

# Detailed Consolidated Financial Statements

March 31, 2025 and 2024

(With Independent Auditors' Report Thereon)

June 27, 2025

**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>

©2025 DNP

**DNP**

## Contents

Consolidated Balance Sheets.....	1
Consolidated Statements of Income.....	3
Consolidated Statements of Comprehensive Income.....	4
Consolidated Statements of Changes in Net Assets.....	5
Consolidated Statements of Cash Flows.....	8
Notes to Consolidated Financial Statements.....	10
1. Basis of Presenting the Consolidated Financial Statements.....	10
2. Significant Accounting Policies.....	10
3. Basis of Translating Financial Statements.....	15
4. Significant Accounting Estimates.....	15
5. Changes in Accounting Policies.....	16
6. Accounting Standard Issued but Not Yet Applied.....	16
7. Cash and Cash Equivalents.....	16
8. Marketable Securities and Investment Securities.....	17
9. Inventories.....	19
10. Short-term Bank Loans and Long-term Debt.....	19
11. Retirement Benefits.....	21
12. Net Assets.....	24
13. Accounts with Non-consolidated Subsidiaries and Associated Companies.....	26
14. Selling, General and Administrative Expenses.....	26
15. Other Income (Expenses).....	27
16. Income Taxes.....	27
17. Impairment Loss on Fixed Assets.....	31
18. Leases.....	32
19. Financial Instruments.....	33
20. Derivative Financial Instruments.....	37
21. Contingent Liabilities.....	39
22. Revenue Recognition.....	40
23. Per Share Information.....	40
24. Significant Subsequent Events.....	41
25. Segment Information.....	42
Independent Auditor's Report	

## CONSOLIDATED BALANCE SHEETS

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries  
March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 3)
Assets	2025	2024	2025
<b>Current assets:</b>			
Cash and cash equivalents (Notes 7 and 10)	¥250,634	¥234,570	\$1,670,893
Time deposits	4,361	1,696	29,073
Trade receivables (Notes 13 and 22)	340,963	347,784	2,273,087
Allowance for doubtful receivables	(478)	(664)	(3,187)
Inventories (Note 9)	165,728	164,497	1,104,853
Prepaid expenses and other current assets (Notes 8, 13 and 22)	63,485	51,435	423,234
Total current assets	824,693	799,318	5,497,953
<b>Investments and advances:</b>			
Non-consolidated subsidiaries and associated companies (Notes 13 and 19)	204,708	105,372	1,364,720
Investment securities (Notes 8, 10 and 19)	211,751	289,179	1,411,673
Other	1,326	459	8,840
Total investments and advances	417,785	395,010	2,785,233
<b>Property, plant and equipment, at cost (Notes 10, 17 and 18):</b>			
Land	141,787	142,404	945,247
Buildings and structures	555,619	572,979	3,704,127
Machinery and equipment	819,763	825,133	5,465,087
Leased assets and right-of-use assets	31,352	26,817	209,013
Construction in progress	17,607	23,752	117,380
Total	1,566,128	1,591,085	10,440,854
Accumulated depreciation	(1,160,332)	(1,137,945)	(7,735,547)
Net property, plant and equipment	405,796	453,140	2,705,307
<b>Other assets</b>			
Net defined benefit asset (Note 11)	194,597	248,389	1,297,313
Deferred tax assets (Note 16)	9,434	8,718	62,893
Other (Note 17)	65,533	51,054	436,888
Total other assets	269,564	308,161	1,797,094
<b>Total assets</b>	<b>¥1,917,838</b>	<b>¥1,955,629</b>	<b>\$12,785,587</b>

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
<b>Liabilities and Net Assets</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>
<b>Current liabilities:</b>			
Short-term bank loans (Note 10)	¥31,748	¥38,262	\$211,653
Current portion of long-term debt (Notes 10 and 19)	5,819	4,479	38,793
Trade payables (Note 13)	215,474	223,873	1,436,493
Accrued expenses (Note 13)	49,629	44,415	330,861
Income taxes payable (Note 16)	52,956	11,642	353,040
Reserve for repairs	-	7,157	-
Other current liabilities (Notes 10, 13 and 22)	80,154	79,101	534,360
Total current liabilities	435,780	408,929	2,905,200
<b>Long-term liabilities:</b>			
Long-term debt (Notes 10 and 19)	124,442	123,403	829,613
Net defined benefit liability (Note 11)	54,607	56,190	364,047
Deferred tax liabilities (Note 16)	73,004	111,655	486,693
Other long-term liabilities (Notes 10, 13 and 22)	21,226	18,765	141,507
Total long-term liabilities	273,279	310,013	1,821,860
<b>Contingent liabilities (Note 21)</b>			
<b>Net assets</b>			
<b>Stockholders' equity</b>			
Common stock -			
Authorized: 1,490,000,000 shares;			
Issued: 524,480,692 shares in 2025			
and 277,240,346 shares in 2024;	114,464	114,464	763,093
Capital surplus (Note 12)	145,035	145,118	966,900
Retained earnings (Note 12)	824,330	782,000	5,495,534
Treasury stock, at cost			
72,810,712 shares in 2025			
and 37,642,211 shares in 2024 (Note 12)	(135,348)	(126,368)	(902,320)
Total stockholders' equity	948,481	915,214	6,323,207
<b>Accumulated other comprehensive income</b>			
Valuation difference			
on available-for-sale securities (Note 8)	106,681	161,864	711,207
Net deferred gains (losses) on hedges (Note 20)	(16)	26	(107)
Foreign currency translation adjustments	30,310	20,850	202,066
Remeasurements of defined benefit plans (Note 11)	50,392	67,972	335,947
Total accumulated other comprehensive income	187,367	250,712	1,249,113
<b>Non-controlling interests</b>	72,931	70,761	486,207
Total net assets	1,208,779	1,236,687	8,058,527
<b>Total liabilities and net assets</b>	<b>¥1,917,838</b>	<b>¥1,955,629</b>	<b>\$12,785,587</b>

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, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
<b>Net sales</b> (Note 25)	<b>¥1,457,609</b>	¥1,424,822	<b>\$9,717,394</b>
<b>Cost of sales</b>	<b>1,119,331</b>	1,111,129	<b>7,462,207</b>
Gross profit	338,278	313,693	2,255,187
<b>Selling, general and administrative expenses</b> (Note 14)	<b>244,666</b>	238,242	<b>1,631,107</b>
Operating income (Note 25)	93,612	75,451	624,080
<b>Other income (expenses)</b> (Note 15):			
Interest and dividends income	7,155	6,411	47,700
Interest expenses	(984)	(894)	(6,560)
Equity in earnings of affiliates	15,840	17,529	105,600
Foreign exchange translation gain (loss)	202	(281)	1,347
Net gain (loss) on sales or disposal of property, plant and equipment	10,765	(1,616)	71,767
Net gain on sales of investment securities	93,718	69,914	624,787
Loss on devaluation of investment securities	(270)	(685)	(1,800)
Impairment loss on fixed assets (Note 17)	(70,268)	(38,263)	(468,453)
Other	18,896	15,446	125,972
	75,054	67,561	500,360
Income before income taxes and non-controlling interests	168,666	143,012	1,124,440
<b>Income taxes</b> (Note 16):			
Current	65,706	31,474	438,040
Deferred	(10,595)	84	(70,633)
	55,111	31,558	367,407
<b>Net income</b>	<b>113,555</b>	111,454	<b>757,033</b>
<b>Net income attributable to non-controlling shareholders</b>	<b>2,872</b>	524	<b>19,147</b>
<b>Net income attributable to parent company shareholders</b>	<b>¥110,683</b>	¥110,930	<b>\$737,886</b>

