

# Consolidated Financial Statements

## Year ended March 31, 2025

 Sumitomo Electric Industries, Ltd.

# Financial Section FY2024

(Fiscal year 2024, ended March 31, 2025)

## Five-Year Financial Data and Indexes

### SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

	Millions of yen					Thousands of U.S. dollars
	FY2024	FY2023	FY2022	FY2021	FY2020	FY2024
For the years ended	Mar. 31, 2025	Mar. 31, 2024	Mar. 31, 2023	Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2025
<b>For the Year:</b>						
Net sales	<b>¥4,679,789</b>	¥4,402,814	¥4,005,561	¥3,367,863	¥2,918,580	<b>\$31,298,749</b>
Cost of sales	<b>3,799,663</b>	3,635,226	3,335,585	2,793,919	2,387,237	<b>25,412,406</b>
Selling, general and administrative expenses	<b>559,463</b>	540,970	492,533	451,749	417,417	<b>3,741,727</b>
Operating profit	<b>320,663</b>	226,618	177,443	122,195	113,926	<b>2,144,616</b>
Profit before income taxes	<b>304,064</b>	238,545	196,472	159,921	110,340	<b>2,033,601</b>
Profit attributable to owners of parent	<b>193,771</b>	149,723	112,654	96,306	56,344	<b>1,295,954</b>
Capital expenditures <sup>*1</sup>	<b>243,273</b>	193,803	208,278	189,719	172,246	<b>1,627,026</b>
Depreciation and amortization	<b>206,152</b>	206,331	195,999	180,508	168,040	<b>1,378,759</b>
R&D expenses	<b>156,293</b>	141,992	127,672	123,060	118,820	<b>1,045,298</b>
<b>At Year-End:</b>						
Total assets	<b>4,441,629</b>	4,365,397	4,013,008	3,807,390	3,381,914	<b>29,705,919</b>
Total interest-bearing liabilities	<b>775,870</b>	801,499	960,368	859,794	685,087	<b>5,189,072</b>
Total net assets <sup>*2</sup>	<b>2,530,437</b>	2,431,888	2,110,819	2,052,938	1,892,506	<b>16,923,736</b>
						U.S. dollars
						Yen
<b>Per Share Data:</b>	<b>FY2024</b>	<b>FY2023</b>	<b>FY2022</b>	<b>FY2021</b>	<b>FY2020</b>	<b>FY2024</b>
Profit attributable to owners of parent <sup>*3</sup> :						
Basic	<b>¥ 248.47</b>	¥ 191.98	¥ 144.45	¥ 123.49	¥ 72.25	<b>\$ 1.662</b>
Diluted	—	—	—	—	—	—
Cash dividends	<b>97.00</b>	77.00	50.00	50.00	32.00	<b>0.649</b>
Owner's equity <sup>*4</sup>	<b>2,936.93</b>	2,830.82	2,436.14	2,269.31	2,088.51	<b>19.642</b>
Weighted average number of shares outstanding (in thousands)	<b>779,864</b>	779,870	779,876	779,884	779,893	
Number of employees (at year-end)	<b>288,145</b>	293,266	289,191	281,075	286,784	
Average number of temporary employees	<b>(43,094)</b>	(43,414)	(45,525)	(48,275)	(38,227)	
<b>Financial Indexes:</b>						
Operating profit / net sales (%)	<b>6.9</b>	5.1	4.4	3.6	3.9	
Profit attributable to owners of parent / net sales (%)	<b>4.1</b>	3.4	2.8	2.9	1.9	
Profit before income taxes / invested assets <sup>*5</sup> (ROIC) (%)	<b>9.3</b>	7.6	6.6	5.8	4.4	
Return on owner's equity (%)	<b>8.6</b>	7.3	6.1	5.7	3.6	
Owner's equity ratio (%)	<b>51.6</b>	50.6	47.3	46.5	48.2	
Current ratio (times)	<b>1.8</b>	1.7	1.5	1.6	1.7	
R&D expenses / net sales (%)	<b>3.3</b>	3.2	3.2	3.7	4.1	

Note: All dollar figures herein refer to U.S. currency. Yen amounts have been translated, for convenience only, at the rate of ¥149.52 to U.S. \$1.00, the approximate exchange rate prevailing on March 31, 2025.

<sup>\*1</sup> Capital expenditures are recorded as property, plant and equipment.

<sup>\*2</sup> See Note 9.

<sup>\*3</sup> There were no potentially dilutive common shares.

<sup>\*4</sup> Owner's equity is the sum of total shareholders' equity and total accumulated other comprehensive income.

<sup>\*5</sup> Invested assets = total assets - interest-free liabilities

## Management's Discussion and Analysis

### Business Conditions in FY2024

With respect to the world economy during this fiscal year, in the U.S., the economy continued to perform well, supported by stable personal consumption; however, in Europe, economic stagnation continued despite recovery signs; further, in China, the pace of growth slowed due to the continued real estate slump and sluggish personal consumption. Regarding the Japanese economy, despite the impact of global price increases, it recovered moderately because capital expenditure increased, and employment and income conditions improved, backed by improved corporate profits.

### Review of Operations in FY2024

With respect to the business circumstances of the Sumitomo Electric Group, in the Automotive sector, demand for wiring harnesses remained steady, and in the Environment and Energy sector, demand for power cables and substation equipment, and further, in the Infocommunication sector, demand for data center-related products, expanded respectively. In this environment, in the consolidated financial settlement for this fiscal year, net sales increased from the preceding fiscal year to ¥4,679,789 million (preceding fiscal year: ¥4,402,814 million, +6.3%). With respect to income and profits, we worked to increase sales as well as to thoroughly improve productivity, reduce costs, and improve selling prices; as a result, operating profit was ¥320,663 million (preceding fiscal year: ¥226,618 million, +41.5%), with the operating profit margin of 6.9% (preceding fiscal year: 5.1%; +1.8 percentage points), and profit attributable to owners of parent was ¥193,771 million (preceding fiscal year: ¥149,723 million, +29.4%). In this way, each of these items increased from the preceding fiscal year and achieved new record highs. We also made efforts to improve asset efficiency, such as reducing inventories and cross-shareholdings. As a result, ROIC before tax increased from the preceding fiscal year to 9.3% (preceding fiscal year: 7.6%).

### Segment Information

#### Environment and Energy:

Net sales increased by ¥101,367 million (compared with the preceding fiscal year: 10.3%) to ¥1,081,344 million due to the impact of rising copper prices as well as the expansion of sales of products such as power cables, rectangular magnet wires for motors used in electric vehicles, and substation equipment manufactured by Nissin Electric Co., Ltd. Operating profit increased by ¥35,828 million to ¥78,718 million due to improved productivity and rising copper prices as well as an increase in sales. The operating profit margin improved by 2.9 percentage points to 7.3%. Meanwhile, orders received for plant and installation work came to ¥492,648 million (the order backlog at end of this fiscal year being ¥673,287 million), a rise of ¥52,206 million (11.9%).

#### Infocommunications:

Net sales increased by ¥17,202 million (8.3%) to ¥223,276 million due to, against the backdrop of the expanding generative AI market, increased demand for optical devices and optical wiring equipment for data centers. Operating profit increased by ¥31,478 million to ¥19,926 million partly due to improved productivity and impact of the depreciation of the Japanese yen as well as an increase in sales. The operating profit margin improved by 14.5 percentage points to 8.9%.

#### Automotive:

Net sales increased by ¥138,326 million (5.3%) to ¥2,743,730 million partly due to impact of the depreciation of the Japanese yen and rising copper prices despite that the sales volume of wiring harnesses declined from the previous fiscal year mainly in China. Operating profit increased by ¥27,717 million to ¥172,391 million partly due to improved productivity and exchange rate effect. The operating profit margin improved by 0.7 percentage points to 6.3%.

#### Electronics:

Net sales increased by ¥20,770 million (5.8%) to ¥377,248 million and operating profit increased by ¥14 million to ¥29,311 million due to continued steady demand from major customers for FPCs (flexible printed circuits). The operating profit margin fell by 0.4 percentage points to 7.8%.

### Industrial Materials and Others:

Although demand for cemented carbide tools for automobiles declined from the previous fiscal year, net sales increased by ¥8,482 million (2.3%) to ¥372,667 million partly due to the impact of the depreciation of the Japanese yen. Operating profit decreased by ¥475 million to ¥20,592 million due to a decrease in sales volume of cemented carbide tools and an increase in personnel expenses. The operating profit margin fell by 0.3 percentage points to 5.5%.

### Cash Flows

Net cash provided by operating activities recorded ¥402,253 million, an increase by ¥8,788 million compared with the preceding fiscal year, after adjustment of the fluctuation in working capital made in the cash flow generated by business activities of ¥510,216 million, represented by an addition of depreciation and amortization of ¥206,152 million back in profit before income taxes of ¥304,064 million.

Net cash used in investing activities recorded ¥223,904 million, an increase by ¥100,095 million compared with the preceding fiscal year, due to capital expenditure of ¥199,824 million on the purchase of property, plant and equipment.

Free cash flow, represented by net cash used in investing activities offset against net cash provided by operating activities, was positive ¥178,349 million, while free cash flow was positive ¥269,656 million in the preceding fiscal year.

Cash flow from financing activities recorded a decrease of ¥150,825 million, while a decrease of ¥292,313 million was recorded in the preceding fiscal year, due to a decrease of loan payable and payment of dividends.

Year-end balance of cash and cash equivalents stood at ¥294,487 million, a year-on-year increase of ¥26,214 million (9.8%).

### Supplemental Information

#### Accounting Fees

##### a) Fees of the auditor

For the years ended	Millions of yen				Thousands of U.S. dollars	
	FY2024		FY2023		FY2024	
	March 31, 2025		March 31, 2024		March 31, 2025	
	Fees for audit services	Fees for non-audit services	Fees for audit services	Fees for non-audit services	Fees for audit services	Fees for non-audit services
The Company	¥245	¥ 14	¥224	¥ 14	\$1,639	\$ 94
Consolidated subsidiaries	466	183	457	111	3,117	1,224
Total	¥712	¥198	¥681	¥124	\$4,762	\$1,324

##### b) Fees of the network firms to which the auditor belongs (KPMG LLP), excluding fees of the auditor

For the years ended	Millions of yen				Thousands of U.S. dollars	
	FY2024		FY2023		FY2024	
	March 31, 2025		March 31, 2024		March 31, 2025	
	Fees for audit services	Fees for non-audit services	Fees for audit services	Fees for non-audit services	Fees for audit services	Fees for non-audit services
The Company	¥ 13	¥ 13	¥ 21	¥ 17	\$ 87	\$ 87
Consolidated subsidiaries	1,438	768	1,310	659	9,617	5,136
Total	¥1,451	¥781	¥1,331	¥675	\$9,704	\$5,223

# Consolidated Balance Sheet

SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

	Millions of yen		Thousands of U.S. dollars (Note 1)
	FY2024	FY2023	FY2024
	As of March 31, 2025	March 31, 2024	March 31, 2025
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and time deposits (Notes 3 and 4)	¥ 295,903	¥ 269,744	\$ 1,979,020
Trade notes and accounts receivable (Note 4)	880,451	875,933	5,888,517
Contract assets (Note 21)	31,467	36,497	210,453
Inventories (Note 7)	922,998	885,017	6,173,074
Other current assets	200,556	186,414	1,341,332
Allowance for doubtful receivables	(11,284)	(11,390)	(75,468)
Total current assets	2,320,091	2,242,215	15,516,928
<b>Non-current Assets:</b>			
<b>Property, Plant and Equipment (Note 8):</b>			
Buildings and structures	897,150	873,752	6,000,201
Machinery, equipment and others	2,556,655	2,477,809	17,099,084
Land	102,945	101,934	688,503
Construction in progress	96,826	75,835	647,579
	3,653,576	3,529,330	24,435,367
Accumulated depreciation	(2,531,746)	(2,431,179)	(16,932,491)
Net property, plant and equipment	1,121,830	1,098,151	7,502,876
<b>Intangible Assets</b>	<b>61,378</b>	<b>39,831</b>	<b>410,500</b>
<b>Investments and Other Assets:</b>			
Investments in unconsolidated subsidiaries and affiliates(Note 4)	311,605	302,338	2,084,036
Investment securities (Notes 4 and 5)	293,128	304,767	1,960,460
Net defined benefit asset (Note 13)	251,979	303,740	1,685,253
Deferred tax assets (Note 12)	39,022	31,953	260,982
Other	43,294	43,148	289,553
Allowance for doubtful receivables	(698)	(746)	(4,668)
Total investments and other assets	938,330	985,200	6,275,615
Total non-current assets	2,121,538	2,123,182	14,188,991
Total assets	¥4,441,629	¥4,365,397	\$29,705,919

