

Note: This is an excerpt translation of the “Yukashoken-Houkokusho” for the convenience of overseas stakeholders. In cases where any differences occur between the English version and the original Japanese version, the Japanese version shall prevail. RIKEN TECHNOS CORPORATION assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Consolidated Financial Statements

(Pursuant to Article 24, Paragraph 1 of the
Japanese Financial Instruments and Exchange Act)

Business year:	From April 1, 2024
(96th term)	to March 31, 2025

RIKEN TECHNOS CORPORATION

2-101, Kanda-Awajicho, Chiyoda-ku, Tokyo, Japan

Table of Contents

1. Overview of Operating Results, etc.	3
(1) Overview of Operating Results for the Fiscal Year	3
(2) Overview of Financial Position for the Fiscal Year	4
(3) Overview of Cash Flows for the Fiscal Year	5
(4) Future Outlook	5
2. Consolidated Financial Statements and Others	6
(1) Consolidated Financial Statements	6
a. Consolidated Balance Sheets	6
b. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	8
Consolidated Statements of Income	8
Consolidated Statements of Comprehensive Income	9
c. Consolidated Statements of Changes in Net Assets	10
d. Consolidated Statements of Cash Flows	12
Notes to Consolidated Financial Statements	14
Significant Matters in Preparing Consolidated Financial Statements	14
Changes in Accounting Policies	18
Accounting Standards Issued but Not Yet Applied	18
Additional Information	19
Notes to Consolidated Balance Sheets	21
Notes to Consolidated Statements of Income	21
Notes to Consolidated Statements of Comprehensive Income	23
Notes to Consolidated Statements of Changes in Net Assets	24
Notes to Consolidated Statements of Cash Flows	26
Lease Transactions	26
Financial Instruments	28
Securities	34
Derivative Transactions	35
Retirement Benefits	36
Income Taxes	39
Asset retirement obligations	40
Rental properties and other real estate	40
Revenue recognition	40
Segment Information and Others	41
Information on Related Parties	45
Per Share Information	46
Significant Subsequent Events	46
e. Consolidated Supporting Schedules	47
Schedule of Bonds	47
Schedule of Borrowings	47
Schedule of Asset Retirement Obligations	47
(2) Others	47

3. Non-Consolidated Financial Statements and Others	48
(1) Non-Consolidated Financial Statements	48
a. Non-Consolidated Balance Sheets	48
b. Non-Consolidated Statements of Income	50
c. Non-Consolidated Statements of Changes in Net Assets	51
Notes to Non-Consolidated Financial Statements	53
Significant Accounting policies	53
Changes in Accounting Policies	55
Notes to Non-Consolidated Balance Sheets	55
Notes to Non-Consolidated Statements of Income	56
Securities	56
Income Taxes	57
Revenue recognition	58
Significant Subsequent Events	58
d. Supporting Schedules	59
Schedule of Property, Plant and Equipment and Other Fixed Assets	59
Schedule of Provisions	60
(2) Major Assets and Liabilities	60
(3) Others	60

1 Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year

During the fiscal year ended March 31, 2025, the Japanese economy was on a moderate recovery track with steady growth in inbound-related spending, on the back of better employment and income situations, despite consumer spending being partly stagnant due to high prices.

Economies overseas picked up on the whole thanks to the steady growth in consumer spending and capital investment in the U.S., despite continued uncertainties such as worries concerning the outlook for the Chinese economy and the situation in the Middle East, and developments of the U.S. policies.

Under such circumstances, RIKEN TECHNOS CORPORATION (the “Company”) and its group companies (the “Group”) have been making tangible efforts for the Medium-term Business Plan, “Challenge Now for Change New 2024” which is now in its final year, under the four strategies of “Intensify global management and generate synergies,” “Stay ahead of customers’ expectations,” “Take on the challenge toward new businesses and products,” and “Contribute to solving environmental and social issues.”

As a result, net sales were 128,141 million yen (up 1.9% from the previous fiscal year; hereinafter “year-on-year”), operating profit was 10,488 million yen (up 19.5% year-on-year), ordinary profit was 10,587 million yen (up 10.9% year-on-year), and profit attributable to owners of parent was 7,370 million yen (up 7.1% year-on-year).

Operating results by segment are as shown below.

The name, abbreviation, and main markets of each respective reportable segment are as follows:

Transportation (TR): automobile, railroad, and shipping markets, etc.

Daily Life & Healthcare (DH): healthcare, materials for daily life, and food packaging markets, etc.

Electronics (EL): energy, communications, and IT equipment markets, etc.

Building & Construction (BC): housing, buildings, construction materials, and civil engineering markets

(Note) The terms in parentheses are abbreviations for the reportable segments.

<Transportation>

Domestic revenue increased due to expanded sales of elastomer compounds and the progress in transferring soaring raw material costs into sales prices of compounds in the automobile production market, despite the fall in automobile production.

Overseas revenue increased due to increase in sales owing to the higher automobile production by Japanese manufacturers in North America and the progress in transferring soaring raw material costs into sales prices, despite a decline in sales owing to the fall in automobile production by Japanese manufacturers in the ASEAN market.

Segment profit increased due to expanded sales of elastomer compounds to new customers in Japan and revision of sales prices in Japan and overseas to fair and reasonable levels.

As a result, net sales amounted to 41,120 million yen (up 2.8% year-on-year) and segment profit was 4,869 million yen (up 33.5% year-on-year).