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, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
<b>Net income</b>	<b>¥113,555</b>	<b>¥111,454</b>	<b>\$757,033</b>
<b>Other comprehensive income</b>			
Valuation difference on available-for-sale securities	(54,876)	23,028	(365,840)
Net deferred gains (losses) on hedges	(55)	63	(367)
Foreign currency translation adjustments	5,252	6,214	35,013
Remeasurements of defined benefit plans	(18,560)	42,853	(123,733)
Share of other comprehensive income in associates accounted for using the equity method	3,940	905	26,267
Total other comprehensive income (loss)	(64,299)	73,063	(428,660)
<b>Comprehensive income</b>	<b>¥49,256</b>	<b>¥184,517</b>	<b>\$328,373</b>
Attributable to:			
Parent company shareholders	¥46,470	¥183,201	\$309,800
Non-controlling shareholders	2,786	1,316	18,573

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, 2025 and 2024

	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 (losses) on hedges	Foreign currency translation adjustments	Remeasure- ments of defined benefit plans		
<b>Balance at April 1, 2023</b>	292,240	¥114,464	¥145,113	¥737,699	¥(88,212)	¥138,782	¥(21)	¥14,143	¥25,536	¥60,741	¥1,148,245
<b>Changes of items during the period</b>											
Cash dividends paid	-	-	-	(16,431)	-	-	-	-	-	-	(16,431)
Net income attributable to parent company shareholders	-	-	-	110,930	-	-	-	-	-	-	110,930
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	5	-	-	-	-	-	-	-	5
Change in treasury stock arising from change in equity in entities accounted for using equity method	-	-	-	-	0	-	-	-	-	-	0
Purchases of treasury stock	-	-	-	-	(88,565)	-	-	-	-	-	(88,565)
Disposal of treasury stock	-	-	-	55	156	-	-	-	-	-	211
Retirement of treasury stock	(15,000)	-	-	(50,253)	50,253	-	-	-	-	-	-
Changes in valuation difference on available-for-sale securities	-	-	-	-	-	23,082	-	-	-	-	23,082
Changes in deferred gains (losses) on hedges	-	-	-	-	-	-	47	-	-	-	47
Changes in foreign currency translation adjustments	-	-	-	-	-	-	-	6,707	-	-	6,707
Changes in remeasurements of defined benefit plans	-	-	-	-	-	-	-	-	42,436	-	42,436
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	10,020	10,020
<b>Total changes of items during the period</b>	<b>(15,000)</b>	<b>-</b>	<b>5</b>	<b>44,301</b>	<b>(38,156)</b>	<b>23,082</b>	<b>47</b>	<b>6,707</b>	<b>42,436</b>	<b>10,020</b>	<b>88,442</b>
<b>Balance at March 31, 2024</b>	<b>277,240</b>	<b>¥114,464</b>	<b>¥145,118</b>	<b>¥782,000</b>	<b>¥(126,368)</b>	<b>¥161,864</b>	<b>¥26</b>	<b>¥20,850</b>	<b>¥67,972</b>	<b>¥70,761</b>	<b>¥1,236,687</b>

Millions of yen

	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 (losses) on hedges	Foreign currency translation adjustments	Remeasure- ments of defined benefit plans		
<b>Balance at April 1, 2024</b>	277,240	¥114,464	¥145,118	¥782,000	¥(126,368)	¥161,864	¥26	¥20,850	¥67,972	¥70,761	¥1,236,687
<b>Changes of items during the period</b>											
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	-	-	-	-	-	-	-	-	-	-
<b>Total changes of items during the period</b>	<b>247,240</b>	<b>-</b>	<b>(83)</b>	<b>42,330</b>	<b>(8,980)</b>	<b>(55,183)</b>	<b>(42)</b>	<b>9,460</b>	<b>(17,580)</b>	<b>2,170</b>	<b>(27,908)</b>
<b>Balance at March 31, 2025</b>	<b>524,480</b>	<b>¥114,464</b>	<b>¥145,035</b>	<b>¥824,330</b>	<b>¥(135,348)</b>	<b>¥106,681</b>	<b>¥(16)</b>	<b>¥30,310</b>	<b>¥50,392</b>	<b>¥72,931</b>	<b>¥1,208,779</b>



## Thousands of U.S. dollars (Note 3)

	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		
<b>Balance at April 1, 2024</b>	277,240	\$763,093	\$967,453	\$5,213,333	\$(842,453)	\$1,079,093	\$173	\$139,000	\$453,147	\$471,740	\$8,244,579
<b>Changes of items during the period</b>											
Cash dividends paid	-	-	-	(100,220)	-	-	-	-	-	-	(100,220)
Net income attributable to parent company shareholders	-	-	-	737,886	-	-	-	-	-	-	737,886
Change of scope of consolidation	-	-	-	13,694	-	-	-	-	-	-	13,694
Change of scope of equity method	-	-	-	2,200	-	-	-	-	-	-	2,200
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	(553)	-	-	-	-	-	-	-	(553)
Change in treasury stock arising from change in equity in entities accounted for using equity method	-	-	-	-	(0)	-	-	-	-	-	(0)
Purchases of treasury stock	-	-	-	-	(432,413)	-	-	-	-	-	(432,413)
Disposal of treasury stock	-	-	-	400	787	-	-	-	-	-	1,187
Retirement of treasury stock	(30,000)	-	-	(371,759)	371,759	-	-	-	-	-	-
Changes in valuation difference on available-for-sale securities	-	-	-	-	-	(367,886)	-	-	-	-	(367,886)
Changes in deferred gains (losses) on hedges	-	-	-	-	-	-	(280)	-	-	-	(280)
Changes in foreign currency translation adjustments	-	-	-	-	-	-	-	63,066	-	-	63,066
Changes in remeasurements of defined benefit plans	-	-	-	-	-	-	-	-	(117,200)	-	(117,200)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	14,467	14,467
Increase due to stock splits	277,240	-	-	-	-	-	-	-	-	-	-
<b>Total changes of items during the period</b>	247,240	-	(553)	282,201	(59,867)	(367,886)	(280)	63,066	(117,200)	14,467	(186,052)
<b>Balance at March 31, 2025</b>	<b>524,480</b>	<b>\$763,093</b>	<b>\$966,900</b>	<b>\$5,495,534</b>	<b>\$(902,320)</b>	<b>\$711,207</b>	<b>\$(107)</b>	<b>\$202,066</b>	<b>\$335,947</b>	<b>\$486,207</b>	<b>\$8,058,527</b>

