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Detailed Consolidated Financial Statements

March 31, 2026 and 2025

(With Independent Auditors' Report Thereon)

June 23, 2026

DNP Dai Nippon Printing Co., Ltd.
And Consolidated Subsidiaries

1-1, Ichigaya-Kagacho 1-chome, Shinjuku-ku,
Tokyo 162-8001, Japan
TEL: +81-3-3266-2111
URL: https://www.global.dnp
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CONSOLIDATED BALANCE SHEETS

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
March 31, 2026 and 2025

Assets	Millions of yen 2026	Millions of yen 2025	Thousands of U.S. dollars (Note 3) 2026
Current assets:			
Cash and cash equivalents (Notes 6 and 9)	¥243,565	¥250,634	$1,522,281
Time deposits	54,570	4,361	341,063
Trade receivables (Notes 12 and 20)	334,425	340,963	2,090,156
Allowance for doubtful receivables	(678)	(478)	(4,238)
Inventories (Note 8)	168,805	165,728	1,055,031
Prepaid expenses and other current assets (Notes 7, 12 and 20)	58,749	63,485	367,182
Total current assets	859,436	824,693	5,371,475
Investments and advances:			
Non-consolidated subsidiaries and associated companies (Notes 12 and 18)	218,015	204,708	1,362,594
Investment securities (Notes 7, 9 and 18)	179,612	211,751	1,122,575
Other	1,315	1,326	8,219
Total investments and advances	398,942	417,785	2,493,388
Property, plant and equipment, at cost (Notes 9, 16 and 17):			
Land	142,921	141,787	893,256
Buildings and structures	562,939	555,619	3,518,369
Machinery and equipment	837,615	819,763	5,235,094
Leased assets and right-of-use assets	32,099	31,352	200,619
Construction in progress	13,706	17,607	85,662
Total	1,589,280	1,566,128	9,933,000
Accumulated depreciation	(1,168,512)	(1,160,332)	(7,303,200)
Net property, plant and equipment	420,768	405,796	2,629,800
Other assets			
Net defined benefit asset (Note 10)	255,584	194,597	1,597,400
Deferred tax assets (Note 15)	8,378	9,434	52,362
Other (Note 16)	91,003	65,533	568,769
Total other assets	354,965	269,564	2,218,531
Total assets	¥2,034,111	¥1,917,838	$12,713,194

The accompanying notes are an integral part of these consolidated financial statements.

Liabilities and Net Assets	Millions of yen 2026	2025	Thousands of U.S. dollars (Note 3) 2026
Current liabilities:			
Short-term bank loans (Note 9)	**¥32,964**	¥31,748	**$206,025**
Current portion of long-term debt (Notes 9 and 18)	**6,569**	5,819	**41,056**
Trade payables (Note 12)	**191,394**	215,474	**1,196,212**
Accrued expenses (Note 12)	**41,363**	49,629	**258,519**
Income taxes payable (Note 15)	**11,643**	52,956	**72,769**
Other current liabilities (Notes 9, 12 and 20)	**96,247**	80,154	**601,544**
Total current liabilities	**380,180**	435,780	**2,376,125**
Long-term liabilities:			
Long-term debt (Notes 9 and 18)	**224,029**	124,442	**1,400,181**
Net defined benefit liability (Note 10)	**51,937**	54,607	**324,606**
Deferred tax liabilities (Note 15)	**90,079**	73,004	**562,994**
Other long-term liabilities (Notes 9, 12 and 20)	**20,779**	21,226	**129,869**
Total long-term liabilities	**386,824**	273,279	**2,417,650**
Contingent liabilities			
Net assets			
Stockholders' equity			
Common stock - Authorized: 1,490,000,000 shares; Issued: 439,480,692 shares in 2026 and 524,480,692 shares in 2025;	**114,464**	114,464	**715,400**
Capital surplus (Note 11)	**145,037**	145,035	**906,481**
Retained earnings (Note 11)	**740,586**	824,330	**4,628,663**
Treasury stock, at cost 8,047,828 shares in 2026 and 72,810,712 shares in 2025 (Note 11)	**(16,116)**	(135,348)	**(100,725)**
Total stockholders' equity	**983,971**	948,481	**6,149,819**
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities (Note 7)	**89,465**	106,681	**559,156**
Net deferred gains (losses) on hedges (Note 19)	**6**	(16)	**38**
Foreign currency translation adjustments	**38,273**	30,310	**239,206**
Remeasurements of defined benefit plans (Note 10)	**78,790**	50,392	**492,438**
Total accumulated other comprehensive income	**206,534**	187,367	**1,290,838**
Non-controlling interests	**76,602**	72,931	**478,762**
Total net assets	**1,267,107**	1,208,779	**7,919,419**
Total liabilities and net assets	**¥2,034,111**	¥1,917,838	**$12,713,194**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Net sales (Note 23)	¥1,512,571	¥1,457,609	$9,453,569
Cost of sales	1,146,588	1,119,331	7,166,175
Gross profit	365,983	338,278	2,287,394
Selling, general and administrative expenses (Note 13)	264,944	244,666	1,655,900
Operating income (Note 23)	101,039	93,612	631,494
Other income (expenses) (Note 14):			
Interest and dividends income	6,704	7,155	41,900
Interest expenses	(2,582)	(984)	(16,138)
Equity in earnings of affiliates	12,561	15,840	78,506
Foreign exchange translation gain	111	202	694
Net gain on sales or disposal of property, plant and equipment	11,262	10,765	70,388
Net gain on sales of investment securities	44,498	93,718	278,113
Loss on devaluation of investment securities	(1,839)	(270)	(11,494)
Impairment loss on fixed assets (Note 16)	(13,294)	(70,268)	(83,088)
Other	(2,875)	18,896	(17,969)
	54,546	75,054	340,912
Income before income taxes and non-controlling interests	155,585	168,666	972,406
Income taxes (Note 15):			
Current	37,577	65,706	234,856
Deferred	11,223	(10,595)	70,144
	48,800	55,111	305,000
Net income	106,785	113,555	667,406
Net income attributable to non-controlling shareholders	2,826	2,872	17,662
Net income attributable to parent company shareholders	¥103,959	¥110,683	$649,744

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	**2026**
Net income	**¥106,785**	¥113,555	**$667,406**
Other comprehensive income			
Valuation difference on available-for-sale securities	**(16,590)**	(54,876)	**(103,688)**
Net deferred gains (losses) on hedges	**22**	(55)	**138**
Foreign currency translation adjustments	**5,506**	5,252	**34,413**
Remeasurements of defined benefit plans	**28,801**	(18,560)	**180,006**
Share of other comprehensive income in associates accounted for using the equity method	**2,107**	3,940	**13,169**
Total other comprehensive income (loss)	**19,846**	(64,299)	**124,038**
Comprehensive income	**¥126,631**	¥49,256	**$791,444**
Attributable to:			
Parent company shareholders	**¥123,167**	¥46,470	**$769,794**
Non-controlling shareholders	**3,464**	2,786	**21,650**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2026 and 2025

Millions of yen

		Stockholders' equity				Accumulated other comprehensive income					
	Number of shares issued (in thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Non-controlling interests	Total net assets
Balance at April 1, 2024	277,240	¥114,464	¥145,118	¥782,000	¥(126,368)	¥161,864	¥26	¥20,850	¥67,972	¥70,761	¥1,236,687
Changes of items during the period											
Cash dividends paid	-	-	-	(15,033)	-	-	-	-	-	-	(15,033)
Net income attributable to parent company shareholders	-	-	-	110,683	-	-	-	-	-	-	110,683
Change of scope of consolidation	-	-	-	2,054	-	-	-	-	-	-	2,054
Change of scope of equity method	-	-	-	330	-	-	-	-	-	-	330
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	(83)	-	-	-	-	-	-	-	(83)
Change in treasury stock arising from change in equity in entities accounted for using equity method	-	-	-	-	(0)	-	-	-	-	-	(0)
Purchases of treasury stock	-	-	-	-	(64,862)	-	-	-	-	-	(64,862)
Disposal of treasury stock	-	-	-	60	118	-	-	-	-	-	178
Retirement of treasury stock	(30,000)	-	-	(55,764)	55,764	-	-	-	-	-	-
Changes in valuation difference on available-for-sale securities	-	-	-	-	-	(55,183)	-	-	-	-	(55,183)
Changes in deferred gains (losses) on hedges	-	-	-	-	-	-	(42)	-	-	-	(42)
Changes in foreign currency translation adjustments	-	-	-	-	-	-	-	9,460	-	-	9,460
Changes in remeasurements of defined benefit plans	-	-	-	-	-	-	-	-	(17,580)	-	(17,580)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	2,170	2,170
Increase due to stock splits	277,240	-	-	-	-	-	-	-	-	-	-
Total changes of items during the period	247,240	-	(83)	42,330	(8,980)	(55,183)	(42)	9,460	(17,580)	2,170	(27,908)
Balance at March 31, 2025	524,480	¥114,464	¥145,035	¥824,330	¥(135,348)	¥106,681	¥(16)	¥30,310	¥50,392	¥72,931	¥1,208,779