<Daily Life & Healthcare>

Domestic revenue increased due to higher sales of small-roll wrap products and elastomer compounds for consumer goods, despite lower sales of PVC compounds for consumer goods.

Overseas revenue increased due to higher sales of PVC compounds for medical and consumer goods.

Segment profit increased due to higher sales of small-roll wrap products and PVC compounds for medical and consumer goods, as well as the revision of sales prices to fair and reasonable levels.

As a result, net sales amounted to 36,809 million yen (up 8.1% year-on-year) and segment profit was 3,522 million yen (up 28.8% year-on-year).

<Electronics>

Domestic revenue decreased due to lower sales of functional compounds and functional films, despite higher sales of compounds for robotics, FA, semiconductors and other use.

Overseas revenue increased due to higher sales of PVC compounds in China, the U.S. and Thailand markets.

Revenue for the segment as a whole decreased as a consequence of the Company's absorption-type merger of RIKEN TECHNOS INTERNATIONAL CORPORATION, which had been its consolidated subsidiary until the first quarter of the previous fiscal year.

Segment profit decreased due to lower sales of functional films.

As a result, net sales amounted to 24,689 million yen (down 1.3% year-on-year) and segment profit was 978 million yen (down 22.5% year-on-year).

<Building & Construction>

Domestic revenue decreased due to the settling down of extraordinary demand for PVC compounds for resin sashes and the resulting decline in sales, as well as lower sales of films for building materials owing to the sluggishness in the building materials market.

Overseas revenue decreased due to lower sales of PVC compounds in the U.S. building materials market.

Segment profit decreased due to lower sales of PVC compounds in the building materials markets in Japan and overseas.

As a result, net sales amounted to 25,450 million yen (down 4.3% year-on-year) and segment profit was 1,011 million yen (down 4.1% year-on-year).

(2) Overview of Financial Position for the Fiscal Year

Total assets as of March 31, 2025 increased by 818 million yen from the end of the previous fiscal year to 116,469 million yen. The increase was attributable to the increases in cash and deposits of 2,593 million yen, and raw materials and supplies of 1,614 million yen under current assets, as well as the increase in property, plant and equipment, including buildings and structures, net, of 2,107 million yen and the decrease in investments and other assets, including investment securities, of 4,190 million under non-current assets, among other factors.

Total liabilities decreased by 944 million yen from the end of the previous fiscal year to 40,689 million yen. The decrease was attributable to the decrease in notes and accounts payable – trade of 953 million yen, the increase in short-term borrowings of 1,352 million yen, and the decrease in income taxes payable of 874 million yen under current liabilities, as well as the increase in long-term borrowings of 429 million yen and the decrease in deferred tax liabilities of 1,087 million yen under non-current liabilities, among other factors.

Net assets increased by 1,762 million yen from the end of the previous fiscal year to 75,780 million yen. The increase was attributable to the increase in shareholders' equity, including retained earnings, of 1,525 million yen, the decrease in accumulated other comprehensive income, including valuation difference on available-for-sale securities and foreign currency translation adjustment, of 1,097 million yen, and the increase in non-controlling interests of 1,334 million yen, among other factors.

(3) Overview of Cash Flows for the Fiscal Year

Cash and cash equivalents (hereinafter “cash”) as of March 31, 2025 increased by 2,595 million yen from the end of the previous fiscal year and stood at 24,447 million yen.

(Cash Flows from Operating Activities)

Net cash provided by operating activities increased by 794 million yen from the previous fiscal year to 11,547 million yen. This was mainly due to cash inflows from profit before income taxes of 12,029 million yen, depreciation of 4,087 million yen, and the decrease in trade receivables of 4,131 million yen, while recording cash outflows from income taxes paid of 3,616 million yen, among other factors.

(Cash Flows from Investing Activities)

Net cash used in investing activities increased by 1,483 million yen from the previous fiscal year to 3,152 million yen. This was mainly due to cash outflows from purchase of property, plant and equipment of 4,298 million yen and purchase of intangible assets of 481 million yen, while recording cash inflows from proceeds from sale of investment securities of 1,801 million yen, among other factors.

(Cash Flows from Financing Activities)

Net cash used in financing activities decreased by 4,607 million yen from the previous fiscal year to 6,512 million yen. This was mainly due to cash outflows from purchase of treasury shares of 4,019 million yen, and dividends paid (including dividends paid to non-controlling interests) of 3,410 million yen, among other factors.

(4) Future Outlook

The Japanese economy is expected to follow a moderate recovery trend, underpinned by inbound tourism demand growth in addition to a recovery in internal demand, such as consumer spending and capital investment. However, the outlook will likely remain uncertain as there are concerns over the global economic slowdown due to the rises in U.S. tariffs, and the slowdown of consumer spending growth in Japan due to continuing high prices resulting from rising logistics cost and personnel expenses.

For the next fiscal year ending March 31, 2026, the Company expects consolidated net sales to amount to 134,000 million yen, operating profit to be 10,500 million yen, ordinary profit to be 10,300 million yen, and profit attributable to owners of parent to be 5,800 million yen.

The Company will launch a new three-year Medium-term Business Plan in the next fiscal year. Under the new three-year Medium-term Business Plan that advocates the management policy of “One Vision, New Stage 2027,” we will focus on two pillars: increasing “Earning Power” and “Sustainability.” To increase “Earning Power,” the Group will pursue the three strategies of “Global One Company,” “Stay Ahead of Customers’ Expectations,” and “Take on the Challenge Toward New Businesses and Products.” With regard to “Sustainability,” we will work on environmental issues, including decarbonization, as well as on advancing governance and risk management.

