

# Consolidated Financial Statements

## Year ended March 31, 2026

 Sumitomo Electric Industries, Ltd.

Financial Section FY2025  
(Fiscal year 2025, ended March 31, 2026)

Five-Year Financial Data and Indexes

SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

	Millions of yen					Thousands of U.S. dollars
	FY2025 For the years ended Mar. 31, 2026	FY2024 Mar. 31, 2025	FY2023 Mar. 31, 2024	FY2022 Mar. 31, 2023	FY2021 Mar. 31, 2022	FY2025 Mar. 31, 2026
<b>For the Year:</b>						
Net sales	<b>¥5,110,171</b>	¥4,679,789	¥4,402,814	¥4,005,561	¥3,367,863	<b>\$31,962,541</b>
Cost of sales	<b>4,076,140</b>	3,799,663	3,635,226	3,335,585	2,793,919	<b>25,494,996</b>
Selling, general and administrative expenses	<b>615,858</b>	559,463	540,970	492,533	451,749	<b>3,852,002</b>
Operating profit	<b>418,173</b>	320,663	226,618	177,443	122,195	<b>2,615,543</b>
Profit before income taxes	<b>505,159</b>	304,064	238,545	196,472	159,921	<b>3,159,613</b>
Profit attributable to owners of parent	<b>369,508</b>	193,771	149,723	112,654	96,306	<b>2,311,158</b>
Capital expenditures <sup>*1</sup>	<b>243,183</b>	243,273	193,803	208,278	189,719	<b>1,521,035</b>
Depreciation and amortization	<b>209,842</b>	206,152	206,331	195,999	180,508	<b>1,312,497</b>
R&D expenses	<b>162,858</b>	156,293	141,992	127,672	123,060	<b>1,018,626</b>
<b>At Year-End:</b>						
Total assets	<b>4,824,532</b>	4,441,629	4,365,397	4,013,008	3,807,390	<b>30,175,957</b>
Total interest-bearing liabilities	<b>709,802</b>	775,870	801,499	960,368	859,794	<b>4,439,592</b>
Total net assets <sup>*2</sup>	<b>2,834,999</b>	2,530,437	2,431,888	2,110,819	2,052,938	<b>17,732,043</b>
<b>Per Share Data:</b>						
				Yen		U.S. dollars
	<b>FY2025</b>	FY2024	FY2023	FY2022	FY2021	<b>FY2025</b>
Profit attributable to owners of parent <sup>*3</sup> :						
Basic	<b>¥ 473.78</b>	¥ 248.47	¥ 191.98	¥ 144.45	¥ 123.49	<b>\$ 2.963</b>
Diluted	—	—	—	—	—	—
Cash dividends	<b>154.00</b>	97.00	77.00	50.00	50.00	<b>0.963</b>
Owner's equity <sup>*4</sup>	<b>3,517.58</b>	2,936.93	2,830.82	2,436.14	2,269.31	<b>22.001</b>
Weighted average number of shares outstanding (in thousands)	<b>779,922</b>	779,864	779,870	779,876	779,884	
Number of employees (at year-end)	<b>302,972</b>	288,145	293,266	289,191	281,075	
Average number of temporary employees	<b>(55,106)</b>	(43,094)	(43,414)	(45,525)	(48,275)	
<b>Financial Indexes:</b>						
Operating profit / net sales (%)	<b>8.2</b>	6.9	5.1	4.4	3.6	
Profit attributable to owners of parent / net sales (%)	<b>7.2</b>	4.1	3.4	2.8	2.9	
Profit before income taxes / invested assets <sup>*5</sup> (ROIC) (%)	<b>14.7</b>	9.3	7.6	6.6	5.8	
Return on owner's equity (%)	<b>14.7</b>	8.6	7.3	6.1	5.7	
Owner's equity ratio (%)	<b>56.9</b>	51.6	50.6	47.3	46.5	
Current ratio (times)	<b>1.8</b>	1.8	1.7	1.5	1.6	
R&D expenses / net sales (%)	<b>3.2</b>	3.3	3.2	3.2	3.7	

Note: All dollar figures herein refer to U.S. currency. Yen amounts have been translated, for convenience only, at the rate of ¥159.88 to U.S. \$1.00, the approximate exchange rate prevailing on March 31, 2026.

<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 FY2025

With respect to the world economy during this fiscal year, there remained uncertainties ahead, partly due to the impact of the U.S. tariff policy review on supply chains and rising geopolitical risks, including the U.S.–China conflict and the escalating tension in the Middle East; nevertheless, partly due to economic support underpinned by fiscal and monetary policies across countries and increased investment in technology-related fields such as generative AI, the economy generally remained resilient. Regarding the Japanese economy, despite price increases, partly because corporate capital expenditure increased, and employment and income conditions improved, the economy recovered moderately.

### Review of Operations in FY2025

With respect to the business circumstances of the Sumitomo Electric Group, in the Infocommunications sector, demand for products for data center-related markets significantly increased, while demand for wiring harnesses in the Automotive sector and for products such as power cables and substation equipment in the Environment and Energy sector remained steady. In this environment, in the consolidated financial settlement for this fiscal year, net sales increased from the preceding fiscal year to ¥5,110,171 million (preceding fiscal year: ¥4,679,789 million, +9.2%). With respect to profit, in addition to increased sales, we worked to improve product mix, thoroughly improve productivity, reduce costs, and improve selling prices; as a result, operating profit was ¥418,173 million (preceding fiscal year: ¥320,663 million, +30.4%), with the operating profit margin of 8.2% (preceding fiscal year: 6.9%; +1.3 percentage points), which exceeded the preceding fiscal year's result and achieved new record highs. Profit attributable to owners of parent was ¥369,508 million (preceding fiscal year: ¥193,771 million, +90.7%), which greatly exceeded the preceding fiscal year's result, partly due to the sale of shares of Sumitomo Densetsu Co., Ltd. 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 14.7% (preceding fiscal year: 9.3%).

### Segment Information

#### Environment and Energy:

Net sales increased by ¥97,436 million (compared with the preceding fiscal year: 9.0%) to ¥1,178,780 million, and operating profit increased by ¥11,897 million to ¥90,615 million, due to the expansion of sales of products and services such as power cables, rectangular magnet wires for motors used in electric vehicles, substation equipment manufactured by Nissin Electric Co., Ltd., and electrical work performed by Sumitomo Densetsu Co., Ltd. The operating profit margin improved by 0.4 percentage points to 7.7%. Meanwhile, orders received for plant and installation work came to ¥494,621 million (the order backlog at end of this fiscal year being ¥447,060 million), a rise of ¥1,973 million (0.4%).

#### Infocommunications:

Net sales increased by ¥103,356 million (46.3%) to ¥326,632 million due to, against the backdrop of the expanding generative AI market, increased demand for optical wiring products, optical cables, and optical devices for data centers. Operating profit increased by ¥57,509 million to ¥77,435 million partly due not only to increased sales but also to improved product mix and productivity. The operating profit margin improved by 14.8 percentage points to 23.7%.

#### Automotive:

Net sales increased by ¥202,438 million (7.4%) to ¥2,937,168 million, and operating profit increased by ¥7,309 million to ¥179,700 million, due to steady demand for products such as wiring harnesses and anti-vibration rubbers. The operating profit margin fell by 0.2 percentage points to 6.1%.

#### Electronics:

Net sales increased by ¥31,848 million (8.4%) to ¥409,096 million due to increased demand from major customers for FPCs (flexible printed circuits). Operating profit increased by ¥10,217 million to ¥39,528 million partly due not only to increased sales but also to improved productivity. The operating profit margin improved by 1.9 percentage points to 9.7%.

### Industrial Materials and Others:

Net sales increased by ¥15,746 million (4.2%) to ¥388,413 million due to increased demand for cemented carbide products and diamond/CBN products. Operating profit increased by ¥10,807 million to ¥31,399 million partly due not only to increased sales but also to cost reduction of sintered products. The operating profit margin improved by 2.6 percentage points to 8.1%.

### Cash Flows

Net cash provided by operating activities recorded ¥425,192 million, an increase by ¥22,939 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 ¥715,001 million, represented by an addition of depreciation and amortization of ¥209,842 million back in profit before income taxes of ¥505,159 million.

Net cash used in investing activities recorded ¥174,862 million, a decrease by ¥49,042 million compared with the preceding fiscal year, due to capital expenditure of ¥222,228 million on the purchase of property, plant and equipment offsetting proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation.

Free cash flow, represented by net cash used in investing activities offset against net cash provided by operating activities, was positive ¥250,330 million, while free cash flow was positive ¥178,349 million in the preceding fiscal year.

Cash flow from financing activities recorded a decrease of ¥326,031 million, while a decrease of ¥150,825 million was recorded in the preceding fiscal year, due to payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation and payment of dividends.

Year-end balance of cash and cash equivalents stood at ¥235,921 million, a year-on-year decrease of ¥58,566 million (19.9%).