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, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
<b>Cash flows from operating activities:</b>			
Income before income taxes and non-controlling interests	¥168,666	¥143,012	\$1,124,440
Adjustments to reconcile income before income taxes and non-controlling interests to net cash provided by operating activities:			
Depreciation	53,709	55,991	358,060
Impairment loss on fixed assets	70,268	38,263	468,453
Allowance for doubtful receivables	(496)	747	(3,307)
Net defined benefit asset	1,975	(17,657)	13,167
Net defined benefit liability	3,616	4,748	24,107
Equity in earnings of affiliates	(15,840)	(17,529)	(105,600)
Amortization of goodwill	626	735	4,173
Interest and dividends income	(7,155)	(6,411)	(47,700)
Interest expenses	984	894	6,560
Net gain on sales of investment securities	(93,718)	(69,914)	(624,787)
Loss on devaluation of investment securities	270	685	1,800
Net (gain) loss on sale or disposal of property, plant and equipment	(10,700)	1,649	(71,333)
Reversal of reserve for repairs	-	(15,648)	-
Changes in assets and liabilities			
Trade receivables	13,941	(12,845)	92,940
Inventories	3,848	(2,598)	25,653
Trade payables	(17,344)	(3,453)	(115,627)
Other assets and liabilities	(14,895)	1,734	(99,299)
Sub-total	157,755	102,403	1,051,700
Payments for repair costs	(405)	(4,250)	(2,700)
Extra retirement payments	(761)	(90)	(5,073)
Payments of income taxes	(23,859)	(25,509)	(159,060)
<b>Net cash provided by operating activities</b>	<b>132,730</b>	<b>72,554</b>	<b>884,867</b>
<b>Cash flows from investing activities:</b>			
Net (increase) decrease in time deposits	328	(704)	2,187
Net decrease in marketable securities	-	10,300	-
Payments for purchases of property, plant and equipment	(57,083)	(59,428)	(380,553)
Proceeds from sales of property, plant and equipment	18,329	1,783	122,193
Payments for purchases of investment securities	(87,845)	(1,471)	(585,633)
Proceeds from sales of investment securities	119,337	81,615	795,580
Payments for purchases of stock in subsidiaries resulting in a change in the scope of consolidation	(19,619)	(9,283)	(130,793)
Payments for purchases of intangible assets	(15,800)	(15,326)	(105,334)
Interest and dividends received	9,430	12,633	62,867
Other investing activities	(3,817)	(1,764)	(25,447)
<b>Net cash provided by (used in) investing activities</b>	<b>(36,740)</b>	<b>18,355</b>	<b>(244,933)</b>

<b>Cash flows from financing activities:</b>			
Net increase (decrease) in short-term bank loans	(6,518)	7,954	(43,453)
Proceeds from long-term debt	6,887	4,620	45,913
Repayments of long-term debt	(4,509)	(11,147)	(30,060)
Payments for redemption of debentures	-	(2,500)	-
Proceeds from sales of stock in subsidiaries not resulting in a change in the scope of consolidation	153	983	1,020
Payments for purchases of treasury stocks	(64,877)	(88,665)	(432,513)
Change in money held in trust for purchases of treasury stock	4,866	(5,463)	32,440
Interest paid	(993)	(890)	(6,620)
Dividends paid	(15,032)	(16,431)	(100,213)
Dividends paid to non-controlling shareholders	(869)	(1,652)	(5,793)
Other financing activities	(6,538)	(5,506)	(43,588)
<b>Net cash used in financing activities</b>	<b>(87,430)</b>	<b>(118,697)</b>	<b>(582,867)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>5,618</b>	<b>3,983</b>	<b>37,453</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>14,178</b>	<b>(23,805)</b>	<b>94,520</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>234,570</b>	<b>258,329</b>	<b>1,563,800</b>
<b>Increase in cash and cash equivalents from newly consolidated subsidiaries</b>	<b>1,727</b>	<b>-</b>	<b>11,513</b>
<b>Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries</b>	<b>159</b>	<b>46</b>	<b>1,060</b>
<b>Cash and cash equivalents at end of year (Note 7)</b>	<b><u>¥250,634</u></b>	<b><u>¥234,570</u></b>	<b><u>\$1,670,893</u></b>

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, 2025 and 2024

### 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"). And 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 2024 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 110 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 (\$667) or more but less than ¥200,000 (\$1,333) 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 17 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 25.

- 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 the 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") for 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, 2025 and 2024, 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 ¥150 = US\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market at March 31, 2025. 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**

#### 1. Reserve for repairs

(1) The reserve for repairs as of March 31, 2024 was ¥7,157 million.

#### (2) Other information

The Company has recognized the reserve for repairs.

The reserve for repairs is provided based on a reasonable estimate of the amount of repair costs that will be required in the future, by conducting scientific testing and analysis of defects for certain wallpaper products.

The reasonable estimate is calculated based on the unit repair costs and the quantity of repairs. The unit repair costs are based on the past repair costs and include fluctuation risks of the future payroll costs and the material costs. And the quantity of repairs is estimated based on the quantity of the production of the product that may be subject to repair in the future.

Therefore, the amount of the reserve for repairs may be affected by fluctuations in the payroll costs and the material costs, etc., and by the conditions of defects occurrence, etc.

If the amount of actual payments differs from the estimates, it may have a significant impact on the amount of the reserve for repairs recognized in the consolidated financial statements of the next fiscal year.

#### 2. Deferred tax assets

(1) Deferred tax assets as of March 31, 2025 and 2024 were ¥57,741 million (\$384,940 thousand) and ¥52,284 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 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. Changes in Accounting Policies**

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company and its domestic consolidated subsidiaries applied the Accounting Standard for Current Income Taxes (ASBJ Statement No.27, October 28, 2022), the Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No.25, October 28, 2022) and the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No.28, October 28, 2022) from the beginning of the fiscal year ended March 31, 2025. The application of the standards and guidance has no impact on the consolidated financial statements.

(Application of Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules)

The Company and its domestic consolidated subsidiaries applied the Application of Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules (ASBJ Practical Solution No.46, March 22, 2024) from the beginning of the fiscal year ended March 31, 2025. The application of the practical solution has no impact on the consolidated financial statements.