The Group will work as one to implement various initiatives towards the completion of the new three-year Medium-term Business plan and pursues our vision of aiming to become the leading provider of comfort for all living spaces.

2 Consolidated Financial Statements and Others

(1) Consolidated Financial Statements

a. Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	21,879,258	24,472,764
Notes receivable - trade	*2 868,089	*2 735,947
Accounts receivable - trade	23,761,066	21,191,220
Electronically recorded monetary claims - operating	*2 5,300,359	*2 4,942,652
Merchandise and finished goods	10,138,020	10,936,170
Work in process	1,008,173	1,071,231
Raw materials and supplies	8,230,160	9,844,655
Other	718,438	1,214,363
Allowance for doubtful accounts	(82,722)	(86,058)
Total current assets	71,820,844	74,322,947
Non-current assets		
Property, plant and equipment		
Buildings and structures	30,030,463	32,815,365
Accumulated depreciation	(18,946,559)	(20,753,715)
Buildings and structures, net	11,083,903	12,061,650
Machinery, equipment and vehicles	60,598,392	64,692,480
Accumulated depreciation	(52,072,966)	(55,979,884)
Machinery, equipment and vehicles, net	8,525,426	8,712,596
Land	6,460,388	6,592,746
Leased assets	139,833	248,439
Accumulated depreciation	(84,143)	(161,988)
Leased assets, net	55,690	86,451
Construction in progress	1,585,065	2,239,497
Other	6,494,640	6,977,695
Accumulated depreciation	(5,729,985)	(6,087,601)
Other, net	764,655	890,094
Total property, plant and equipment	28,475,130	30,583,035
Intangible assets		
Goodwill	4,365	–
Leased assets	6,642	3,375
Other	2,236,103	2,643,120
Total intangible assets	2,247,110	2,646,496
Investments and other assets		
Investment securities	10,509,751	6,194,352
Long-term loans receivable	1,483	1,159
Retirement benefit asset	1,270,649	1,524,780
Deferred tax assets	468,292	485,293
Other	859,896	715,843
Allowance for doubtful accounts	(2,399)	(4,549)
Total investments and other assets	13,107,672	8,916,879
Total non-current assets	43,829,913	42,146,411
Total assets	115,650,757	116,469,358

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	*2 21,666,723	20,713,412
Electronically recorded obligations - operating	*2 155,619	*2 419,987
Short-term borrowings	*1 7,749,221	*1 9,102,182
Current portion of long-term borrowings	577,563	396,012
Lease liabilities	23,633	47,468
Income taxes payable	1,799,290	924,728
Provision for bonuses	1,083,302	1,105,819
Provision for bonuses for directors (and other officers)	116,592	116,654
Other	2,260,686	2,131,787
Total current liabilities	35,432,634	34,958,052
Non-current liabilities		
Long-term borrowings	1,768,768	2,198,657
Lease liabilities	32,936	54,848
Long-term income taxes payable	—	30,000
Deferred tax liabilities	2,765,927	1,678,008
Provision for share awards for directors (and other officers)	246,935	274,560
Retirement benefit liability	948,199	1,049,268
Asset retirement obligations	340,682	345,702
Other	97,346	100,150
Total non-current liabilities	6,200,796	5,731,196
Total liabilities	41,633,430	40,689,249
Net assets		
Shareholders' equity		
Share capital	8,514,018	8,514,018
Capital surplus	6,597,580	6,597,580
Retained earnings	39,535,079	42,595,295
Treasury shares	(364,877)	(1,899,288)
Total shareholders' equity	54,281,800	55,807,605
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,526,875	3,615,641
Foreign currency translation adjustment	3,223,620	5,013,068
Remeasurements of defined benefit plans	407,855	431,884
Total accumulated other comprehensive income	10,158,350	9,060,594
Non-controlling interests	9,577,176	10,911,908
Total net assets	74,017,327	75,780,109
Total liabilities and net assets	115,650,757	116,469,358

b. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	125,739,116	128,141,144
Cost of sales	*1, *3 103,856,870	*1, *3 103,819,666
Gross profit	21,882,246	24,321,478
Selling, general and administrative expenses	*2, *3 13,106,752	*2, *3 13,832,968
Operating profit	8,775,493	10,488,509
Non-operating income		
Interest income	68,579	93,321
Dividend income	306,635	230,686
Foreign exchange gains	485,843	—
Other	250,896	148,900
Total non-operating income	1,111,954	472,909
Non-operating expenses		
Interest expenses	268,429	300,425
Foreign exchange losses	—	8,293
Other	74,110	65,231
Total non-operating expenses	342,539	373,950
Ordinary profit	9,544,907	10,587,468
Extraordinary income		
Gain on sale of non-current assets	*4 15,329	*4 3,469
Gain on sale of investment securities	1,886,468	1,592,270
Other	—	11,947
Total extraordinary income	1,901,798	1,607,687
Extraordinary losses		
Loss on sale of non-current assets	—	*5 961
Loss on retirement of non-current assets	*6 24,376	*6 164,714
Impairment losses	*7 120,371	—
Loss on sale of investment securities	1,182	—
Total extraordinary losses	145,930	165,675
Profit before income taxes	11,300,775	12,029,480
Income taxes - current	3,054,154	2,712,230
Income taxes - deferred	(94,240)	58,942
Total income taxes	2,959,913	2,771,173
Profit	8,340,861	9,258,306
Profit attributable to non-controlling interests	1,460,631	1,887,754
Profit attributable to owners of parent	6,880,230	7,370,551