## Supplemental Information

### Accounting Fees

#### a) Fees of the auditor

For the years ended	Millions of yen				Thousands of U.S. dollars	
	FY2025		FY2024		FY2025	
	March 31, 2026		March 31, 2025		March 31, 2026	
	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	¥ 41	¥245	¥ 14	\$1,532	\$ 256
Consolidated subsidiaries	484	184	466	183	3,027	1,151
Total	¥728	¥225	¥712	¥198	\$4,553	\$1,407

#### 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	
	FY2025		FY2024		FY2025	
	March 31, 2026		March 31, 2025		March 31, 2026	
	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	¥ 3	¥ 13	¥ 13	\$ 81	\$ 19
Consolidated subsidiaries	1,547	858	1,438	768	9,676	5,367
Total	¥1,560	¥861	¥1,451	¥781	\$9,757	\$5,385

## Consolidated Balance Sheet

SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

	Millions of yen		Thousands of U.S. dollars (Note 1)
	<b>FY2025</b>	FY2024	<b>FY2025</b>
	As of <b>March 31, 2026</b>	March 31, 2025	<b>March 31, 2026</b>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and time deposits (Notes 3 and 4)	¥ 236,982	¥ 295,903	\$ 1,482,249
Trade notes and accounts receivable (Note 4)	932,945	880,451	5,835,283
Contract assets (Note 20)	15,267	31,467	95,490
Inventories (Note 7)	1,018,148	922,998	6,368,201
Other current assets	225,322	200,556	1,409,319
Allowance for doubtful receivables	(4,053)	(11,284)	(25,350)
Total current assets	<b>2,424,611</b>	<b>2,320,091</b>	<b>15,165,193</b>
<b>Non-current Assets:</b>			
<b>Property, Plant and Equipment (Note 8):</b>			
Buildings and structures	930,368	897,150	5,819,164
Machinery, equipment and others	2,730,977	2,556,655	17,081,417
Land	100,359	102,945	627,715
Construction in progress	122,029	96,826	763,254
	<b>3,883,733</b>	<b>3,653,576</b>	<b>24,291,550</b>
Accumulated depreciation	(2,694,299)	(2,531,746)	(16,852,008)
Net property, plant and equipment	<b>1,189,434</b>	<b>1,121,830</b>	<b>7,439,542</b>
<b>Intangible Assets</b>	<b>62,086</b>	<b>61,378</b>	<b>388,329</b>
<b>Investments and Other Assets:</b>			
Investments in unconsolidated subsidiaries and affiliates (Note 4)	338,874	311,605	2,119,552
Investment securities (Notes 4 and 5)	374,159	293,128	2,340,249
Net defined benefit asset (Note 13)	344,890	251,979	2,157,180
Deferred tax assets (Note 12)	41,677	39,022	260,677
Other	59,825	43,294	374,187
Allowance for doubtful receivables	(11,024)	(698)	(68,952)
Total investments and other assets	<b>1,148,401</b>	<b>938,330</b>	<b>7,182,893</b>
Total non-current assets	<b>2,399,921</b>	<b>2,121,538</b>	<b>15,010,764</b>
Total assets	<b>¥4,824,532</b>	<b>¥4,441,629</b>	<b>\$30,175,957</b>

	Millions of yen		Thousands of U.S. dollars (Note 1)
	FY2025	FY2024	FY2025
	As of March 31, 2026	March 31, 2025	March 31, 2026
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Trade notes and accounts payable (Note 4)	¥ 487,654	¥ 473,834	\$ 3,050,125
Short-term debt (Notes 4 and 8)	210,726	314,294	1,318,026
Commercial papers (Notes 4 and 8)	63,276	32,416	395,772
Current portion of bonds (Notes 4 and 8)	44,997	—	281,442
Accrued income taxes	49,102	37,442	307,118
Provision for loss on business	—	6,657	—
Contract liabilities (Note 20)	113,584	97,456	710,433
Other current liabilities	378,417	324,744	2,366,881
Total current liabilities	1,347,756	1,286,843	8,429,797
<b>Non-current Liabilities:</b>			
Bonds (Notes 4 and 8)	129,945	174,916	812,766
Long-term debt (Notes 4 and 8)	171,598	166,365	1,073,292
Deferred tax liabilities (Note 12)	192,012	129,663	1,200,976
Net defined benefit liabilities (Note 13)	53,887	51,820	337,047
Other non-current liabilities	94,335	101,585	590,036
Total non-current liabilities	641,777	624,349	4,014,117
Total liabilities	1,989,533	1,911,192	12,443,914
<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 FY2025 and FY2024	99,737	99,737	623,824
Issued—793,941 thousand shares in FY2025 and FY2024			
Capital surplus	141,937	165,319	887,772
Retained earnings	1,903,632	1,618,695	11,906,630
Treasury stock, at cost: 14,021 thousand shares in FY2025 and 14,080 thousand shares in FY2024	(20,791)	(20,818)	(130,041)
Total shareholders' equity	2,124,515	1,862,933	13,288,185
<b>Accumulated Other Comprehensive Income:</b>			
Net unrealized holding gains or losses on available-for-sale securities	241,274	177,927	1,509,094
Deferred gains or losses on hedges	(1,726)	(3,692)	(10,796)
Foreign currency translation adjustments	240,547	162,741	1,504,547
Remeasurements of defined benefit plans	138,824	90,485	868,301
Total accumulated other comprehensive income	618,919	427,461	3,871,147
<b>Non-controlling Interests</b>			
Total net assets	2,834,999	2,530,437	17,732,043
Total liabilities and net assets	¥4,824,532	¥4,441,629	\$30,175,957

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)
	FY2025	FY2024	FY2025
	For the years ended March 31, 2026	March 31, 2025	March 31, 2026
<b>Net Sales</b>	<b>¥5,110,171</b>	¥4,679,789	<b>\$31,962,541</b>
<b>Cost of Sales</b>	<b>4,076,140</b>	3,799,663	<b>25,494,996</b>
Gross profit	<b>1,034,031</b>	880,126	<b>6,467,544</b>
<b>Selling, General and Administrative Expenses</b>	<b>615,858</b>	559,463	<b>3,852,002</b>
Operating profit	<b>418,173</b>	320,663	<b>2,615,543</b>
<b>Other Income (Expenses):</b>			
Interest and dividend income	<b>11,252</b>	11,967	<b>70,378</b>
Interest expenses	<b>(23,717)</b>	(29,749)	<b>(148,343)</b>
Share of profit of investments accounted for using the equity method	<b>31,390</b>	14,776	<b>196,335</b>
Gain on sales of property, plant and equipment	<b>10,360</b>	2,135	<b>64,799</b>
Gain on sales of investment securities	<b>8,635</b>	11,085	<b>54,009</b>
Gain on sales of shares of subsidiaries and associates	<b>79,154</b>	—	<b>495,084</b>
Gain on return of assets from retirement benefit trust (Notes 15)	—	12,919	—
Loss on disposal of property, plant and equipment (Note 16)	<b>(5,381)</b>	(4,296)	<b>(33,656)</b>
Impairment loss on fixed assets (Note 17)	<b>(7,134)</b>	(5,204)	<b>(44,621)</b>
Restructuring expenses (Note 18)	<b>(11,749)</b>	(22,071)	<b>(73,486)</b>
Other, net	<b>(5,824)</b>	(8,161)	<b>(36,427)</b>
	<b>86,986</b>	(16,599)	<b>544,071</b>
<b>Profit before Income Taxes</b>	<b>505,159</b>	304,064	<b>3,159,613</b>
<b>Income Taxes (Note 12):</b>			
Current	<b>98,219</b>	73,842	<b>614,329</b>
Deferred	<b>5,794</b>	8,396	<b>36,240</b>
	<b>104,013</b>	82,238	<b>650,569</b>
<b>Profit for the year</b>	<b>401,146</b>	221,826	<b>2,509,044</b>
<b>Profit Attributable to Non-controlling Interests</b>	<b>(31,638)</b>	(28,055)	<b>(197,886)</b>
<b>Profit Attributable to Owners of Parent</b>	<b>¥ 369,508</b>	¥ 193,771	<b>\$ 2,311,158</b>
	Yen		U.S. dollars (Note 1)
<b>Per Share of Common Stock (Note 10):</b>			
Basic	<b>¥473.78</b>	¥248.47	<b>\$2.963</b>
Diluted	—	—	—
Cash dividends	<b>154.00</b>	97.00	<b>0.963</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>FY2025</b>	FY2024	<b>FY2025</b>
	For the years ended <b>March 31, 2026</b>	March 31, 2025	<b>March 31, 2026</b>
<b>Profit for the year</b>	<b>¥401,146</b>	¥221,826	<b>\$2,509,044</b>
<b>Other Comprehensive Income (Loss) (Note 11) :</b>			
Net unrealized holding gains or losses on available-for-sale securities	<b>58,272</b>	(8,052)	<b>364,473</b>
Deferred gains or losses on hedges	<b>1,968</b>	(1,013)	<b>12,309</b>
Foreign currency translation adjustments	<b>78,422</b>	(1,901)	<b>490,505</b>
Remeasurements of defined benefit plans	<b>52,389</b>	(43,785)	<b>327,677</b>
Share of other comprehensive income (loss) of affiliates accounted for using equity method	<b>4,600</b>	10,955	<b>28,772</b>
Total other comprehensive income (loss)	<b>195,651</b>	(43,796)	<b>1,223,737</b>
<b>Comprehensive Income (Loss)</b>	<b>¥596,797</b>	¥178,030	<b>\$3,732,781</b>
Comprehensive income (loss) attributable to:			
Owners of the parent	<b>561,000</b>	151,240	<b>3,508,882</b>
Non-controlling interests	<b>35,797</b>	26,790	<b>223,899</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		
<b>Balance at Beginning of FY2024</b>	¥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)	
<b>Balance at End of FY2024</b>	¥99,737	¥165,319	¥1,618,695	¥(20,818)	¥177,927	¥(3,692)	¥162,741	¥ 90,485	¥240,043	¥2,530,437	
<b>Balance at Beginning of FY2025</b>	¥99,737	¥165,319	¥1,618,695	¥(20,818)	¥177,927	¥(3,692)	¥162,741	¥ 90,485	¥240,043	¥2,530,437	
Cash dividends			(86,588)							(86,588)	
Profit attributable to owners of parent			369,508							369,508	
Purchases of treasury stock				(122)						(122)	
Disposal of treasury stock		224		149						373	
Change in scope of consolidation			(1,058)							(1,058)	
Change in scope of equity method			3,075							3,075	
Change in ownership interests arising from transactions with non-controlling shareholders		(23,606)								(23,606)	
Other					63,347	1,966	77,806	48,339	(148,478)	42,980	
<b>Balance at End of FY2025</b>	¥99,737	¥141,937	¥1,903,632	¥(20,791)	¥241,274	¥(1,726)	¥240,547	¥138,824	¥ 91,565	¥2,834,999	