	Millions of yen										
		Stockholders' equity				Accumulated other comprehensive income					
	Number of shares issued (in thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Non-controlling interests	Total net assets
Balance at April 1, 2025	524,480	¥114,464	¥145,035	¥824,330	¥(135,348)	¥106,681	¥(16)	¥30,310	¥50,392	¥72,931	¥1,208,779
Changes of items during the period											
Cash dividends paid	-	-	-	(17,881)	-	-	-	-	-	-	(17,881)
Net income attributable to parent company shareholders	-	-	-	103,959	-	-	-	-	-	-	103,959
Change of scope of consolidation	-	-	(4)	(13)	-	-	-	-	-	-	(17)
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	6	-	-	-	-	-	-	-	6
Change in treasury stock arising from change in equity in entities accounted for using equity method	-	-	-	-	1	-	-	-	-	-	1
Purchases of treasury stock	-	-	-	-	(50,753)	-	-	-	-	-	(50,753)
Disposal of treasury stock	-	-	-	22	153	-	-	-	-	-	175
Retirement of treasury stock	(85,000)	-	-	(169,831)	169,831	-	-	-	-	-	-
Changes in valuation difference on available-for-sale securities	-	-	-	-	-	(17,216)	-	-	-	-	(17,216)
Changes in deferred gains (losses) on hedges	-	-	-	-	-	-	22	-	-	-	22
Changes in foreign currency translation adjustments	-	-	-	-	-	-	-	7,963	-	-	7,963
Changes in remeasurements of defined benefit plans	-	-	-	-	-	-	-	-	28,398	-	28,398
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	3,671	3,671
Total changes of items during the period	(85,000)	-	2	(83,744)	119,232	(17,216)	22	7,963	28,398	3,671	58,328
Balance at March 31, 2026	**439,480**	**¥114,464**	**¥145,037**	**¥740,586**	**¥(16,116)**	**¥89,465**	**¥6**	**¥38,273**	**¥78,790**	**¥76,602**	**¥1,267,107**

	Number of shares issued (in thousands)	Stockholders' equity				Accumulated other comprehensive income				Non-controlling interests	Total net assets
		Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Net deferred gains on hedges	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans		
	Thousands of U.S. dollars (Note 3)										
Balance at April 1, 2025	524,480	$715,400	$906,469	$5,152,063	$(845,925)	$666,756	$(100)	$189,438	$314,950	$455,819	$7,554,870
Changes of items during the period											
Cash dividends paid	-	-	-	(111,756)	-	-	-	-	-	-	(111,756)
Net income attributable to parent company shareholders	-	-	-	649,744	-	-	-	-	-	-	649,744
Change of scope of consolidation	-	-	(25)	(81)	-	-	-	-	-	-	(106)
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	37	-	-	-	-	-	-	-	37
Change in treasury stock arising from change in equity in entities accounted for using equity method	-	-	-	-	6	-	-	-	-	-	6
Purchases of treasury stock	-	-	-	-	(317,206)	-	-	-	-	-	(317,206)
Disposal of treasury stock	-	-	-	137	956	-	-	-	-	-	1,093
Retirement of treasury stock	(85,000)	-	-	(1,061,444)	1,061,444	-	-	-	-	-	-
Changes in valuation difference on available-for-sale securities	-	-	-	-	-	(107,600)	-	-	-	-	(107,600)
Changes in deferred gains (losses) on hedges	-	-	-	-	-	-	138	-	-	-	138
Changes in foreign currency translation adjustments	-	-	-	-	-	-	-	49,768	-	-	49,768
Changes in remeasurements of defined benefit plans	-	-	-	-	-	-	-	-	177,488	-	177,488
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	22,943	22,943
Total changes of items during the period	(85,000)	-	12	(523,400)	745,200	(107,600)	138	49,768	177,488	22,943	364,549
Balance at March 31, 2026	**439,480**	**$715,400**	**$906,481**	**$4,628,663**	**$(100,725)**	**$559,156**	**$38**	**$239,206**	**$492,438**	**$478,762**	**$7,919,419**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	**2026**
Cash flows from operating activities:			
Income before income taxes and non-controlling interests	**¥155,585**	¥168,666	**$972,406**
Adjustments to reconcile income before income taxes and non-controlling interests to net cash provided by operating activities:			
Depreciation	**52,816**	53,709	**330,100**
Impairment loss on fixed assets	**13,294**	70,268	**83,088**
Allowance for doubtful receivables	**(281)**	(496)	**(1,756)**
Net defined benefit asset	**(23,896)**	1,975	**(149,350)**
Net defined benefit liability	**2,079**	3,616	**12,994**
Equity in earnings of affiliates	**(12,561)**	(15,840)	**(78,506)**
Amortization of goodwill	**1,953**	626	**12,206**
Interest and dividends income	**(6,704)**	(7,155)	**(41,900)**
Interest expenses	**2,582**	984	**16,138**
Net gain on sales of investment securities	**(44,498)**	(93,718)	**(278,113)**
Loss on devaluation of investment securities	**1,839**	270	**11,494**
Net gain on sale or disposal of property, plant and equipment	**(11,197)**	(10,700)	**(69,982)**
Changes in assets and liabilities			
Trade receivables	**11,514**	13,941	**71,963**
Inventories	**(872)**	3,848	**(5,450)**
Trade payables	**(28,887)**	(17,344)	**(180,544)**
Other assets and liabilities	**16,945**	(14,895)	**105,906**
Sub-total	**129,711**	157,755	**810,694**
Payments for repair costs	**-**	(405)	**-**
Extra retirement payments	**(5,710)**	(761)	**(35,688)**
Payments of income taxes	**(83,634)**	(23,859)	**(522,712)**
Net cash provided by operating activities	**40,367**	132,730	**252,294**
Cash flows from investing activities:			
Net (increase) decrease in time deposits	**(49,907)**	328	**(311,919)**
Payments for purchases of property, plant and equipment	**(60,031)**	(57,083)	**(375,194)**
Proceeds from sales of property, plant and equipment	**14,395**	18,329	**89,969**
Payments for purchases of investment securities	**(6,461)**	(87,845)	**(40,381)**
Proceeds from sales of investment securities	**57,804**	119,337	**361,275**
Payments for purchases of stock in subsidiaries resulting in a change in the scope of consolidation	**(22,782)**	(19,619)	**(142,388)**
Payments for purchases of intangible assets	**(12,954)**	(15,800)	**(80,963)**
Interest and dividends received	**9,659**	9,430	**60,369**
Other investing activities	**(3,365)**	(3,817)	**(21,031)**
Net cash used in investing activities	**(73,642)**	(36,740)	**(460,263)**

Cash flows from financing activities:			
Net increase (decrease) in short-term bank loans	725	(6,518)	4,531
Proceeds from long-term debt	6,100	6,887	38,125
Repayments of long-term debt	(6,003)	(4,509)	(37,519)
Proceeds from issuance of debentures	100,000	-	625,000
Payments for purchase of stock in subsidiaries not resulting in a change in the scope of consolidation	(550)	-	(3,437)
Proceeds from sales of stock in subsidiaries not resulting in a change in the scope of consolidation	-	153	-
Payments for purchases of treasury stocks	(50,754)	(64,877)	(317,212)
Change in money held in trust for purchases of treasury stock	725	4,866	4,531
Interest paid	(1,984)	(993)	(12,400)
Dividends paid	(17,877)	(15,032)	(111,731)
Dividends paid to non-controlling shareholders	(883)	(869)	(5,519)
Other financing activities	(6,167)	(6,538)	(38,544)
Net cash provided by (used in) financing activities	23,332	(87,430)	145,825
Effect of exchange rate changes on cash and cash equivalents	2,869	5,618	17,931
Net (increase) decrease in cash and cash equivalents	(7,074)	14,178	(44,213)
Cash and cash equivalents at beginning of year	250,634	234,570	1,566,463
Increase in cash and cash equivalents from newly consolidated subsidiaries	-	1,727	-
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	5	159	31
Cash and cash equivalents at end of year (Note 6)	¥243,565	¥250,634	$1,522,281

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
March 31, 2026 and 2025

1. Basis of Presenting the Consolidated Financial Statements

Dai Nippon Printing Co., Ltd. (hereinafter referred to as the "Company") and its domestic subsidiaries maintain their books of account and prepare their financial statements in conformity with accounting principles and practices generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRS"). Its foreign subsidiaries maintain their books of account and prepare their financial statements in conformity with either IFRS or accounting principles generally accepted in the United States of America ("US GAAP"), with adjustments for the specified five items required by the Practical Issues Task Force No. 18, issued by the Accounting Standards Board of Japan ("ASBJ"), as applicable.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements filed with the Financial Services Agency of Japan as required by the Financial Instruments and Exchange Act of Japan. Certain reclassifications of accounts and modifications have been made in the accompanying consolidated financial statements to facilitate understanding by readers outside Japan. Certain reclassifications have also been made in the 2025 financial statements to conform with current year presentations. In addition, the notes to the consolidated financial statements include additional information that is not required for disclosure under Japanese GAAP.

2. Significant Accounting Policies

(a) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its significant majority-owned subsidiaries. All significant intercompany accounts and intercompany transactions have been eliminated in consolidation.

Consolidated financial statements include the accounts of the Company and 116 consolidated subsidiaries. Some subsidiaries are consolidated with their fiscal year ends that differ from that of the Company. Significant transactions that took place between their fiscal year ends and the Company's fiscal year end are reflected in the consolidated financial statements.

Investments in non-consolidated subsidiaries are stated at cost, and, for valuation of such investments, the equity method has not been applied since these investments are considered immaterial in the aggregate. However, investments are devalued if the decline in value is judged to be other than temporary.

Investments in 20% to 50% associated companies are principally accounted for by the equity method.