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	8,340,861	9,258,306
Other comprehensive income		
Valuation difference on available-for-sale securities	1,624,981	(2,912,116)
Foreign currency translation adjustment	1,701,358	2,785,069
Remeasurements of defined benefit plans, net of tax	445,569	24,029
Total other comprehensive income	*1 3,771,909	*1 (103,017)
Comprehensive income	12,112,771	9,155,289
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,011,348	6,272,795
Comprehensive income attributable to non-controlling interests	2,101,422	2,882,493

c. Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,514,018	6,597,580	41,463,280	(406,095)	56,168,784
Changes during period					
Dividends of surplus			(1,795,173)		(1,795,173)
Profit attributable to owners of parent			6,880,230		6,880,230
Purchase of treasury shares				(7,000,249)	(7,000,249)
Disposal of treasury shares				41,053	41,053
Cancellation of treasury shares			(7,000,413)	7,000,413	–
Other			(12,844)		(12,844)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(1,928,200)	41,217	(1,886,983)
Balance at end of period	8,514,018	6,597,580	39,535,079	(364,877)	54,281,800

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,904,961	2,159,985	(37,713)	7,027,233	8,969,215	72,165,232
Changes during period						
Dividends of surplus						(1,795,173)
Profit attributable to owners of parent						6,880,230
Purchase of treasury shares						(7,000,249)
Disposal of treasury shares						41,053
Cancellation of treasury shares						–
Other						(12,844)
Net changes in items other than shareholders' equity	1,621,913	1,063,634	445,569	3,131,117	607,960	3,739,078
Total changes during period	1,621,913	1,063,634	445,569	3,131,117	607,960	1,852,094
Balance at end of period	6,526,875	3,223,620	407,855	10,158,350	9,577,176	74,017,327

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,514,018	6,597,580	39,535,079	(364,877)	54,281,800
Changes during period					
Dividends of surplus			(1,870,498)		(1,870,498)
Profit attributable to owners of parent			7,370,551		7,370,551
Purchase of treasury shares				(4,019,751)	(4,019,751)
Disposal of treasury shares				57,274	57,274
Cancellation of treasury shares			(2,428,066)	2,428,066	–
Other			(11,770)		(11,770)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	3,060,215	(1,534,410)	1,525,804
Balance at end of period	8,514,018	6,597,580	42,595,295	(1,899,288)	55,807,605

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,526,875	3,223,620	407,855	10,158,350	9,577,176	74,017,327
Changes during period						
Dividends of surplus						(1,870,498)
Profit attributable to owners of parent						7,370,551
Purchase of treasury shares						(4,019,751)
Disposal of treasury shares						57,274
Cancellation of treasury shares						–
Other						(11,770)
Net changes in items other than shareholders' equity	(2,911,233)	1,789,448	24,029	(1,097,756)	1,334,732	236,976
Total changes during period	(2,911,233)	1,789,448	24,029	(1,097,756)	1,334,732	1,762,781
Balance at end of period	3,615,641	5,013,068	431,884	9,060,594	10,911,908	75,780,109

d. Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	11,300,775	12,029,480
Depreciation	3,777,888	4,087,543
Impairment losses	120,371	–
Amortization of goodwill	1,455	4,365
Increase (decrease) in provision for bonuses	269,022	7,303
Increase (decrease) in provision for bonuses for directors (and other officers)	23,871	62
Increase (decrease) in allowance for doubtful accounts	(604)	6,018
Increase (decrease) in retirement benefit liability	(72,589)	34,711
Increase (decrease) in provision for share awards for directors (and other officers)	46,147	27,625
Interest and dividend income	(375,214)	(324,008)
Interest expenses	268,429	300,425
Loss (gain) on sale of investment securities	(1,885,286)	(1,592,270)
Loss (gain) on sale of property, plant and equipment	(15,329)	(2,508)
Loss on retirement of non-current assets	24,376	164,714
Decrease (increase) in trade receivables	(797,019)	4,131,130
Decrease (increase) in inventories	67,848	(1,321,548)
Increase (decrease) in trade payables	(381,609)	(1,731,482)
Increase (decrease) in accrued consumption taxes	217,697	26,800
Other, net	41,617	(720,683)
Subtotal	12,631,846	15,127,678
Interest and dividends received	375,222	324,033
Interest paid	(283,191)	(287,484)
Income taxes paid	(1,970,147)	(3,616,329)
Net cash provided by (used in) operating activities	10,753,729	11,547,898
Cash flows from investing activities		
Payments into time deposits	(24,156)	(22,158)
Proceeds from withdrawal of time deposits	24,156	24,156
Purchase of property, plant and equipment	(4,037,270)	(4,298,605)
Proceeds from sale of property, plant and equipment	22,659	7,240
Purchase of intangible assets	(211,490)	(481,447)
Purchase of investment securities	(11,559)	–
Proceeds from sale of investment securities	2,587,075	1,801,357
Proceeds from collection of loans receivable	521	422
Other, net	(18,731)	(183,688)
Net cash provided by (used in) investing activities	(1,668,795)	(3,152,721)