	Millions of yen		Thousands of U.S. dollars (Note 1)
	FY2024	FY2023	FY2024
	As of March 31, 2025	March 31, 2024	March 31, 2025
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Trade notes and accounts payable (Note 4)	¥ 473,834	¥ 479,831	\$ 3,169,034
Short-term debt (Notes 4 and 8)	314,294	385,575	2,102,020
Commercial papers (Notes 4 and 8)	32,416	—	216,800
Current portion of bonds (Notes 4 and 8)	—	10,000	—
Accrued income taxes	37,442	50,227	250,415
Provision for loss on business	6,657	—	44,522
Contract liabilities (Note 21)	97,456	74,263	651,792
Other current liabilities	324,744	307,474	2,171,910
Total current liabilities	1,286,843	1,307,370	8,606,494
<b>Non-current Liabilities:</b>			
Bonds (Notes 4 and 8)	174,916	174,890	1,169,850
Long-term debt (Notes 4 and 8)	166,365	164,579	1,112,661
Deferred tax liabilities (Note 12)	129,663	136,103	867,195
Provision for loss on business	—	12,762	—
Net defined benefit liabilities (Note 13)	51,820	52,935	346,576
Other non-current liabilities	101,585	84,870	679,407
Total non-current liabilities	624,349	626,139	4,175,689
Total liabilities	1,911,192	1,933,509	12,782,183
<b>Contingent Liabilities (Note 14)</b>			
<b>NET ASSETS (Note 9)</b>			
<b>Shareholders' Equity:</b>			
Common stock:			
Authorized—3,000,000 thousand shares in FY2024 and FY2023	99,737	99,737	667,048
Issued—793,941 thousand shares in FY2024 and FY2023	165,319	165,424	1,105,665
Capital surplus	1,618,695	1,493,708	10,825,943
Retained earnings	(20,818)	(20,803)	(139,232)
Treasury stock, at cost: 14,080 thousand shares in FY2024 and 14,073 thousand shares in FY2023	1,862,933	1,738,066	12,459,423
Total shareholders' equity			
<b>Accumulated Other Comprehensive Income:</b>			
Net unrealized holding gains or losses on available-for-sale securities	177,927	183,971	1,189,988
Deferred gains or losses on hedges	(3,692)	(2,679)	(24,692)
Foreign currency translation adjustments	162,741	155,338	1,088,423
Remeasurements of defined benefit plans	90,485	132,966	605,170
Total accumulated other comprehensive income	427,461	469,596	2,858,888
<b>Non-controlling Interests</b>			
Total net assets	2,530,437	2,431,888	16,923,736
Total liabilities and net assets	¥4,441,629	¥4,365,397	\$29,705,919

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

# Consolidated Statement of Income

SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

	Millions of yen		Thousands of U.S. dollars (Note 1)
	<b>FY2024</b>	<b>FY2023</b>	<b>FY2024</b>
	<b>March 31, 2025</b>	<b>March 31, 2024</b>	<b>March 31, 2025</b>
<b>Net Sales</b>	<b>¥4,679,789</b>	<b>¥4,402,814</b>	<b>\$31,298,749</b>
<b>Cost of Sales</b>	<b>3,799,663</b>	<b>3,635,226</b>	<b>25,412,406</b>
Gross profit	<b>880,126</b>	<b>767,588</b>	<b>5,886,343</b>
<b>Selling, General and Administrative Expenses</b>	<b>559,463</b>	<b>540,970</b>	<b>3,741,727</b>
Operating profit	<b>320,663</b>	<b>226,618</b>	<b>2,144,616</b>
<b>Other Income (Expenses):</b>			
Interest and dividend income	<b>11,967</b>	<b>9,335</b>	<b>80,036</b>
Interest expenses	<b>(29,749)</b>	<b>(29,321)</b>	<b>(198,963)</b>
Share of profit of investments accounted for using the equity method	<b>14,776</b>	<b>20,177</b>	<b>98,823</b>
Gain on sales of property, plant and equipment	<b>2,135</b>	<b>—</b>	<b>14,279</b>
Gain on sales of investment securities	<b>11,085</b>	<b>66,834</b>	<b>74,137</b>
Gain on return of assets from retirement benefit trust (Notes 15)	<b>12,919</b>	<b>—</b>	<b>86,403</b>
Loss on disposal of property, plant and equipment (Note 16)	<b>(4,296)</b>	<b>(5,834)</b>	<b>(28,732)</b>
Impairment loss on fixed assets (Note 17)	<b>(5,204)</b>	<b>(9,421)</b>	<b>(34,805)</b>
Restructuring expenses (Note 18)	<b>(22,071)</b>	<b>(15,613)</b>	<b>(147,612)</b>
Provision for loss on business (Note 19)	<b>—</b>	<b>(12,762)</b>	<b>—</b>
Other, net	<b>(8,161)</b>	<b>(11,468)</b>	<b>(54,581)</b>
	<b>(16,599)</b>	<b>11,927</b>	<b>(111,015)</b>
<b>Profit before Income Taxes</b>	<b>304,064</b>	<b>238,545</b>	<b>2,033,601</b>
<b>Income Taxes (Note 12):</b>			
Current	<b>73,842</b>	<b>77,726</b>	<b>493,860</b>
Deferred	<b>8,396</b>	<b>(8,142)</b>	<b>56,153</b>
	<b>82,238</b>	<b>69,584</b>	<b>550,013</b>
<b>Profit for the year</b>	<b>221,826</b>	<b>168,961</b>	<b>1,483,587</b>
<b>Profit Attributable to Non-controlling Interests</b>	<b>(28,055)</b>	<b>(19,238)</b>	<b>(187,634)</b>
<b>Profit Attributable to Owners of Parent</b>	<b>¥ 193,771</b>	<b>¥ 149,723</b>	<b>\$ 1,295,954</b>
	<b>Yen</b>	<b>U.S. dollars (Note 1)</b>	
<b>Per Share of Common Stock (Note 10):</b>			
Basic	<b>¥248.47</b>	<b>¥191.98</b>	<b>\$1.662</b>
Diluted	<b>—</b>	<b>—</b>	<b>—</b>
Cash dividends	<b>97.00</b>	<b>77.00</b>	<b>0.649</b>

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

Consolidated Statement of Comprehensive Income  
SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

	Millions of yen		Thousands of U.S. dollars (Note 1)
	<b>FY2024</b>	FY2023	<b>FY2024</b>
	For the years ended <b>March 31, 2025</b>	March 31, 2024	<b>March 31, 2025</b>
<b>Profit for the year</b>	<b>¥221,826</b>	¥168,961	<b>\$1,483,587</b>
<b>Other Comprehensive Income (Loss) (Note 11) :</b>			
Net unrealized holding gains or losses on available-for-sale securities	<b>(8,052)</b>	50,978	<b>(53,852)</b>
Deferred gains or losses on hedges	<b>(1,013)</b>	(328)	<b>(6,775)</b>
Foreign currency translation adjustments	<b>(1,901)</b>	65,799	<b>(12,714)</b>
Remeasurements of defined benefit plans	<b>(43,785)</b>	78,688	<b>(292,837)</b>
Share of other comprehensive income (loss) of affiliates accounted for using equity method	<b>10,955</b>	15,580	<b>73,268</b>
Total other comprehensive income (loss)	<b>(43,796)</b>	210,717	<b>(292,911)</b>
<b>Comprehensive Income (Loss)</b>	<b>¥178,030</b>	¥379,678	<b>\$1,190,677</b>
Comprehensive income (loss) attributable to:			
Owners of the parent	<b>151,240</b>	347,539	<b>1,011,503</b>
Non-controlling interests	<b>26,790</b>	32,139	<b>179,173</b>

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

# Consolidated Statement of Changes in Net Assets

SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

Millions of yen

	Shareholders' Equity				Accumulated Other Comprehensive Income						Total net assets (Note 9)
	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains or losses on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-controlling interests		
Balance at Beginning of FY2023	¥99,737	¥166,817	¥1,383,046	¥(20,793)	¥135,032	¥(2,340)	¥ 85,258	¥ 53,122	¥210,940	¥2,110,819	
Cash dividends			(39,004)							(39,004)	
Profit attributable to owners of parent			149,723							149,723	
Purchases of treasury stock				(10)						(10)	
Disposal of treasury stock		0		0						0	
Change in scope of consolidation			(41)							(41)	
Change in scope of equity method			(16)							(16)	
Change in ownership interests arising from transactions with non-controlling shareholders		(1,393)								(1,393)	
Other					48,939	(339)	70,080	79,844	13,286	211,810	
Balance at End of FY2023	¥99,737	¥165,424	¥1,493,708	¥(20,803)	¥183,971	¥(2,679)	¥155,338	¥132,966	¥224,226	¥2,431,888	
Balance at Beginning of FY2024	¥99,737	¥165,424	¥1,493,708	¥(20,803)	¥183,971	¥(2,679)	¥155,338	¥132,966	¥224,226	¥2,431,888	
Cash dividends			(68,646)							(68,646)	
Profit attributable to owners of parent			193,771							193,771	
Purchases of treasury stock				(15)						(15)	
Disposal of treasury stock		0		0						0	
Change in scope of consolidation			(138)							(138)	
Change in scope of equity method										—	
Change in ownership interests arising from transactions with non-controlling shareholders		(105)								(105)	
Other					(6,044)	(1,013)	7,403	(42,481)	15,817	(26,318)	
Balance at End of FY2024	¥99,737	¥165,319	¥1,618,695	¥(20,818)	¥177,927	¥(3,692)	¥162,741	¥ 90,485	¥240,043	¥2,530,437	

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

## Thousands of U.S. dollars (Note 1)

	Shareholders' Equity				Accumulated Other Comprehensive Income					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains or losses on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-controlling interests	Total net assets (Note 9)
<b>Balance at Beginning of FY2024</b>	\$667,048	\$1,106,367	\$ 9,990,021	\$(139,132)	\$1,230,411	\$(17,917)	\$1,038,911	\$889,286	\$1,499,639	\$16,264,633
Cash dividends			(459,109)							(459,109)
Profit attributable to owners of parent			1,295,954							1,295,954
Purchases of treasury stock				(100)						(100)
Disposal of treasury stock		0		0						0
Change in scope of consolidation			(923)							(923)
Change in scope of equity method										—
Change in ownership interests arising from transactions with non-controlling shareholders		(702)								(702)
Other					(40,423)	(6,775)	49,512	(284,116)	105,785	(176,017)
<b>Balance at End of FY2024</b>	<b>\$667,048</b>	<b>\$1,105,665</b>	<b>\$10,825,943</b>	<b>\$(139,232)</b>	<b>\$1,189,988</b>	<b>\$(24,692)</b>	<b>\$1,088,423</b>	<b>\$605,170</b>	<b>\$1,605,424</b>	<b>\$16,923,736</b>

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

Consolidated Statement of Cash Flows  
SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

	Millions of yen		Thousands of U.S. dollars (Note 1)
	<b>FY2024</b>	<b>FY2023</b>	<b>FY2024</b>
	For the years ended <b>March 31, 2025</b>	March 31, 2024	<b>March 31, 2025</b>
<b>Cash Flows from Operating Activities:</b>			
Profit before income taxes	<b>¥304,064</b>	¥238,545	<b>\$2,033,601</b>
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation and amortization	<b>206,152</b>	206,331	<b>1,378,759</b>
Impairment loss on fixed assets	<b>10,077</b>	15,927	<b>67,396</b>
Amortization of goodwill	<b>687</b>	2	<b>4,595</b>
Interest and dividend income	<b>(11,967)</b>	(9,335)	<b>(80,036)</b>
Interest expense	<b>29,749</b>	29,321	<b>198,963</b>
Share of loss (profit) of investments accounted for using the equity method	<b>(14,776)</b>	(20,177)	<b>(98,823)</b>
Net loss (gain) on sales of property, plant and equipment	<b>(1,668)</b>	(1,205)	<b>(11,156)</b>
Net loss (gain) on sales of investment securities	<b>(11,085)</b>	(66,834)	<b>(74,137)</b>
Loss on disposal of property, plant and equipment	<b>5,989</b>	9,043	<b>40,055</b>
Loss (gain) on valuation of investment securities	<b>636</b>	162	<b>4,254</b>
Gain on return of assets from retirement benefit trust	<b>(12,919)</b>	—	<b>(86,403)</b>
Provision for loss on business	<b>—</b>	12,762	<b>—</b>
Decrease (increase) in trade notes and accounts receivable	<b>(946)</b>	4,886	<b>(6,327)</b>
Decrease (increase) in inventories	<b>(17,539)</b>	21,281	<b>(117,302)</b>
Increase (decrease) in trade notes and accounts payable	<b>(7,100)</b>	21,418	<b>(47,485)</b>
Increase/decrease in net defined benefit assets and liabilities	<b>(13,384)</b>	(7,473)	<b>(89,513)</b>
Other, net	<b>16,760</b>	5,340	<b>112,092</b>
Subtotal	<b>482,730</b>	459,994	<b>3,228,531</b>
Interest and dividends received	<b>22,897</b>	17,402	<b>153,137</b>
Interest paid	<b>(29,841)</b>	(30,330)	<b>(199,579)</b>
Income taxes paid	<b>(73,533)</b>	(53,601)	<b>(491,794)</b>
Net cash provided by (used in) operating activities	<b>402,253</b>	393,465	<b>2,690,296</b>
<b>Cash Flows from Investing Activities:</b>			
Purchase of property, plant and equipment	<b>(199,824)</b>	(179,323)	<b>(1,336,437)</b>
Proceeds from sales of property, plant and equipment	<b>4,998</b>	5,217	<b>33,427</b>
Purchase of investment securities	<b>(4,786)</b>	(4,214)	<b>(32,009)</b>
Proceeds from sales of investment securities	<b>13,018</b>	70,141	<b>87,065</b>
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 3)	<b>(16,292)</b>	—	<b>(108,962)</b>
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	<b>(1,291)</b>	—	<b>(8,634)</b>
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	<b>—</b>	762	<b>—</b>
Other, net	<b>(19,727)</b>	(16,392)	<b>(131,936)</b>
Net cash provided by (used in) investing activities	<b>(223,904)</b>	(123,809)	<b>(1,497,485)</b>

	Millions of yen		Thousands of U.S. dollars (Note 1)
	<b>FY2024</b>	<b>FY2023</b>	<b>FY2024</b>
For the years ended	<b>March 31, 2025</b>	March 31, 2024	<b>March 31, 2025</b>
<b>Cash Flows from Financing Activities:</b>			
Net increase (decrease) in short-term debt	<b>(76,233)</b>	(234,314)	<b>(509,852)</b>
Increase (decrease) in commercial papers	<b>32,776</b>	(7,000)	<b>219,208</b>
Proceeds from long-term debt	<b>46,696</b>	9,055	<b>312,306</b>
Redemption of bonds and repayments of long-term debt	<b>(54,370)</b>	(71,014)	<b>(363,630)</b>
Proceeds from issuance of bonds	<b>—</b>	90,000	<b>—</b>
Payments for purchase of treasury stock	<b>(4)</b>	(4)	<b>(27)</b>
Cash dividends paid	<b>(68,646)</b>	(39,004)	<b>(459,109)</b>
Dividends paid to non-controlling interests	<b>(10,406)</b>	(7,107)	<b>(69,596)</b>
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	<b>(956)</b>	(13,189)	<b>(6,394)</b>
Other, net	<b>(19,682)</b>	(19,736)	<b>(131,635)</b>
Net cash provided by (used in) financing activities	<b>(150,825)</b>	(292,313)	<b>(1,008,728)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>(1,470)</b>	11,287	<b>(9,831)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>26,054</b>	(11,370)	<b>174,251</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>268,273</b>	279,432	<b>1,794,228</b>
<b>Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiaries</b>	<b>18</b>	211	<b>120</b>
<b>Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries</b>	<b>142</b>	—	<b>950</b>
<b>Cash and Cash Equivalents at End of Year (Note 3)</b>	<b>¥294,487</b>	¥268,273	<b>\$1,969,549</b>

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

## Notes to Consolidated Financial Statements

SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

March 31, 2025 and 2024

### 1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Sumitomo Electric Industries, Ltd. (the "Company") and most of its domestic consolidated subsidiaries maintain their accounts and records in Japanese yen and in accordance with the provisions set forth in the Japanese Corporate Law (the "Law"), the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accounts of overseas consolidated subsidiaries and some domestic consolidated subsidiaries are prepared in accordance with International Financial Reporting Standards ("IFRS") with adjustments for the following specified five items as applicable.