## **6. 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.

## **7. Cash and Cash Equivalents**

Cash and cash equivalents as of March 31, 2025 and 2024 were comprised of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Cash and deposits (excluding time deposits and short-term investments (securities) with a maturity over three months)	¥250,634	¥234,570	\$1,670,893

## 8. 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, 2025 and 2024 were as follows:

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

	Thousands of U.S. dollars (Note 3)		
	Carrying amount	Fair value	Difference
Others	\$2,067	\$2,080	\$13

March 31, 2024	Millions of yen		
	Carrying amount	Fair value	Difference
Others	¥300	¥309	¥9

The acquisition cost and aggregate fair value of marketable and investment securities classified as available-for-sale securities including those with other than equity securities, etc., that do not have a market price as of March 31, 2025 and 2024 were as follows:

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

	Thousands of U.S. dollars (Note 3)			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair value
Stocks	\$376,240	\$1,032,713	\$3,880	\$1,405,073
Others	4,340	200	7	4,533
Total	\$380,580	\$1,032,913	\$3,887	\$1,409,606

March 31, 2024

	Millions of yen			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair value
Stocks	¥58,000	¥230,314	¥165	¥288,149
Others	681	49	-	730
Total	¥58,681	¥230,363	¥165	¥288,879

The proceeds from sales of available-for-sale securities for the years ended March 31, 2025 and 2024 were ¥116,060 million (\$773,733 thousand) and ¥81,360 million, respectively. The gross realized gains on these sales for the years ended March 31, 2025 and 2024 were ¥92,748 million (\$618,320 thousand) and ¥69,929 million, respectively, and the gross realized losses on these sales for the years ended March 31, 2025 and 2024 were ¥114 million (\$760 thousand) and ¥17 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, 2025 and 2024 was ¥270 million (\$1,800 thousand) and ¥685 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, 2025 and 2024 were as follows:

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	¥-

	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	\$-	\$2,733	\$-
	\$-	\$2,733	\$-

March 31, 2024

	Millions of yen		
	Due in one year or less	Due after one year through five years	Over five years
Corporate bonds	¥125	¥200	¥100
	¥125	¥200	¥100

## 9. Inventories

Inventories at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S.dollars (Note 3)
	2025	2024	2025
Merchandise and finished products	¥86,298	¥88,301	\$575,320
Work in process	37,734	36,608	251,560
Raw materials and supplies	41,696	39,588	277,973
	¥165,728	¥164,497	\$1,104,853

## 10. Short-term Bank Loans and Long-term Debt

Short-term bank loans at March 31, 2025 and 2024 were represented by bank loans and bank overdrafts, etc., bearing interest at an average rate of 0.89% per annum for 2025 and 0.50% per annum for 2024.

Long-term debt at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Unsecured debentures			
0.580% due 2031 and thereafter	¥30,000	¥ 30,000	\$200,000
0.270~0.280% due 2030	70,000	70,000	466,667
Collateralized loans, maturing 2026~2030	923	1,139	6,153
Unsecured loans, maturing 2026~2035	29,338	26,743	195,586
	130,261	127,882	868,406
Current portion of long-term debt	(5,819)	(4,479)	(38,793)
	¥124,442	¥123,403	\$829,613

Finance lease obligations at March 31, 2025 and 2024 that are included in other long-term liabilities consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Finance lease obligations	¥19,141	¥16,449	\$127,607
Current portion of lease obligations	(5,388)	(4,704)	(35,920)
	<u>¥13,753</u>	<u>¥11,745</u>	<u>\$91,687</u>

The assets pledged as collateral for the Company and its consolidated subsidiaries' indebtedness, such as property, plant and equipment and other assets, were ¥6,721 million (\$44,807 thousand) and ¥6,809 million at March 31, 2025 and 2024, respectively.

Interest rates on collateralized loans ranged from 0.58% to 1.15% per annum for 2025 and from 0.23% to 0.65% per annum for 2024, while interest rates on unsecured loans ranged from 0.00% to 5.30% per annum for 2025 and from 0.00% to 1.515% per annum for 2024.

The aggregate annual maturities of long-term debt after March 31, 2025 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
2026	¥5,820	\$38,800
2027	6,459	43,060
2028	7,545	50,300
2029	4,238	28,253
2030	73,099	487,327
2031 and thereafter	33,100	220,667
	<u>¥130,261</u>	<u>\$868,407</u>

The aggregate annual maturities of finance lease obligations after March 31, 2025 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
2026	¥5,388	\$35,920
2027	4,194	27,960
2028	3,339	22,260
2029	2,222	14,813
2030	1,585	10,567
2031 and thereafter	2,413	16,087
	<u>¥19,141</u>	<u>\$127,607</u>

## 11. 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.

The Company established retirement benefit trusts.

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, 2025 and 2024 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
<b>Change in projected benefit obligation:</b>	2025	2024	2025
Balance at the beginning of year	¥213,619	¥217,529	\$1,424,127
Service cost	9,688	10,116	64,587
Interest cost	2,532	2,069	16,880
Actuarial gain/loss	(12,785)	(8,650)	(85,233)
Benefits paid	(9,941)	(9,401)	(66,273)
Prior service cost	-	79	-
Change in scope of consolidation	479	2,206	3,193
Other	286	(329)	1,906
Balance at the end of year	¥203,878	¥213,619	\$1,359,187

Reconciliation of the beginning and ending balance of the plan assets at March 31, 2025 and 2024 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
<b>Change in plan assets:</b>	2025	2024	2025
Balance at the beginning of year	¥405,818	¥337,569	\$2,705,453
Expected return on plan assets	10,047	8,615	66,980
Actuarial gain/loss	(7,468)	61,310	(49,787)
Contributions by the employer	5,339	5,503	35,593
Benefits paid	(6,837)	(6,712)	(45,580)
Return of assets from retirement benefit trusts	(63,597)	-	(423,980)
Change in scope of consolidation	415	-	2,767
Other	151	(467)	1,007
Balance at the end of year	¥343,868	¥405,818	\$2,292,453

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, 2025 and 2024 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Funded projected benefit obligation	¥149,328	¥157,429	\$995,520
Plan assets	(343,868)	(405,818)	(2,292,453)
	(194,540)	(248,389)	(1,296,933)
Unfunded projected benefit obligation	54,550	56,190	363,667
Net amount of liabilities and assets recognized in consolidated balance sheets	¥(139,990)	¥(192,199)	\$(933,266)
Net defined benefit liability	54,607	56,190	364,047
Net defined benefit asset	(194,597)	(248,389)	(1,297,313)
Net amount of liabilities and assets recognized in consolidated balance sheets	¥(139,990)	¥(192,199)	\$(933,266)

The components of net periodic benefit costs for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Service cost <sup>(*)1) (*)2)</sup>	¥9,676	¥10,104	\$64,507
Interest cost	2,532	2,069	16,880
Expected return on plan assets	(10,047)	(8,615)	(66,980)
Actuarial gain/loss	(20,552)	(7,397)	(137,013)
Amortization of prior service cost	(919)	(966)	(6,127)
Net periodic benefit costs of the defined benefit plan	¥(19,310)	¥(4,805)	\$(128,733)
Gain on return of assets from retirement benefit trusts <sup>(*)3)</sup>	¥(9,833)	¥-	\$(65,553)

(\*)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 ¥3,773 million (\$25,153 thousand) and ¥496 million for the year ended March 31, 2025 and 2024, respectively.