The differences between costs and underlying net assets at the date of investment in consolidated subsidiaries are included in other assets and are amortized by the straight-line method over a period of the effect, up to twenty years.

(b) Translation of foreign currency accounts

Monetary assets and liabilities denominated in foreign currencies of the Company and its domestic subsidiaries are translated into Japanese yen at the exchange rates at the balance sheet date. Revenues and expenses denominated in foreign currencies are translated at the exchange rates prevailing during the year. The resulting translation gains or losses are included in other income (expenses).

The translation of foreign currency financial statements of foreign consolidated subsidiaries into Japanese yen has been made for consolidation purposes in accordance with the translation method prescribed in the accounting standard for foreign currency transactions. The balance sheet accounts of the foreign consolidated subsidiaries are translated at the exchange rates at the balance sheet date, except for common stock and capital surplus, which are translated at historical rates. Revenue and expense accounts are translated at the average exchange rates prevailing during the year. The resulting translation adjustments are presented as "foreign currency translation adjustments" as reported in a separate component of accumulated other comprehensive income and "non-controlling interests" in the consolidated balance sheets.

(c) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments, generally with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturities that they present an insignificant risk of changes in value.

(d) Inventories

Inventories are stated at cost that is determined substantially by the average method being written-down to reflect the decline of profitability.

(e) Marketable securities and investment securities

Debt securities that are held to maturity with positive intent and ability ("held-to-maturity debt securities") are stated at amortized cost. Available-for-sale securities other than equity securities, etc., that do not have a market price are stated at fair value. Unrealized gains and losses on available-for-sale securities, net of applicable taxes, are reported in a separate component of accumulated other comprehensive income in the consolidated balance sheets.

Equity securities, etc., that do not have a market price are stated at cost determined by the average method. For other than temporary declines in fair value, the carrying amount of investment securities is reduced to net realizable value by a charge to income.

(f) Property, plant and equipment and depreciation

The Company and its domestic consolidated subsidiaries mainly use the declining-balance method. However, depreciation of buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and of facilities attached to buildings and structures acquired on or after April 1, 2016 is computed by the straight-line method.

Assets with an acquisition cost of ¥100,000 ($625) or more but less than ¥200,000 ($1,250) are depreciated equally over three years.

Foreign consolidated subsidiaries mainly use the straight-line method.

The estimated useful lives are summarized as follows:

Buildings and structures	2 to 65 years
Machinery and equipment	2 to 20 years

(g) Leased assets

Leased assets with transfer of ownership are depreciated using the same depreciation method applied to owned fixed assets.

Finance leases that do not transfer ownership are capitalized. Depreciation for leased assets is computed on a straight-line basis over the lease period with a residual value of zero.

(h) Right-of-use assets

Depreciation for right-of-use assets is computed on a straight-line basis over the lease period with a residual value of zero.

(i) Intangible assets

Intangible assets included in other assets are carried at cost less accumulated amortization calculated by the straight-line method over their estimated useful lives. Software for internal use included in intangible assets is amortized by the straight-line method over five years.

(j) Impairment loss on fixed assets

The Company and its consolidated subsidiaries review fixed assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeded the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(k) Employees' retirement benefits

The Company and its domestic significant consolidated subsidiaries applied the accounting standard for employees' retirement benefits. Under the accounting standard, accrued pension and liability for employees' retirement benefits has been provided based on the estimated amounts of projected pension and severance obligation and fair value of plan assets at the end of the fiscal year. The benefit formula basis is applied for the method of attributing expected retirement benefits to periods. Prior service cost is being amortized as incurred by the straight-line method over the period within the average remaining service periods (primarily six years) of the eligible employees. Actuarial gains and losses have been amortized from the following fiscal year by the declining-balance method over the periods within the average remaining service periods (primarily nine years) of the eligible employees.

(l) Revenue and expense

In relation to recognition of revenue from contracts with customers, the details of major performance obligations in major businesses of the Company or its consolidated subsidiaries, and typical timing of satisfaction of those performance obligations (typical timing of revenue recognition) are as follows:

- Details of major performance obligations in major businesses

  The major performance obligations of the Company and its consolidated subsidiaries are the sale of products or merchandise or the provision of services, etc., by its business segments, which are Smart Communication, Life & Healthcare, and Electronics. Specific products offered by each business segment are listed in Note 23.

- Typical timing of satisfaction of performance obligations (typical timing of revenue recognition)

(1) Sale of products or merchandise

Regarding the domestic sale of products or merchandise, they mainly apply the alternative treatment stipulated in Section 98 of the Guidelines for Applying Accounting Standards for Revenue Recognition. Revenue is recognized upon shipment in cases where the period from shipment to transfer of the control of the products or merchandise to the customer is regarded as typical. With regard to export sales of products or merchandise, when the burden of risks of the products or merchandise is transferred to the customer, considering the terms of the trade contract, the customer obtains the control of those products or merchandise. At that point in time, the Company and its domestic consolidated subsidiaries satisfy their performance obligation, and the revenue is recognized. In addition, regarding merchandise sales at retail stores of some of our consolidated subsidiaries (Smart Communication business segment), revenue is recognized when the products are delivered to the customer, since it is determined that the customer obtains the control of the products, and the consolidated subsidiaries satisfy performance obligation at that point in time.

(2) Provision of services

Concerning the provision of services, in cases where the performance obligation is satisfied at a point in time, revenue is recognized when the service is provided and accepted by the customer. In cases where the performance obligation is satisfied over time based on the contracts with the customer, the revenue is recognized over time. The consideration is allocated evenly over the contract period.

(m) Research and development expenses

Research and development expenses are charged to income as incurred.

(n) Income taxes

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(o) Derivatives and hedging activities

The Company and certain consolidated subsidiaries use derivative financial instruments ("derivatives"), including foreign currency forward contracts, to manage the risk arising from fluctuations in foreign currency exchange rates. The Company and its consolidated subsidiaries do not enter into derivatives contracts for speculative purposes.

Derivatives are carried at fair value, and changes in fair value are recognized as gains or losses, unless the derivatives qualify for the "alternative method" of hedge accounting as described below.

If derivatives meet certain hedging criteria, recognition of gains or losses resulting from changes in the fair value of derivatives is deferred until the related gains or losses on hedged items are recognized.

In cases where foreign currency forward contracts meet certain hedging criteria, the hedged items are stated by the contracted rates ("alternative method").

(p) Per share information

Net assets per share were computed based on the number of shares outstanding after deducting treasury stock at March 31, 2026 and 2025, respectively.

Basic earnings per share was computed based on the average number of shares of common stock outstanding after deducting treasury stocks during each year. Necessary adjustments were made to the net income or the number of shares for diluted earnings per share in order to reflect dilutive effects.

The Company conducted a stock split of its common shares at a ratio of one share to two shares on the effective date of October 1, 2024. Accordingly, net assets per share, basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the preceding fiscal year.

3. Basis of Translating Financial Statements

The consolidated financial statements are expressed in Japanese yen in accordance with Japanese GAAP. The Japanese yen amounts have been translated into U.S. dollar amounts, solely for the convenience of the readers, at the rate of ¥160 = US$1, the approximate exchange rate on the Tokyo Foreign Exchange Market at March 31, 2026. Such translations should not be construed as representations that the Japanese yen at that or any other rate could be converted into U.S. dollars.

4. Significant Accounting Estimates

Deferred tax assets
(1) Deferred tax assets as of March 31, 2026 and 2025 were ¥54,780 million ($342,375 thousand) and ¥57,741 million, respectively.
(2) Other information

Deferred tax assets are recognized for deductible temporary differences, etc., to the extent that is expected to be recoverable by future taxable income based on business plans, etc. The timing of recovering and the amount of deferred tax assets are reasonably estimated and calculated.

When the Company calculates deferred tax assets, the estimate is based on the business plans to be approved by the Board of Directors. While it is not possible to accurately predict the effects of prolonged geopolitical risks on the business environment, accounting estimates are based on the assumption that the effects of geopolitical risks on the business will continue for a certain period.

If the main assumption that is used to calculate the amount recognized in the consolidated financial statements of the current fiscal year changes, it may have a significant impact on the amount recognized in the consolidated financial statements of the next fiscal year.

5. Accounting Standard Issued but Not Yet Applied

･Accounting Standard for Leases (ASBJ Statement No.34, September 13, 2024)
･Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No.33, September 13, 2024)
and other revision related Accounting Standards, Implementation Guidance, Practical Solutions and Transferred Guidance

(1) Summary
The Accounting Standard establishes the treatment of recognizing assets and liabilities for all leases of the lessee, etc., similar to international accounting standards.

(2) Effective date
Effective from the beginning of the year ending March 31, 2028.

(3) Effects of the application of the standards
The effects of application of the standards are under evaluation.

6. Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2026 and 2025 were comprised of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Cash and deposits (excluding time deposits and short-term investments (securities) with a maturity over three months)	¥243,565	¥250,634	$1,522,281

7. Marketable Securities and Investment Securities

The carrying amount and aggregate fair value of marketable and investment securities classified as held-to-maturity debt securities as of March 31, 2026 and 2025 were as follows:

March 31, 2026	Millions of yen		
	Carrying amount	Fair value	Difference
Others	¥310	¥311	¥1

	Thousands of U.S. dollars (Note 3)		
	Carrying amount	Fair value	Difference
Others	$1,938	$1,944	$6

March 31, 2025	Millions of yen		
	Carrying amount	Fair value	Difference
Others	¥310	¥312	¥2

The acquisition cost and aggregate fair value of marketable and investment securities classified as available-for-sale securities including those other than equity securities, etc., that do not have a market price as of March 31, 2026 and 2025 were as follows:

March 31, 2026	Millions of yen			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair value
Stocks	¥48,786	¥129,803	¥3	¥178,586
Others	665	51	-	716
Total	¥49,451	¥129,854	¥3	¥179,302

	Thousands of U.S. dollars (Note 3)			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair value
Stocks	$304,913	$811,269	$19	$1,116,163
Others	4,156	319	-	4,475
Total	$309,069	$811,588	$19	$1,120,638

March 31, 2025	Millions of yen			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair value
Stocks	¥56,436	¥154,907	¥582	¥210,761
Others	651	30	1	680
Total	¥57,087	¥154,937	¥583	¥211,441

The proceeds from sales of available-for-sale securities for the years ended March 31, 2026 and 2025 were ¥59,051 million ($369,069 thousand) and ¥116,060 million, respectively. The gross realized gains on these sales for the years ended March 31, 2026 and 2025 were ¥44,809 million ($280,056 thousand) and ¥92,748 million, respectively, and the gross realized losses on these sales for the years ended March 31, 2026 and 2025 were ¥202 million ($1,263 thousand) and ¥114 million, respectively.

The acquisition cost is the amount after recognizing a loss on devaluation of investment securities. Loss on devaluation of investment securities for the years ended March 31, 2026 and 2025 was ¥1,839 million ($11,494 thousand) and ¥270 million, respectively.

If the market value of the security declines by 50% or more from its acquisition cost as of the end of the fiscal year, a loss on devaluation of investment securities is recorded for the difference between the market value and the acquisition cost as an impairment loss. If the decline ranges between about 30% and 50%, a loss on devaluation of investment securities for the amount deemed necessary is recorded considering its recoverability, etc.

The redemption schedules for securities with maturities at March 31, 2026 and 2025 were as follows:

March 31, 2026

	Millions of yen		
	Due in one year or less	Due after one year through five years	Over five years
Corporate bonds	¥106	¥310	¥-
	¥106	¥310	¥-

	Thousands of U.S. dollars (Note 3)		
	Due in one year or less	Due after one year through five years	Over five years
Corporate bonds	$663	$1,938	$-
	$663	$1,938	$-

March 31, 2025

	Millions of yen		
	Due in one year or less	Due after one year through five years	Over five years
Corporate bonds	¥-	¥410	¥-
	¥-	¥410	¥-

8. Inventories

Inventories at March 31, 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S.dollars (Note 3)
	2026	2025	2026
Merchandise and finished products	¥87,119	¥86,298	$544,494
Work in process	35,505	37,734	221,906
Raw materials and supplies	46,181	41,696	288,631
	¥168,805	¥165,728	$1,055,031

9. Short-term Bank Loans and Long-term Debt

Short-term bank loans at March 31, 2026 and 2025 were represented by bank loans and bank overdrafts, etc., bearing interest at an average rate of 0.97% per annum for 2026 and 0.89% per annum for 2025.

Long-term debt at March 31, 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Unsecured debentures			
0.580~1.923% due 2032 and thereafter	¥90,000	¥ 30,000	$562,500
1.253% due 2031	40,000	-	250,000
0.270~0.280% due 2030	70,000	70,000	437,500
Collateralized loans, maturing 2027~2031	441	923	2,756
Unsecured loans, maturing 2027~2036	30,157	29,338	188,481
	230,598	130,261	1,441,237
Current portion of long-term debt	(6,569)	(5,819)	(41,056)
	¥224,029	¥124,442	$1,400,181

Finance lease obligations at March 31, 2026 and 2025 that are included in other long-term liabilities consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Finance lease obligations	¥18,165	¥19,141	$113,531
Current portion of lease obligations	(5,469)	(5,388)	(34,181)
	¥12,696	¥13,753	$79,350

The assets pledged as collateral for the Company and its consolidated subsidiaries' indebtedness, such as property, plant and equipment and other assets, were ¥6,666 million ($41,663 thousand) and ¥6,721 million at March 31, 2026 and 2025, respectively.

Interest rates on collateralized loans ranged from 0.58% to 1.20% per annum for 2026 and from 0.58% to 1.15% per annum for 2025, while interest rates on unsecured loans ranged from 0.25% to 5.30% per annum for 2026 and from 0.00% to 5.30% per annum for 2025.

The aggregate annual maturities of long-term debt after March 31, 2026 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
2027	¥6,569	$41,056
2028	7,869	49,181
2029	4,518	28,237
2030	73,879	461,744
2031	44,328	277,050
2032 and thereafter	93,435	583,969
	¥230,598	$1,441,237

The aggregate annual maturities of finance lease obligations after March 31, 2026 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
2027	¥5,469	$34,181
2028	4,635	28,969
2029	3,303	20,644
2030	1,997	12,481
2031	1,136	7,100
2032 and thereafter	1,625	10,156
	¥18,165	$113,531

10. Retirement Benefits

The Company and its domestic consolidated subsidiaries have a defined benefit corporate pension plan, lump-sum retirement plan and defined contribution pension plan.

All of the retirement benefit trusts previously established have been fully reimbursed in the previous fiscal year.

Certain consolidated subsidiaries apply the simplified method for the calculation of net defined benefit liability and retirement benefit costs.

In addition, certain foreign subsidiaries have a defined benefit plan and defined contribution plan.

Reconciliation of the beginning and ending balance of the projected benefit obligation at March 31, 2026 and 2025 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
Change in projected benefit obligation:	2026	2025	2026
Balance at the beginning of year	¥203,878	¥213,619	$1,274,237
Service cost	8,992	9,688	56,200
Interest cost	3,500	2,532	21,875
Actuarial gain/loss	(15,132)	(12,785)	(94,575)
Benefits paid	(11,355)	(9,941)	(70,969)
Prior service cost	(29)	-	(181)
Change in scope of consolidation	-	479	-
Decrease associated with the transition to defined contribution pension plans	(80)	-	(500)
Other	(233)	286	(1,456)
Balance at the end of year	¥189,541	¥203,878	$1,184,631

Reconciliation of the beginning and ending balance of the plan assets at March 31, 2026 and 2025 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
Change in plan assets:	2026	2025	2026
Balance at the beginning of year	¥343,868	¥405,818	$2,149,175
Expected return on plan assets	8,786	10,047	54,913
Actuarial gain/loss	43,429	(7,468)	271,431
Contributions by the employer	5,351	5,339	33,444
Benefits paid	(8,154)	(6,837)	(50,963)
Return of assets from retirement benefit trusts	-	(63,597)	-
Change in scope of consolidation	-	415	-
Other	(92)	151	(575)
Balance at the end of year	¥393,188	¥343,868	$2,457,425

Reconciliation of the projected benefit obligation and plan assets to net defined benefit liability and asset recognized in the consolidated balance sheets as of March 31, 2026 and 2025 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Funded projected benefit obligation	¥137,662	¥149,328	$860,387
Plan assets	(393,188)	(343,868)	(2,457,425)
	(255,526)	(194,540)	(1,597,038)
Unfunded projected benefit obligation	51,879	54,550	324,244
Net amount of liabilities and assets recognized in consolidated balance sheets	¥(203,647)	¥(139,990)	$(1,272,794)
Net defined benefit liability	51,937	54,607	324,606
Net defined benefit asset	(255,584)	(194,597)	(1,597,400)
Net amount of liabilities and assets recognized in consolidated balance sheets	¥(203,647)	¥(139,990)	$(1,272,794)

The components of net periodic benefit costs for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Service cost (*1) (*2)	¥8,980	¥9,676	$56,125
Interest cost	3,500	2,532	21,875
Expected return on plan assets	(8,786)	(10,047)	(54,913)
Actuarial gain/loss	(15,830)	(20,552)	(98,937)
Amortization of prior service cost	(966)	(919)	(6,038)
Net periodic benefit costs of the defined benefit plan	¥(13,102)	¥(19,310)	$(81,888)
Gain on return of assets from retirement benefit trusts (*3)	¥-	¥(9,833)	$-

(*1) Employees' contribution to the corporate pension fund is deducted from "Service cost."

(*2) Retirement benefit expenses booked by consolidated subsidiaries applying the simplified method are included in "Service cost."

(*3) Gain on return of asset from retirement benefit trusts is recorded as extraordinary income.

(*4) In addition to the retirement benefit costs listed above, additional retirement benefits were recognized as other expenses in the amount of ¥4,086 million ($25,538 thousand) and ¥3,773 million for the year ended March 31, 2026 and 2025, respectively.

Remeasurements of defined benefit plans, before income-tax effect, recorded under other comprehensive income (loss) for the years ended March 31, 2026 and 2025 consisted of:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Actuarial gain/loss	¥42,783	¥(25,118)	$267,394
Prior service cost	(937)	(958)	(5,856)
Total	¥41,846	¥(26,076)	$261,538

Remeasurements of defined benefit plans, before income-tax effect, recorded under accumulated other comprehensive income at March 31, 2026 and 2025 consisted of:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Unrecognized actuarial gain/loss	¥112,761	¥69,978	$704,756
Unrecognized prior service cost	1,284	2,221	8,025
Total	¥114,045	¥72,199	$712,781

The major categories of plan assets as of March 31, 2026 and 2025 were as follows:

	2026	2025
Bonds	14%	15%
Stocks	29%	32%
Alternative investments	43%	46%
Other	14%	7%
Total	100%	100%

* The main plan assets in "Alternative investments" are hedge funds, multi-asset management, infrastructure funds, and investment in real estate.