- a) Goodwill not subject to amortization
- b) Actuarial gains and losses of defined benefit retirement plans recognized outside profit and loss
- c) Capitalized expenditures for research and development activities
- d) Fair value measurement of investment properties and revaluation of property, plant and equipment and intangible assets
- e) Subsequent changes in fair value of equity instruments presented as other comprehensive income

The accompanying consolidated financial statements have been restructured and translated into English, with some expanded descriptions, from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance in Japan as required by the Japanese Financial Instruments and Exchange Act. Some supplementary information included in the statutory consolidated financial statements prepared in Japanese, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2025, which was ¥149.52 to U.S. \$1.00. These translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

Amounts in the consolidated financial statements and notes are rounded to the nearest million yen. For translations into U.S. dollars, amounts are rounded to the nearest thousand dollars. As a result, totals shown in the consolidated financial statements and notes do not necessarily agree with the sum of the individual amounts.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Consolidation

The consolidated financial statements include the accounts of the Company and all of its significant subsidiaries. All significant intercompany transactions and balances have been eliminated. The difference between the cost of investments in consolidated subsidiaries and the underlying equity at dates of acquisition is treated as goodwill.

Investments in unconsolidated subsidiaries and affiliates are, with minor exceptions, accounted for using the equity method. Investments in unconsolidated subsidiaries and affiliates not accounted for using the equity method are stated at cost.

All but 1 of the overseas consolidated subsidiaries that have a fiscal year ending other than March 31 have processed additional annual financial closings at March-end date for consolidation purposes, aiming at a more appropriate disclosure. The remaining 1 overseas consolidated subsidiary that has a fiscal year ending December 31 has been reported on a calendar year for consolidation purpose in fiscal year 2024. Any significant transactions that occurred between January 1 and March 31, 2025 have been adjusted for, if necessary.

### b) Translation of Foreign Currencies

All assets and liabilities of overseas subsidiaries and affiliates are translated into Japanese yen at the respective fiscal year-end exchange rates, revenues and expenses are translated at average exchange rates, and shareholders' equity is translated at historical rates. The resulting foreign currency translation adjustments are shown as a separate component of net assets, net of non-controlling interests.

### c) Cash and Time Deposits

Cash and time deposits include cash on hand, readily available deposits and deposits with a maturity of one year or less.

### d) Securities

The Company and its domestic consolidated subsidiaries classify and account for securities as follows:

Held-to-maturity debt securities are stated at amortized cost. Investments in unconsolidated subsidiaries and affiliates, excluding those accounted for using the equity method, are stated at cost.

Debt and equity securities not classified as above are classified as available-for-sale securities. Available-for-sale securities other than those without market values are stated at the fair value at the fiscal year end, and unrealized holding gains and losses, net of related taxes and non-controlling interests, are reported as a separate component of net assets. Available-for-sale securities without market values are stated at moving average cost. Realized gains and losses on sales of such securities are computed using moving average cost.

Held-to-maturity debt securities and available-for-sale securities maturing within one year from the fiscal year end and highly liquid investment funds are included in securities in current assets. Other securities are included in investments in unconsolidated subsidiaries and affiliates and investment securities.

### e) Derivatives and Hedging Transactions

The Company and its consolidated subsidiaries utilize hedge accounting for foreign currency forward exchange contracts hedging foreign currency monetary assets and liabilities, foreign currency swap contracts hedging foreign currency debt and others, interest rate swap contracts hedging interest on debt and others and commodity forward contracts, etc., hedging raw materials.

Derivative financial instruments are stated at fair value. If the derivative financial instruments meet certain hedging criteria, the Company and its consolidated subsidiaries defer the recognition of gains and losses until the hedged transactions occur. Certain foreign currency forward exchange contracts and foreign currency swap contracts meeting certain conditions are accounted for as a part of translating foreign currency monetary assets and liabilities in the consolidated balance sheet. In cases in which an interest rate swap contract is used as a hedge and meets certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

The Company and its consolidated subsidiaries utilize hedging instruments to hedge risks of future changes in foreign exchange rates, interest rates and prices of raw materials in accordance with respective internal policies and procedures on risk control.

The Company and its consolidated subsidiaries assess the effectiveness of each hedge contract by comparing the total cash flow fluctuation of hedging instruments and hedged items, except in cases in which interest rate swap contracts are used as hedges and meet certain hedging criteria.

### f) Allowance for Doubtful Receivables

The allowance for doubtful receivables is provided based upon estimated uncollectible amounts of individually identified doubtful receivables and historical loss experience for other receivables.

**g) Provision for loss on business**

The provision for loss on business is estimated based on reasonable amounts of losses expected to be incurred in the future for building a mass production system, withdrawing, and integrating in some businesses.

**h) Inventories**

Inventories are stated mainly at the lower of the cost, using the weighted average method, or net realizable value.

**i) Property, Plant and Equipment (excluding leases)**

The straight-line method is applied.

**j) Goodwill**

Goodwill is amortized on a straight-line basis over a period within 20 years (mostly 10 years).

**k) Revenue Recognition**

The Company and its consolidated subsidiaries recognize the amount expected to be received in exchange for promised goods or services as revenue at the time when the control of the goods or services is transferred to the customer.

The main businesses of the Company and its consolidated subsidiaries are manufacture and sales of products in the following business segments: Environment and Energy, Infocommunications, Automotive, Electronics and Industrial Materials and Others. Revenue is recognized at the time when the control of the goods or services is transferred to the customer. The timing of domestic sales transactions is mainly at the time of the acceptance inspection by the customer or arrival at the customer. The timing of export sales transactions is mainly at the time when risks are transferred to the customer on the basis of trade terms such as incoterms. In the Environment and Energy segment, the Company and its consolidated subsidiaries operate the business of design and construction, such as the installation of products, as well as the manufacture and sales of the products. For construction contracts in which the performance obligation is satisfied over time, revenue is recognized based on the estimated progress towards the satisfaction of the performance obligation. The method used to estimate the progress towards the satisfaction of the performance obligation is the input method based on the ratio of the incurred costs to the total estimated costs, because incurred costs are considered to represent the progress of construction appropriately. For other contracts, revenue is recognized when the control of the goods or services is considered to be transferred, mainly on the completion of installation as the performance obligation is satisfied at that point in time. Consideration for the transaction is received mainly within one year from the satisfaction of the performance obligation and does not include a significant financing component.

**l) Research and Development**

Expenses related to research and development activities are charged to expenses as incurred and totaled ¥156,293 million (US\$1,045,298 thousand) and ¥141,992 million for the years ended March 31, 2025 and 2024, respectively.

**m) Retirement Benefits**

(1) Method of attributing expected benefits to periods of service

When calculating retirement benefit obligations, a benefit formula basis is used for attributing expected retirement benefits to periods of service.

(2) Method for calculating expenses for actuarial gains and losses and past service cost

The amount of defined benefit liabilities (assets) is based on the benefit obligation and fair value of plan assets at the end of the fiscal year.

Past service cost is amortized on a straight-line basis over certain periods within the average remaining service years of employees (mainly 3 years) from the year in which it arises or accounted for as an expense when it arises at some consolidated subsidiaries.

Actuarial gains and losses are amortized on a straight-line basis over certain periods within the average remaining service years of employees (mainly 14 years) from the year following the year in which they arise. At some consolidated subsidiaries, they are accounted for as an expense when they arise.

**n) Income Taxes**

Income tax expense comprises current and deferred tax.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is accounted for by the asset-liability method. Deferred tax assets and liabilities are determined based on the financial statements carrying amounts and tax bases of assets and liabilities using the effective tax rates in effect for the year in which the temporary differences are expected to be recovered or settled. Deferred tax assets are also recognized for the estimated future tax effects attributable to operating loss carryforwards.

**o) Leases**

Leased assets related to finance leases which do not transfer ownership of the lease assets and right-of-use assets in consolidated subsidiaries that apply IFRS 16 “Leases” are depreciated by the straight-line method, assuming the lease period as the useful life and no residual value.

**p) Consolidated Statement of Cash Flows**

In preparing the consolidated statement of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

**q) Appropriation of Retained Earnings**

The Company and its domestic consolidated subsidiaries record cash dividends as a charge directly to retained earnings in the fiscal year in which the appropriation of retained earnings is approved at the shareholders' meeting.

**r) Use of Estimates**

In the preparation of these financial statements in accordance with generally accepted accounting principles, the management has made estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Certain amounts based upon accounting estimates and recorded in the financial statements of the current fiscal year may have a significant effect on the following fiscal year ending March 31, 2026 as follows:

(Large construction projects)

(1) Amount recorded in the consolidated financial statements for the current fiscal year

The amount of sales was ¥1,081,344 million (US\$7,232,103 thousand) and the amount of provisions for loss on orders received was ¥1,196 million (US\$7,999 thousand) in the Environment and Energy segment.

(2) Other information that contributes to the understanding of accounting estimates

In the Environment and Energy segment, the Company and its consolidated subsidiaries operate the business of design and construction such as electrical/power supply work, engineering and installation of products as well as the manufacture and sales of the products.

In the recognition of revenue for construction contracts when the performance obligation is satisfied over time, revenue is recognized over time based on the estimated progress towards the satisfaction of that performance obligation. If it is possible to measure the outcome of the performance obligation reasonably, the method used to estimate the progress towards the satisfaction of the performance obligation is the input method based on the ratio of the actual costs to the total estimated costs. If it is not possible to measure the outcome of the performance obligation reasonably, revenue is recognized only to the extent of actual costs incurred.

Regarding orders received for constructions where the total construction costs are more likely to exceed the total construction revenue at the end of the consolidated fiscal year and the amount can be reasonably estimated, the provision is recognized for losses expected to be incurred in the next consolidated fiscal year onward.

When estimating the total construction cost, the Company and its consolidated subsidiaries calculate the appropriate cost after considering the entire content of the work to be performed according to the customer's specifications, and review the estimate in a timely manner in response to any change in the situation after receiving the order. However, regarding long-term construction projects, such as projects for the installation of high-voltage direct current cables for interconnections among national and regional power electric utilities or remote island power transmission business, if additional costs are incurred and exceed the estimate as of the end of the consolidated fiscal year because of unexpected circumstances such as an extension of the construction period or an increase in man-hours due to other unforeseen changes in the content of the work, etc., progress of cost reduction activities, or additional costs due to soaring outsourcing costs and personnel expenses and exchange rate fluctuations, the profit and loss of the next consolidated fiscal year may be affected.

**s) Reclassifications and Restatements**

Certain prior year amounts are reclassified and restated to conform to the current year presentation. These reclassifications and restatements have no effect on previously reported results of operations or retained earnings.

**t) Accounting for Corporation Tax and Local Corporation Tax and Tax Effect Accounting**

The Company and its wholly owned domestic consolidated subsidiaries apply the group tax sharing system. In addition, corporation tax and local corporation tax, as well as their tax effects, are accounted for and disclosed under “Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System” (PITF No.42, August 12, 2021).

#### **u) Changes in Accounting Policy**

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

The Company and its consolidated subsidiaries have applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022) (hereinafter referred to as "Revised Accounting Standard 2022"), etc. from the beginning of the fiscal year ended March 31, 2025.

Application of Revised Accounting Standard 2022, etc. follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022).

The retrospective application and the modification of retained earnings at the beginning of the fiscal year ended March 31, 2025 were not implemented because the effects of this change in accounting policy on the past period were immaterial. The effects of this change on the consolidated financial statements for the fiscal year ended March 31, 2025 were immaterial.

#### **v) Standard Issued but Not Yet Adopted**

- 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)

##### **(1) Summary**

As part of initiatives to align Japanese generally accepted accounting principles (GAAP) with international accounting standards, the Accounting Standards Board of Japan (ASBJ) has deliberated based on the international accounting standards with the aim of developing new accounting standards for leases, by which a lessee recognizes assets and liabilities for all leases. Employing the basic policy of not adopting the entire IFRS 16 but only key provisions, while basing on the single accounting treatment model of IFRS 16, ASBJ released the accounting standard for leases, etc., that are simple and of high convenience, and that also aim to basically eliminate the need for restatements when the provisions of IFRS 16 are applied to non-consolidated financial statements.

With regard to accounting treatment of a lessee, the single accounting treatment model is applied to the cost allocation for leases of the lessee, under which, similar to IFRS 16, a lessee is required to record depreciation of right-of-use assets and the amount equivalent to interest for lease liabilities for all leases, regardless of whether they are finance lease or operating lease transactions.