Remeasurements of defined benefit plans, before income-tax effect, recorded under other comprehensive income (loss) for the years ended March 31, 2025 and 2024 consisted of:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Actuarial gain/loss	¥(25,118)	¥62,486	\$(167,453)
Prior service cost	(958)	(1,041)	(6,387)
Total	¥(26,076)	¥61,445	\$(173,840)

Remeasurements of defined benefit plans, before income-tax effect, recorded under accumulated other comprehensive income at March 31, 2025 and 2024 consisted of:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Unrecognized actuarial gain/loss	¥69,978	¥95,097	\$466,520
Unrecognized prior service cost	2,221	3,179	14,807
Total	¥72,199	¥98,276	\$481,327

The major categories of plan assets as of March 31, 2025 and 2024 were as follows:

	2025	2024
Bonds	15%	13%
Stocks	32%	45%
Alternative investments	46%	36%
Other	7%	6%
Total	100%	100%

(\*1) The main plan assets in “Alternative investments” are hedge funds, multi-asset management, infrastructure funds, and investment in real estate.

(\*2) The total amount of plan assets includes the retirement benefit trusts for a corporate pension fund representing 17% for the year ended March 31, 2024.

Assumptions used for the years ended March 31, 2025 and 2024 were set forth as follows:

	2025	2024
Discount rate	2.2%	1.5%
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 the consolidated subsidiaries were ¥2,577 million (\$17,180 thousand) and ¥2,527 million for the years ended March 31, 2025 and 2024, respectively.

## **12. 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 (\$0.15) per share, ¥9,937 million (\$66,247 thousand) in aggregate, were approved at the general stockholders' meeting held on June 27, 2025 with respect to the year ended March 31, 2025.

\* 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. The cash dividends per share with respect to the year ended March 31, 2025 without considering the stock split would be ¥44.00 (\$0.29).

### **(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 increased by 35,168,501 shares, which is comprised of an increase of 65,202,284 shares and a decrease of 30,033,783 shares. The details are as follows:

Detail of increase	Share
(Before the stock split)	
Increase due to purchase of treasury stock through a resolution of the Board of Directors' meeting	9,479,700
Increase due to free acquisition of treasury stock under the restricted stock compensation	696
Increase due to purchase of odd shares	1,851
(At the time and after the stock split)	
Increase due to split stock	47,090,714
Increase due to purchase of treasury stock through a resolution of the Board of Directors' meeting	8,627,200
Increase due to purchase of odd-lot shares	1,585
Increase in the ratio of shareholding in an affiliated company accounted for under the equity method	538
Detail of decrease	Share
(Before the stock split)	
Decrease due to free acquisition of treasury stock under the restricted stock compensation	33,738
Decrease in the ratio of shareholding in an affiliated company accounted for under the equity method	5
(At the time and after the stock split)	
Decrease due to retirement of treasury stock	30,000,000
Decrease due to the sale of odd-lot shares	40

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.

### **13. Accounts with Non-consolidated Subsidiaries and Associated Companies**

Account balances with non-consolidated subsidiaries and associated companies as of March 31, 2025 and 2024 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Trade receivables	¥7,442	¥11,133	\$49,613
Other current assets	1,601	656	10,673
Investment securities	181,375	85,481	1,209,166
Long-term loans receivable	280	1,175	1,867
Other investments	23,053	18,716	153,687
Trade payables	3,922	5,079	26,147
Accrued expenses	461	502	3,073
Other current liabilities	1,550	1,328	10,333
Other long-term liabilities	-	10	-

### **14. Selling, General and Administrative Expenses**

Selling, general and administrative expenses for the years ended March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Salaries and allowances	¥72,891	¥68,408	\$485,940
Accrued bonuses	7,749	7,248	51,660
Provision for retirement benefits	(6,223)	(1,369)	(41,487)
Depreciation	10,629	12,489	70,860
Research and development expenses	37,561	35,236	250,407
Others	122,059	116,230	813,727
	<u>¥244,666</u>	<u>¥238,242</u>	<u>\$1,631,107</u>

## 15. 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)
	2025	2024	2025
Interest expense	¥1	¥0	\$7
Interest and dividends income	501	1,019	3,340
Rent income on facilities	74	95	493

## 16. 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, 2025 and 2024, respectively.

	2025	2024
Normal effective statutory tax rate	30.6 %	30.6 %
Permanent differences	(0.1)	(1.8)
Amortization of consolidation goodwill	0.3	0.1
Change in valuation allowance	3.9	(5.4)
Equity in earnings of affiliates	(2.9)	(3.8)
Per capita inhabitants' taxes	0.4	0.5
Tax credit	(0.5)	(0.3)
Tax rate differences in consolidated subsidiaries	0.2	0.1
Undistributed earnings of subsidiaries and associates	0.9	1.8
Effective income tax rate change	(0.1)	-
Other	(0.0)	0.3
Actual effective tax rate	<u>32.7 %</u>	<u>22.1 %</u>

Significant components of deferred tax assets and liabilities at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Deferred tax assets:			
Impairment loss on fixed assets	¥37,876	¥21,793	\$252,507
Net defined benefit liability	16,386	17,154	109,240
Tax loss carryforwards <sup>(*)2</sup>	10,884	10,957	72,560
Accrued bonuses	6,609	6,545	44,060
Accrued enterprise tax	2,911	1,654	19,407
Loss on write-down of inventories	1,719	1,352	11,460
Loss on devaluation of available-for-sale securities	1,680	2,828	11,200
Repair reserve provisions	-	2,190	-
Other	21,857	25,985	145,713
Total deferred tax assets	99,922	90,458	666,147
Valuation allowance for tax loss carryforwards <sup>(*)2</sup>	(9,908)	(10,418)	(66,053)
Valuation allowance for deductible temporary differences	(32,273)	(27,756)	(215,154)
Total valuation allowance <sup>(*)1</sup>	(42,181)	(38,174)	(281,207)
Total	¥57,741	¥52,284	\$384,940
Deferred tax liabilities:			
Net defined benefit asset	¥(61,298)	¥(76,007)	\$(408,653)
Unrealized gain on available-for-sale securities	(47,241)	(69,276)	(314,940)
Undistributed earnings of subsidiaries and associates	(7,032)	(6,349)	(46,880)
Reserve for special depreciation	(61)	(5)	(407)
Other	(5,678)	(3,583)	(37,853)
Total	¥(121,310)	¥(155,220)	\$(808,733)
Net deferred tax assets (liabilities) :	¥(63,569)	¥(102,936)	\$(423,793)

(\*)1 Valuation allowance increased by ¥4,006 million (\$26,707 thousand). The change was mainly caused by the increase in the valuation allowance related to impairment losses.

(\*2) The amounts by the expiration period of tax loss carryforwards, related valuation allowance and the resulting deferred tax assets as of March 31, 2025 and 2024 were as follows:

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	<u>¥10,884</u>	<u>¥(9,908)</u>	<u>(b) ¥976</u>

March 31, 2025	Thousands of U.S. dollars (Note 3)		
	Tax loss carryforwards (a)	Valuation allowance	Deferred tax assets
2026	\$3,607	\$(3,420)	\$187
2027	3,867	(3,867)	-
2028	4,040	(4,040)	-
2029	3,493	(3,493)	-
2030	7,153	(5,967)	1,186
2031 and thereafter	50,400	(45,266)	5,134
Total	<u>\$72,560</u>	<u>\$(66,053)</u>	<u>(b) \$6,507</u>

(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 (\$72,560 thousand) (the amount multiplied by the normal effective statutory tax rate), the Company recognized deferred tax assets of ¥976 million (\$6,507 thousand).