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 FY2025</b>	\$623,824	\$1,034,019	\$10,124,437	\$(130,210)	\$1,112,878	\$(23,092)	\$1,017,895	\$565,956	\$1,501,395	\$15,827,102
Cash dividends			(541,581)							(541,581)
Profit attributable to owners of parent			2,311,158							2,311,158
Purchases of treasury stock				(763)						(763)
Disposal of treasury stock		1,401		932						2,333
Change in scope of consolidation			(6,617)							(6,617)
Change in scope of equity method			19,233							19,233
Change in ownership interests arising from transactions with non-controlling shareholders		(147,648)								(147,648)
Other					396,216	12,297	486,652	302,346	(928,684)	268,827
<b>Balance at End of FY2025</b>	<b>\$623,824</b>	<b>\$ 887,772</b>	<b>\$11,906,630</b>	<b>\$(130,041)</b>	<b>\$1,509,094</b>	<b>\$(10,796)</b>	<b>\$1,504,547</b>	<b>\$868,301</b>	<b>\$ 572,711</b>	<b>\$17,732,043</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)
	FY2025	FY2024	FY2025
	For the years ended March 31, 2026	March 31, 2025	March 31, 2026
<b>Cash Flows from Operating Activities:</b>			
Profit before income taxes	<b>¥505,159</b>	¥304,064	<b>\$3,159,613</b>
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation and amortization	<b>209,842</b>	206,152	<b>1,312,497</b>
Impairment loss on fixed assets	<b>11,053</b>	10,077	<b>69,133</b>
Amortization of goodwill	<b>2,920</b>	687	<b>18,264</b>
Interest and dividend income	<b>(11,252)</b>	(11,967)	<b>(70,378)</b>
Interest expense	<b>23,717</b>	29,749	<b>148,343</b>
Share of loss (profit) of investments accounted for using the equity method	<b>(31,390)</b>	(14,776)	<b>(196,335)</b>
Net loss (gain) on sales of property, plant and equipment	<b>(9,763)</b>	(1,668)	<b>(61,065)</b>
Net loss (gain) on sales of investment securities	<b>(8,635)</b>	(11,085)	<b>(54,009)</b>
Net loss (gain) on sales of shares of subsidiaries and associates	<b>(79,154)</b>	—	<b>(495,084)</b>
Loss on disposal of property, plant and equipment	<b>5,381</b>	5,989	<b>33,656</b>
Loss (gain) on valuation of investment securities	<b>144</b>	636	<b>901</b>
Gain on return of assets from retirement benefit trust	—	(12,919)	—
Decrease (increase) in trade notes and accounts receivable	<b>(70,405)</b>	(946)	<b>(440,362)</b>
Decrease (increase) in inventories	<b>(47,886)</b>	(17,539)	<b>(299,512)</b>
Increase (decrease) in trade notes and accounts payable	<b>26,937</b>	(7,100)	<b>168,483</b>
Increase/decrease in net defined benefit assets and liabilities	<b>(18,596)</b>	(13,384)	<b>(116,312)</b>
Other, net	<b>(15,424)</b>	16,760	<b>(96,472)</b>
Subtotal	<b>492,648</b>	482,730	<b>3,081,361</b>
Interest and dividends received	<b>20,349</b>	22,897	<b>127,277</b>
Interest paid	<b>(23,412)</b>	(29,841)	<b>(146,435)</b>
Income taxes paid	<b>(64,393)</b>	(73,533)	<b>(402,758)</b>
Net cash provided by (used in) operating activities	<b>425,192</b>	402,253	<b>2,659,445</b>
<b>Cash Flows from Investing Activities:</b>			
Purchase of property, plant and equipment	<b>(222,228)</b>	(199,824)	<b>(1,389,967)</b>
Proceeds from sales of property, plant and equipment	<b>12,037</b>	4,998	<b>75,288</b>
Purchase of investment securities	<b>(3,827)</b>	(4,786)	<b>(23,937)</b>
Proceeds from sales of investment securities	<b>11,348</b>	13,018	<b>70,978</b>
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 3)	<b>(1,459)</b>	(16,292)	<b>(9,126)</b>
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	<b>(666)</b>	(1,291)	<b>(4,166)</b>
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation (Note 3)	<b>53,036</b>	—	<b>331,724</b>
Other, net	<b>(23,103)</b>	(19,727)	<b>(144,502)</b>
Net cash provided by (used in) investing activities	<b>(174,862)</b>	(223,904)	<b>(1,093,708)</b>

	Millions of yen		Thousands of U.S. dollars (Note 1)
	<b>FY2025</b>	FY2024	<b>FY2025</b>
	For the years ended <b>March 31, 2026</b>	March 31, 2025	<b>March 31, 2026</b>
<b>Cash Flows from Financing Activities:</b>			
Net increase (decrease) in short-term debt	<b>(96,574)</b>	(76,233)	<b>(604,041)</b>
Increase (decrease) in commercial papers	<b>25,323</b>	32,776	<b>158,388</b>
Proceeds from long-term debt	<b>25,523</b>	46,696	<b>159,638</b>
Redemption of bonds and repayments of long-term debt	<b>(46,003)</b>	(54,370)	<b>(287,735)</b>
Payments for purchase of treasury stock	<b>(13)</b>	(4)	<b>(81)</b>
Cash dividends paid	<b>(86,588)</b>	(68,646)	<b>(541,581)</b>
Dividends paid to non-controlling interests	<b>(14,327)</b>	(10,406)	<b>(89,611)</b>
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	<b>(112,688)</b>	(956)	<b>(704,829)</b>
Other, net	<b>(20,684)</b>	(19,682)	<b>(129,372)</b>
Net cash provided by (used in) financing activities	<b>(326,031)</b>	(150,825)	<b>(2,039,223)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>17,135</b>	(1,470)	<b>107,174</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(58,566)</b>	26,054	<b>(366,312)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>294,487</b>	268,273	<b>1,841,925</b>
<b>Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiaries</b>	—	18	—
<b>Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries</b>	—	142	—
<b>Cash and Cash Equivalents at End of Year (Note 3)</b>	<b>¥235,921</b>	¥294,487	<b>\$1,475,613</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, 2026 and 2025

### 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, 2026, which was ¥159.88 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 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.

### 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 ¥162,858 million (US\$1,018,626 thousand) and ¥156,293 million for the years ended March 31, 2026 and 2025, 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 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, 2027 as follows:

(Large construction projects)

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

The amount of sales was ¥1,178,780 million (US\$7,372,905 thousand) and the amount of provisions for loss on orders received was ¥1,003 million (US\$6,273 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 customer's order. However, regarding long-term construction projects, such as the installation of high-voltage direct current cables for interconnections among national and regional power electric utilities or the offshore wind power business, if additional costs are incurred that 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 unforeseen changes in the content of the work, progress of cost reduction activities, or additional costs arising from soaring outsourcing, personnel, material or transportation costs resulting from the international situation, 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) 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.

- Accounting Standard for Subsequent Events (ASBJ Statement No.41, January 9, 2026)
- Implementation Guidance on Accounting Standard for Subsequent Events (ASBJ Guidance No.35, January 9, 2026)

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

The Accounting Standard for Subsequent Events and its Implementation Guidance were established with the primary objective to set comprehensive accounting standards addressing the definition, accounting treatment, and disclosure of subsequent events. As a basic policy, the accounting-related content presented in Audit Considerations Relating to Subsequent Events (Audit Standards Report No.560, Practical Guideline No.1) issued by the Auditing and Assurance Standards Committee of the Japanese Institute of Certified Public Accountants has in principle been transferred to the Accounting Standards Board of Japan. In accordance with this policy, revisions to the wording and a reorganization of the evaluation period for subsequent events were conducted, and new disclosure requirements were introduced, such as notes regarding the approval of financial statements for issuance. Accordingly, the Accounting Standards prescribe the accounting treatment and disclosure related to subsequent events.

##### **(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. 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, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	<b>FY2025</b>	FY2024	<b>FY2025</b>
	As of <b>March 31, 2026</b>	March 31, 2025	<b>March 31, 2026</b>
Cash and time deposits	<b>¥236,982</b>	¥295,903	<b>\$1,482,249</b>
Deposits placed with banks with a maturity of over three months	<b>(1,061)</b>	(1,416)	<b>(6,636)</b>
Cash and cash equivalents	<b>¥235,921</b>	¥294,487	<b>\$1,475,613</b>

#### 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:

FY2024	Millions of yen
Current assets	¥27,048
Non-current assets	578
Goodwill	15,017
Current liabilities	(27,072)
Non-current liabilities	(4,882)
Non-controlling interests	433
Acquisition cost	11,122
Cash and cash equivalents	(1,956)
Net cash paid for the acquisition	<b>¥ 9,166</b>

#### c) Selling Control of Subsidiary

In fiscal year 2025, the Company sold control of Sumitomo Densetsu Co., Ltd. and its 8 subsidiaries due to the transfer of shares.