Assumptions used for the years ended March 31, 2026 and 2025 were set forth as follows:

	2026	2025
Discount rate	3.0%	2.2%
Long-term expected rate of return on plan assets	mainly 2.5%	mainly 2.5%

* The discount rates are presented based on the weighted-average of multiple discount rates.

The amounts of required contribution to defined contribution plans for the Company and its consolidated subsidiaries were ¥2,514 million ($15,713 thousand) and ¥2,577 million for the years ended March 31, 2026 and 2025, respectively.

11. Net Assets

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

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon a resolution at the stockholders' meeting. For companies that meet certain criteria such as; (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) the term of service of directors is prescribed as one year rather than two years of normal term in its articles of incorporation, and the Board of Directors of such company 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. The Company meets all the above criteria. However, its articles of incorporation have not stipulated that the Board of Directors may declare dividends at any time during the fiscal year.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to stockholders subject to a certain limitation and additional requirements.

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 stockholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

Cash dividends of ¥22.00 ($0.14) per share, ¥9,492 million ($59,325 thousand) in aggregate, will be approved at the general stockholders' meeting to be held on June 26, 2026 with respect to the year ended March 31, 2026.

(b) Increases/decreases and transfer of common stock, reserve and surplus

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

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the stockholders that is determined by a specific formula.

Treasury stock decreased by 64,762,884 shares, which is comprised of an increase of 20,318,636 shares and a decrease of 85,081,520 shares. The details are as follows:

Detail of increase	Share
Increase due to purchase of treasury stock through a resolution of the Board of Directors' meeting	20,313,200
Increase due to free acquisition of treasury stock under the restricted stock compensation	2,180
Increase due to purchase of odd shares	2,890
Increase in the ratio of shareholding in an affiliated company accounted for under the equity method	366

Detail of decrease	Share
Decrease due to free acquisition of treasury stock under the restricted stock compensation	81,520
Decrease due to retirement of treasury stock	85,000,000

Under the Companies Act, stock acquisition rights are presented as a separate component of net assets.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of net assets or deducted directly from stock acquisition rights. At present, the Company has not issued such stock acquisition rights.

12. Accounts with Non-consolidated Subsidiaries and Associated Companies

Account balances with non-consolidated subsidiaries and associated companies as of March 31, 2026 and 2025 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Trade receivables	¥8,738	¥7,442	$54,613
Other current assets	775	1,601	4,844
Investment securities	189,893	181,375	1,186,831
Long-term loans receivable	1,016	280	6,350
Other investments	27,106	23,053	169,413
Trade payables	3,930	3,922	24,563
Accrued expenses	0	461	0
Other current liabilities	2,029	1,550	12,681

13. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended March 31, 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Salaries and allowances	¥74,790	¥72,891	$467,438
Accrued bonuses	8,563	7,749	53,519
Provision for retirement benefits	(3,311)	(6,223)	(20,694)
Depreciation	13,260	10,629	82,875
Research and development expenses	42,277	37,561	264,231
Others	129,365	122,059	808,531
	¥264,944	¥244,666	$1,655,900

14. Other Income (Expenses)

The following types of income from non-consolidated subsidiaries and associated companies were included in other income (expenses).

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Interest expense	¥7	¥1	$44
Interest and dividends income	13	501	81
Rent income on facilities	64	74	400

15. Income Taxes

The Company and its consolidated subsidiaries are subject to a number of different taxes based on income, which, in the aggregate, resulted in a normal effective statutory tax rate.

The actual effective tax rate reflected in the accompanying consolidated statements of income differs from the normal effective statutory tax rate primarily due to the effect of permanently non-deductible expenses, current operating losses and different tax rates applicable to foreign subsidiaries, etc.

The following is a reconciliation of the difference between the normal effective statutory tax rate and the actual effective tax rate for the years ended March 31, 2026 and 2025, respectively.

	2026	2025
Normal effective statutory tax rate	-	30.6 %
Permanent differences	-	(0.1)
Amortization of consolidation goodwill	-	0.3
Change in valuation allowance	-	3.9
Equity in earnings of affiliates	-	(2.9)
Per capita inhabitants' taxes	-	0.4
Tax credit	-	(0.5)
Tax rate differences in consolidated subsidiaries	-	0.2
Undistributed earnings of subsidiaries and associates	-	0.9
Effective income tax rate change	-	(0.1)
Other	-	(0.0)
Actual effective tax rate	-	32.7 %

* The note has been omitted for the fiscal year ended March 31, 2026 because the difference between the normal effective statutory tax rate and the actual effective tax rate is less than 5 percentage points.

Significant components of deferred tax assets and liabilities at March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2026	2025	2026
Deferred tax assets:			
Impairment loss on fixed assets	¥34,394	¥37,876	$214,963
Net defined benefit liability	15,710	16,386	98,188
Tax loss carryforwards (*2)	10,767	10,884	67,294
Accrued bonuses	7,065	6,609	44,156
Accrued enterprise tax	831	2,911	5,194
Loss on write-down of inventories	1,700	1,719	10,625
Loss on devaluation of available-for-sale securities	2,213	1,680	13,831
Other	23,574	21,857	147,337
Total deferred tax assets	96,254	99,922	601,588
Valuation allowance for tax loss carryforwards (*2)	(10,145)	(9,908)	(63,406)
Valuation allowance for deductible temporary differences	(31,329)	(32,273)	(195,807)
Total valuation allowance (*1)	(41,474)	(42,181)	(259,213)
Total	¥54,780	¥57,741	$342,375
Deferred tax liabilities:			
Net defined benefit asset	¥(80,509)	¥(61,298)	$(503,181)
Unrealized gain on available-for-sale securities	(40,404)	(47,241)	(252,525)
Undistributed earnings of subsidiaries and associates	(8,677)	(7,032)	(54,231)
Reserve for special depreciation	(42)	(61)	(263)
Other	(6,850)	(5,678)	(42,813)
Total	¥(136,482)	¥(121,310)	$(853,013)
Net deferred tax assets (liabilities) :	¥(81,702)	¥(63,569)	$(510,638)

(*1) Valuation allowance decreased by ¥707 million ($4,418 thousand). The change was mainly caused by the following: Valuation allowance for deductible temporary differences decreased mainly due to the increase of the recoverable amount in subsequent years as a result of forecasting taxable income in the future.

(*2) The amounts by the expiration period of tax loss carryforwards, related valuation allowance and the resulting deferred tax assets as of March 31, 2026 and 2025 were as follows:

March 31, 2026	Millions of yen		
	Tax loss carryforwards (a)	Valuation allowance	Deferred tax assets
2027	¥553	¥(537)	¥16
2028	613	(613)	-
2029	531	(531)	-
2030	1,095	(924)	171
2031	334	(208)	126
2032 and thereafter	7,641	(7,332)	309
Total	¥10,767	¥(10,145)	(b) ¥622

March 31, 2026	Thousands of U.S. dollars (Note 3)		
	Tax loss carryforwards (a)	Valuation allowance	Deferred tax assets
2027	$3,456	$(3,356)	$100
2028	3,831	(3,831)	-
2029	3,319	(3,319)	-
2030	6,844	(5,775)	1,069
2031	2,088	(1,300)	788
2032 and thereafter	47,756	(45,825)	1,931
Total	$67,294	$(63,406)	(b) $3,888

(a) Tax loss carryforwards are the amounts obtained by multiplying by the normal effective statutory tax rate.

(b) For the tax loss carryforwards of ¥10,767 million ($67,294 thousand) (the amount multiplied by the normal effective statutory tax rate), the Company recognized deferred tax assets of ¥622 million ($3,888 thousand).

The deferred tax assets of ¥622 million ($3,888 thousand) above are recognized because part of the tax loss carryforwards recorded by the consolidated subsidiaries are expected to be recoverable as a result of estimated taxable income in the future.

March 31, 2025	Millions of yen		
	Tax loss carryforwards (a)	Valuation allowance	Deferred tax assets
2026	¥541	¥(513)	¥28
2027	580	(580)	-
2028	606	(606)	-
2029	524	(524)	-
2030	1,073	(895)	178
2031 and thereafter	7,560	(6,790)	770
Total	¥10,884	¥(9,908)	(b) ¥976

(a) Tax loss carryforwards are the amounts obtained by multiplying by the normal effective statutory tax rate.

(b) For the tax loss carryforwards of ¥10,884 million (the amount multiplied by the normal effective statutory tax rate), the Company recognized deferred tax assets of ¥976 million.

The deferred tax assets of ¥976 million above are recognized because part of the tax loss carryforwards recorded by the consolidated subsidiaries are expected to be recoverable as a result of estimated taxable income in the future.

16. Impairment Loss on Fixed Assets

Impairment loss on fixed assets for the year ended March 31, 2026 was as follows:

Location	Purpose of use	Category	Millions of yen	Thousands of U.S. dollars (Note 3)
Shinjuku-ku, Tokyo and others	Information innovation business related assets	Buildings and structures, machinery and equipment, construction in progress and others	¥5,408	$33,800
Hikone City, Shiga and others	Industrial high-performance materials business related assets	Buildings and structures, machinery and equipment, construction in progress and others	3,554	22,212
Kuki City, Saitama and others	Publishing business related assets	Buildings and structures, machinery and equipment, construction in progress and others	974	6,088
Okayama City, Okayama and others	Mobility & Living business related assets	Buildings and structures, machinery and equipment, construction in progress and others	954	5,963
Others	Business assets other than listed above	Buildings and structures, machinery and equipment, construction in progress and others	2,404	15,025

The Company and its consolidated subsidiaries reviewed the fixed assets for impairment for the year ended March 31, 2026. Fixed assets were, in principle, grouped at the business unit for impairment testing purposes. Idle assets were grouped in each asset.