The deferred tax assets of ¥976 million (\$6,507 thousand) above are recognized because part of the tax loss carryforwards recorded by consolidated subsidiaries are expected to be recoverable as a result of estimated taxable income in the future.

March 31, 2024	Millions of yen		
	Tax loss carryforwards (a)	Valuation allowance	Deferred tax assets
2025	¥1,472	¥(1,146)	¥326
2026	926	(901)	25
2027	635	(635)	-
2028	836	(836)	-
2029	390	(390)	-
2030 and thereafter	6,698	(6,510)	188
Total	<u>¥10,957</u>	<u>¥(10,418)</u>	<u>(b) ¥539</u>

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

(b) For the tax loss carryforwards of ¥10,957 million (the amount multiplied by the normal effective statutory tax rate), the Company recognized deferred tax assets of ¥539 million.

The deferred tax assets of ¥539 million above are recognized because part of the tax loss carryforwards recorded by the Company and consolidated subsidiaries are expected to be recoverable as a result of estimated taxable income in the future.

The “Act for Partial Amendment to the Income Tax Act, etc.” (Act No. 13 of 2025) was enacted by the National Diet on March 31, 2025, and the Special Defense Corporate Tax will be implemented starting from the fiscal year beginning on or after April 1, 2026. Consequently, the statutory effective tax rate used for calculating deferred tax assets and deferred tax liabilities will change from the previous 30.6% to 31.5% for temporary differences expected to be resolved in the fiscal year beginning on or after April 1, 2026. Therefore, deferred tax liabilities after deducting deferred tax assets increased by ¥1,457 million (\$9,713 thousand), corporate tax adjustments recognized in the current fiscal year decreased by ¥192 million (\$1,280 thousand), valuation difference on available-for-sale securities decreased by ¥1,019 million (\$6,793 thousand) and remeasurements of defined benefit plans decreased by ¥631 million (\$4,207 thousand).



## **17. Impairment Loss on Fixed Assets**

Impairment loss on fixed assets for the year ended March 31, 2025 was as follows:

Location	Purpose of use	Category	Millions of yen	Thousands of U.S. dollars (Note 3)
Sayama City, Saitama and others	Packaging business- related assets	Buildings and structures, Machinery and equipment, Construction in progress and others	¥40,432	\$269,546
Okayama City, Okayama and others	Living spaces business- related assets	Buildings and structures, Machinery and equipment, Construction in progress and others	7,984	53,227
Shinjuku-ku, Tokyo and others	Information innovation business-related assets	Buildings and structures, Machinery and equipment, Construction in progress and others	6,602	44,013
Fujimino City, Saitama and others	Semiconductor business-related assets	Buildings and structures, Machinery and equipment, Construction in progress and others	4,373	29,153
Miyoshi City, Saitama and others	Industrial high- performance materials business-related assets	Construction in progress and others	4,318	28,787
Ashikaga City, Tochigi and others	Medical & healthcare business-related assets	Buildings and structures, Machinery and equipment, Construction in progress and others	3,106	20,707
Kuki City, Saitama and others	Publishing business- related assets	Buildings and structures, Machinery and equipment, Construction in progress and others	1,946	12,973
Kashiwa City, Chiba and others	Information system- related assets	Machinery and equipment and others	1,231	8,207
Others	Business assets other than listed above	Buildings and structures and others	273	1,820
Others	Idle assets	Buildings and structures and Land	3	20

The Company and its consolidated subsidiaries reviewed the fixed assets for impairment for the year ended March 31, 2025. 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 book values and recoverable values was recorded as “Impairment loss on fixed assets” in the amount of ¥70,268 million (\$468,453 thousand), which is comprised of buildings and structures of ¥27,205 million (\$181,367 thousand), machinery and equipment of ¥24,423 million (\$162,820 thousand), construction in progress of ¥6,425 million (\$42,833 thousand) and others of ¥12,215 million (\$81,433 thousand), for the year ended March 31, 2025.

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 book value of assets that will become unnecessary at the time of site closure or relocation is reduced.

The recoverable value of idle assets has been measured at the net selling value which is evaluated based mainly on the estimated selling value.

## **18. 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, 2025 and 2024 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2025	2024	2025
Future lease payments:			
One year or less	¥6,405	¥4,745	\$42,700
More than one year	23,830	11,658	158,867
	<u>¥30,235</u>	<u>¥16,403</u>	<u>\$201,567</u>

## 19. 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, 2025 and 2024 were as follows:

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 <sup>(*)2</sup>				
	[1] Hedge accounting is not applied	84	84	-
	[2] Hedge accounting is applied	(35)	(35)	-
	Total	¥49	¥49	¥-

March 31, 2025		Thousands of U.S. dollars (Note 3)		
		Carrying amounts	Fair value	Differences
Long-term investment securities		\$1,593,720	\$1,992,360	\$398,640
	Assets	1,593,720	1,992,360	398,640
Long-term debts		868,406	799,373	(69,033)
	Liabilities	868,406	799,373	(69,033)
Derivatives <sup>(*)2</sup>				
	[1] Hedge accounting is not applied	560	560	-
	[2] Hedge accounting is applied	(233)	(233)	-
	Total	\$327	\$327	\$-

March 31, 2024	Millions of yen		
	Carrying amounts	Fair value	Differences
Long-term investment securities	¥315,508	¥380,299	¥64,791
Assets	315,508	380,299	64,791
Long-term debts	127,882	121,683	(6,199)
Liabilities	127,882	121,683	(6,199)
Derivatives (*2)			
[1] Hedge accounting is not applied	(598)	(598)	-
[2] Hedge accounting is applied	49	49	-
Total	¥(549)	¥(549)	¥-

(\*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, 2025	Millions of yen	Thousands of U.S. dollars (Note 3)
	Carrying amounts	Carrying amounts
Unlisted equity securities	¥153,535	\$1,023,567
Others	533	3,553

March 31, 2024	Millions of yen
	Carrying amounts
Unlisted equity securities	¥58,613
Others	539

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, 2025 and 2024 were as follows:

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)

March 31, 2025	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Long-term investment securities				
Marketable available-for-sale securities				
Stocks	\$1,356,007	\$-	\$-	\$1,356,007
Others	-	667	-	667
Assets	1,356,007	667	-	1,356,674
Derivative transactions				
Derivative liabilities	-	(327)	-	(327)
Liabilities	-	(327)	-	(327)

March 31, 2024	Millions of yen			
	Level 1	Level 2	Level 3	Total
Long-term investment securities				
Marketable available-for-sale securities				
Stocks	¥281,107	¥-	¥-	¥281,107
Others	-	126	-	126
Assets	281,107	126	-	281,233
Derivative transactions				
Derivative liabilities	-	549	-	549
Liabilities	-	549	-	549

\* “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 ¥47 million (\$313 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, 2025 and 2024 were as follows:

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

March 31, 2025	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Long-term investment securities				
Held-to-maturity debt securities	\$-	\$2,080	\$-	\$2,080
Affiliated company stocks	633,293	-	-	633,293
Assets	633,293	2,080	-	635,373
Long-term debt	-	799,373	-	799,373
Liabilities	-	799,373	-	799,373

March 31, 2024	Millions of yen			
	Level 1	Level 2	Level 3	Total
Long-term investment securities				
Held-to-maturity debt securities	¥-	¥309	¥-	¥309
Affiliated company stocks	98,692	-	-	98,692
Assets	98,692	309	-	99,001
Long-term debt	-	121,683	-	121,683
Liabilities	-	121,683	-	121,683

\* 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.