The relationship between the breakdown of the assets and liabilities of these companies at the time of transfer and the sales price and net cash received for the transfer was as follows:

<b>FY2025</b>	Millions of yen	Thousands of U.S. dollars
Current assets	<b>¥159,170</b>	<b>\$995,559</b>
Non-current assets	<b>59,645</b>	<b>373,061</b>
Current liabilities	<b>(68,197)</b>	<b>(426,551)</b>
Non-current liabilities	<b>(10,299)</b>	<b>(64,417)</b>
Accumulated other comprehensive income	<b>(10,289)</b>	<b>(64,355)</b>
Non-controlling interests	<b>(71,436)</b>	<b>(446,810)</b>
Decrease of retained earnings resulting from exclusion from the scope of consolidation	<b>(1,058)</b>	<b>(6,617)</b>
Unrealized profits, etc.	<b>(9,461)</b>	<b>(59,176)</b>
Gain on sales of shares of subsidiaries and associates	<b>76,044</b>	<b>475,632</b>
Sales price	<b>124,119</b>	<b>776,326</b>
Cash and cash equivalents	<b>(71,083)</b>	<b>(444,602)</b>
Net cash received for the transfer	<b>¥ 53,036</b>	<b>\$331,724</b>

#### 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, 2026 and 2025 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		
	FY2025			FY2024			FY2025		
	March 31, 2026			March 31, 2025			March 31, 2026		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Investment securities <sup>*1</sup>	¥571,983	¥627,649	¥55,666	¥474,065	¥532,221	¥58,156	\$3,577,577	\$3,925,751	\$348,174
Total assets	571,983	627,649	55,666	474,065	532,221	58,156	3,577,577	3,925,751	348,174
Bonds	174,942	166,822	(8,120)	174,916	167,798	(7,118)	1,094,208	1,043,420	(50,788)
Long-term debt	171,598	164,211	(7,387)	166,365	162,165	(4,200)	1,073,292	1,027,089	(46,203)
Total liabilities	346,540	331,033	(15,507)	341,281	329,963	(11,318)	2,167,501	2,070,509	(96,991)
Derivative transactions <sup>*2</sup>	¥ (932)	¥ (932)	¥ -	¥ (5,333)	¥ (5,333)	¥ -	\$ (5,829)	\$ (5,829)	\$ -

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

	Millions of yen		Thousands of U.S. dollars
	FY2025	FY2024	FY2025
	As of March 31, 2026	March 31, 2025	March 31, 2026
Unlisted securities (available-for-sale securities)	¥ 6,206	¥ 6,845	\$ 38,817
Unlisted investments in unconsolidated subsidiaries and affiliates	134,844	123,823	843,408

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

FY2025	Millions of yen			
	Fair value			Total
	Level 1	Level 2	Level 3	
Investment securities				
Other securities				
Stock	¥367,252	¥ —	¥701	¥367,953
Bonds (other)	—	—	—	—
Other	—	—	—	—
Derivative transactions				
Foreign currency forward exchange and currency option contracts	—	5,167	—	5,167
Interest rate and currency swap contracts	—	—	—	—
Commodity forward and swap contracts	—	3,357	—	3,357
Total assets	367,252	8,524	701	376,477
Derivative transactions				
Foreign currency forward exchange and currency option contracts	—	8,468	—	8,468
Interest rate and currency swap contracts	—	—	—	—
Commodity forward and swap contracts	—	988	—	988
Total liabilities	¥ —	¥9,456	¥ —	¥ 9,456

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

FY2025	Thousands of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stock	\$2,297,048	\$ —	\$4,385	\$2,301,432
Bonds (other)	—	—	—	—
Other	—	—	—	—
Derivative transactions				
Foreign currency forward exchange and currency option contracts	—	32,318	—	32,318
Interest rate and currency swap contracts	—	—	—	—
Commodity forward and swap contracts	—	20,997	—	20,997
Total assets	2,297,048	53,315	4,385	2,354,747
Derivative transactions				
Foreign currency forward exchange and currency option contracts	—	52,965	—	52,965
Interest rate and currency swap contracts	—	—	—	—
Commodity forward and swap contracts	—	6,180	—	6,180
Total liabilities	\$ —	\$59,144	\$ —	\$ 59,144

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

FY2025	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	259,696	—	—	259,696
Total assets	259,696	—	—	259,696
Bonds	—	166,822	—	166,822
Long-term debt	—	164,211	—	164,211
Total liabilities	¥ —	¥331,033	¥—	¥331,033

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

FY2025	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	1,624,318	—	—	1,624,318
Total assets	1,624,318	—	—	1,624,318
Bonds	—	1,043,420	—	1,043,420
Long-term debt	—	1,027,089	—	1,027,089
Total liabilities	\$ —	\$2,070,509	\$—	\$2,070,509

(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, 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	As of	FY2025 March 31, 2026	FY2024 March 31, 2025	FY2025 March 31, 2026
<b>Securities in current assets:</b>				
Available-for-sale securities		¥—	¥—	\$—
Held-to-maturity debt securities		—	—	—
		¥—	¥—	\$—
<b>Investment securities:</b>				
Available-for-sale securities		¥374,159	¥293,128	\$2,340,249
Held-to-maturity debt securities		—	—	—
		¥374,159	¥293,128	\$2,340,249

Available-for-sale securities with fair values or quoted market values included in securities in current assets and investment securities as of March 31, 2026 and 2025 were as follows:

	Millions of yen			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Fair value)
<b>FY2025</b>				
Equity securities	¥19,178	¥348,937	¥(162)	¥367,953
Other	—	—	—	—
	¥19,178	¥348,937	¥(162)	¥367,953
<b>FY2024</b>				
Equity securities	¥24,359	¥262,548	¥(624)	¥286,283
Other	—	—	—	—
	¥24,359	¥262,548	¥(624)	¥286,283
<b>FY2025</b>				
Equity securities	\$119,952	\$2,182,493	\$(1,013)	\$2,301,432
Other	—	—	—	—
	\$119,952	\$2,182,493	\$(1,013)	\$2,301,432

Proceeds from sales of available-for-sale securities were ¥9,584 million (US\$59,945 thousand) and ¥11,824 million for the years ended March 31, 2026 and 2025, respectively. The net realized gains were ¥8,001 million (US\$50,044 thousand) and ¥10,562 million, respectively.

Impairment loss on securities during fiscal year 2025 amounted to ¥144 million (US\$901 thousand), which consisted of ¥120 million (US\$751 thousand) for available-for-sale securities and ¥24 million (US\$150 thousand) for investments in unconsolidated subsidiaries. Impairment loss on securities during fiscal year 2024 amounted to ¥636 million, which consisted of ¥594 million for available-for-sale securities and ¥42 million for investments in affiliated companies not accounted for using the equity method.

## 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, 2026 and 2025 is as follows:

	Millions of yen									
	FY2025					FY2024				
	Contracts for which hedge accounting is not adopted			Contracts for which hedge accounting is adopted <sup>*</sup>		Contracts for which hedge accounting is not adopted			Contracts for which hedge accounting is adopted <sup>*</sup>	
	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	¥ 96,530	¥ 2,673	¥ 2,673	¥208,198	¥ 2,209	¥ 64,046	¥ 17	¥ 17	¥182,044	¥ 386
Sell	282,922	(2,053)	(2,053)	394,359	(6,130)	242,705	(372)	(372)	343,123	(5,465)
Interest rate and currency swap contracts	—	—	—	—	—	—	—	—	—	—
Commodity forward contracts (copper, nickel and aluminum):										
Buy	26,339	(44)	(44)	26,081	640	21,608	(48)	(48)	19,024	74
Sell	35,774	293	293	29,041	(237)	30,944	(119)	(119)	18,352	114
Commodity swap contracts (copper and silver)	—	—	—	15,764	1,717	—	—	—	3,395	80
	<b>¥441,565</b>	<b>¥ 869</b>	<b>¥ 869</b>	<b>¥673,443</b>	<b>¥(1,801)</b>	<b>¥359,303</b>	<b>¥(522)</b>	<b>¥(522)</b>	<b>¥565,938</b>	<b>¥(4,811)</b>

	Thousands of U.S. dollars				
	FY2025				
	Contracts for which hedge accounting is not adopted			Contracts for which hedge accounting is adopted <sup>*</sup>	
	Contracted amount	Fair value	Recognized gain (loss)	Contracted amount	Fair value
Foreign currency forward exchange and currency option contracts:					
Buy	\$ 603,765	\$ 16,719	\$ 16,719	\$1,302,214	\$ 13,817
Sell	1,769,590	(12,841)	(12,841)	2,466,594	(38,341)
Interest rate and currency swap contracts	—	—	—	—	—
Commodity forward contracts (copper, nickel and aluminum):					
Buy	164,742	(275)	(275)	163,129	4,003
Sell	223,755	1,833	1,833	181,642	(1,482)
Commodity swap contracts (copper and silver)	—	—	—	98,599	10,739
	<b>\$2,761,853</b>	<b>\$ 5,435</b>	<b>\$ 5,435</b>	<b>\$4,212,178</b>	<b>\$(11,265)</b>

\* 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, 2026 and 2025.

## 7. INVENTORIES

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

	Millions of yen		Thousands of U.S. dollars	
	As of	FY2025 March 31, 2026	FY2024 March 31, 2025	FY2025 March 31, 2026
Merchandise and finished goods		¥ 356,631	¥326,285	\$2,230,617
Work in process		317,878	304,574	1,988,229
Raw materials and supplies		343,639	292,139	2,149,356
		<b>¥1,018,148</b>	<b>¥922,998</b>	<b>\$6,368,201</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, 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	As of	FY2025 March 31, 2026	FY2024 March 31, 2025	FY2025 March 31, 2026
Short-term debt, principally from banks, with a weighted average interest rate of 4.35% at March 31, 2026		¥190,693	¥269,857	\$1,192,726
Current portion of long-term debt, principally from banks and insurance companies, with a weighted average interest rate of 1.52% at March 31, 2026		20,033	44,437	125,300
Commercial papers, with a weighted average interest rate of 2.30% at March 31, 2026		63,276	32,416	395,772
Current portion of bonds		44,997	—	281,442
		<b>¥318,999</b>	<b>¥346,710</b>	<b>\$1,995,240</b>

### b) Bonds and Long-Term Debt

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

	Millions of yen		Thousands of U.S. dollars	
	As of	FY2025 March 31, 2026	FY2024 March 31, 2025	FY2025 March 31, 2026
Unsecured bonds, due 2026 to 2033, with an interest rate of 0.15%-0.809%		¥174,942	¥174,916	\$1,094,208
Long-term debt, principally from banks and insurance companies, due 2026 to 2034, with a weighted average interest rate of 1.08% at March 31, 2026		191,631	210,802	1,198,593
		<b>366,573</b>	<b>385,718</b>	<b>2,292,801</b>
Current portion of bonds and long-term debt		(65,030)	(44,437)	(406,743)
		<b>¥301,543</b>	<b>¥341,281</b>	<b>\$1,886,058</b>

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

(Bonds)

March 31	Millions of yen	Thousands of U.S. dollars
2027 (= current portion)	¥45,000	\$281,461
2028	18,000	112,584
2029	—	—
2030	50,000	312,735
2031	—	—
2032 and thereafter	62,000	387,791

(Long-term debt)

March 31	Millions of yen	Thousands of U.S. dollars
2027 (= current portion)	¥20,033	\$125,300
2028	45,870	286,903
2029	36,205	226,451
2030	11,185	69,959
2031	21,560	134,851
2032 and thereafter	56,778	355,129

The following assets were pledged as collateral for short-term debt and long-term debt, including the current portion, at March 31, 2026 and 2025.