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(230,505)	879,060
Proceeds from long-term borrowings	–	681,615
Repayments of long-term borrowings	(584,329)	(616,628)
Repayments of lease liabilities	(23,936)	(27,106)
Purchase of treasury shares	(7,000,249)	(4,019,751)
Dividends paid	(1,793,165)	(1,867,339)
Dividends paid to non-controlling interests	(1,487,957)	(1,542,716)
Net cash provided by (used in) financing activities	(11,120,144)	(6,512,866)
Effect of exchange rate change on cash and cash equivalents	432,649	713,052
Net increase (decrease) in cash and cash equivalents	(1,602,560)	2,595,363
Cash and cash equivalents at beginning of period	23,454,955	21,852,394
Cash and cash equivalents at end of period	*1 21,852,394	*1 24,447,758

Notes to Consolidated Financial Statements

Significant Matters in Preparing Consolidated Financial Statements

1. Basis of presentation of consolidated financial statements

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

In addition, amounts are rounded down to the nearest thousand yen.

2. Scope of consolidation

(1) Number of consolidated subsidiaries: 16 as of March 31, 2025

All the subsidiaries have been included in the scope of consolidation.

Names of principal consolidated subsidiaries are as follows:

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Company name
RIKEN CABLE TECHNOLOGY CO., LTD.
KYOEI PLASTIC MFG CO., LTD.
RIKEN CHEMICAL PRODUCTS CORPORATION
I.M.I Co., Ltd.
RIKEN (THAILAND) CO., LTD.
RIKEN ELASTOMERS (THAILAND) CO., LTD.
PT. RIKEN INDONESIA
SHANGHAI RIKEN TECHNOS CORPORATION
RIKEN TECHNOS (JIANGSU) CORPORATION
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION
RIKEN VIETNAM CO., LTD.
RIKEN TECHNOS INDIA PVT. LTD.
RIKEN U.S.A. CORPORATION
RIKEN AMERICAS CORPORATION
RIMTEC CORPORATION
RIKEN ELASTOMERS CORPORATION

(2) The Company has no unconsolidated subsidiaries.

3. Application of equity method

The Company has no associates.

4. Fiscal year-end of consolidated subsidiaries

The consolidated subsidiaries whose balance sheet date is different from the consolidated balance sheet date are as follows:

Company name	Balance sheet date
RIKEN CABLE TECHNOLOGY CO., LTD.	December 31 *1
KYOEI PLASTIC MFG CO., LTD.	December 31 *1
RIKEN CHEMICAL PRODUCTS CORPORATION	December 31 *1
I.M.I Co., Ltd.	December 31 *1
RIKEN (THAILAND) CO., LTD.	December 31 *1
RIKEN ELASTOMERS (THAILAND) CO., LTD.	December 31 *1
PT. RIKEN INDONESIA	December 31 *1
SHANGHAI RIKEN TECHNOS CORPORATION	December 31 *1
RIKEN TECHNOS (JIANG SU) CORPORATION	December 31 *1
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION	December 31 *1
RIKEN VIETNAM CO., LTD.	December 31 *1
RIKEN TECHNOS INDIA PVT. LTD.	December 31 *1
RIKEN U.S.A. CORPORATION	December 31 *1
RIKEN AMERICAS CORPORATION	December 31 *1
RIMTEC CORPORATION	December 31 *1
RIKEN ELASTOMERS CORPORATION	December 31 *1

*1. The financial statements as of the balance sheet date of the consolidated subsidiaries are used. However, for major transactions that occurred between that date and the consolidated balance sheet date, the necessary adjustments are made in the consolidated financial statements.

5. Accounting policies

(1) Valuation methods for significant assets

i) Securities

a. Held-to-maturity bonds

Stated at amortized cost (straight-line method).

b. Available-for-sale securities

Securities other than shares, etc. without market prices

Stated at fair value.

(Unrealized gains and losses, net of applicable taxes, are reported in a separate component of net assets, and costs of securities sold are determined by the moving-average method.)

Shares, etc. without market prices

Stated at cost determined by the moving-average method.

ii) Inventories

Inventories of the Company and domestic consolidated subsidiaries are mainly stated at cost determined by the moving-average method (the carrying amounts in the consolidated balance sheets are written down due to a decline in profitability). Inventories of overseas consolidated subsidiaries are mainly stated at the lower of cost or market, determined by the average method.

iii) Derivatives

Stated at fair value.

(2) Depreciation and amortization of significant assets

i) Property, plant and equipment (excluding leased assets)

The Company and domestic consolidated subsidiaries mainly apply the declining-balance method. However, buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings), and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated by the straight-line method. Overseas consolidated subsidiaries apply the straight-line method.

The estimated useful lives of major items are as follows:

Buildings and structures	3 to 47 years
Machinery, equipment and vehicles	4 to 10 years

ii) Intangible assets (excluding leased assets)

The Company and domestic consolidated subsidiaries apply the straight-line method.

Internal use software is amortized by the straight-line method over its estimated useful life as internally determined (five years).

iii) Leased assets

The Company and domestic consolidated subsidiaries apply the straight-line method assuming the lease periods as useful lives with no residual value.