##### **(2) Planned Adoption Date**

The Company and its consolidated subsidiaries will adopt the standards and guidance from the beginning of the fiscal year ending March 31, 2028.

##### **(3) Impact of Adoption**

The impact of the adoption of the standards and guidance on the consolidated financial statements has not yet been determined.

### 3. CASH AND CASH EQUIVALENTS

#### a) Reconciliations

The reconciliations between cash and time deposits in the consolidated balance sheet and cash and cash equivalents in the consolidated statement of cash flows as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	FY2024	FY2023	FY2024
	As of March 31, 2025	March 31, 2024	March 31, 2025
Cash and time deposits	¥295,903	¥269,744	\$1,979,020
Deposits placed with banks with a maturity of over three months	(1,416)	(1,471)	(9,470)
Cash and cash equivalents	¥294,487	¥268,273	\$1,969,549

#### b) Obtaining Control of Subsidiary

In fiscal year 2024, the Company obtained control of Südkabel GmbH due to the acquisition of shares.

The relationship between the breakdown of the assets and liabilities of this company at the time of consolidation and the acquisition cost and net cash paid for the acquisition, was as follows:

	Millions of yen	Thousands of U.S. dollars
<b>FY2024</b>		
Current assets	¥27,048	\$180,899
Non-current assets	578	3,866
Goodwill	15,017	100,435
Current liabilities	(27,072)	(181,059)
Non-current liabilities	(4,882)	(32,651)
Non-controlling interests	433	2,896
Acquisition cost	11,122	74,385
Cash and cash equivalents	(1,956)	(13,082)
Net cash paid for the acquisition	¥ 9,166	\$ 61,303

### 4. FINANCIAL INSTRUMENTS

#### a) Qualitative Information on Financial Instruments

##### (1) Policies for using financial instruments

The Company and its consolidated subsidiaries finance investment in equipment and operating capital for business mainly through borrowings from banks and the issuance of bonds and commercial papers in accordance with their cash flow planning. Temporary excess cash is managed with low risk financial assets. The Company and its consolidated subsidiaries use derivative transactions only to hedge the risk of future changes in cash flows and fair values and not for trading purpose.

##### (2) Details of financial instruments used and the exposures to risk and how they arise

Trade notes and accounts receivable are exposed to the credit risks of customers. The Company and its consolidated subsidiaries try to reduce and manage the risk according to rules for credit control. Operating receivables denominated in foreign currencies are exposed to foreign exchange risks. The Company and its consolidated subsidiaries hedge the risks using forward exchange contracts, etc., for the net position of foreign currency operating receivables and payables. Securities and investment securities are held mainly to build and strengthen long-term and stable customer relationships and to facilitate business and technical customer partnerships and are exposed to market value fluctuation risks. The Company and its consolidated subsidiaries review the circumstances periodically and evaluate the fair value of the securities and investment securities and the financial condition of the issuers, which are generally business counterparties.

Payment terms of operating payables such as trade notes and accounts payable are mostly less than one year. Operating payables denominated in foreign currencies are exposed to foreign exchange risks, but it is consistently less than the accounts receivable balance denominated in the same foreign currencies. The main purpose of holding debt and issuing bonds and commercial papers is to secure financing for capital expenditure and working capital. The derivative transactions entered into comprise forward exchange contracts to hedge exchange risks of foreign currency debts and credits, interest swap contracts to hedge fluctuation risks of interest rates and fair value for debt and bonds and commodity forward transactions to hedge the risk of price fluctuation for raw materials. The Company and its consolidated subsidiaries manage and control these risks according to management's rules for derivative transactions.

## b) Fair Value of Financial Instruments

The carrying amounts and fair values of the financial instruments on the consolidated balance sheet as of March 31, 2025 and 2024 are set forth in the table below. Securities without market values are not included in "Investment securities." Cash is omitted. In addition, time deposits, trade notes and accounts receivable, securities, trade notes and accounts payable, short-term debt and commercial papers are also omitted because their carrying amounts approximate the fair value because of the short maturity.

As of	Millions of yen						Thousands of U.S. dollars		
	FY2024			FY2023			FY2024		
	March 31, 2025			March 31, 2024			March 31, 2025		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Investment securities <sup>*1</sup>	<b>¥474,065</b>	<b>¥532,221</b>	<b>¥ 58,156</b>	¥474,910	¥576,576	¥101,666	<b>\$3,170,579</b>	<b>\$3,559,530</b>	<b>\$388,951</b>
Total assets	<b>474,065</b>	<b>532,221</b>	<b>58,156</b>	474,910	576,576	101,666	<b>3,170,579</b>	<b>3,559,530</b>	<b>388,951</b>
Bonds	<b>174,916</b>	<b>167,798</b>	<b>(7,118)</b>	184,890	182,506	(2,384)	<b>1,169,850</b>	<b>1,122,245</b>	<b>(47,606)</b>
Long-term debt	<b>166,365</b>	<b>162,165</b>	<b>(4,200)</b>	164,579	161,749	(2,830)	<b>1,112,661</b>	<b>1,084,571</b>	<b>(28,090)</b>
Total liabilities	<b>341,281</b>	<b>329,963</b>	<b>(11,318)</b>	349,469	344,255	(5,214)	<b>2,282,511</b>	<b>2,206,815</b>	<b>(75,696)</b>
Derivative transactions <sup>*2</sup>	<b>¥ (5,333)</b>	<b>¥ (5,333)</b>	<b>¥ —</b>	¥ (5,225)	¥ (5,225)	¥ —	<b>\$ (35,667)</b>	<b>\$ (35,667)</b>	<b>\$ —</b>

<sup>\*1</sup> Securities without market values are as follows:

	Millions of yen		Thousands of U.S. dollars
	FY2024		FY2024
	As of March 31, 2025	March 31, 2024	March 31, 2025
Unlisted securities (available-for-sale securities)	<b>¥ 6,845</b>	¥ 6,518	<b>\$ 45,780</b>
Unlisted investments in unconsolidated subsidiaries and affiliates	<b>123,823</b>	125,677	<b>828,137</b>

These financial instruments are not included in "Investment securities."

<sup>\*2</sup> Please refer to Note 6 about Derivative transactions.

### c) Breakdown of fair value of financial instruments by level

The fair values of financial instruments are categorized into three levels on the basis of the observability and the materiality of the valuation inputs used in fair value measurements.

**Fair values of Level 1:** Fair values measured by quoted prices for the assets or liabilities are given in active markets among observable valuation inputs

**Fair values of Level 2:** Fair values measured by inputs other than inputs included within Level 1 among observable valuation inputs

**Fair values of Level 3:** Fair values measured by unobservable valuation inputs

When several inputs that have significant impact on the fair value measurement are used and those inputs are categorized into different levels, the fair value is categorized into the lowest priority level for fair value measurement among the levels in which each of the inputs belongs.

#### (1) Financial instruments recorded at fair value in the consolidated balance sheet

FY2024	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stock	¥285,429	¥ —	¥854	¥286,283
Bonds (other)	—	—	—	—
Other	—	—	—	—
Derivative transactions				
Foreign currency forward exchange and currency option contracts	—	1,338	—	1,338
Interest rate and currency swap contracts	—	—	—	—
Commodity forward and swap contracts	—	355	—	355
Total assets	285,429	1,693	854	287,976
Derivative transactions				
Foreign currency forward exchange and currency option contracts	—	6,772	—	6,772
Interest rate and currency swap contracts	—	—	—	—
Commodity forward and swap contracts	—	254	—	254
Total liabilities	¥ —	¥7,026	¥ —	¥ 7,026

FY2023	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stock	¥291,853	¥ —	¥6,396	¥298,249
Bonds (other)	—	—	—	—
Other	—	—	—	—
Derivative transactions				
Foreign currency forward exchange and currency option contracts	—	1,935	—	1,935
Interest rate and currency swap contracts	—	—	—	—
Commodity forward and swap contracts	—	1,317	—	1,317
Total assets	291,853	3,252	6,396	301,501
Derivative transactions				
Foreign currency forward exchange and currency option contracts	—	7,630	—	7,630
Interest rate and currency swap contracts	—	5	—	5
Commodity forward and swap contracts	—	842	—	842
Total liabilities	¥ —	¥8,477	¥ —	¥ 8,477
FY2024	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stock	\$1,908,969	\$ —	\$5,712	\$1,914,680
Bonds (other)	—	—	—	—
Other	—	—	—	—
Derivative transactions				
Foreign currency forward exchange and currency option contracts	—	8,949	—	8,949
Interest rate and currency swap contracts	—	—	—	—
Commodity forward and swap contracts	—	2,374	—	2,374
Total assets	1,908,969	11,323	5,712	1,926,003
Derivative transactions				
Foreign currency forward exchange and currency option contracts	—	45,292	—	45,292
Interest rate and currency swap contracts	—	—	—	—
Commodity forward and swap contracts	—	1,699	—	1,699
Total liabilities	\$ —	\$46,990	\$ —	\$ 46,990

(2) Financial instruments other than those recorded at fair value in the consolidated balance sheet

FY2024	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity debt securities				
Government bonds, Local government bonds	¥ —	¥ —	¥—	¥ —
Bonds (other)	—	—	—	—
Investments in subsidiaries and affiliates				
Investments in affiliates	245,938		—	245,938
Total assets	245,938		—	245,938
Bonds		167,798	—	167,798
Long-term debt		162,165	—	162,165
Total liabilities	¥ —	¥329,963	¥—	¥329,963

FY2023	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity debt securities				
Government bonds, Local government bonds	¥ —	¥ —	¥—	¥ —
Bonds (other)	—	—	—	—
Investments in subsidiaries and affiliates				
Investments in affiliates	278,327	—	—	278,327
Total assets	278,327	—	—	278,327
Bonds	—	182,506	—	182,506
Long-term debt	—	161,749	—	161,749
Total liabilities	¥ —	¥344,255	¥—	¥344,255

FY2024	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity debt securities				
Government bonds, Local government bonds	\$ —	\$ —	\$—	\$ —
Bonds (other)	—	—	—	—
Investments in subsidiaries and affiliates				
Investments in affiliates	1,644,850	—	—	1,644,850
Total assets	1,644,850	—	—	1,644,850
Bonds	—	1,122,245	—	1,122,245
Long-term debt	—	1,084,571	—	1,084,571
Total liabilities	\$ —	\$2,206,815	\$—	\$2,206,815

(3) Explanation of valuation techniques and valuation inputs used in fair value measurements

**Investment securities:**

The fair value of listed shares is stated at the fair market value in active markets and is categorized as Level 1.

The fair value of unlisted shares is determined using valuation techniques based on market prices of comparable companies and others and is categorized as Level 3. In measuring the fair value of unlisted shares, unobservable inputs, such as valuation multiples, are used.

**Derivative transactions:**

The fair value of derivative transactions is measured by the discounted present value method using interest rates in consideration of future cash flow based on forward exchange rates, etc., and is categorized as Level 2.

**Bonds:**

The fair value of bonds is stated at the fair market value and is categorized as Level 2.

**Long-term debt:**

The fair value of long-term debt is estimated based on the present value of future cash flows using appropriate current discount rates and is categorized as Level 2.

## 5. SECURITIES

The carrying amounts of securities in current assets and investment securities as of March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	<b>FY2024</b>	<b>FY2023</b>	<b>FY2024</b>
As of	<b>March 31, 2025</b>	<b>March 31, 2024</b>	<b>March 31, 2025</b>
<b>Securities in current assets:</b>			
Available-for-sale securities	¥—	¥—	\$—
Held-to-maturity debt securities	—	—	—
	<b>¥—</b>	<b>¥—</b>	<b>\$—</b>
<b>Investment securities:</b>			
Available-for-sale securities	<b>¥293,128</b>	¥304,767	<b>\$1,960,460</b>
Held-to-maturity debt securities	—	—	—
	<b>¥293,128</b>	<b>¥304,767</b>	<b>\$1,960,460</b>

Available-for-sale securities with fair values or quoted market values included in securities in current assets and investment securities as of March 31, 2025 and 2024 were as follows:

	Millions of yen			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Fair value)
<b>FY2024</b>				
Equity securities	<b>¥24,359</b>	<b>¥262,548</b>	<b>¥(624)</b>	<b>¥286,283</b>
Other	—	—	—	—
	<b>¥24,359</b>	<b>¥262,548</b>	<b>¥(624)</b>	<b>¥286,283</b>
	Millions of yen			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Fair value)
<b>FY2023</b>				
Equity securities	¥26,065	¥272,501	¥(317)	¥298,249
Other	—	—	—	—
	¥26,065	¥272,501	¥(317)	¥298,249
	Thousands of U.S. dollars			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Fair value)
<b>FY2024</b>				
Equity securities	<b>\$162,915</b>	<b>\$1,755,939</b>	<b>\$(4,173)</b>	<b>\$1,914,680</b>
Other	—	—	—	—
	<b>\$162,915</b>	<b>\$1,755,939</b>	<b>\$(4,173)</b>	<b>\$1,914,680</b>

Proceeds from sales of available-for-sale securities were ¥11,824 million (US\$79,080 thousand) and ¥70,141 million for the years ended March 31, 2025 and 2024, respectively. The net realized gains were ¥10,562 million (US\$70,639 thousand) and ¥66,834 million, respectively.

Impairment loss on securities during fiscal year 2024 amounted to ¥636 million (US\$4,254 thousand), which consisted of ¥594 million (US\$3,973 thousand) for available-for-sale securities and ¥42 million (US\$281 thousand) for investments in affiliated companies not accounted for using the equity method. Impairment loss on securities during fiscal year 2023 amounted to ¥162 million, which consisted of ¥62 million for available-for-sale securities and ¥100 million for investments in unconsolidated subsidiaries.