	Millions of yen		Thousands of U.S. dollars
	FY2025	FY2024	FY2025
	As of March 31, 2026	March 31, 2025	March 31, 2026
Property, plant and equipment, net of accumulated depreciation	¥851	¥920	\$5,323

## 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, 2026 and 2025 were as follows:

Common stock outstanding	Thousands of shares	
	<b>FY2025</b>	FY2024
For the years ended	<b>March 31, 2026</b>	March 31, 2025
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>FY2025</b>	FY2024
For the years ended	<b>March 31, 2026</b>	March 31, 2025
Balance at beginning of year	<b>14,080</b>	14,073
Increase due to purchase of shares of common stocks	—	—
Increase due to purchase of odd-lot stocks	<b>2</b>	2
Other, net	<b>(61)</b>	5
Balance at end of year	<b>14,021</b>	14,080

## b) Dividend Information

Dividends paid in fiscal year 2025			Total amount	
Resolution	Record date	Effective date	Millions of yen	Thousands of U.S. dollars
Shareholders' meeting on June 26, 2025	March 31, 2025	June 27, 2025	¥47,584	\$297,623
Board of Directors on October 31, 2025	September 30, 2025	December 1, 2025	¥39,004	\$243,958

Dividends paid after March 31, 2026 with respect to fiscal year 2025			Total amount	
Resolution	Record date	Effective date	Millions of yen	Thousands of U.S. dollars
Shareholders' meeting on June 26, 2026	March 31, 2026	June 29, 2026	¥81,127	\$507,424

Dividends paid in fiscal year 2024			Total amount
Resolution	Record date	Effective date	Millions of yen
Shareholders' meeting on June 26, 2024	March 31, 2024	June 27, 2024	¥40,564
Board of Directors on November 1, 2024	September 30, 2024	December 2, 2024	¥28,083

Dividends paid after March 31, 2025 with respect to fiscal year 2024			Total amount
Resolution	Record date	Effective date	Millions of yen
Shareholders' meeting on June 26, 2025	March 31, 2025	June 27, 2025	¥47,584

## 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, 2026 and 2025, 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, 2026 and 2025 were as follows:

	Millions of yen		Thousands of
			U.S. dollars
	<b>FY2025</b>	FY2024	<b>FY2025</b>
For the years ended	<b>March 31, 2026</b>	March 31, 2025	<b>March 31, 2026</b>
<b>Net Unrealized Holding Gains or Losses on Available-for-Sale</b>			
<b>Securities:</b>			
Increase (decrease) during the year	¥120,574	¥ (277)	\$ 754,153
Reclassification adjustments	(33,627)	(10,026)	(210,326)
Subtotal, before income taxes and tax effects	86,947	(10,303)	543,827
Income taxes and tax effects	(28,675)	2,251	(179,353)
Subtotal, net of income taxes and tax effects	¥ 58,272	¥ (8,052)	\$ 364,473
<b>Deferred Gains or Losses on Hedges:</b>			
Increase (decrease) during the year	¥ 4,027	¥ (337)	\$ 25,188
Reclassification adjustments	(1,180)	(1,120)	(7,381)
Subtotal, before income taxes and tax effects	2,847	(1,457)	17,807
Income taxes and tax effects	(879)	444	(5,498)
Subtotal, net of income taxes and tax effects	¥ 1,968	¥ (1,013)	\$ 12,309
<b>Foreign Currency Translation Adjustments:</b>			
Increase (decrease) during the year	¥ 81,395	¥ (1,484)	\$ 509,101
Reclassification adjustments	(2,973)	(417)	(18,595)
Subtotal, before income taxes and tax effects	78,422	(1,901)	490,505
Income taxes and tax effects	—	—	—
Subtotal, net of income taxes and tax effects	¥ 78,422	¥ (1,901)	\$ 490,505
<b>Remeasurements of Defined Benefit Plans</b>			
Increase (decrease) during the year	¥ 91,065	¥(33,773)	\$ 569,583
Reclassification adjustments	(14,475)	(27,996)	(90,537)
Subtotal, before income taxes and tax effects	76,590	(61,769)	479,047
Income taxes and tax effects	(24,201)	17,984	(151,370)
Subtotal, net of income taxes and tax effects	¥ 52,389	¥(43,785)	\$ 327,677
<b>Share of Other Comprehensive Income (Loss) of Affiliates</b>			
<b>Accounted for Using Equity Method:</b>			
Increase (decrease) during the year	¥ 3,854	¥ 13,138	\$ 24,106
Reclassification adjustments	746	(2,183)	4,666
Subtotal, net of income taxes and tax effects	4,600	10,955	28,772
Total other comprehensive income (loss)	¥195,651	¥(43,796)	\$1,223,737

\* 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, 2026 and 2025.

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, 2026 and 2025:

	For the years ended	<b>FY2025</b> March 31, 2026	FY2024 March 31, 2025
Statutory tax rate		<b>30.6%</b>	30.6%
Share of profit of investments accounted for using the equity method		<b>(1.9)</b>	(1.5)
Non-deductible expenses		<b>0.1</b>	0.1
Non-taxable dividend income		<b>(4.0)</b>	(0.2)
Tax credits		<b>(2.5)</b>	(2.9)
Effect of lower tax rates for overseas consolidated subsidiaries		<b>(3.1)</b>	(3.9)
Change in valuation allowance		<b>(2.3)</b>	1.5
Intercompany profits		<b>0.0</b>	(0.3)
Change in undistributed earnings of consolidated subsidiaries and affiliates		<b>1.5</b>	0.7
Foreign income taxes		<b>1.1</b>	2.1
Adjustment of deferred tax assets due to change in corporate tax rate		—	0.2
Other		<b>1.1</b>	0.7
Effective tax rate		<b>20.6%</b>	27.0%

Deferred tax assets and liabilities included in the consolidated balance sheet at March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	As of	<b>FY2025</b> March 31, 2026	FY2024 March 31, 2025	<b>FY2025</b> March 31, 2026
Deferred tax assets		<b>¥ 41,677</b>	¥ 39,022	<b>\$ 260,677</b>
Deferred tax liabilities		<b>(192,012)</b>	(129,663)	<b>(1,200,976)</b>
		<b>¥(150,335)</b>	¥ (90,641)	<b>\$ (940,299)</b>

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

	Millions of yen		Thousands of U.S. dollars
	FY2025	FY2024	FY2025
	As of March 31, 2026	March 31, 2025	March 31, 2026
<b>Deferred tax assets:</b>			
Net operating loss carryforwards <sup>*1</sup>	¥ 83,661	¥ 79,692	\$ 523,274
Fixed assets	25,190	25,618	157,556
Accrued expenses	20,370	18,274	127,408
Inventories	19,852	19,001	124,168
Intercompany profits	14,664	16,103	91,719
Net defined benefit liabilities	14,468	14,099	90,493
Investment securities	4,673	6,384	29,228
Allowance for doubtful receivables	4,179	1,309	26,138
Foreign tax credits	2,379	5,020	14,880
Provision for loss on business	—	2,036	—
Other	54,134	55,318	338,591
	<b>243,570</b>	<b>242,854</b>	<b>1,523,455</b>
Valuation allowance regarding net operating loss carryforwards <sup>*1</sup>	(78,390)	(75,386)	(490,305)
Valuation allowance regarding deductible temporary differences	(35,033)	(44,848)	(219,121)
Total valuation allowance	<b>(113,423)</b>	<b>(120,234)</b>	<b>(709,426)</b>
Total deferred tax assets	<b>130,147</b>	<b>122,620</b>	<b>814,029</b>
<b>Deferred tax liabilities:</b>			
Net unrealized holding gains or losses on available-for-sale securities	(107,937)	(79,469)	(675,113)
Net defined benefit asset	(104,038)	(75,988)	(650,726)
Undistributed earnings of consolidated subsidiaries and affiliates	(50,581)	(42,648)	(316,369)
Accelerated depreciation of overseas consolidated subsidiaries	(5,763)	(6,232)	(36,046)
Excess of fair value over the book value of assets and liabilities of consolidated subsidiaries at the acquisition dates	(3,987)	(4,020)	(24,937)
Reserve for tax purpose reduction entry of non-current assets	(762)	(791)	(4,766)
Other	(7,414)	(4,113)	(46,372)
Total deferred tax liabilities	<b>(280,482)</b>	<b>(213,261)</b>	<b>(1,754,328)</b>
Net deferred tax assets (liabilities)	<b>¥(150,335)</b>	<b>¥ (90,641)</b>	<b>\$ (940,299)</b>

\*1 The expiration of net operating loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2026 and 2025 were as follows:

Millions of yen			
FY2025			
March 31	Net operating loss carryforwards <sup>*2</sup>	Valuation allowance	Deferred tax assets
2027	¥ 884	¥ (786)	¥ 98
2028	1,561	(1,051)	510
2029	985	(899)	86
2030	1,104	(792)	312
2031	1,112	(986)	126
2032 and thereafter	78,015	(73,876)	4,139
	<b>¥83,661</b>	<b>¥(78,390)</b>	<b>¥5,271</b>

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
	<b>¥79,692</b>	<b>¥(75,386)</b>	<b>¥4,306</b>

Thousands of U.S. dollars			
FY2025			
March 31	Net operating loss carryforwards <sup>*2</sup>	Valuation allowance	Deferred tax assets
2027	\$ 5,529	\$ (4,916)	\$ 613
2028	9,764	(6,574)	3,190
2029	6,161	(5,623)	538
2030	6,905	(4,954)	1,951
2031	6,955	(6,167)	788
2032 and thereafter	487,960	(462,072)	25,888
	<b>\$523,274</b>	<b>\$(490,305)</b>	<b>\$32,968</b>

\*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	
	For the years ended	FY2025 March 31, 2026	FY2024 March 31, 2025	FY2025 March 31, 2026
Balance at beginning of year		¥283,726	¥305,478	\$1,774,618
Service cost		11,808	13,881	73,855
Interest cost		7,139	4,528	44,652
Actuarial gains and losses		(6,947)	(24,153)	(43,451)
Benefits paid		(14,902)	(15,141)	(93,207)
Net change as a result of business combinations		—	3,013	—
Net change as a result of change in scope of consolidation		(9,789)	—	(61,227)
Decrease due to transfer to defined contribution plan		—	(3,340)	—
Other		3,633	(540)	22,723
Balance at end of year		¥274,668	¥283,726	\$1,717,963

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

	Millions of yen		Thousands of	
			U.S. dollars	
	For the years ended	FY2025 March 31, 2026	FY2024 March 31, 2025	FY2025 March 31, 2026
Balance at beginning of year		¥487,139	¥560,190	\$3,046,904
Expected return on plan assets		10,445	11,278	65,330
Actuarial gains and losses		83,406	(54,421)	521,679
Contributions paid by the employer		8,514	9,759	53,252
Benefits paid		(10,921)	(10,393)	(68,307)
Return of assets from retirement benefit trust		—	(29,400)	—
Net change as a result of change in scope of consolidation		(13,391)	—	(83,757)
Other		3,856	126	24,118
Balance at end of year		¥569,048	¥487,139	\$3,559,219

(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	
	For the years ended	FY2025 March 31, 2026	FY2024 March 31, 2025	FY2025 March 31, 2026
Balance at beginning of year		¥3,254	¥3,907	\$20,353
Retirement benefit costs		469	287	2,933
Benefits paid		(204)	(250)	(1,276)
Contributions paid by the employer		(96)	(72)	(600)
Other		(46)	(618)	(288)
Balance at end of year		¥3,377	¥3,254	\$21,122

(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
		FY2025	FY2024
	As of	March 31, 2026	March 31, 2025
Funded retirement benefit obligations		¥ 234,949	¥ 247,322
Plan assets		(571,355)	(489,821)
		(336,406)	(242,499)
Unfunded retirement benefit obligations		45,403	42,340
Total net defined benefit liabilities (assets)		¥(291,003)	¥(200,159)
			\$ 1,469,533
			(3,573,649)
			(2,104,116)
			283,982
			\$(1,820,134)
Net defined benefit liabilities		¥ 53,887	¥ 51,820
Net defined benefit assets		(344,890)	(251,979)
Total net defined benefit liabilities (assets)		¥(291,003)	¥(200,159)
			\$ 337,047
			(2,157,180)
			\$(1,820,134)

(5) Retirement benefit costs

	Millions of yen		Thousands of U.S. dollars
		FY2025	FY2024
	For the years ended	March 31, 2026	March 31, 2025
Service cost		¥ 11,234	¥ 13,349
Interest cost		7,139	4,528
Expected return on plan assets		(10,445)	(11,278)
Amortization:			
Actuarial gains and losses		(13,362)	(18,925)
Past service cost		(104)	(175)
Retirement benefit costs from plans applying the simplified method		469	287
Gain on return of assets from retirement benefit trust		—	(12,919)
Other		42	75
Total retirement benefit costs		¥ (5,027)	¥(25,058)
			\$ 70,265
			44,652
			(65,330)
			(83,575)
			(650)
			2,933
			—
			263
			\$(31,442)

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 ¥3,465 million (US\$21,673 thousand) and ¥5,771 million were recognized as restructuring expenses in the consolidated statement of income for fiscal years 2025 and 2024, respectively.

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

	Millions of yen		Thousands of U.S. dollars
		FY2025	FY2024
	For the years ended	March 31, 2026	March 31, 2025
Past service cost		¥ 390	¥ 153
Actuarial gains and losses		76,200	(61,922)
Total		¥76,590	¥(61,769)
			\$ 2,439
			476,607
			\$479,047

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

	Millions of yen		Thousands of U.S. dollars	
	As of	FY2025 March 31, 2026	FY2024 March 31, 2025	FY2025 March 31, 2026
Unrecognized past service cost		¥ 677	¥ 287	\$ 4,234
Unrecognized actuarial gains and losses		200,979	124,779	1,257,062
Total		¥201,656	¥125,066	\$1,261,296

(8) Plan assets

1. Plan assets comprise:

	FY2025	FY2024
Equity securities	58.0%	52.7%
Bonds	23.6	27.7
General account	7.6	7.9
Cash and cash equivalents	1.5	0.6
Other	9.3	11.1
Total	100.0%	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, 2026 and 2025 (expressed as weighted averages) were as follows:

	FY2025	FY2024
Discount rate	2.8%	2.4%
Long-term expected rate of return	2.1	2.1

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 ¥8,647 million (US\$54,084 thousand) and ¥9,312 million for FY2025 and FY2024, respectively.

#### 14. CONTINGENT LIABILITIES

Contingent liabilities as of March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	<b>FY2025</b>	FY2024	<b>FY2025</b>
	As of <b>March 31, 2026</b>	March 31, 2025	<b>March 31, 2026</b>
Notes receivable discounted	<b>¥3,081</b>	¥3,182	<b>\$19,271</b>
Notes receivable endorsed	<b>3</b>	11	<b>19</b>

<b>FY2025</b> As of <b>March 31, 2026</b>	Millions of yen	Thousands of U.S. dollars
Guarantees: Debt guarantees and similar agreements		
Grupo American Industries, S.A. de C.V.	<b>¥855</b>	<b>\$5,348</b>
Daeheung SumiRiko Rubber Material (Yancheng) Co., Ltd.	<b>578</b>	<b>3,615</b>
SD Vietnam Industries Ltd.	<b>270</b>	<b>1,689</b>
Employees	<b>47</b>	<b>294</b>
Others	<b>84</b>	<b>525</b>

<b>FY2024</b> As of <b>March 31, 2025</b>	Millions of yen
Guarantees: Debt guarantees and similar agreements	
Jiaxing SEI-Futong Optical Fiber Co., Ltd.	¥804
Daeheung SumiRiko Rubber Material (Yancheng) Co., Ltd.	515
Sumiden International Trading (Shanghai) Co., Ltd.	268
Employees	63
Others	238

#### 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, 2026 and 2025 was as follows:

	Millions of yen		Thousands of U.S. dollars
	<b>FY2025</b>	FY2024	<b>FY2025</b>
	For the years ended <b>March 31, 2026</b>	March 31, 2025	<b>March 31, 2026</b>
Buildings and structures	<b>¥ 876</b>	¥ 747	<b>\$ 5,479</b>
Machinery, equipment and others	<b>4,074</b>	3,081	<b>25,482</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 ¥11,053 million (US\$69,133 thousand) and ¥10,077 million in FY2025 and FY2024, respectively. The recoverable amount is mainly the net selling price.

Impairment loss on fixed assets for each reportable segment is disclosed in Note 21 b) (4), for the years ended March 31, 2026 and 2025.

Impairment loss on fixed assets for the years ended March 31, 2026 and 2025 was as follows:

FY2025	Millions of yen	Thousands of U.S. dollars
Machinery, equipment and others	¥ 5,444	\$ 34,051
Long-term prepaid expenses	2,988	18,689
Buildings and structures	996	6,230
Construction in progress	917	5,736
Other	708	4,428
	¥11,053*	\$69,133*

\* The amount of ¥3,919 million (US\$24,512 thousand) is included in "Restructuring expenses" (Note 18) in the consolidated statement of income for fiscal year 2025.

FY2024	Millions of yen
Machinery, equipment and others	¥ 5,213
Construction in progress	2,311
Buildings and structures	2,132
Other	421
	¥10,077*

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

## 18. RESTRUCTURING EXPENSES

In fiscal year 2025, restructuring expenses of ¥11,749 million (US\$73,486 thousand) were related to the reorganization of the business locations and the right-sizing of the number of employees to strengthen profitability and make the production structure of the electronic wires business and the wiring harness business, etc., more efficient.

In fiscal year 2024, restructuring expenses of ¥22,071 million 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.

Major expenses for the fiscal years 2025 and 2024 were as follows:

FY2025	Millions of yen	Thousands of U.S. dollars
Impairment loss on fixed assets (Note 17)	¥3,919	\$24,512
Extra payment of retirement benefits	3,465	21,673

  

FY2024	Millions of yen
Extra payment of retirement benefits	¥5,771
Impairment loss on fixed assets (Note 17)	4,873
Loss on valuation of inventories	2,111
Loss on disposal of fixed assets	1,693

## 19. BUSINESS COMBINATIONS

(Transactions under common control)

Acquisition of shares of Sumitomo Riko Co., Ltd. through a tender offer

At the Board of Directors meeting held on October 30, 2025, the Company resolved to acquire the common stock of Sumitomo Riko Co., Ltd. (hereinafter "Sumitomo Riko"), a consolidated subsidiary of the Company, through a tender offer to make Sumitomo Riko its wholly owned subsidiary. The tender offer was completed on December 15, 2025.