As a result, the difference between carrying amounts and recoverable values was recorded as "Impairment loss on fixed assets" in the amount of ¥13,294 million ($83,088 thousand), which is comprised of buildings and structures of ¥3,138 million ($19,613 thousand), machinery and equipment of ¥2,979 million ($18,619 thousand), construction in progress of ¥609 million ($3,806 thousand) and others of ¥6,568 million ($41,050 thousand), for the year ended March 31, 2026.

The recoverable value of assets whose profitability had declined has been measured at the value in use or the net selling value. Assets which were measured at the value in use were calculated based on future operating cash flow discounted at a rate based on the weighted average cost of capital; however, it was assessed at the value of zero in the case where future operating cash flows are expected to be negative. Assets which were measured at the net selling value were calculated based on real estate appraisal values, etc. Regarding sites that the Company plans to close or relocate, the carrying amount of assets that will become unnecessary at the time of site closure or relocation is reduced.

17. Leases

Finance Leases

Information concerning finance lease transactions has been omitted, due to the insignificance of such disclosure.

Operating Leases

The amounts of outstanding future payments under non-cancelable operating leases as of March 31, 2026 and 2025 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
Future lease payments:	2026	2025	2026
One year or less	¥6,184	¥6,405	$38,650
More than one year	20,775	23,830	129,844
	¥26,959	¥30,235	$168,494

18. Financial Instruments

1. Management policy

The Company and its consolidated subsidiaries manage surplus funds through financial assets that have high levels of safety and raise funds through bank loans and bond issuances. The Company and its consolidated subsidiaries also utilize derivative financial instruments to hedge the risk of exchange rate fluctuations and do not enter into derivatives transactions for speculative purposes.

The trade receivables are exposed to credit risk of customers, and the Company and its consolidated subsidiaries minimize the credit risk in accordance with internal rules for customer credit management.

Long-term investments are mainly equity securities. Market prices and the financial condition of issuers (business counterparties) of such investments are obtained on a regular basis.

2. Fair value of financial instruments

Fair value and differences compared to the carrying amounts reported in the consolidated balance sheets as of March 31, 2026 and 2025 were as follows:

March 31, 2026	Millions of yen		
	Carrying amounts	Fair value	Differences
Long-term investment securities	¥206,456	¥263,362	¥56,906
Assets	206,456	263,362	56,906
Long-term debts	230,598	211,999	(18,599)
Liabilities	230,598	211,999	(18,599)
Derivatives (*2)			
[1] Hedge accounting is not applied	(184)	(184)	-
[2] Hedge accounting is applied	3	3	-
Total	¥(181)	¥(181)	¥-

March 31, 2026	Thousands of U.S. dollars (Note 3)		
	Carrying amounts	Fair value	Differences
Long-term investment securities	$1,290,350	$1,646,013	$355,663
Assets	1,290,350	1,646,013	355,663
Long-term debts	1,441,237	1,324,994	(116,243)
Liabilities	1,441,237	1,324,994	(116,243)
Derivatives (*2)			
[1] Hedge accounting is not applied	(1,150)	(1,150)	-
[2] Hedge accounting is applied	19	19	-
Total	$(1,131)	$(1,131)	$-

March 31, 2025	Millions of yen		
	Carrying amounts	Fair value	Differences
Long-term investment securities	¥239,058	¥298,854	¥59,796
Assets	239,058	298,854	59,796
Long-term debts	130,261	119,906	(10,355)
Liabilities	130,261	119,906	(10,355)
Derivatives (*2)			
[1] Hedge accounting is not applied	84	84	-
[2] Hedge accounting is applied	(35)	(35)	-
Total	¥49	¥49	¥-

(*1) "Cash and deposits", "Trade receivables", "Trade payables" and "Short-term bank loans" are omitted as the fair values approximate their book values as they are cash or accounts settled in a short period of time.

(*2) Derivative assets and liabilities are presented on a net basis.

(*3) Equity securities, etc., that do not have a market price.

March 31, 2026	Millions of yen	Thousands of U.S. dollars (Note 3)
	Carrying amounts	Carrying amounts
Unlisted equity securities	¥162,519	$1,015,744
Others	530	3,313

March 31, 2025	Millions of yen
	Carrying amounts
Unlisted equity securities	¥153,535
Others	533

The above instruments are not included in "Long-term investment securities".

3. Fair value hierarchy levels

Depending on observability and importance of inputs into the valuation techniques used in measurement, fair value of financial instruments is categorized into the following three levels:

Level 1: Fair value measured with quoted prices in active markets for identical assets or liabilities
Level 2: Fair value measured with inputs other than quoted prices categorized as level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Fair value measured with inputs not based on observable market data for the asset or liability
If multiple inputs that have a significant impact in measurement are used, the fair value hierarchy level will be the lowest priority level in each input.

The fair value hierarchy level of financial instruments reported at fair value in the consolidated balance sheets as of March 31, 2026 and 2025 were as follows:

March 31, 2026	Millions of yen			
	Level 1	Level 2	Level 3	Total
Long-term investment securities				
Marketable available-for-sale securities				
Stocks	¥167,104	¥ -	¥ -	¥167,104
Others	-	112	10	122
Assets	167,104	112	10	167,226
Derivative transactions				
Derivative liabilities	-	180	-	180
Liabilities	-	180	-	180

March 31, 2026	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Long-term investment securities				
Marketable available-for-sale securities				
Stocks	$1,044,400	$-	$-	$1,044,400
Others	-	700	63	763
Assets	1,044,400	700	63	1,045,163
Derivative transactions				
Derivative liabilities	-	1,125	-	1,125
Liabilities	-	1,125	-	1,125

March 31, 2025	Millions of yen			
	Level 1	Level 2	Level 3	Total
Long-term investment securities				
Marketable available-for-sale securities				
Stocks	¥203,401	¥ -	¥ -	¥203,401
Others	-	100	-	100
Assets	203,401	100	-	203,501
Derivative transactions				
Derivative liabilities	-	(49)	-	(49)
Liabilities	-	(49)	-	(49)

* "Long-term investment securities" does not include investment trusts whose net asset value is considered as fair value in accordance with generally accepted accounting principles. The investment trust is recorded as ¥64 million ($400 thousand) on the Consolidated Balance Sheet.

The fair value hierarchy level of financial instruments other than financial instruments reported at fair value in the consolidated balance sheets as of March 31, 2026 and 2025 were as follows:

March 31, 2026	Millions of yen			
	Level 1	Level 2	Level 3	Total
Long-term investment securities				
Held-to-maturity debt securities	¥ -	¥311	¥ -	¥311
Affiliated company stocks	95,761	-	-	95,761
Assets	95,761	311	-	96,072
Long-term debt	-	211,999	-	211,999
Liabilities	-	211,999	-	211,999

March 31, 2026	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Long-term investment securities				
Held-to-maturity debt securities	$-	$1,944	$-	$1,944
Affiliated company stocks	598,506	-	-	598,506
Assets	598,506	1,944	-	600,450
Long-term debt	-	1,324,994	-	1,324,994
Liabilities	-	1,324,994	-	1,324,994

March 31, 2025	Millions of yen			
	Level 1	Level 2	Level 3	Total
Long-term investment securities				
Held-to-maturity debt securities	¥-	¥312	¥-	¥312
Affiliated company stocks	94,994	-	-	94,994
Assets	94,994	312	-	95,306
Long-term debt	-	119,906	-	119,906
Liabilities	-	119,906	-	119,906

* The valuation techniques and inputs used in fair value measurement

Long-term investment securities

The fair value of equity securities and debt securities are mainly measured at the quoted market price of the stock exchange. Equity securities are categorized as level 1 of the fair value hierarchy because they are traded in active markets. Corporate bonds held by the Company and its consolidated subsidiaries are categorized as level 2 because they are not traded frequently in the market and are not considered as quoted prices in active markets. The J-KISS type stock acquisition rights included in others are valued based on the most recent market price, considering events that may affect their value. They are categorized as level 3 because their valuation primarily is based on past transaction prices.

Derivative transactions

The fair value of foreign currency forward contracts is measured by using the discounted cash flow method with observable inputs such as interest rates and exchange rates, and they are categorized as level 2.

Long-term debts

The fair values of bonds issued by the Company and its consolidated subsidiaries are measured by using transaction reference statistics published by the Japan Securities Dealers Association, if available. The fair values of bonds without market price are measured at the present value of total principal and interest discounted by using a rate which reflects its remaining period and credit risk. They are each categorized as level 2.

The fair values of long-term debts are based on the present value of total principal and interest discounted by the current borrowing rate for a similar debt. They are categorized as level 2.

19. Derivative Financial Instruments

Nature of Derivative Financial Instruments:

The Company and certain consolidated subsidiaries enter into foreign currency forward contracts as derivatives to manage the risk arising from fluctuations in foreign currency exchange rates. Derivatives related to currency are utilized to hedge foreign exchange risks associated with certain trade receivables, trade payables and other debts, including forecasted transactions, denominated in foreign currencies. The Company and its consolidated subsidiaries do not hold derivatives for speculative purposes.