(3) Significant allowances

i) Allowance for doubtful accounts

To cover losses from bad debts for notes and accounts receivable - trade, loans receivable and others, an allowance for doubtful accounts is provided based on historical experience of bad debts for general receivables. For specific receivables, such as highly doubtful receivables, the collectibility is individually considered and the estimated amount of uncollectible accounts is provided as the allowance.

ii) Provision for bonuses

To cover bonus payments to employees, a provision for bonuses is provided in the amount to be paid for services rendered by employees during the fiscal year based mainly on the estimated amount of future bonus payment.

iii) Provision for bonuses for directors (and other officers)

To cover bonus payments to Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers, the Company records a provision for bonuses for directors (and other officers) in the amount of the portion applicable to the fiscal year, based on the estimated amount of future bonus payment.

iv) Provision for share awards for directors (and other officers)

To cover provision of shares in the Company to Directors and Executive Officers, the Company records a provision for executive officer incentive plan trust based on the estimated amount of share provision obligations as of the end of the current fiscal year.

(4) Method of recognizing retirement benefits

i) Method of attributing estimated retirement benefits to periods

For the purpose of attributing estimated retirement benefits to periods up to the end of the current fiscal year in the calculation of retirement benefit obligations, the benefit formula method is applied.

ii) Method of amortizing actuarial differences and past service cost

Past service cost is amortized by the straight-line method over a certain term within the average remaining service period of the eligible employees (13 years).

With regard to actuarial differences, the amount is amortized by the straight-line method over a certain term within the average remaining service period of the eligible employees (13 years) for each applicable fiscal year, and expensed from the year following the year in which the gain or loss is recognized.

iii) Method of accounting for unrecognized actuarial differences and unrecognized past service cost

Unrecognized actuarial differences and unrecognized past service cost are recognized in remeasurements of defined benefit plans under accumulated other comprehensive income in net assets after adjusting for tax effects.

iv) Application of simplified accounting method at small companies

Some consolidated subsidiaries apply a simplified accounting method in which the retirement benefit liability and retirement benefit expenses are calculated by using a method in which the amount of retirement benefits to be paid in cases where all eligible employees retired at the fiscal year-end date is regarded as retirement benefit obligations.

(5) Significant standards for the recognition of revenue and expenses

Revenue from the sale of products and merchandise arises mainly from the manufacture and sale of compound products, film products and food packaging products, and the sale of merchandise. The Company or its consolidated subsidiary assumes performance obligations to deliver these products or merchandise in accordance with sales contracts with customers. The Company or its consolidated subsidiary considers that these performance obligations are fulfilled at the time of delivery, when the customer gains control over the product or merchandise, and revenue is recognized at this time. However, revenue from sales within Japan is recognized at the time of shipment. For export sales, the Company considers that its performance obligations are fulfilled when the products arrive at the place agreed upon with the customer, and revenue is recognized at that time.

Furthermore, with regard to transactions in which the Company or its consolidated subsidiary is considered to act in the capacity of an agent, the net amount receivable in exchange for merchandise provided by the third-party supplier, after deducting the amount payable to the third-party supplier, is recognized as revenue.

(6) Significant hedge accounting

i) Hedge accounting

For foreign currency-denominated monetary receivables and payables and others that have been hedged by forward exchange contracts, the allocation method is used. For interest rate swap contracts, the Company and its domestic consolidated subsidiaries apply the method in which the amount paid or received under the swap contract is added to or deducted from the interest on the hedged assets and liabilities (the exceptional accrual method), in cases where the requirements for the method are satisfied.

ii) Hedging instruments and hedged items

• Hedging instruments

Forward exchange contracts and interest rate swap contracts

• Hedged items

Foreign currency-denominated accounts receivable - trade and accounts payable - trade related to exports and imports of merchandise and finished goods, and interest on borrowings

iii) Hedging policy

Forward exchange contracts are only used within the scope of actual need in order to hedge the risk of fluctuations in foreign exchange rates. Interest rate swap contracts are used to hedge the interest rate fluctuation risk. Entering into derivative transactions for trading or speculative purposes is prohibited.

iv) Assessment of hedge effectiveness

An assessment of hedge effectiveness is omitted for forward exchange contracts to which the allocation method is applied and interest rate swap contracts that satisfy the requirements for the exceptional accrual method.

(7) Method and period for amortization of goodwill

Goodwill is amortized evenly over the period, not exceeding 20 years, during which the goodwill has an effect. However, when the amount of goodwill is insignificant, it is charged to income at the date of occurrence.

(8) Scope of cash and cash equivalents in consolidated statements of cash flows

Funds (cash and cash equivalents) in the consolidated statements of cash flows consist of cash on hand, readily available deposits, and highly liquid short-term investments with original maturities of three months or less that are subject to an insignificant risk of changes in value.

Changes in Accounting Policies

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “2022 Revised Accounting Standard”) and other standards from the beginning of the fiscal year.

Regarding the revisions to the categories in which to record income taxes (taxation on other comprehensive income), the Company follows the transitional treatment stipulated in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment stipulated in the proviso to Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “2022 Revised Guidance”). This change in accounting policies has no impact on the consolidated financial statements.

In addition, with regard to revisions related to the treatment in consolidated financial statements of gains or losses arising from the sale of subsidiary shares, etc. between consolidated companies when they are deferred for tax purposes, the Company has applied the 2022 Revised Guidance from the beginning of the fiscal year. This change in accounting policies applies retroactively, and it has applied retroactively to the consolidated financial statements for the previous fiscal year. It has no impact on the consolidated financial statements for the previous fiscal year.