Thereafter, the Company made a demand for the sale of shares pursuant to Article 179, Paragraph 1 of the Companies Act and made Sumitomo Riko its wholly owned subsidiary on February 1, 2026.

### a) Overview of the transaction

(1) Name of the combined entity and its business outline

Name of the combined entity: Sumitomo Riko Co., Ltd.

Business outline: Manufacture and sale of automotive products (anti-vibration rubber, hoses, soundproofing products and interior equipment, etc.) and general industrial products (precision resin blades and rolls, anti-vibration rubber, high-pressure hoses, etc.)

(2) Date of the business combination

Acquisition through a tender offer on December 22, 2025 (deemed acquisition date of December 31, 2025)

Acquisition through a demand for the sale of shares on February 1, 2026 (deemed acquisition date of January 1, 2026)

(3) Legal form of the business combination

Cash acquisition of shares

(4) Name of the company after the business combination

No change

(5) Ownership ratio of shares of the subsidiary after additional acquisition

Ownership ratio of shares before the business combination: 49.64%

Ownership ratio of shares after tender offer: 91.36%

Ownership ratio of shares after demand for the sale of shares: 100.00%

(6) Outline of the transactions including the purpose

The Company anticipates that, by establishing Sumitomo Riko as its wholly owned subsidiary, further synergies will be realized through the mutual utilization of management resources, such as customer bases, business platforms, and financial bases, and the enhancement of flexibility and speed of decision making in the management strategy of the Company Group, which includes Sumitomo Riko. Further, optimal resource allocation, investment, research and development, etc., will be promoted on a group-wide basis, which will enable competitive customer proposals. Accordingly, the Company determined that the implementation of the transaction will significantly improve the corporate value of the Company Group as a whole, including Sumitomo Riko, and that it is necessary to convert Sumitomo Riko into its wholly owned subsidiary.

### b) Overview of accounting treatment

The transaction was accounted for as a transaction with non-controlling shareholders under common control pursuant to the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

**c) Additional acquisition of shares of subsidiary**

Acquisition cost and the breakdown by type of consideration (including shares acquired through a demand for the sale of shares).

		Millions of yen	Thousands of U.S. dollars
Consideration for acquisition	Cash	¥133,347	\$834,044
Acquisition cost		¥133,347	\$834,044

**d) Change in equity related to transaction with non-controlling shareholders**

(1) Main factor for change in capital surplus

Additional acquisition of shares of subsidiary

(2) Amount of decrease in capital surplus due to the transactions with non-controlling shareholders

¥22,770 million (US\$142,419 thousand)

(Transfer of subsidiary shares)

**a) Overview of the share transfer**

(1) Name of the successor company

Daiwa House Industry Co., Ltd. (hereinafter "Tender Offeror")

(2) Name and business outline of the transferred subsidiary

Name of the subsidiary: Sumitomo Densetsu Co., Ltd. (hereinafter "SEM")

Business outline: Engineering services and sale of equipment related to facility construction

(3) Primary reasons for the share transfer

The Company has determined that transferring all SEM shares held by the Company through a share buyback conducted by SEM will enable optimal allocation of management resources within the Company Group. At the same time, SEM is expected to benefit from receiving orders for development projects from the Tender Offeror Group, acquiring construction experience and know-how, and winning overseas projects, particularly in Southeast Asia. The Company believes that this will contribute to further enhancing the corporate value of both the Company Group and the SEM Group.

(4) Date of the share transfer

March 24, 2026

(5) Other matters regarding the outline of the transaction, including the legal form

Transfer of subsidiary shares by cash

**b) Overview of the transaction**

(1) Amount of gain or loss on transfer

Gain on sales of shares of subsidiaries and associates ¥76,044 million (US\$475,632 thousand)

(2) Amounts recognized as fair book values of assets and liabilities related to the transferred business

	Millions of yen	Thousands of U.S. dollars
Current assets	¥159,170	\$ 995,559
Non-current assets	59,645	373,061
Total assets	218,815	1,368,620
Current liabilities	68,197	426,551
Non-current liabilities	10,299	64,417
Total liabilities	¥ 78,496	\$ 490,968

(3) Accounting treatment

The difference between the sale price of transferred shares and the consolidated book value, etc., is recorded as "Gain on sales of shares of subsidiaries and associates."

**c) Reportable segment that included the transferred business**

Environment and Energy

**d) Estimated amount on consolidated statement of income related to the transferred business for the fiscal year ended March 31, 2026**

	Millions of yen	Thousands of U.S. dollars
Net sales	¥228,408	\$1,428,621
Operating profit	¥ 25,582	\$ 160,008

## 20. 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 2025	FY 2024	FY 2025
	For the year ended March 31, 2026	March 31, 2025	March 31, 2026
<b>Environment and Energy segment</b>			
Electric conductors	¥ 177,833	¥ 186,164	\$ 1,112,290
Power transmission wires, cables, equipment, work and engineering	338,549	308,746	2,117,519
Magnet wires	194,196	186,479	1,214,636
Sumitomo Densetsu	228,408	203,639	1,428,621
Nissin Electric	174,134	154,632	1,089,154
Others	65,660	41,684	410,683
Subtotal	1,178,780	1,081,344	7,372,905
<b>Infocommunications segment</b>			
Optical fiber cables, telecommunication cables and equipment, fusion splicers	162,518	88,978	1,016,500
Optical and electronic devices	95,225	70,659	595,603
Access network equipment	40,612	40,036	254,016
Others	28,277	23,603	176,864
Subtotal	326,632	223,276	2,042,982
<b>Automotive segment</b>			
Wiring harnesses, car electronic components	2,281,700	2,097,264	14,271,328
Sumitomo Riko	653,248	633,331	4,085,864
Others	2,220	4,135	13,885
Subtotal	2,937,168	2,734,730	18,371,078
<b>Electronics segment</b>			
Electronic wires	106,103	109,065	663,641
Flexible printed circuits	121,608	106,298	760,620
Electron beam irradiation products, fluorine resin products	27,214	25,097	170,215
Techno Associe	101,017	98,109	631,830
Others	53,154	38,679	332,462
Subtotal	409,096	377,248	2,558,769
<b>Industrial Materials and Others segment</b>			
Tensioning materials for prestressed concrete, precision spring steel wires, steel tire cord	106,295	109,884	664,842
Cemented carbide tools, diamond and CBN tools, laser optics	129,921	116,518	812,616
Sintered powder metal parts	75,293	81,868	470,934
A.L.M.T.	56,536	48,304	353,615
Others	20,368	16,093	127,396
Subtotal	388,413	372,667	2,429,403
Adjustments	(129,918)	(109,476)	(812,597)
Total	¥5,110,171	¥4,679,789	\$31,962,541

(Note) "Others" include elimination of intersegment, etc.

## 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
	<b>FY 2025</b>	FY 2024	U.S. dollars
	<b>March 31, 2026</b>	March 31, 2025	<b>FY 2025</b>
			<b>March 31, 2026</b>
Receivables from contracts with customers	<b>¥932,945</b>	¥880,451	<b>\$5,835,283</b>
Contract assets	<b>15,267</b>	31,467	<b>95,490</b>
Contract liabilities	<b>113,584</b>	97,456	<b>710,433</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 and exclusion of Sumitomo Densetsu Co., Ltd. from the scope of consolidation.

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, 2026, and during the fiscal year ended March 31, 2025, ¥75,759 million (US\$473,849 thousand) and ¥56,546 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.

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
	<b>FY 2025</b>	FY 2024	U.S. dollars
	<b>March 31, 2026</b>	March 31, 2025	<b>FY 2025</b>
			<b>March 31, 2026</b>
Environment and Energy segment			
Within 1 year	<b>¥138,960</b>	¥299,124	<b>\$ 869,152</b>
Later than 1 year	<b>234,319</b>	291,507	<b>1,465,593</b>
Total	<b>¥373,279</b>	¥590,631	<b>\$2,334,745</b>

## 21. 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, 2026 and 2025 was as follows:

	Millions of yen						
	Environment & Energy	Infocommunications	Automotive	Electronics	Industrial Materials & Others	Adjustments	Consolidated
<b>FY2025</b>							
Sales to customers	¥1,142,598	¥315,030	¥2,935,389	¥350,638	¥ 366,516	¥ —	¥5,110,171
Intersegment sales	36,182	11,602	1,779	58,458	21,897	(129,918)	—
Net sales	¥1,178,780	¥326,632	¥2,937,168	¥409,096	¥ 388,413	¥(129,918)	¥5,110,171
Segment profit or loss	¥ 90,615	¥ 77,435	¥ 179,700	¥ 39,528	¥ 31,399	¥ (504)	¥ 418,173
Segment assets	¥1,010,103	¥367,373	¥2,458,129	¥353,947	¥1,167,756	¥(532,776)	¥4,824,532
Depreciation and amortization	¥ 26,300	¥ 16,038	¥ 122,592	¥ 20,256	¥ 24,656	¥ —	¥ 209,842
Amortization of goodwill	1,991	—	—	—	929	—	2,920
Investments in equity method affiliates	11,277	6,874	242,718	1,071	70,716	—	332,656
Amount of increase in tangible and intangible fixed assets	53,222	25,028	129,517	29,316	20,651	—	257,734