## 6. DERIVATIVE TRANSACTIONS

The Company and its consolidated subsidiaries have entered into foreign currency forward exchange contracts, foreign currency option contracts and foreign currency swap contracts to hedge risks of exchange rate fluctuations in connection with foreign currency monetary assets and liabilities, interest rate swap contracts to hedge risks of interest rate fluctuations and commodity forward contracts, etc., to hedge risks of fluctuations in the price of raw materials. The Company and its consolidated subsidiaries use derivative transactions for managing market risk related to recorded assets and liabilities as well as for future commitments and not for speculation or dealing purposes. The Company and its consolidated subsidiaries deal only with highly rated international financial institutions and trading concerns as counterparties to these transactions to minimize credit risk exposure. Derivative transactions are entered into by each operational division, and the processing of the transactions is controlled and reviewed by administrative divisions in accordance with established policies that restrict dealing in derivatives, including limits on authority and amounts.

Additional information for derivative transactions as of and for the years ended March 31, 2025 and 2024 is as follows:

	Millions of yen									
	FY2024					FY2023				
	Contracts for which hedge accounting is not adopted			Contracts for which hedge accounting is adopted*		Contracts for which hedge accounting is not adopted			Contracts for which hedge accounting is adopted*	
	Contracted amount	Fair value	Recognized gain (loss)	Contracted amount	Fair value	Contracted amount	Fair value	Recognized gain (loss)	Contracted amount	Fair value
Foreign currency forward exchange and currency option contracts:										
Buy	¥ 64,046	¥ 17	¥ 17	¥182,044	¥ 386	¥ 57,974	¥ 582	¥ 582	¥118,824	¥ 1,027
Sell	242,705	(372)	(372)	343,123	(5,465)	232,000	(1,911)	(1,911)	247,032	(5,393)
Interest rate and currency swap contracts	—	—	—	—	—	—	—	—	3,500	(5)
Commodity forward contracts (copper, nickel and aluminum):										
Buy	21,608	(48)	(48)	19,024	74	20,003	67	67	13,931	862
Sell	30,944	(119)	(119)	18,352	114	27,510	(589)	(589)	20,234	(93)
Commodity swap contracts (copper and silver)	—	—	—	3,395	80	—	—	—	3,290	228
	¥359,303	¥(522)	¥(522)	¥565,938	¥(4,811)	¥337,487	¥(1,851)	¥(1,851)	¥406,811	¥(3,374)

	Thousands of U.S. dollars				
	FY2024				
	Contracts for which hedge accounting is not adopted			Contracts for which hedge accounting is adopted*	
	Contracted amount	Fair value	Recognized gain (loss)	Contracted amount	Fair value
Foreign currency forward exchange and currency option contracts:					
Buy	\$ 428,344	\$ 114	\$ 114	\$1,217,523	\$ 2,582
Sell	1,623,228	(2,488)	(2,488)	2,294,830	(36,550)
Interest rate and currency swap contracts	—	—	—	—	—
Commodity forward contracts (copper, nickel and aluminum):					
Buy	144,516	(321)	(321)	127,234	495
Sell	206,956	(796)	(796)	122,739	762
Commodity swap contracts (copper and silver)	—	—	—	22,706	535
	\$2,403,043	\$(3,491)	\$(3,491)	\$3,785,032	\$(32,176)

\* Certain foreign currency forward exchange contracts meeting certain hedging criteria, except forecasted transactions, are excluded from the fair value of the table above for the years ended March 31, 2025 and 2024.

## 7. INVENTORIES

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

	Millions of yen		Thousands of U.S. dollars
	FY2024	FY2023	FY2024
As of	March 31, 2025	March 31, 2024	March 31, 2025
Merchandise and finished goods	<b>¥326,285</b>	¥331,906	<b>\$2,182,216</b>
Work in process	<b>304,574</b>	253,554	<b>2,037,012</b>
Raw materials and supplies	<b>292,139</b>	299,557	<b>1,953,846</b>
	<b>¥922,998</b>	¥885,017	<b>\$6,173,074</b>

## 8. INTEREST-BEARING LIABILITIES

### a) Short-Term Debt and Bonds in Current Liabilities

Short-term debt and bonds in current liabilities at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	FY2024	FY2023	FY2024
As of	March 31, 2025	March 31, 2024	March 31, 2025
Short-term debt, principally from banks, with a weighted average interest rate of 4.99% at March 31, 2025	<b>¥269,857</b>	¥343,313	<b>\$1,804,822</b>
Current portion of long-term debt, principally from banks and insurance companies, with a weighted average interest rate of 0.89% at March 31, 2025	<b>44,437</b>	42,262	<b>297,198</b>
Commercial papers, with a weighted average interest rate of 2.62% at March 31, 2025	<b>32,416</b>	—	<b>216,800</b>
Current portion of bonds	—	10,000	—
	<b>¥346,710</b>	¥395,575	<b>\$2,318,820</b>

### b) Bonds and Long-Term Debt

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

	Millions of yen		Thousands of U.S. dollars
	FY2024	FY2023	FY2024
As of	March 31, 2025	March 31, 2024	March 31, 2025
Unsecured bonds, due 2026 to 2033, with an interest rate of 0.15%-0.809%	<b>¥174,916</b>	¥184,890	<b>\$1,169,850</b>
Long-term debt, principally from banks and insurance companies, due 2025 to 2034, with a weighted average interest rate of 0.78% at March 31, 2025	<b>210,802</b>	206,841	<b>1,409,858</b>
	<b>385,718</b>	391,731	<b>2,579,708</b>
Current portion of bonds and long-term debt	<b>(44,437)</b>	(52,262)	<b>(297,198)</b>
	<b>¥341,281</b>	¥339,469	<b>\$2,282,511</b>

The aggregate annual maturities of bonds and long-term debt at March 31, 2025 were as follows:  
(Bonds)

March 31	Millions of yen	Thousands of U.S. dollars
2026 (= current portion)	¥ —	\$ —
2027	45,000	300,963
2028	18,000	120,385
2029	—	—
2030	50,000	334,403
2031 and thereafter	62,000	414,660

(Long-term debt)

March 31	Millions of yen	Thousands of U.S. dollars
2026 (= current portion)	¥44,437	\$297,198
2027	18,655	124,766
2028	32,337	216,272
2029	35,971	240,577
2030	1,116	7,464
2031 and thereafter	78,286	523,582

The following assets were pledged as collateral for short-term debt and long-term debt, including the current portion, at March 31, 2025 and 2024.

	Millions of yen		Thousands of U.S. dollars
	<b>FY2024</b>	FY2023	<b>FY2024</b>
	As of <b>March 31, 2025</b>	March 31, 2024	<b>March 31, 2025</b>
Property, plant and equipment, net of accumulated depreciation	<b>¥920</b>	¥2,009	<b>\$6,153</b>

## 9. NET ASSETS

Under the Law, the entire amount of the issue price of shares is required to be accounted for as common stock. However a company may, by a resolution of the Board of Directors, account for an amount not exceeding 50% of the issue price of the new shares as additional paid-in capital, which is included in capital surplus. However, an increase resulting from a share exchange can be included in capital surplus up to the full amount.

The Law provides that the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve, in cases in which a dividend distribution of surplus is made.

Under the Law, additional paid-in capital may be used to eliminate or reduce a deficit or may be capitalized by a resolution of the shareholders' meeting, and legal earnings reserve may be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting. Legal earnings reserve is included in retained earnings in the accompanying financial statements.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that a company can distribute as dividends is calculated based on its non-consolidated financial statements in accordance with the Law.

### a) Stock Information

Changes in the number of shares issued and outstanding during the years ended March 31, 2025 and 2024 were as follows:

Common stock outstanding	Thousands of shares	
	<b>FY2024</b>	<b>FY2023</b>
For the years ended	<b>March 31, 2025</b>	March 31, 2024
Balance at beginning of year	<b>793,941</b>	793,941
Balance at end of year	<b>793,941</b>	793,941

  

Treasury stock outstanding	Thousands of shares	
	<b>FY2024</b>	<b>FY2023</b>
For the years ended	<b>March 31, 2025</b>	March 31, 2024
Balance at beginning of year	<b>14,073</b>	14,068
Increase due to purchase of shares of common stocks	—	—
Increase due to purchase of odd-lot stocks	<b>2</b>	2
Other, net	<b>5</b>	3
Balance at end of year	<b>14,080</b>	14,073

## b) Dividend Information

### Dividends paid in fiscal year 2024

Resolution	Record date	Effective date	Total amount	
			Millions of yen	Thousands of U.S. dollars
Shareholders' meeting on June 26, 2024	March 31, 2024	June 27, 2024	¥40,564	\$271,295
Board of Directors on November 1, 2024	September 30, 2024	December 2, 2024	¥28,083	\$187,821

### Dividends paid after March 31, 2025 with respect to fiscal year 2024

Resolution	Record date	Effective date	Total amount	
			Millions of yen	Thousands of U.S. dollars
Shareholders' meeting on June 26, 2025	March 31, 2025	June 27, 2025	¥47,584	\$318,245

### Dividends paid in fiscal year 2023

Resolution	Record date	Effective date	Total amount
			Millions of yen
Shareholders' meeting on June 28, 2023	March 31, 2023	June 29, 2023	¥19,502
Board of Directors on November 2, 2023	September 30, 2023	December 1, 2023	¥19,502

### Dividends paid after March 31, 2024 with respect to fiscal year 2023

Resolution	Record date	Effective date	Total amount
			Millions of yen
Shareholders' meeting on June 26, 2024	March 31, 2024	June 27, 2024	¥40,564

## 10. AMOUNTS PER SHARE

Basic earnings per share is computed based on the weighted average number of shares of common stock outstanding during each period. Diluted earnings per share is computed based on the weighted average number of shares of common stock outstanding increased by the number of shares which would have been outstanding assuming the conversion of all dilutive bonds and the exercise of all dilutive share warrants at the beginning of the period after giving effect to the dilutive potential of shares. The related interest expense, net of income taxes, has been eliminated for the purpose of this calculation.

In the year ended March 31, 2025 and 2024, there were no potentially dilutive common shares.

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

# 11. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Reclassification adjustments and income taxes and tax effects related to other comprehensive income (loss) for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	FY2024	FY2023	FY2024
For the years ended	March 31, 2025	March 31, 2024	March 31, 2025
<b>Net Unrealized Holding Gains or Losses on Available-for-Sale</b>			
<b>Securities:</b>			
Increase (decrease) during the year	¥ (277)	¥139,631	\$ (1,853)
Reclassification adjustments	(10,026)	(66,826)	(67,055)
Subtotal, before income taxes and tax effects	(10,303)	72,805	(68,907)
Income taxes and tax effects	2,251	(21,827)	15,055
Subtotal, net of income taxes and tax effects	¥ (8,052)	¥ 50,978	\$ (53,852)
<b>Deferred Gains or Losses on Hedges:</b>			
Increase (decrease) during the year	¥ (337)	¥ (64)	\$ (2,254)
Reclassification adjustments	(1,120)	(84)	(7,491)
Subtotal, before income taxes and tax effects	(1,457)	(148)	(9,745)
Income taxes and tax effects	444	(180)	2,970
Subtotal, net of income taxes and tax effects	¥ (1,013)	¥ (328)	\$ (6,775)
<b>Foreign Currency Translation Adjustments:</b>			
Increase (decrease) during the year	¥ (1,484)	¥ 65,652	\$ (9,925)
Reclassification adjustments	(417)	147	(2,789)
Subtotal, before income taxes and tax effects	(1,901)	65,799	(12,714)
Income taxes and tax effects	—	—	—
Subtotal, net of income taxes and tax effects	¥ (1,901)	¥ 65,799	\$ (12,714)
<b>Remeasurements of Defined Benefit Plans</b>			
Increase (decrease) during the year	¥(33,773)	¥122,965	\$(225,876)
Reclassification adjustments	(27,996)	(8,098)	(187,239)
Subtotal, before income taxes and tax effects	(61,769)	114,867	(413,115)
Income taxes and tax effects	17,984	(36,179)	120,278
Subtotal, net of income taxes and tax effects	¥(43,785)	¥ 78,688	\$(292,837)
<b>Share of Other Comprehensive Income (Loss) of Affiliates</b>			
<b>Accounted for Using Equity Method:</b>			
Increase (decrease) during the year	¥ 13,138	¥ 15,361	\$ 87,868
Reclassification adjustments	(2,183)	219	(14,600)
Subtotal, net of income taxes and tax effects	10,955	15,580	73,268
Total other comprehensive income (loss)	¥(43,796)	¥210,717	\$(292,911)

\* Reclassification adjustments of the portion of other comprehensive income (loss) of affiliates accounted for using the equity method include adjustments for the acquisition cost of assets.

## 12. INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to several taxes based on income which, in the aggregate, resulted in a statutory tax rate of approximately 30.6% for the years ended March 31, 2025 and 2024.

The following table summarizes the significant differences between the statutory tax rate and the effective tax rate for financial statement purposes for the years ended March 31, 2025 and 2024:

	For the years ended	<b>FY2024</b> <b>March 31, 2025</b>	<b>FY2023</b> March 31, 2024
Statutory tax rate		<b>30.6%</b>	30.6%
Share of profit of investments accounted for using the equity method		<b>(1.5)</b>	(2.6)
Non-deductible expenses		<b>0.1</b>	0.1
Non-taxable dividend income		<b>(0.2)</b>	(0.1)
Tax credits		<b>(2.9)</b>	(3.4)
Effect of lower tax rates for overseas consolidated subsidiaries		<b>(3.9)</b>	(4.5)
Change in valuation allowance		<b>1.5</b>	5.1
Intercompany profits		<b>(0.3)</b>	0.3
Change in undistributed earnings of consolidated subsidiaries and affiliates		<b>0.7</b>	1.9
Foreign income taxes		<b>2.1</b>	1.7
Adjustment of deferred tax assets due to change in corporate tax rate		<b>0.2</b>	—
Other		<b>0.7</b>	0.1
Effective tax rate		<b>27.0%</b>	29.2%

Adjustment of deferred tax assets and liabilities for enacted changes in tax laws and rates

On March 31, 2025, amendments to the Japanese tax regulations, "Act for Partial Revision of the Income Tax Act etc.," (Act No.13 of 2025) were enacted in the Diet and a surtax will be imposed on corporate tax to secure financial resources for strengthening defense capabilities, for fiscal years beginning on or after April 1, 2026.