Accounting Standards Issued but Not Yet Applied

- “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024)
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024), as well as amendments to related ASBJ Statements, ASBJ Guidance, Practical Solution Reports, and Transferred Guidance.

(1) Overview

It stipulates the accounting treatment, similar to international accounting standards, that requires lessees to recognize assets and liabilities for all leases.

(2) Scheduled date of application

The Company plans to apply these standards from the beginning of the fiscal year ending March 31, 2028.

(3) The impact of applying the accounting standard and other related standards

The impact of applying the “Accounting Standard for Leases” and other related standards on the consolidated financial statements is currently under evaluation.

Additional Information

(Transactions of delivering the Company's own stock to employees etc. through trusts)

(1) Board Benefit Trust (BBT)

In accordance with the resolution at the 87th Ordinary General Meeting of Shareholders held on June 24, 2016, the Company introduced a new stock-based compensation plan "Board Benefit Trust (BBT)" on September 14, 2016, for the purpose of raising awareness of Directors who execute business (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers toward their contributions to improving the mid- to long-term corporate performance and increasing the corporate value as well as making Directors who do not execute business (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members contribute to increasing the mid- to long-term corporate value through supervision or audit.

i) Overview of transactions

Based on the officers' stock benefit plan which was established in advance, the Group grants points to Directors, etc. (Directors and Executive Officers). At the time of their retirement, the Group provides shares in the Company to the Directors, etc. who satisfy requirements for beneficiaries in proportion to the points which the Group has granted to them. With regard to the shares which will be provided to Directors etc. in the future, a trust bank acquires the Company's treasury shares through third-party allotment by using the money contributed by the Company. Such shares are managed as trust assets separately.

ii) Shares in the Company remaining at the trust

The shares in the Company remaining at the trust are recorded as the treasury shares in net assets with the book value (excluding associated costs) at the trust. The book value and number of these treasury shares as of the end of the previous fiscal year were 270,072 thousand yen and 587 thousand shares, respectively, while those as of the end of the current fiscal year were 254,361 thousand yen and 553 thousand shares, respectively.

iii) Book value of borrowings recorded due to the application of the gross method

Not applicable.

(2) Stock Benefit Trust (Employee Stockholding Association Purchase-type)

For the purpose of promoting welfare benefits for employees and giving incentives pertaining to the improvement of corporate value of the Company, the Company introduced "Stock Benefit Trust (Employee Stockholding Association Purchase-type)" (hereinafter referred to as the "Plan"), pursuant to the resolution at the Board of Directors meeting held on February 22, 2021.

i) Overview of transactions

The Plan is an incentive plan under which the benefits of a rise in the Company's stock price are passed along to all the employees who are members of the "RIKEN TECHNOS Employee Stockholding Association" (hereinafter referred to as the "Stockholding Association").

A trust bank as the trustee of the Plan acquires shares in the Company that are expected to be acquired by the Stockholding Association over the five years after the establishment of the trust, en bloc in advance, and sells those shares in the Company to the Stockholding Association as needed when it acquires the shares. If the amount equivalent to gain on sales of shares by the trust bank was accumulated in trust assets by the termination of this trust through the sale of shares to the Stockholding Association, the accumulated amount is distributed as residual assets to the members of the Company's employee Stockholding Association who satisfy eligibility requirements for beneficiaries. The Company has guaranteed loans that the trust bank received to acquire shares in the Company. Therefore, if there is remaining loan amount that is equivalent to loss on sales of shares in the Company due to a decline in the Company's stock price at the time of termination of the trust, the Company is required to pay the remaining loan amount under the guarantee agreement.

ii) Shares in the Company remaining at the trust

The shares in the Company remaining at the trust are recorded as the treasury shares in net assets with the book value (excluding associated costs) at the trust. The book value and number of these treasury shares as of the end of the previous fiscal year were 94,804 thousand yen and 185 thousand shares, respectively, while those as of the end of the current fiscal year were 53,241 thousand yen and 104 thousand shares, respectively.

iii) Book value of borrowings recorded due to the application of the gross method

Not applicable.

(3) Employee Stock Benefit Trust (J-ESOP)

For the purpose of boosting morale and motivating employees to improve the Company's stock price and business performance by increasing the linkage between the Company's stock price and business performance with the compensation of employees, the Company introduced "Employee Stock Benefit Trust (J-ESOP)" (hereinafter referred to as the "Plan"), pursuant to the resolution at the Board of Directors meeting held on February 25, 2025.

i) Overview of transactions

The Plan is a trust-type plan based on the Employee Stock Ownership Plan (ESOP) in the U.S., and is designed to provide employees of the Company who meet certain requirements with the Company's shares and money equivalent to the amount of the Company's shares converted to market value (hereinafter referred to as the "Company's shares, etc.") based on the Stock benefit Regulations established by the Company in advance.

The Company grants points to employees in accordance with the Company's performance and their individual contributions, etc., and when they acquire the right to receive benefits under certain conditions, the Company provides them with the Company's shares, etc., equivalent to the points granted. Shares to be provided to employees in the future are acquired with money set up in advance in a trust and are segregated and managed as trust assets.

ii) Shares in the Company remaining at the trust

The shares in the Company remaining at the trust are recorded as the treasury shares in net assets with the book value (excluding associated costs) at the trust. The book value and number of these treasury shares as of the end of the fiscal year were 199,652 thousand yen and 179 thousand shares, respectively.

iii) Book value of borrowings recorded due to the application of the gross method

Not applicable.