Derivatives are subject to market risks and credit risks. Because the counterparties to those derivatives are limited to major international financial institutions, the Company and its consolidated subsidiaries do not anticipate any losses arising from credit risks. The Accounting Department controls and executes derivatives based on the internal policies of the Company.

Fair value of derivatives:

The contracted amount and fair value of derivatives at March 31, 2026 and 2025 were as follows:

Derivative transactions to which the Company and its consolidated subsidiaries did not apply hedge accounting

March 31, 2026	Millions of yen		
	Contracted amount	Fair value	Unrealized gain (loss)
Foreign currency forward contracts			
Receivables:			
U.S. dollars	¥8,075	¥(172)	¥(172)
Euro	2,817	(12)	(12)
Payables:			
U.S. dollars	25	0	0
	¥10,917	¥(184)	¥(184)

March 31, 2026	Thousands of U.S. dollars (Note 3)		
	Contracted amount	Fair value	Unrealized gain (loss)
Foreign currency forward contracts			
Receivables:			
U.S. dollars	$50,469	$(1,075)	$(1,075)
Euro	17,606	(75)	(75)
Payables:			
U.S. dollars	156	0	0
	$68,231	$(1,150)	$(1,150)

March 31, 2025	Millions of yen		
	Contracted amount	Fair value	Unrealized gain (loss)
Foreign currency forward contracts			
Receivables:			
U.S. dollars	¥13,742	¥106	¥106
Euro	1,711	(22)	(22)
Payables:			
U.S. dollars	5	(0)	(0)
Chinese yuan	11	(0)	(0)
	¥15,469	¥84	¥84

Derivative transactions to which the Company and its consolidated subsidiaries applied hedge accounting

March 31, 2026	Millions of yen		
	Hedged items	Contracted amount	Fair value
Foreign currency forward contracts			
Receivables:			
U.S. dollars	Forecasted foreign currency transactions	¥262	¥(12)
U.S. dollars	Trade receivables	10	-
Payables:			
U.S. dollars	Forecasted foreign currency transactions	1,979	11
U.S. dollars	Trade payables	263	-
Euro	Forecasted foreign currency transactions	17	(0)
Euro	Trade payables	3	-
Chinese yuan	Forecasted foreign currency transactions	132	4
Chinese yuan	Trade payables	46	-
		¥2,712	¥3

March 31, 2026	Thousands of U.S. dollars (Note 3)		
	Hedged items	Contracted amount	Fair value
Foreign currency forward contracts			
Receivables:			
U.S. dollars	Forecasted foreign currency transactions	$1,637	$(75)
U.S. dollars	Trade receivables	63	-
Payables:			
U.S. dollars	Forecasted foreign currency transactions	12,369	69
U.S. dollars	Trade payables	1,644	-
Euro	Forecasted foreign currency transactions	106	(0)
Euro	Trade payables	19	-
Chinese yuan	Forecasted foreign currency transactions	825	25
Chinese yuan	Trade payables	287	-
		$16,950	$19

March 31, 2025	Millions of yen		
	Hedged items	Contracted amount	Fair value
Foreign currency forward contracts			
Receivables:			
U.S. dollars	Forecasted foreign currency transactions	¥158	¥2
Payables:			
U.S. dollars	Forecasted foreign currency transactions	2,753	(32)
U.S. dollars	Trade payables	279	-
Euro	Forecasted foreign currency transactions	112	(0)
Euro	Trade payables	1	-
Chinese yuan	Forecasted foreign currency transactions	176	(4)
Chinese yuan	Trade payables	51	-
Sterling pound	Forecasted foreign currency transactions	118	(1)
		¥3,648	¥(35)

The fair values of foreign currency forward contracts subject to the alternative method are included in the fair values of trade receivables and trade payables as hedged items.

The fair value of derivatives is determined based on forward exchange rates or information provided by financial institutions at the end of the fiscal year.

20. Revenue Recognition

Relations between satisfaction of performance obligations in contracts with customers and the cash flows, and the amount and timing of revenues to be recognized in the following years due to the contracts with customers as of the end of this fiscal year

(1) Balance of receivables from contracts with customers, contract assets and contract liabilities

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2026	2025	2026
Receivables from contracts with customers (opening balances)	¥340,963	¥347,784	$2,131,019
Receivables from contracts with customers (closing balances)	334,425	340,963	2,090,156
Contract assets (opening balances)	613	646	3,831
Contract assets (closing balances)	589	613	3,681
Contract liabilities (opening balances)	31,955	25,518	199,719
Contract liabilities (closing balances)	39,080	31,955	244,250

Contract assets primarily relate to the Company and its consolidated subsidiaries' rights to receive consideration for performance obligations that have been completed, but not yet billed for, as of the closing date. Contract assets are reclassified as receivables when the Company and its consolidated subsidiaries' right to payment becomes unconditional.

Contract liabilities mainly relate to consideration received from customers before satisfaction of performance obligations based on contracts, which are reclassified as revenues when the Company and its consolidated subsidiaries perform based on contracts with customers. Contract liabilities are included in other current liabilities and other long-term liabilities on the balance sheet.

There were no significant revenue amounts which were recognized in the current and previous fiscal years that were included in the opening balances of contract liabilities.

There were no significant revenue amounts which were recognized in the current and previous fiscal years based on satisfaction of performance obligations in the past period (the transaction price changes, etc.).

(2) Transaction price allocated to the remaining performance obligation

There are no material contracts with an expected term in excess of one year. Details of remaining performance obligations are not provided, obeying the practical expedients.

21. Per Share Information

Net assets per share, Basic earnings per share and Diluted earnings per share for the years ended March 31, 2026 and 2025 were as follows:

Per share information:	Yen 2026	2025	U.S. dollars (Note 3) 2026
Net assets	¥2,759.42	¥2,514.77	$17.25
Basic earnings	235.49	238.90	1.47
Diluted earnings	235.45	238.88	1.47

* The Company conducted a stock split of its common shares at a ratio of one share to two shares on the effective date of October 1, 2024. Accordingly, net assets per share, basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the preceding fiscal year.

22. Significant Subsequent Events

At the Board of Directors meeting held on May 13, 2026, the Company resolved to acquire treasury stock pursuant to the provisions of Article 156 of the Companies Act of Japan, as applied mutatis mutandis to the provisions of Article 165, Paragraph 3 of the Companies Act. For details, please refer to the “Announcement of Share Buyback” dated May 13, 2026.

23. Segment Information

Outline of reportable segments:

The Company and its consolidated subsidiaries' reportable segments are components of the group whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance, for which discrete financial information is available. The group's reportable segments consist of Smart Communication, Life & Healthcare, and Electronics based on a classification by commonality in the manufacturing and marketing method of products.

"Smart Communication" involves production and sale as follows:
Books including standard books, dictionaries, commemorative and memorial editions, all types of magazines including weekly, monthly and quarterly, corporate PR magazines, textbooks, e-books, digital marketing support from sales promotions to customer analysis, BPR consulting and BPO services related to corporate business processes and sales processes, contact center business, IPS, smart cards, payment-related services, card-related equipment, authentication and security services and related products, IC tags, holograms, business forms, catalogs, leaflets, brochures, calendars, point-of-purchase (POP) materials, digital (electronic) signage, planning / development / production / construction / operations related to events / stores / products / contents, etc., services using generative AI, planning/development/production/operations of virtual space, dye-sublimation thermal transfer media (color ink ribbons, receiver paper, and dye-sublimation photo printer), thermal resin-type transfer printing media (monochrome ink ribbons), ID photo business, portrait photograph and ID solutions, entertainment and amusement imaging solutions, e-book distribution and sales, book sales, library management, etc.

" Life & Healthcare" involves production and sale as follows:
Lithium-ion battery pouches, photovoltaic module components, transparent barrier film products, industrial high-performance materials, various types of packaging materials for products such as foods, beverages, snacks, household items and medical supplies; cups, plastic bottles, laminated tubes, molded plastic containers, aseptic filling systems, interior and exterior materials for homes, stores, offices, vehicles, home appliances, and furniture, etc.; molded parts for automobiles, metallic veneers, contract manufacturing of bulk pharmaceutical intermediates, pharmaceutical contract formulation, carbonated drinks, coffee beverages, tea beverages, fruit juices, functional beverages, mineral water, alcoholic beverages, etc.

"Electronics" involves production and sale as follows:
Optical films for displays, metal masks for organic EL displays, large photomasks for liquid crystal displays, electric shades, photomasks for semiconductor products, lead frames for small semiconductor packages, LSI design, hard disk drive suspensions, camera module components for smartphones, etc.

Accounting policies and methods used at reportable segments are the same as those described in Note 2 Significant Accounting Policies. Profit or loss of reportable segments is equal to operating income on the consolidated statements of income. Intersegment sales and transfers are based on prevailing market prices.

Changes in reportable segments:

Effective from the current fiscal year, we have reclassified the reporting segment for certain equity-method affiliates from “Adjustments” to “Smart Communication segment” in accordance with a review of our business management segments.

Segment information for the previous fiscal year is presented based on the new name and classification method.