	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

	Thousands of U.S. dollars						
	Environment & Energy	Infocommunications	Automotive	Electronics	Industrial Materials & Others	Adjustments	Consolidated
<b>FY2025</b>							
Sales to customers	\$7,146,597	\$1,970,415	\$18,359,951	\$2,193,132	\$2,292,444	\$ —	\$31,962,541
Intersegment sales	226,307	72,567	11,127	365,637	136,959	(812,597)	—
Net sales	\$7,372,905	\$2,042,982	\$18,371,078	\$2,558,769	\$2,429,403	\$ (812,597)	\$31,962,541
Segment profit or loss	\$ 566,769	\$ 484,332	\$ 1,123,968	\$ 247,235	\$ 196,391	\$ (3,152)	\$ 2,615,543
Segment assets	\$6,317,882	\$2,297,805	\$15,374,837	\$2,213,829	\$7,303,953	\$(3,332,349)	\$30,175,957
Depreciation and amortization	\$ 164,498	\$ 100,313	\$ 766,775	\$ 126,695	\$ 154,216	\$ —	\$ 1,312,497
Amortization of goodwill	12,453	—	—	—	5,811	—	18,264
Investments in equity method affiliates	70,534	42,995	1,518,126	6,699	442,307	—	2,080,660
Amount of increase in tangible and intangible fixed assets	332,887	156,542	810,089	183,363	129,166	—	1,612,047

1. Segment profit or loss included in Adjustments of ¥(504) million or US\$(3,152) thousand and ¥(275) million for FY2025 and FY2024, respectively, consists mainly of unrealized profits caused by intersegment transactions.
2. Segment assets included in Adjustments of ¥(532,776) million or US\$(3,332,349) thousand and ¥(477,772) million as of March 31, 2026 and 2025, 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		
	Wiring harnesses	Others	Total
<b>FY2025</b>			
Sales to customers	¥2,281,700	¥2,828,471	¥5,110,171

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

	Thousands of U.S. dollars		
	Wiring harnesses	Others	Total
<b>FY2025</b>			
Sales to customers	\$14,271,328	\$17,691,212	\$31,962,541

(2) Information about geographical areas

Sales to customers

Millions of yen							
FY2025	Japan	Asia		Americas		Europe and Others	Consolidated
		China	Others	U.S.	Others		
Sales to customers	<b>¥1,901,169</b>	<b>¥640,715</b>	<b>¥705,448</b>	<b>¥835,907</b>	<b>¥323,517</b>	<b>¥703,415</b>	<b>¥5,110,171</b>

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

Thousands of U.S. dollars							
FY2025	Japan	Asia		Americas		Europe and Others	Consolidated
		China	Others	U.S.	Others		
Sales to customers	<b>\$11,891,225</b>	<b>\$4,007,474</b>	<b>\$4,412,359</b>	<b>\$5,228,340</b>	<b>\$2,023,499</b>	<b>\$4,399,643</b>	<b>\$31,962,541</b>

Net property, plant and equipment

Millions of yen							
FY2025	Japan	Asia		Americas	Europe and Others	Consolidated	
		China	Others				
Net property, plant and equipment	<b>¥494,706</b>	<b>¥99,154</b>	<b>¥243,817</b>	<b>¥142,502</b>	<b>¥209,255</b>	<b>¥1,189,434</b>	

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	

Thousands of U.S. dollars							
FY2025	Japan	Asia		Americas	Europe and Others	Consolidated	
		China	Others				
Net property, plant and equipment	<b>\$3,094,233</b>	<b>\$620,178</b>	<b>\$1,525,000</b>	<b>\$891,306</b>	<b>\$1,308,825</b>	<b>\$7,439,542</b>	

(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 FY2025 or FY2024.

## (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>FY2025</b>							
Impairment loss on fixed assets	<b>¥362</b>	<b>¥110</b>	<b>¥6,416</b>	<b>¥4,011</b>	<b>¥154</b>	<b>¥—</b>	<b>¥11,053</b>

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

	Thousands of U.S. dollars						
	Environment & Energy	Infocommunications	Automotive	Electronics	Industrial Materials & Others	Adjustments	Total
<b>FY2025</b>							
Impairment loss on fixed assets	<b>\$2,264</b>	<b>\$688</b>	<b>\$40,130</b>	<b>\$25,088</b>	<b>\$963</b>	<b>\$—</b>	<b>\$69,133</b>

## (5) Information about goodwill by reportable segment

	Millions of yen						
	Environment & Energy	Infocommunications	Automotive	Electronics	Industrial Materials & Others	Adjustments	Total
<b>FY2025</b>							
Amortization	<b>¥ 1,991</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>	<b>¥ 929</b>	<b>¥—</b>	<b>¥ 2,920</b>
Balance at end	<b>¥14,214</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>	<b>¥7,317</b>	<b>¥—</b>	<b>¥21,531</b>

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

	Thousands of U.S. dollars						
	Environment & Energy	Infocommunications	Automotive	Electronics	Industrial Materials & Others	Adjustments	Total
<b>FY2025</b>							
Amortization	<b>\$12,453</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$ 5,811</b>	<b>\$—</b>	<b>\$ 18,264</b>
Balance at end	<b>\$88,904</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$45,766</b>	<b>\$—</b>	<b>\$134,670</b>

## 22. 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 FY2025 is as follows:

	Millions of yen	Thousands of U.S. dollars
<b>FY2025</b>		
Total current assets	¥ 679,314	\$4,248,899
Total non-current assets	780,618	4,882,524
Total current liabilities	379,947	2,376,451
Total non-current liabilities	343,675	2,149,581
Total equity	736,310	4,605,392
Sales revenue	1,207,061	7,549,794
Profit before tax	77,789	486,546
Profit for the year attributable to:		
Owners of the parent company	50,379	315,105

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
<b>FY2024</b>	
Total current assets	¥ 669,762
Total non-current assets	671,361
Total current liabilities	370,615
Total non-current liabilities	294,698
Total equity	675,810
Sales revenue	1,211,856
Profit before tax	16,251
Profit for the year attributable to:	
Owners of the parent company	9,865

## 23. OTHER

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

## 24. SUBSEQUENT EVENTS

(Stock split and partial amendment to Articles of Incorporation)

The Company resolved at the Board of Directors meeting held on May 12, 2026, to conduct a stock split and to partially amend its Articles of Incorporation as follows.

### a) Overview of stock split

(1) Purpose of stock split

By lowering the amount per investment unit of stock, the Company will allow for investing to become more accessible for our shareholders as well as enabling further expansion of our investor base.

(2) Method of stock split

Each share of common stock owned by shareholders listed or recorded in the register of shareholders on the record date of June 30, 2026, will be split into four shares.

(3) Number of shares to be increased by stock split

Total number of issued shares before stock split	793,940,571 shares
Number of shares to be increased by stock split	2,381,821,713 shares
Total number of issued shares after stock split	3,175,762,284 shares
Total number of issuable shares after stock split	12,000,000,000 shares

(4) Schedule of stock split

Public notice of record date	June 15, 2026
Record date	June 30, 2026
Effective date	July 1, 2026

(5) Others

(i) Dividends

Assuming the stock split will be effective on July 1, 2026, the year-end dividend for the fiscal year ended March 31, 2026 with the record date of March 31, 2026 will be applicable to the common stock outstanding before the stock split.

(ii) Change in amount of stated capital

There will be no change in the amount of stated capital as a result of the stock split.

(6) Impacts on amounts per share

Amounts per share assuming that the stock split was conducted at the beginning of the fiscal year ended March 31, 2025 is as follows.

	Yen		U.S. dollars
	FY2025	FY2024	FY2025
	For the years ended March 31, 2026	March 31, 2025	March 31, 2026
Net assets per share	¥879.40	¥734.23	\$5.500
Basic earnings per share	118.44	62.12	0.741

Note: There are no potentially dilutive common shares.

### b) Partial amendment to the Articles of Incorporation

(1) Reason for amendment

In accordance with the stock split, by resolution of the Board of Directors pursuant to Article 184 (2) of the Companies Act of Japan, the Company will make the following partial amendment to the Articles of Incorporation, effective from July 1, 2026.

(2) Details of amendment

(Amendment portion is underlined.)

Current Articles of Incorporation	Amendments to the Articles of Incorporation
Article 6. (Total Number of Shares Authorized to be Issued) The total number of shares authorized to be issued by the Company shall be <u>3,000,000,000</u> shares.	Article 6. (Total Number of Shares Authorized to be Issued) The total number of shares authorized to be issued by the Company shall be <u>12,000,000,000</u> shares.

(3) Schedule of amendment

Date of Board of Directors' resolution	May 12, 2026
Effective date	July 1, 2026



# 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, 2026, 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, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities 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 orders

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

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 are 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 orders received amounted to ¥447,060 million and ¥1,003 million, respectively, at the end of the current fiscal year.

Within the Environment & Energy segment, against the background of increased investment in renewable energy, the orders of large-scale construction projects such as interconnections among national and regional power electric utilities or offshore wind power business in Japan and Europe have expanded, thereby increasing their impact on the business performance. Construction to install high-voltage direct current cables for such projects 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, or price increases resulting from the international situation 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

contracts to install power cables for revenue recognition and the provision for loss on orders 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 project budget should be revised in response to changes in construction tasks and other factors, additional costs to meet the construct period, and content and progress of the measures to reduce costs in order 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

<p>construction profits. Accordingly, it is important that the estimate of total construction costs is revised in a timely manner in response to changes in 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 uncertainty:</p> <ul style="list-style-type: none"> <li>- additional costs to be incurred as a result of rising subcontract costs and labor costs ;</li> <li>- rising material prices resulting from the international situation;</li> <li>- additional costs to be incurred as a result of changes in construction tasks, periods and works to meet the contract period during construction; and</li> <li>- likelihood of achieving the cost reductions</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 orders 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>Accounting Department, among others, as to whether the determination to revise the project budgets was properly made in situations involving rising subcontract costs and labor costs as well as increases in material prices due to the international situation, and traced to the related documents such as price index information published by external organizations and related contracts; and</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, 2026 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.

Reiji Kobayashi

Designated Engagement Partner

Certified Public Accountant

Takuya Hasegawa  
Designated Engagement Partner  
Certified Public Accountant

Kazuki Sato  
Designated Engagement Partner  
Certified Public Accountant

KPMG AZSA LLC  
Osaka Office, Japan  
June 26, 2026

**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.