Based on the amendments, deferred tax assets and liabilities relating to temporary differences, expected to be reversed after the fiscal year beginning on April 1, 2026 have been calculated by changing the statutory tax rate from 30.6% to 31.5%.

The effect of this change was a decrease of ¥2,547 million (US\$17,035 thousand) in net deferred tax assets, an increase of ¥586 million (US\$3,919 thousand) in deferred income taxes and ¥40 million (US\$268 thousand) in deferred gains or losses on hedges, and a decrease of ¥864 million (US\$5,778 thousand) in net unrealized holding gains on available-for-sale securities and ¥1,069 million (US\$7,150 thousand) in remeasurements of defined benefit plans.

Deferred tax assets and liabilities included in the consolidated balance sheet at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	<b>FY2024</b>	<b>FY2023</b>	<b>FY2024</b>
As of	<b>March 31, 2025</b>	March 31, 2024	<b>March 31, 2025</b>
Deferred tax assets	<b>¥ 39,022</b>	¥ 31,953	<b>\$ 260,982</b>
Deferred tax liabilities	<b>(129,663)</b>	(136,103)	<b>(867,195)</b>
	<b>¥ (90,641)</b>	¥(104,150)	<b>\$(606,213)</b>

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
	FY2024	FY2023	FY2024
	As of March 31, 2025	March 31, 2024	March 31, 2025
<b>Deferred tax assets:</b>			
Net operating loss carryforwards <sup>*1</sup>	¥ 79,692	¥ 84,077	\$ 532,986
Fixed assets	25,618	22,888	171,335
Inventories	19,001	19,175	127,080
Accrued expenses	18,274	17,254	122,218
Intercompany profits	16,103	14,463	107,698
Net defined benefit liabilities	14,099	15,630	94,295
Investment securities	6,384	4,779	42,697
Foreign tax credits	5,020	4,155	33,574
Provision for loss on business	2,036	3,903	13,617
Allowance for doubtful receivables	1,309	1,060	8,755
Other	55,318	48,420	369,971
	242,854	235,804	1,624,224
Valuation allowance regarding net operating loss carryforwards <sup>*1</sup>	(75,386)	(79,279)	(504,187)
Valuation allowance regarding deductible temporary differences	(44,848)	(40,240)	(299,946)
Total valuation allowance	(120,234)	(119,519)	(804,133)
Total deferred tax assets	122,620	116,285	820,091
<b>Deferred tax liabilities:</b>			
Net unrealized holding gains or losses on available-for-sale securities	(79,469)	(81,911)	(531,494)
Net defined benefit asset	(75,988)	(84,556)	(508,213)
Undistributed earnings of consolidated subsidiaries and affiliates	(42,648)	(38,699)	(285,233)
Accelerated depreciation of overseas consolidated subsidiaries	(6,232)	(7,127)	(41,680)
Excess of fair value over the book value of assets and liabilities of consolidated subsidiaries at the acquisition dates	(4,020)	(3,953)	(26,886)
Reserve for tax purpose reduction entry of non-current assets	(791)	(809)	(5,290)
Other	(4,113)	(3,380)	(27,508)
Total deferred tax liabilities	(213,261)	(220,435)	(1,426,304)
Net deferred tax assets (liabilities)	¥ (90,641)	¥(104,150)	\$ (606,213)

\*1 The expiration of net operating loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2025 and 2024 were as follows:

Millions of yen			
FY2024			
March 31	Net operating loss carryforwards <sup>*2</sup>	Valuation allowance	Deferred tax assets
2026	¥ 1,796	¥ (1,753)	¥ 43
2027	885	(823)	62
2028	2,014	(1,306)	708
2029	1,742	(1,157)	585
2030	1,298	(1,127)	171
2031 and thereafter	71,957	(69,220)	2,737
	¥79,692	¥(75,386)	¥4,306

Millions of yen			
FY2023			
March 31	Net operating loss carryforwards <sup>*2</sup>	Valuation allowance	Deferred tax assets
2025	¥ 1,332	¥ (1,278)	¥ 54
2026	2,164	(1,864)	300
2027	1,341	(882)	459
2028	1,860	(871)	989
2029	2,314	(1,586)	728
2030 and thereafter	75,066	(72,798)	2,268
	¥84,077	¥(79,279)	¥4,798

Thousands of U.S. dollars			
FY2024			
March 31	Net operating loss carryforwards <sup>*2</sup>	Valuation allowance	Deferred tax assets
2026	\$ 12,012	\$ (11,724)	\$ 288
2027	5,919	(5,504)	415
2028	13,470	(8,735)	4,735
2029	11,651	(7,738)	3,913
2030	8,681	(7,537)	1,144
2031 and thereafter	481,253	(462,948)	18,305
	\$532,986	\$(504,187)	\$28,799

\*2 This amount is net operating loss carryforwards multiplied by statutory tax rate.

### 13. RETIREMENT BENEFITS

The Company and most of its domestic consolidated subsidiaries have contributory and noncontributory defined benefit plans and lump-sum retirement benefit plans. The Company and some of its subsidiaries have defined contribution plans and prepaid retirement allowance plans. Some overseas subsidiaries have defined benefit plans and defined contribution plans. Some subsidiaries apply the simplified method for the computation of benefit obligations.

#### a) Defined Benefit Plans

(1) Movements in retirement benefit obligations, except for plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	FY2024 March 31, 2025	FY2023 March 31, 2024	FY2024 March 31, 2025
For the years ended			
Balance at beginning of year	¥305,478	¥297,730	\$2,043,058
Service cost	13,881	12,995	92,837
Interest cost	4,528	4,549	30,284
Actuarial gains and losses	(24,153)	(605)	(161,537)
Benefits paid	(15,141)	(13,801)	(101,264)
Net change as a result of business combinations	3,013	—	20,151
Decrease due to transfer to defined contribution plan	(3,340)	—	(22,338)
Other	(540)	4,610	(3,612)
Balance at end of year	¥283,726	¥305,478	\$1,897,579

(2) Movements in plan assets, except for plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	FY2024 March 31, 2025	FY2023 March 31, 2024	FY2024 March 31, 2025
For the years ended			
Balance at beginning of year	¥560,190	¥431,757	\$3,746,589
Expected return on plan assets	11,278	8,572	75,428
Actuarial gains and losses	(54,421)	119,705	(363,971)
Contributions paid by the employer	9,759	7,965	65,269
Benefits paid	(10,393)	(9,888)	(69,509)
Return of assets from retirement benefit trust	(29,400)	—	(196,629)
Other	126	2,079	843
Balance at end of year	¥487,139	¥560,190	\$3,258,019

(3) Movements in net defined benefit liabilities (or assets) for defined benefit plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	FY2024 March 31, 2025	FY2023 March 31, 2024	FY2024 March 31, 2025
For the years ended			
Balance at beginning of year	¥3,907	¥3,824	\$26,130
Retirement benefit costs	287	239	1,919
Benefits paid	(250)	(192)	(1,672)
Contributions paid by the employer	(72)	(82)	(482)
Other	(618)	118	(4,133)
Balance at end of year	¥3,254	¥3,907	\$21,763

(4) Reconciliation from retirement benefit obligations and plan assets to net defined benefit liabilities (assets) in the consolidated balance sheet, including the defined benefit plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	FY2024	FY2023	FY2024
As of	March 31, 2025	March 31, 2024	March 31, 2025
Funded retirement benefit obligations	¥ 247,322	¥ 268,530	\$ 1,654,106
Plan assets	(489,821)	(562,839)	(3,275,956)
	(242,499)	(294,309)	(1,621,850)
Unfunded retirement benefit obligations	42,340	43,504	283,173
Total net defined benefit liabilities (assets)	¥(200,159)	¥(250,805)	\$(1,338,677)
Net defined benefit liabilities	¥ 51,820	¥ 52,935	\$ 346,576
Net defined benefit assets	(251,979)	(303,740)	(1,685,253)
Total net defined benefit liabilities (assets)	¥(200,159)	¥(250,805)	\$(1,338,677)

(5) Retirement benefit costs

	Millions of yen		Thousands of U.S. dollars
	FY2024	FY2023	FY2024
For the years ended	March 31, 2025	March 31, 2024	March 31, 2025
Service cost	¥ 13,349	¥12,494	\$ 89,279
Interest cost	4,528	4,549	30,284
Expected return on plan assets	(11,278)	(8,572)	(75,428)
Amortization:			
Actuarial gains and losses	(18,925)	(4,781)	(126,572)
Past service cost	(175)	666	(1,170)
Retirement benefit costs from plans applying the simplified method	287	239	1,919
Gain on return of assets from retirement benefit trust	(12,919)	—	(86,403)
Other	75	38	502
Total retirement benefit costs	¥(25,058)	¥ 4,633	\$(167,590)

1. Employees' contribution to the corporate pension fund is deducted from "Service cost."
2. In addition to the retirement benefit costs listed above, an extra payment of retirement benefits in the amount of ¥5,771 million (US\$38,597 thousand) and ¥2,794 million were recognized as restructuring expenses in the consolidated statement of income for fiscal years 2024 and 2023, respectively.

(6) Remeasurements of defined benefit plans (before income taxes and tax effects)

	Millions of yen		Thousands of U.S. dollars
	FY2024	FY2023	FY2024
For the years ended	March 31, 2025	March 31, 2024	March 31, 2025
Past service cost	¥ 153	¥ (541)	\$ 1,023
Actuarial gains and losses	(61,922)	115,408	(414,139)
Total	¥(61,769)	¥114,867	\$(413,115)

(7) Accumulated remeasurements of defined benefit plans (before income taxes and tax effects)

	Millions of yen		Thousands of U.S. dollars
	<b>FY2024</b>	<b>FY2023</b>	<b>FY2024</b>
As of	<b>March 31, 2025</b>	<b>March 31, 2024</b>	<b>March 31, 2025</b>
Unrecognized past service cost	<b>¥ 287</b>	¥ 134	<b>\$ 1,919</b>
Unrecognized actuarial gains and losses	<b>124,779</b>	186,701	<b>834,530</b>
Total	<b>¥125,066</b>	¥186,835	<b>\$836,450</b>

(8) Plan assets

1. Plan assets comprise:

	<b>FY2024</b>	<b>FY2023</b>
Equity securities	<b>52.7%</b>	57.1%
Bonds	<b>27.7</b>	22.5
General account	<b>7.9</b>	7.1
Cash and cash equivalents	<b>0.6</b>	4.3
Other	<b>11.1</b>	9.0
Total	<b>100.0%</b>	100.0%

2. Long-term expected rate of return

Current and target asset allocations and historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(9) Actuarial assumptions

The principal actuarial assumptions at March 31, 2025 and 2024 (expressed as weighted averages) were as follows:

	<b>FY2024</b>	<b>FY2023</b>
Discount rate	<b>2.4%</b>	1.7%
Long-term expected rate of return	<b>2.1</b>	2.0

The Company and some of its consolidated subsidiaries do not apply expected rates of pay raises to calculate retirement benefit obligations because they have adopted a point basis.

**b) Defined Contribution Plans and Prepaid Retirement Allowance Plans**

The amount of required contributions to the defined contribution plans and the prepaid retirement allowance plans of the Company and its consolidated subsidiaries was ¥9,312 million (US\$62,279 thousand) and ¥8,639 million for FY2024 and FY2023, respectively.

#### 14. CONTINGENT LIABILITIES

Contingent liabilities as of March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	<b>FY2024</b>	<b>FY2023</b>	<b>FY2024</b>
	As of <b>March 31, 2025</b>	March 31, 2024	<b>March 31, 2025</b>
Notes receivable discounted	<b>¥3,182</b>	¥2,285	<b>\$21,281</b>
Notes receivable endorsed	<b>11</b>	20	<b>74</b>

<b>FY2024 As of March 31, 2025</b>	Millions of yen	Thousands of U.S. dollars
Guarantees: Debt guarantees and similar agreements		
Jiaxing SEI-Futong Optical Fiber Co., Ltd.	<b>¥804</b>	<b>\$5,377</b>
Daeheung SumiRiko Rubber Material (Yancheng) Co., Ltd.	<b>515</b>	<b>3,444</b>
Sumiden International Trading (Shanghai) Co., Ltd.	<b>268</b>	<b>1,792</b>
Employees	<b>63</b>	<b>421</b>
Others	<b>238</b>	<b>1,592</b>

<b>FY2023 As of March 31, 2024</b>	Millions of yen
Guarantees: Debt guarantees and similar agreements	
Jiaxing SEI-Futong Optical Fiber Co., Ltd.	¥813
Sumiden International Trading (Shanghai) Co., Ltd.	691
Daeheung SumiRiko Rubber Material (Yancheng) Co., Ltd.	521
Employees	78
Others	532

#### 15. GAIN ON RETURN OF ASSETS FROM RETIREMENT BENEFIT TRUST

In fiscal year 2024, the gain on return of assets from retirement benefit trust resulted from amortization of unrecognized actuarial gains and losses related to the return of a portion of retirement benefit trust of the Company.

#### 16. LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Loss on disposal of property, plant and equipment for the years ended March 31, 2025 and 2024 was as follows:

	Millions of yen		Thousands of U.S. dollars
	<b>FY2024</b>	<b>FY2023</b>	<b>FY2024</b>
	For the years ended <b>March 31, 2025</b>	March 31, 2024	<b>March 31, 2025</b>
Buildings and structures	<b>¥ 747</b>	¥ 771	<b>\$ 4,996</b>
Machinery, equipment and others	<b>3,081</b>	4,723	<b>20,606</b>

## 17. IMPAIRMENT LOSS ON FIXED ASSETS

The Company and its consolidated subsidiaries grouped long-lived assets into asset groups by business segment and conducted impairment tests with the conclusion that the carrying amounts should be reduced to the recoverable amounts by ¥10,077 million (US\$67,396 thousand) and ¥15,927 million in FY2024 and FY2023, respectively. The recoverable amount is mainly the net selling price.

