the transfer price of the transaction needs to be considered. For the above reasons and due to the significance of this transaction, we identified the appropriateness of the accounting for this sale transaction as a key audit matter.	Our audit procedures relating to the appropriateness of the accounting for the Amagasaki factory land sale transaction by determining if the sale had been fulfilled according to the risks and rewards approach included the following among others: —We inquired of relevant company personnel and inspected minutes of the Board of Directors meetings to understand an overview of the transaction and its objectives. —We inspected the real estate sale and purchase agreement, evidence of the receipt of proceeds from the sale, and registration for the transfer of ownership to determine whether the real estate had been legally transferred. —We inquired of the relevant company personnel, read minutes of the Board of Directors meeting, and inspected the bid outlines for the land sale, and the land lease agreement to test the possibility of the lease term being extended, whether the lease is cancelable during the lease term, and the possibility of buying back the leased assets to determine whether the Group's lease-back transaction of this land should be classified as an operating lease. —We inspected the bid outlines for the sale, the land lease agreement, and the real estate sale and purchase agreement to determine whether the risks in transferred land had been isolated from the Group and whether the Group assumed any liability for defects in transferred land. —With the assistance of our valuation specialists, we tested the reasonableness of the transfer price of real estate and the land lease payment to determine whether the transaction was executed at a reasonableness price.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's 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 Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

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

Deloitte Touche Tohmatsu LLC

June 24, 2021