#### 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.

## **20. Derivative Financial Instruments**

### Nature of Derivative Financial Instruments:

The Company and certain consolidated subsidiaries enter into derivatives for foreign currency forward contracts 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, 2025 and 2024 were as follows:

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

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

March 31, 2025

		Thousands of U.S. dollars (Note 3)		
		Contracted	Fair	Unrealized
		amount	value	gain (loss)
Foreign currency forward contracts				
Receivables:				
U.S. dollars		\$91,613	\$707	\$707
Euro		11,407	(145)	(145)
Payables:				
U.S. dollars		33	(0)	(0)
Chinese yuan		73	(3)	(3)
		<u>\$103,126</u>	<u>\$559</u>	<u>\$559</u>

March 31, 2024

		Millions of yen		
		Contracted	Fair	Unrealized
		amount	value	gain (loss)
Foreign currency forward contracts				
Receivables:				
U.S. dollars		¥14,877	¥(531)	¥(531)
Euro		2,892	(67)	(67)
Payables:				
U.S. dollars		5	0	0
		<u>¥17,774</u>	<u>¥(598)</u>	<u>¥(598)</u>

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

March 31, 2025

		Millions of yen	
		Contracted	Fair
		amount	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)
		<u>¥3,648</u>	<u>¥(35)</u>



March 31, 2025	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	\$1,053	\$13
Payables:			
U.S. dollars	Forecasted foreign currency transactions	18,353	(213)
U.S. dollars	Trade payables	1,860	-
Euro	Forecasted foreign currency transactions	747	(0)
Euro	Trade payables	7	-
Chinese yuan	Forecasted foreign currency transactions	1,173	(27)
Chinese yuan	Trade payables	340	-
Sterling pound	Forecasted foreign currency transactions	787	(6)
		<u>\$24,320</u>	<u>\$(233)</u>

March 31, 2024	Millions of yen		
	Hedged items	Contracted amount	Fair value
Foreign currency forward contracts			
Receivables:			
U.S. dollars	Forecasted foreign currency transactions	¥113	¥(4)
U.S. dollars	Trade receivables	31	-
Payables:			
U.S. dollars	Forecasted foreign currency transactions	2,748	45
U.S. dollars	Trade payables	346	-
Euro	Forecasted foreign currency transactions	87	(0)
Euro	Trade payables	1	-
Chinese yuan	Forecasted foreign currency transactions	154	0
Chinese yuan	Trade payables	15	-
Sterling pound	Forecasted foreign currency transactions	292	8
		<u>¥3,787</u>	<u>¥49</u>

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.

## **21. Contingent Liabilities**

It is common practice in Japan for companies, in the ordinary course of business, to receive promissory notes in settlement of trade accounts receivable and to subsequently discount such notes at banks. As of March 31, 2025, there was no contingent liability on trade notes discounted. As of March 31, 2024, the Company and its consolidated subsidiaries were contingently liable on trade notes discounted in the amount of ¥90 million.

## **22. 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
	2025	2024	2025
Receivables from contracts with customers (opening balances)	¥347,784	¥329,340	\$2,318,560
Receivables from contracts with customers (closing balances)	340,963	347,784	2,273,087
Contract assets (opening balances)	646	422	4,307
Contract assets (closing balances)	613	646	4,087
Contract liabilities (opening balances)	25,518	16,656	170,120
Contract liabilities (closing balances)	31,955	25,518	213,033

Contract assets primarily relate to the Company and 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 consolidated subsidiaries' right to payment becomes unconditional.

Contract liabilities mainly relate to consideration received from customers before performance obligations based on contracts, which are reclassified as revenues when the Company and 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.

## **23. Per Share Information**

Net assets per share, Basic earnings per share and Diluted earnings per share for the years ended March 31, 2025 and 2024 were as follows:

Per share information:	Yen		U.S. dollars (Note 3)
	2025	2024	2025
Net assets	¥2,514.77	¥2,433.09	\$16.77
Basic earnings	238.90	221.56	1.59
Diluted earnings	238.88	221.53	1.59

\* 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.

## **24. Significant Subsequent Events**

### **(1) The sale of investment securities**

The Company sold one listed holding security on April 18, 2025 in order to improve the efficiency of its asset holdings.

As a result of the above, the ¥34.5 billion (\$230 million) profit from the sale of investment securities will be recorded as extraordinary gains in the fiscal year ending March 31, 2026.

### **(2) Issuance of corporate bonds**

The Company issued ordinary corporate bonds based on the resolution of the Board of Directors held on March 14, 2025. The summary is as follows:

Bond series	7 <sup>th</sup> series of unsecured corporate Bond (Pari passu clause in corporate bonds) (Sustainability-linked bonds)	8 <sup>th</sup> series of unsecured corporate Bond (Pari passu clause in corporate bonds) (Sustainability-linked bonds)	9 <sup>th</sup> series of unsecured corporate Bond (Pari passu clause in corporate bonds)
Issue amount	40,000 million yen	20,000 million yen	40,000 million yen
Issue price	100 yen per par value of 100 yen	100 yen per par value of 100 yen	100 yen per par value of 100 yen
Coupon rate	1.253% per annum	1.474% per annum	1.923% per annum
Closing date and issuance date	May 1, 2025	May 1, 2025	May 1, 2025
Maturity date	May 1, 2030	April 30, 2032	May 1, 2035
Use of proceeds	To allocate temporarily reduced cash reserve due to the payment of M&A funds.		

### **(3) Purchases of treasury stock**

The Company decided to purchase treasury stocks based on Article 156 of the Companies Act applied pursuant to Article 165 (3) of the act at the Board of Directors meeting held on May 13, 2025. The details are referred to in the “Announcement of Share Buyback” dated May 13, 2025.

## **25. 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, information processing services (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 / construction / operations of virtual spaces, dye-sublimation thermal transfer materials (color ink ribbons, receiver paper and dye-sublimation photo printer), thermal resin-type transfer printing media (monochrome ink ribbons), ID photo booth business, portrait photograph and ID solutions, entertainment and amusement solutions, e-book distribution and sales, book sales, library management, etc.