Impairment loss on fixed assets for each reportable segment is disclosed in Note 22 b) (4), for the years ended March 31, 2025 and 2024.

Impairment loss on fixed assets for the years ended March 31, 2025 and 2024 was as follows:

<b>FY2024</b>	Millions of yen	Thousands of U.S. dollars
Machinery, equipment and others	<b>¥5,213</b>	<b>\$ 34,865</b>
Construction in progress	<b>2,311</b>	<b>15,456</b>
Buildings and structures	<b>2,132</b>	<b>14,259</b>
Other	<b>421</b>	<b>2,816</b>
	<b>¥10,077*</b>	<b>\$67,396*</b>

\* The amount of ¥4,873 million (US\$32,591 thousand) is included in "Restructuring expenses" (Note 18) in the consolidated statement of income for fiscal year 2024.

<b>FY2023</b>	Millions of yen
Buildings and structures	¥ 6,074
Machinery, equipment and others	5,773
Construction in progress	1,197
Long-term prepaid expenses	1,150
Other	1,733
	<b>¥15,927*</b>

\* The amount of ¥6,506 million is included in "Restructuring expenses" (Note 18) in the consolidated statement of income for fiscal year 2023.

## 18. RESTRUCTURING EXPENSES

In fiscal year 2024, restructuring expenses of ¥22,071 million (US\$147,612 thousand) were related to the reorganization of the business locations to strengthen profitability and make the production structure in some businesses more efficient and the partial review of R&D themes in the Company.

In fiscal year 2023, restructuring expenses of ¥15,613 million were related to the reorganization of the business locations to strengthen profitability and make the production structure of the sintered powder metal parts business, etc., more efficient and the partial review of R&D themes in the Company.

Major expenses for the fiscal years 2024 and 2023 were as follows:

<b>FY2024</b>	Millions of yen	Thousands of U.S. dollars
Extra payment of retirement benefits	<b>¥5,771</b>	<b>\$38,597</b>
Impairment loss on fixed assets (Note 17)	<b>4,873</b>	<b>32,591</b>
Loss on valuation of inventories	<b>2,111</b>	<b>14,119</b>
Loss on disposal of fixed assets	<b>1,693</b>	<b>11,323</b>

  

<b>FY2023</b>	Millions of yen
Impairment loss on fixed assets (Note 17)	¥6,506
Loss on disposal of fixed assets	3,209
Extra payment of retirement benefits	2,794

## 19. PROVISION FOR LOSS ON BUSINESS

In fiscal year 2023, the provision for loss on business was estimated based on reasonable amounts of losses expected to be incurred in the future for building a mass production system in some businesses.

## 20. BUSINESS COMBINATIONS

(Business combination resulting from acquisition)

### a) Overview of the business combination

(1) Name and business outline of the acquired company

Name of the acquired company: Südkabel GmbH

Business outline: High-voltage cables and cable accessories, and their installation services

(2) Primary reasons for the business combination

The Company has acquired the majority shareholding in Südkabel GmbH to manufacture the high-voltage cables in Germany due to order received for HVDC projects from the transmission system operator in Germany.

(3) Date of the business combination

October 1, 2024

(4) Legal form of the business combination

Share acquisition by cash

(5) Name of the company after the business combination

Südkabel GmbH

(6) Percentage of voting rights acquired

90%

### b) Period of operation of the acquired company included in the accompanying consolidated financial statements

From October 1, 2024, to December 31, 2024

The deemed acquisition date for the business combination was October 1, 2024, and the difference in the fiscal year end between the Company and the acquired company is three months.

### c) Acquisition cost and breakdown

	Millions of yen	Thousands of U.S. dollars
Acquisition price	¥11,122	\$74,385
Cost associated with acquisition	181	1,211
Total	¥11,303	\$75,595

### d) Amount of goodwill recognized, the factors that make up the goodwill recognized and goodwill amortization method and period

(1) Amount of goodwill

¥15,017 million (US\$100,435 thousand)

(2) Factors that make up the goodwill recognized

Goodwill was recognized as the acquisition cost exceeded the net amount allocated to assets acquired and liabilities assumed.

(3) Goodwill amortization method and period

Straight-line amortization over 10 years

**e) Amounts recognized as of the date of the business combination for each major class of assets acquired and liabilities assumed**

	Millions of yen	Thousands of U.S. dollars
Current assets	¥27,048	\$180,899
Non-current assets	578	3,866
Total assets	27,626	184,765
Current liabilities	27,072	181,059
Non-current liabilities	4,882	32,651
Total liabilities	¥31,954	\$213,711

**f) Estimated impact and the calculation method on consolidated statement of income assuming the business combination was completed at the beginning of the fiscal year**

The estimated impact is omitted due to immateriality on consolidated statement of income for the fiscal year ended March 31, 2025. This was not subject to audit certification.

## 21. REVENUE RECOGNITION

### a) Disaggregation of revenue

The Company and its consolidated subsidiaries derive revenue primarily from contracts with customers. The following table shows the disaggregation of revenue attributable to each reportable segment and its main products. Revenues from other sources are not material.

	Millions of yen		Thousands of U.S. dollars
	FY 2024	FY 2023	FY 2024
For the year ended	March 31, 2025	March 31, 2024	March 31, 2025
<b>Environment and Energy segment</b>			
Electric conductors	¥ 186,164	¥ 163,576	\$ 1,245,078
Power transmission wires, cables, equipment, work and engineering	308,746	284,138	2,064,914
Sumitomo Densetsu	203,639	185,524	1,361,952
Nissin Electric	154,632	145,220	1,034,189
Magnet wires and others	228,163	201,519	1,525,970
Subtotal	1,081,344	979,977	7,232,103
<b>Infocommunications segment</b>			
Optical fiber cables, telecommunication cables and equipment, fusion splicers	88,978	86,825	595,091
Optical and electronic devices	70,659	54,500	472,572
Access network equipment	40,036	43,310	267,764
Others	23,603	21,439	157,858
Subtotal	223,276	206,074	1,493,285
<b>Automotive segment</b>			
Wiring harnesses, car electronic components	2,097,264	1,976,607	14,026,645
Sumitomo Riko and others	637,466	619,797	4,263,416
Subtotal	2,734,730	2,596,404	18,290,062
<b>Electronics segment</b>			
Electronic wires	109,065	105,671	729,434
Flexible printed circuits	106,298	92,355	710,928
Electron beam irradiation products, fluorine resin products	25,097	23,886	167,850
Techno Associe	98,109	96,349	656,160
Others	38,679	38,217	258,688
Subtotal	377,248	356,478	2,523,060
<b>Industrial Materials and Others segment</b>			
Tensioning materials for prestressed concrete, precision spring steel wires, steel tire cord	109,884	111,591	734,912
Cemented carbide tools, diamond and CBN tools, laser optics	116,518	110,226	779,280
Sintered powder metal parts	81,868	82,872	547,539
A.L.M.T.	48,304	44,234	323,060
Others	16,093	15,262	107,631
Subtotal	372,667	364,185	2,492,422
Adjustments	(109,476)	(100,304)	(732,183)
<b>Total</b>	<b>¥4,679,789</b>	<b>¥4,402,814</b>	<b>\$31,298,749</b>

**b) Contract balances**

The following table shows the balances of receivables from contracts with customers, contract assets and contract liabilities.

As of	Millions of yen		Thousands of U.S. dollars
	<b>FY 2024</b>	FY 2023	<b>FY 2024</b>
	<b>March 31, 2025</b>	March 31, 2024	<b>March 31, 2025</b>
Receivables from contracts with customers	<b>¥880,451</b>	¥875,933	<b>\$5,888,517</b>
Contract assets	<b>31,467</b>	36,497	<b>210,453</b>
Contract liabilities	<b>97,456</b>	74,263	<b>651,792</b>

The increase in contract assets was caused mainly by revenue recognition and the decrease in contract assets was caused mainly by their transfer to trade receivables.

The increase in contract liabilities was caused mainly by the receipt of advances from customers and the decrease in contract liabilities was caused mainly by revenue recognition.

Of the revenue recognized during the fiscal year ended March 31, 2025, and during the fiscal year ended March 31, 2024, ¥56,546 million (US\$378,184 thousand) and ¥41,480 million were included in contract liabilities at the beginning of the fiscal year. And revenue recognized in relation to performance obligations satisfied or partially satisfied in past periods was not material.

**c) Transaction price allocated to remaining performance obligations**

The following table shows the total amounts of transaction price allocated to the remaining performance obligations and the period when the revenues were expected to be recognized in the Environment and Energy segment. There were no significant amounts of consideration arising from contracts with customers that were not included in the transaction price.

In some consolidated subsidiaries, transactions with initial expected contract terms of less than one year were not included in the amounts below.

In some consolidated subsidiaries, the transaction price in a contract in which the schedule of installation was not determined as of the end of March 31, 2025, is classified by the timing of the completion of the installation.

The segments except Environment and Energy, which have contracts in which initial expected terms are mainly one year or less are not included in this disclosure.

As of	Millions of yen		Thousands of U.S. dollars
	<b>FY 2024</b>	FY 2023	<b>FY 2024</b>
	<b>March 31, 2025</b>	March 31, 2024	<b>March 31, 2025</b>
Environment and Energy segment			
Within 1 year	<b>¥299,124</b>	¥228,194	<b>\$2,000,562</b>
Later than 1 year	<b>291,507</b>	191,167	<b>1,949,619</b>
Total	<b>¥590,631</b>	¥419,361	<b>\$3,950,181</b>

## 22. SEGMENT INFORMATION

### a) Reportable Segments

The reportable segments of the Company are business areas for which separate financial information is available for the President, the supreme decision maker in the Company, to make decisions regarding resource allocation and to evaluate business results.

The Company has adopted a business unit system based upon similarities in each product category, methods for manufacturing, sales markets, etc., and devises comprehensive strategies for the Company and its affiliates by dividing businesses such as product development, manufacturing, sales and supplementary services into the following five classifications: "Environment and Energy," "Infocommunications," "Automotive," "Electronics" and "Industrial Materials and Others." Therefore, the Company considers the above five classifications as reportable segments.

The methods used to account for sales, profit or loss, assets and other items by reportable segment are in accordance with the accounting policies stated in Note 2. Intersegment sales are stated at current market value.

#### Environment and Energy:

Electric conductors, power transmission wires/cables/equipment, magnet wires, air cushions for railroad vehicles, power system equipment such as substation equipment/control systems, charged beam equipment and processing, electrical/power supply work and engineering, porous metals, and metal materials for electronic parts

#### Infocommunications:

Optical fiber cables, telecommunication cables and equipment, fusion splicers, optical/wireless devices such as optical transceiver modules/wireless communication devices, compound semiconductor, and access network equipment (GE-PON/set-top box/CATV-related products, etc.)

#### Automotive:

Wiring harnesses, anti-vibration rubbers, automotive hoses, car electronic components, and network/system devices such as traffic control devices

#### Electronics:

Electronic wires, electron beam irradiation products, flexible printed circuits, fluorine resin products, fasteners, metal parts, and chemical products

#### Industrial Materials and Others:

Tensioning materials for prestressed concrete, precision spring steel wires, steel tire cord, cemented carbide tools, diamond and CBN tools, laser optics, sintered powder metal parts, and semiconductors heat-spreader materials

Reportable segment information for the years ended March 31, 2025 and 2024 was as follows:

	Millions of yen						
	Environment & Energy	Infocommunications	Automotive	Electronics	Industrial Materials & Others	Adjustments	Consolidated
<b>FY2024</b>							
Sales to customers	¥1,048,068	¥218,401	¥2,732,581	¥327,147	¥353,592	¥ —	¥4,679,789
Intersegment sales	33,276	4,875	2,149	50,101	19,075	(109,476)	—
Net sales	¥1,081,344	¥223,276	¥2,734,730	¥377,248	¥372,667	¥(109,476)	¥4,679,789
Segment profit or loss	¥ 78,718	¥ 19,926	¥ 172,391	¥ 29,311	¥ 20,592	¥ (275)	¥ 320,663
Segment assets	¥1,101,981	¥284,622	¥2,231,268	¥307,998	¥993,532	¥(477,772)	¥4,441,629
Depreciation and amortization	¥ 24,263	¥ 16,127	¥ 119,368	¥ 21,426	¥ 24,968	¥ —	¥ 206,152
Amortization of goodwill	376	—	—	—	311	—	687
Investments in equity method affiliates	9,919	6,568	223,925	1,203	62,234	—	303,849
Amount of increase in tangible and intangible fixed assets	52,199	19,147	138,644	25,783	22,502	—	258,275

	Millions of yen						
	Environment & Energy	Infocommuni- cations	Automotive	Electronics	Industrial Materials & Others	Adjustments	Consolidated
<b>FY2023</b>							
Sales to customers	¥949,182	¥202,660	¥2,593,472	¥308,383	¥349,117	¥ —	¥4,402,814
Intersegment sales	30,795	3,414	2,932	48,095	15,068	(100,304)	—
Net sales	¥979,977	¥206,074	¥2,596,404	¥356,478	¥364,185	¥(100,304)	¥4,402,814
Segment profit or loss	¥ 42,890	¥ (11,552)	¥ 144,674	¥ 29,297	¥ 21,067	¥ (242)	¥ 226,618
Segment assets	¥982,852	¥287,333	¥2,173,494	¥313,255	¥994,403	¥(385,940)	¥4,365,397
Depreciation and amortization	¥ 23,980	¥ 16,997	¥ 118,625	¥ 21,095	¥ 25,634	¥ —	¥ 206,331
Amortization of goodwill	0	—	2	—	—	—	2
Investments in equity method affiliates	11,086	6,634	212,663	1,197	58,394	—	289,974
Amount of increase in tangible and intangible fixed assets	27,916	15,825	123,387	23,586	21,213	—	211,927