Information on sales and operating income, identifiable assets and other items by reportable segment and income analysis information

Millions of yen

For 2026 :	Reportable segments: Smart Communication	Life & Healthcare	Electronics	Total	Adjustments (*1)	Consolidated (*2)
Net sales and operating income						
Net sales (*3)						
Outside customers	¥748,674	¥512,093	¥251,804	¥1,512,571	¥-	¥1,512,571
Intersegment	1,705	256	-	1,961	(1,961)	-
Total	750,379	512,349	251,804	1,514,532	(1,961)	1,512,571
Segment income	40,003	37,261	50,702	127,966	(26,927)	101,039
Segment assets	¥785,846	¥491,439	¥410,898	¥1,688,183	¥345,928	¥2,034,111
Others						
Depreciation and amortization	¥18,000	¥14,863	¥17,879	¥50,742	¥2,074	¥52,816
Amortization of goodwill	1,179	772	2	1,953	-	1,953
Impairment loss	6,806	5,455	1,033	13,294	-	13,294
Investments in equity-method affiliates	44,624	275	149,670	194,569	18,377	212,946
Increase in property, plant and equipment and intangible assets	25,433	22,865	31,223	79,521	8,222	87,743

Thousands of U.S. dollars (Note 3)

For 2026 :	Reportable segments: Smart Communication	Life & Healthcare	Electronics	Total	Adjustments (*1)	Consolidated (*2)
Net sales and operating income						
Net sales (*3)						
Outside customers	$4,679,213	$3,200,581	$1,573,775	$9,453,569	$-	$9,453,569
Intersegment	10,656	1,600	-	12,256	(12,256)	-
Total	4,689,869	3,202,181	1,573,775	9,465,825	(12,256)	9,453,569
Segment income	250,019	232,881	316,888	799,788	(168,294)	631,494
Segment assets	$4,911,537	$3,071,494	$2,568,113	$10,551,144	$2,162,050	$12,713,194
Others						
Depreciation and amortization	$112,500	$92,894	$111,744	$317,138	$12,962	$330,100
Amortization of goodwill	7,369	4,825	12	12,206	-	12,206
Impairment loss	42,538	34,094	6,456	83,088	-	83,088
Investments in equity-method affiliates	278,900	1,719	935,437	1,216,056	114,857	1,330,913
Increase in property, plant and equipment and intangible assets	158,956	142,906	195,144	497,006	51,388	548,394

(*1) Adjustments are as follows:

(1) Adjustment of segment income consists of basic research expenses not attributable to reportable segments and research expenses shared by each reportable segment.

(2) Adjustment of segment assets consists of corporate assets not allocated to reportable segments and intersegment eliminations.

(3) Adjustment of investments in equity-method affiliates consists of the investments in equity-method affiliates not attributable to reportable segments.

(4) Adjustment of increases in property, plant and equipment and in intangible assets consists of capital investments mainly for the head office building.

(*2) Segment income is reconciled to operating income in the consolidated financial statements.

(*3) Sales include revenues generated from contracts with customers as well as other revenues, but because almost all revenues are generated from contracts with customers, the other revenues are insignificant and are therefore not displayed separately.

Information on sales and operating income, identifiable assets and other items by reportable segment and income analysis information

	Millions of yen					
	Reportable segments				Adjustments (*1)	Consolidated (*2)
For 2025 :	Smart Communication	Life & Healthcare	Electronics	Total		
Net sales and operating income						
Net sales (*3)						
Outside customers	¥713,977	¥495,855	¥247,777	¥1,457,609	¥-	¥1,457,609
Intersegment	1,598	183	1	1,782	(1,782)	-
Total	715,575	496,038	247,778	1,459,391	(1,782)	1,457,609
Segment income	34,668	23,790	57,363	115,821	(22,209)	93,612
Segment assets	¥788,447	¥484,742	¥385,755	¥1,658,944	¥258,894	¥1,917,838
Others						
Depreciation and amortization	¥16,248	¥21,352	¥14,424	¥52,024	¥1,685	¥53,709
Amortization of goodwill	448	176	2	626	-	626
Impairment loss	9,700	55,843	4,373	69,916	352	70,268
Investments in equity-method affiliates	40,754	218	142,661	183,633	16,716	200,349
Increase in property, plant and equipment and intangible assets	31,276	19,194	23,069	73,539	3,089	76,628

(*1) Adjustments are as follows:

(1) Adjustment of segment income consists of basic research expenses not attributable to reportable segments and research expenses shared by each reportable segment.

(2) Adjustment of segment assets consists of corporate assets not allocated to reportable segments and intersegment eliminations.

(3) Adjustment of impairment loss consists of impairment loss for corporate assets not allocated to reportable segments.

(4) Adjustment of investments in equity-method affiliates consists of the investments in equity-method affiliates not attributable to reportable segments.

(5) Adjustment of increases in property, plant and equipment and in intangible assets consists of capital investments mainly for the head office building.

(*2) Segment income is reconciled to operating income in the consolidated financial statements.

(*3) Sales include revenues generated from contracts with customers as well as other revenues, but because almost all revenues are generated from contracts with customers, the other revenues are insignificant and are therefore not displayed separately.

[Related information]

Information by geographic area

	Millions of yen			
For 2026 :	Japan	Asia	Other regions	Total
Net sales	¥1,130,423	¥258,294	¥123,854	¥1,512,571

	Thousands of U.S. dollars (Note 3)			
For 2026 :	Japan	Asia	Other regions	Total
Net sales	$7,065,144	$1,614,338	$774,087	$9,453,569

	Millions of yen			
For 2025 :	Japan	Asia	Other regions	Total
Net sales	¥1,105,107	¥248,763	¥103,739	¥1,457,609

Information about goodwill by reportable segments

	Millions of yen			
	Reportable segments			Total
For 2026 :	Smart Communication	Life & Healthcare	Electronics	
Unamortized balance of goodwill	¥22,731	¥7,790	¥34	¥30,555

	Thousands of U.S. dollars (Note 3)			
	Reportable segments			Total
For 2026 :	Smart Communication	Life & Healthcare	Electronics	
Unamortized balance of goodwill	$142,069	$48,688	$212	$190,969

	Millions of yen			
	Reportable segments			Total
For 2025 :	Smart Communication	Life & Healthcare	Electronics	
Unamortized balance of goodwill	¥314	¥9,945	¥36	¥10,295

(*) The amount of amortization of goodwill is omitted as it is disclosed in "Segment Information".

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Dai Nippon Printing Co., Ltd.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dai Nippon Printing Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively, "the Group"), which comprise the consolidated balance sheets as at March 31, 2026 and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in 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 ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, including provisions applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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

Reasonableness of management's judgment of the recoverability of deferred tax assets of Dai Nippon Printing Co., Ltd.	
A key audit matter and the basis of our determination	How the matter was addressed in the audit
The Company recorded deferred tax assets of 8,378 million yen and deferred tax liabilities of 90,079 million yen in the consolidated balance sheets for the current fiscal year. As described in Note 15 (Income Taxes), the amount of deferred tax assets before offsetting with deferred tax liabilities is 54,780 million yen, which is the difference between the total amount of deferred tax assets related to future deductible temporary differences, etc., of 96,254 million yen and the valuation allowance of 41,474 million yen. The amount recorded in Dai Nippon Printing Co., Ltd., which accounts for the majority of the deferred tax assets before offsetting, is	The primary procedures we performed to assess the reasonableness of the management's judgment of recoverability of deferred tax assets of Dai Nippon Printing Co., Ltd. included the following: (1) Internal control testing We tested the design and operating effectiveness of the internal controls relevant to the judgment of the recoverability of deferred tax assets, including assumptions about the forecasts. (2) Assessment of the reasonableness of the assumption of the recoverability of deferred

particularly significant. The recoverability of deferred tax assets depends on the appropriateness of the classification of companies, the sufficiency of future taxable income, and the scheduling of the years in which future deductible temporary differences, etc., are expected to be reversed, as indicated in the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26). Estimating future taxable income based on business plans to be approved by the board of directors is based on the assumption that the effects of prolonged geopolitical risks on the business environment will continue for a certain period; however, it is not possible to accurately predict the effects of geopolitical risks on the business environment, and these factors involve estimates in the form of management's forecasts and judgment. Therefore, we determined that the reasonableness of the management's judgment of the recoverability of deferred tax assets of Dai Nippon Printing Co., Ltd. was the most significant in our audit of the consolidated financial statements for the current fiscal year and, accordingly, a key audit matter.	tax assets • We assessed the appropriateness of the classification of companies based on the "Implementation Guidance on Recoverability of Deferred Tax Assets." • We assessed the consistency of the forecast, which is the premise for estimating future taxable income, with the future business plan to be approved by the board of directors. • We evaluated the degree of accuracy of estimation for the business plan prepared by the Company by comparing the business plans of prior periods with the historical results. • We evaluated the degree of accuracy of the estimates prepared by the Company by comparing the estimated future taxable income of prior periods with the historical results. • We discussed with management the projected values of the business plan and confirmed their consistency with available market trends. • We assessed the reasonableness of the key assumptions used in the scheduling of future years in which future deductible temporary differences, etc., are expected to be reversed by reviewing and cross-referencing relevant internal documents and by asking questions.

Other Information

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

We have not performed any work on the other information as we have determined that there is no other information.

Responsibilities of Management, 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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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, select and perform the audit procedures based on the auditor's judgment and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- 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 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 as well as whether overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review 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, actions taken to eliminate threats or safeguards applied.

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

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 283 million yen and 2 million yen, respectively.

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 3 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

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.

海老澤弘毅

Hiroki Ebisawa
Designated Engagement Partner
Certified Public Accountant

長崎善道

Yoshimichi Nagasaki
Designated Engagement Partner
Certified Public Accountant

桑田高志

Takashi Kuwata
Designated Engagement Partner
Certified Public Accountant

ARK LLC
Tokyo office, Japan
June 23, 2026