"Life & Healthcare" involves production and sale as follows:

Lithium-ion battery components, photovoltaic module components, materials for transporting electronic components, multifunctional insulation boxes, and other 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 plastic parts for automobiles, metallic veneers, contract manufacturing of bulk pharmaceutical intermediates, pharmaceutical contract formulation, carbonated drinks, coffee beverage, tea beverage, fruit juice, functional beverage, mineral water, alcoholic beverage, etc.

"Electronics" involves production and sale as follows:

Optical film for displays, metal masks for organic EL displays, large photomasks for making liquid crystal displays, photomasks for semiconductor products, lead frames, LSI design, hard disk 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.

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

Millions of yen

For 2025 :	Reportable segments				Adjustments (*1)	Consolidated (*2)
	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	¥753,247	¥484,742	¥385,755	¥1,623,744	¥294,094	¥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	5,554	218	142,661	148,433	51,916	200,349
Increase in property, plant and equipment and intangible assets	31,276	19,194	23,069	73,539	3,089	76,628

Thousands of U.S. dollars (Note 3)

For 2025 :	Reportable segments				Adjustments (*1)	Consolidated (*2)
	Smart Communication	Life & Healthcare	Electronics	Total		
Net sales and operating income						
Net sales (*3)						
Outside customers	\$4,759,847	\$3,305,700	\$1,651,847	\$9,717,394	\$-	\$9,717,394
Intersegment	10,653	1,220	7	11,880	(11,880)	-
Total	4,770,500	3,306,920	1,651,854	9,729,274	(11,880)	9,717,394
Segment income	231,120	158,600	382,420	772,140	(148,060)	624,080
Segment assets	\$5,021,647	\$3,231,613	\$2,571,700	\$10,824,960	\$1,960,627	\$12,785,587
Others						
Depreciation and amortization	\$108,320	\$142,347	\$96,160	\$346,827	\$11,233	\$358,060
Amortization of goodwill	2,987	1,173	13	4,173	-	4,173
Impairment loss	64,667	372,286	29,153	466,106	2,347	468,453
Investments in equity-method affiliates	37,027	1,453	951,073	989,553	346,107	1,335,660
Increase in property, plant and equipment and intangible assets	208,507	127,960	153,793	490,260	20,593	510,853

(\*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.

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

Millions of yen

For 2024 :	Reportable segments				Adjustments (*1)	Consolidated (*2)
	Smart Communication	Life & Healthcare	Electronics	Total		
Net sales and operating income						
Net sales (*3)						
Outside customers	¥717,279	¥472,240	¥235,303	¥1,424,822	¥-	¥1,424,822
Intersegment	2,153	120	-	2,273	(2,273)	-
Total	719,432	472,360	235,303	1,427,095	(2,273)	1,424,822
Segment income	26,162	13,348	58,153	97,663	(22,212)	75,451
Segment assets	¥814,559	¥547,931	¥290,110	¥1,652,600	¥303,029	¥1,955,629
Others						
Depreciation and amortization	¥20,524	¥22,927	¥10,946	¥54,397	¥1,594	¥55,991
Amortization of goodwill	586	153	2	741	-	741
Impairment loss	34,283	3,503	13	37,799	464	38,263
Investments in equity-method affiliates	4,917	161	46,447	51,525	48,950	100,475
Increase in property, plant and equipment and intangible assets	24,540	18,204	24,675	67,419	950	68,369

(\*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 2025 :	Japan	Asia	Other regions	Total
Net sales	¥1,105,107	¥248,763	¥103,739	¥1,457,609

Thousands of U.S. dollars (Note 3)				
For 2025 :	Japan	Asia	Other regions	Total
Net sales	\$7,367,381	\$1,658,420	\$691,593	\$9,717,394

Millions of yen				
For 2024 :	Japan	Asia	Other regions	Total
Net sales	¥1,089,075	¥246,024	¥89,723	¥1,424,822

Information about goodwill by reportable segments

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

Thousands of U.S. dollars (Note 3)				
For 2025 :	Reportable segments			Total
	Smart Communicati on	Life & Healthcare	Electronics	
Unamortized balance of goodwill	\$2,093	\$66,300	\$240	\$68,633

Millions of yen				
For 2024 :	Reportable segments			Total
	Smart Communicati on	Life & Healthcare	Electronics	
Unamortized balance of goodwill	¥907	¥3,157	¥38	¥4,102

(\*) 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, 2025 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, 2025, 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, 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 Matters

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

Reasonableness of management's judgment of the recoverability of deferred tax assets of Dai Nippon Printing Co., Ltd.	
Key audit matter and the basis of our determination	How the matter was addressed in the audit
The Company recorded deferred tax assets of 9,434 million yen and deferred tax liabilities of 73,004 million yen in the consolidated balance sheets for the current fiscal year. As described in Note 16 (Income Taxes), the amount of deferred tax assets before offsetting with deferred tax liabilities is 57,741 million yen, which is the difference between the total amount of deferred tax assets related to future deductible temporary differences, etc., of 99,922 million yen and the valuation allowance of 42,181 million yen. The amount recorded in Dai Nippon Printing Co., Ltd., which accounts for the majority of the deferred tax assets before offsetting, is	<p>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:</p> <p>(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.</p> <p>(2) Assessment of the reasonableness of the assumption of the recoverability of deferred</p>

<p>particularly significant.</p> <p>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 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 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, while 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.</p> <p>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.</p>	<p>tax assets</p> <ul style="list-style-type: none"> <li>• We assessed the appropriateness of the classification of companies based on the "Implementation Guidance on Recoverability of Deferred Tax Assets."</li> <li>• We assessed the consistency of the forecast, which is the premise for estimating future taxable income, with the future business plan approved by the board of directors.</li> <li>• 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.</li> <li>• 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.</li> <li>• We discussed with management the projected values of the business plan and confirmed their consistency with available market trends and order forecasts.</li> <li>• We assessed the reasonableness of the key assumptions used in the scheduling of future years in which the future deductible temporary differences, etc., are expected to be reversed by reviewing and cross-referencing relevant internal company documents and by asking questions.</li> </ul>
---	--

## Other Information

Other information comprises the information contained 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 appropriateness of using the going concern basis of accounting and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan as applicable.

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

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

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

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

#### **Fee-related Information**

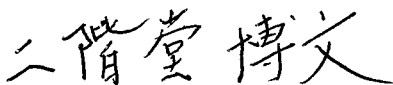
Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 266 million yen and 2 million yen, respectively.

#### **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**

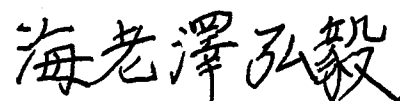
Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Hirofumi Nikaido  
Designated Engagement Partner  
Certified Public Accountant



Yoshimichi Nagasaki  
Designated Engagement Partner  
Certified Public Accountant



Hiroki Ebisawa  
Designated Engagement Partner  
Certified Public Accountant

ARK LLC  
Tokyo office, Japan  
June 27, 2025