	Thousands of U.S. dollars						
	Environment & Energy	Infocommuni- cations	Automotive	Electronics	Industrial Materials & Others	Adjustments	Consolidated
<b>FY2024</b>							
Sales to customers	\$7,009,551	\$1,460,681	\$18,275,689	\$2,187,982	\$2,364,848	\$ —	\$31,298,749
Intersegment sales	222,552	32,604	14,373	335,079	127,575	(732,183)	—
Net sales	\$7,232,103	\$1,493,285	\$18,290,062	\$2,523,060	\$2,492,422	\$ (732,183)	\$31,298,749
Segment profit or loss	\$ 526,471	\$ 133,266	\$ 1,152,963	\$ 196,034	\$ 137,721	\$ (1,839)	\$ 2,144,616
Segment assets	\$7,370,124	\$1,903,571	\$14,922,873	\$2,059,912	\$6,644,810	\$ (3,195,372)	\$29,705,919
Depreciation and amortization	\$ 162,273	\$ 107,858	\$ 798,341	\$ 143,299	\$ 166,988	\$ —	\$ 1,378,759
Amortization of goodwill	2,515	—	—	—	2,080	—	4,595
Investments in equity method affiliates	66,339	43,927	1,497,626	8,046	416,225	—	2,032,163
Amount of increase in tangible and intangible fixed assets	349,110	128,056	927,261	172,438	150,495	—	1,727,361

1. Segment profit or loss included in Adjustments of ¥(275) million or US\$(1,839) thousand and ¥(242) million for FY2024 and FY2023, respectively, consists mainly of unrealized profits caused by intersegment transactions.
2. Segment assets included in Adjustments of ¥(477,772) million or US\$(3,195,372) thousand and ¥(385,940) million as of March 31, 2025 and 2024, respectively, consist mainly of elimination of receivables caused by intersegment transactions, cash and time deposits and investment securities owned by the Company.
3. Segment profit or loss is reconciled with operating profit in the consolidated statement of income.

## b) Related Information

(1) Information about products and services

	Millions of yen		
<b>FY2024</b>	Wiring harnesses	Others	Total
Sales to customers	¥2,097,264	¥2,582,525	¥4,679,789

	Millions of yen		
<b>FY2023</b>	Wiring harnesses	Others	Total
Sales to customers	¥1,976,607	¥2,426,207	¥4,402,814

	Thousands of U.S. dollars		
<b>FY2024</b>	Wiring harnesses	Others	Total
Sales to customers	\$14,026,645	\$17,272,104	\$31,298,749

(2) Information about geographical areas

Sales to customers

Millions of yen							
FY2024	Japan	Asia		Americas		Europe and Others	Consolidated
		China	Others	U.S.	Others		
Sales to customers	¥1,775,197	¥617,871	¥666,707	¥694,553	¥320,887	¥604,574	¥4,679,789

Millions of yen							
FY2023	Japan	Asia		Americas		Europe and Others	Consolidated
		China	Others	U.S.	Others		
Sales to customers	¥1,664,836	¥615,139	¥615,786	¥654,173	¥274,176	¥578,704	¥4,402,814

Thousands of U.S. dollars							
FY2024	Japan	Asia		Americas		Europe and Others	Consolidated
		China	Others	U.S.	Others		
Sales to customers	\$11,872,639	\$4,132,364	\$4,458,982	\$4,645,218	\$2,146,114	\$4,043,432	\$31,298,749

Net property, plant and equipment

Millions of yen							
FY2024	Japan	Asia		Americas	Europe and Others	Consolidated	
		China	Others				
Net property, plant and equipment	¥494,859	¥100,000	¥231,030	¥132,202	¥163,739	¥1,121,830	

Millions of yen							
FY2023	Japan	Asia		Americas	Europe and Others	Consolidated	
		China	Others				
Net property, plant and equipment	¥482,125	¥114,879	¥239,504	¥123,134	¥138,509	¥1,098,151	

Thousands of U.S. dollars							
FY2024	Japan	Asia		Americas	Europe and Others	Consolidated	
		China	Others				
Net property, plant and equipment	\$3,309,651	\$668,807	\$1,545,144	\$884,176	\$1,095,098	\$7,502,876	

(3) Information about major customers

This information is omitted because the Company does not have any major customers that account for 10% or more of net sales in the consolidated statement of income for FY2024 or FY2023.

(4) Information about impairment loss on fixed assets by reportable segment

Millions of yen							
	Environment & Energy	Infocommunications	Automotive	Electronics	Industrial Materials & Others	Adjustments	Total
<b>FY2024</b>							
Impairment loss on fixed assets	<b>¥447</b>	<b>¥1,443</b>	<b>¥1,459</b>	<b>¥3,106</b>	<b>¥2,918</b>	<b>¥ 704</b>	<b>¥10,077</b>

Millions of yen							
	Environment & Energy	Infocommunications	Automotive	Electronics	Industrial Materials & Others	Adjustments	Total
<b>FY2023</b>							
Impairment loss on fixed assets	¥280	¥4,912	¥1,210	¥ 712	¥3,795	¥5,018	¥15,927

Thousands of U.S. dollars							
	Environment & Energy	Infocommunications	Automotive	Electronics	Industrial Materials & Others	Adjustments	Total
<b>FY2024</b>							
Impairment loss on fixed assets	<b>\$2,990</b>	<b>\$9,651</b>	<b>\$9,758</b>	<b>\$20,773</b>	<b>\$19,516</b>	<b>\$4,708</b>	<b>\$67,396</b>

Adjustments of ¥704 million or US\$4,708 thousand for FY2024 represented impairment losses on Research and Development equipment and others that were not attributable to any reportable segment.

(5) Information about goodwill by reportable segment

Millions of yen						
	Environment & Energy	Infocommunications	Automotive	Electronics	Industrial Materials & Others	Total
<b>FY2024</b>						
Amortization	¥ 376	¥—	¥—	¥—	¥ 311	¥ 687
Balance at end	<b>¥14,662</b>	¥—	¥—	¥—	<b>¥5,737</b>	<b>¥20,399</b>

Millions of yen						
	Environment & Energy	Infocommunications	Automotive	Electronics	Industrial Materials & Others	Total
<b>FY2023</b>						
Amortization	¥ 0	¥—	¥ 2	¥—	¥ —	¥ 2
Balance at end	¥ 3	¥—	¥—	¥—	¥ —	¥ 3

Thousands of U.S. dollars						
	Environment & Energy	Infocommunications	Automotive	Electronics	Industrial Materials & Others	Total
<b>FY2024</b>						
Amortization	\$ 2,515	\$—	\$—	\$—	\$ 2,080	\$ 4,595
Balance at end	<b>\$98,060</b>	\$—	\$—	\$—	<b>\$38,369</b>	<b>\$136,430</b>

## 23. RELATED PARTY INFORMATION

### a) Related party transactions

Transactions with the corporate pension for employees

FY2024

(Millions of yen)

Relationship	Name of company	Location	Paid-in-Capital or Advance	Description of business	Share of voting rights (%)	Relations with related parties	Description of transaction	Amount of transactions	Financial statement line item	Amount outstanding at end of year
Corporate pension	Employee pension trust	—	—	—	—	Pension assets of retirement benefit accounting	Return of assets from retirement benefit trust	29,400	—	—

### b) Notes on Significant Affiliates

Condensed financial information for a significant affiliate, Sumitomo Rubber Industries, Ltd., that has a fiscal year ending December 31, at the end of FY2024 is as follows:

	Millions of yen	Thousands of U.S. dollars
<b>FY2024</b>		
Total current assets	<b>¥669,762</b>	<b>\$4,479,414</b>
Total non-current assets	<b>671,361</b>	<b>4,490,108</b>
Total current liabilities	<b>370,615</b>	<b>2,478,699</b>
Total non-current liabilities	<b>294,698</b>	<b>1,970,960</b>
Total equity	<b>675,810</b>	<b>4,519,864</b>
Sales revenue	<b>1,211,856</b>	<b>8,104,976</b>
Profit before tax	<b>16,251</b>	<b>108,688</b>
Profit for the year attributable to:		
Owners of the parent company	<b>9,865</b>	<b>65,978</b>

Condensed financial information for a significant affiliate, Sumitomo Rubber Industries, Ltd., that has a fiscal year ending December 31, at the end of FY2023 is as follows:

	Millions of yen
<b>FY2023</b>	
Total current assets	¥624,719
Total non-current assets	642,013
Total current liabilities	331,089
Total non-current liabilities	294,213
Total equity	641,430
Sales revenue	1,177,399
Profit before tax	62,745
Profit for the year attributable to:	
Owners of the parent company	37,048

## 24. OTHER

The Company is in negotiations with some automakers for damages regarding violation of competition law in the Automotive segment.



# Independent auditor's report

To the Board of Directors of Sumitomo Electric Industries, Ltd.:

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Sumitomo Electric Industries, Ltd. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheet as at March 31, 2025, the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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.

#### Appropriateness of the estimates of total construction costs of large-scale contracts and the provision for loss on order

The key audit matter	How the matter was addressed in our audit
As described in Note 2 – r), “Use of Estimates” to the consolidated financial statements, Sumitomo Electric Industries, Ltd. (the “Company”) and its consolidated	With respect to the Company’s estimate of total construction costs that provided the basis to calculate the progress towards the completion of large-scale contracts to install power cables for revenue

subsidiaries recognized revenue in the consolidated financial statements for the current fiscal year from performance obligations as they are satisfied over time, mainly for construction contracts in the Environment & Energy segment, based on the estimated progress towards complete satisfaction of those performance obligations. Also as described in the same note, provisions are made for losses expected to be incurred in the subsequent fiscal years for contracts in progress at the end of the current fiscal year, when the total costs of the project is more likely to exceed the total revenue, and, the loss amount can be reasonably estimable.

The progress towards the completion of construction is estimated based on the proportion of construction costs incurred to the total construction costs in the project budgets. The order backlog in the Environment & Energy segment and the provision for loss on order amounted to ¥673,287 million and ¥1,196 million, respectively, at the end of the current fiscal year.

Construction to install high-voltage direct current cables for the interconnections among the national and regional power electric utilities and remote island power transmission business and submarine power cables for the large-scale commercial offshore wind power generation business within the Environment & Energy segment are characterized by (1) long construction periods and individually unique conditions; (2) frequent changes in construction periods and tasks subsequent to accepting orders due to changes in circumstances; and (3) the resulting revisions to the total construction costs at multiple times throughout the construction period until completion. If additional costs incurred as a result of subsequent increases in subcontract costs and labor costs cannot be recovered by passing those costs to the sales prices, or if cost reduction activities do not progress as planned, it may adversely affect the construction profits. Accordingly, it is important that the estimate of total construction costs is revised in a timely manner in response to changes in

recognition and the provision for loss on order in the Environment & Energy segment, we performed the following audit procedures with direct involvement of the senior members of the engagement team:

- (1) We tested the design and operating effectiveness of certain of the Company's internal controls related to the project budgets for construction contracts. In this assessment, we focused our testing on the following internal controls:
  - controls relevant to the risk assessment at the time of order acceptance;
  - controls relevant to the approvals of the project budgets; and
  - controls relevant to the monitoring of the project budgets and related risks.
- (2) we primarily performed the following procedures to assess whether the project budgets for construction contracts used to estimate the progress towards the completion of construction were appropriately prepared:
  - inspected the construction contracts to obtain understanding of the important terms and conditions;
  - inspected the materials used for the project progress meetings in which revisions to the project budgets were discussed on a quarterly basis, inquired of the construction project managers, the personnel responsible for the Planning & Administrative Department as well as the personnel responsible for the Accounting Department, among others, regarding their judgment as to whether the project budgets should be revised in response to changes in construction tasks and other factors, and content and progress of the measures to reduce costs to assess the feasibility of the cost reduction plan, inspected the documents supporting their responses, and assessed the responses for consistency with each other thoroughly by exercising our professional skepticism;
  - inquired of the construction project managers, the personnel responsible for the Planning & Administrative Department as well as the personnel responsible for the Accounting Department, among others, as to whether the determination to revise the

<p>circumstances and that all costs required to complete constructions are reflected in the project budgets. In particular, the following estimates in the total construction costs involve a certain degree of uncertainties:</p> <ul style="list-style-type: none"> <li>- additional costs to be incurred as a result of changes in construction tasks and periods during construction;</li> <li>- possibility of achieving the cost reductions; and</li> <li>- additional costs to be incurred as a result of rising subcontract costs and labor costs</li> </ul> <p>We, therefore, determined that our assessment of the appropriateness of the Company's estimate of total construction costs that provided the basis to calculate the progress towards the completion of large-scale contracts for revenue recognition and the provision for loss on order was of most significance in our audit of the consolidated financial statements for the current fiscal year and, accordingly, a key audit matter.</p>	<p>project budgets was properly made in situations involving rising subcontract costs and labor costs and traced to the related documents such as price index information published by external organizations and related contracts;</p> <ul style="list-style-type: none"> <li>- assessed the precision of the project budgets by comparing planned costs for the current fiscal year included in the project budget with actual costs incurred, and evaluated whether variances were properly reflected in the revisions to the project budgets.</li> </ul>
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## Other Information

The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial

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

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

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

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

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

As part of our 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely

responsible for our audit opinion.

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

We also provide corporate auditors and the board of corporate auditors 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 corporate auditors and the board of corporate auditors, 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 are described in "Accounting fees" included in "Supplemental Information" of the Annual Report.

#### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

#### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We 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.

Daisuke Harada

Designated Engagement Partner

Certified Public Accountant

Mitsuhiro Matsumoto

Designated Engagement Partner

Certified Public Accountant

Kazuki Sato

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Osaka Office, Japan

June 26, 2025

**Notes to the Reader of Independent Auditor's Report:**

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.