Notes to Consolidated Balance Sheets

*1. Overdraft agreements and unused overdraft facility balance

To flexibly secure working capital, the Company and its domestic consolidated subsidiaries have entered into overdraft agreements with banks with which they do business.

The unused balance of these prescribed limit agreements at the fiscal year-end is as follows.

	(Thousands of yen)	
	As of March 31, 2024	As of March 31, 2025
Total overdraft facility limit	9,130,000	8,980,000
Outstanding borrowings within the limit	3,765,000	3,815,000
Unused balance	5,365,000	5,165,000

*2. Notes maturing on the balance sheet date

When the balance sheet date falls on a holiday of financial institutions, the notes maturing on the balance sheet date will be accounted for as if they were settled on the maturity date.

The amount of notes matured on the balance sheet date is as follows.

	(Thousands of yen)	
	As of March 31, 2024	As of March 31, 2025
Notes receivable - trade	118,715	5,410
Electronically recorded monetary claims - operating	574,997	15,349
Notes payable - trade	25,478	—
Electronically recorded obligations - operating	2,938	6,503

Notes to Consolidated Statements of Income

*1. The inventory balance at the fiscal year-end is presented after book values were written down due to a decline in profitability of assets and the following losses (gains) on valuation of inventories are included in cost of sales.

	(Thousands of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
	(24,083)	(107,866)

*2. Main components of selling, general and administrative expenses are as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Freightage expenses	3,600,533	3,959,204
Commission fees	1,188,551	1,159,503
Salaries and bonuses	2,763,403	2,976,640
Provision for bonuses	282,937	265,829
Retirement benefit expenses	150,784	130,026
Provision for bonuses for directors (and other officers)	116,592	109,735
Provision of allowance for doubtful accounts	(697)	15,259
Research and development expenses	1,445,214	1,529,926

*3. Research and development expenses included in selling, general and administrative expenses and cost of sales are as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
	1,893,235	1,975,535

*4. The breakdown of gain on sale of non-current assets is as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Machinery, equipment and vehicles	11,187	2,835
Other	4,142	634
Total	15,329	3,469

*5. The breakdown of loss on sale of non-current assets is as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Machinery, equipment and vehicles	—	961

*6. The breakdown of loss on retirement of non-current assets is as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Buildings and structures	5,904	13,797
Machinery, equipment and vehicles	16,273	150,433
Other	2,199	483
Total	24,376	164,714

*7. Impairment loss

Fiscal year ended March 31, 2024

The Group recorded an impairment loss in the following asset groups:

(Thousands of yen)			
Location	Use	Type	Impairment loss
Yunoyama recreation facility (Komono-cho, Mie-gun, Mie)	Idle assets	Buildings, land, etc.	111,258
Echigo Yuzawa recreation facility (Yuzawa-machi, Minamiuonuma-gun, Niigata)	Idle assets	Buildings, land, etc.	9,113

The Group groups assets into the smallest units that generate cash flows that are generally independent from the cash flow of other assets or asset groups. (Idle assets are grouped individually.)

The Group decided not to use the Yunoyama recreation facility and the Echigo Yuzawa recreation facility as recreation facilities anymore. Seeing the facilities as shared assets, the Group had grouped them into a larger unit that included the head office of RIKEN TECHNOS CORPORATION.

Considering that, however, the change in the usage of the assets would cause a significant decrease in the recoverable amount, the Company judged that indications of impairment existed. As the total of undiscounted future cash flows arising from the asset groups of idle assets was less than the book value, the Company reduced the book value to the recoverable amount and recognized the associated impairment loss.

The impairment loss included 52,344 thousand yen for buildings and structures, 67,735 thousand yen for land, and 291 thousand yen for other.

The recoverable amount is measured with the net realizable value. The measurement is based on real estate appraisal values and other reasonably calculated valuations for major buildings and land. For other assets, taking into account the possibility of disposal, the net realizable value is considered to be zero for assets deemed to have no effective value.

Fiscal year ended March 31, 2025

Not applicable.

Notes to Consolidated Statements of Comprehensive Income

*1. Reclassification adjustments and tax effects related to other comprehensive income

	(Thousands of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Valuation difference on available-for-sale securities:		
Amount arising during the period	4,307,210	(2,514,417)
Reclassification adjustments	(1,885,286)	(1,592,270)
Before income taxes and tax effect adjustments	2,421,924	(4,106,688)
Income taxes and tax effects	(796,942)	1,194,572
Valuation difference on available-for-sale securities	1,624,981	(2,912,116)
Foreign currency translation adjustment:		
Amount arising during the period	1,701,358	2,785,069
Reclassification adjustments	—	—
Before income taxes and tax effect adjustments	1,701,358	2,785,069
Income taxes and tax effects	—	—
Foreign currency translation adjustment	1,701,358	2,785,069
Remeasurements of defined benefit plans, net of tax:		
Amount arising during the period	623,327	71,327
Reclassification adjustments	18,888	(36,238)
Before income taxes and tax effect adjustments	642,215	35,089
Income taxes and tax effects	(196,646)	(11,060)
Remeasurements of defined benefit plans, net of tax	445,569	24,029
Total other comprehensive income	3,771,909	(103,017)

Notes to Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

1. Type and total number of issued shares and type and number of treasury shares

(Thousands of shares)

	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year
Issued shares				
Common stock	64,113	–	8,338	55,775
Total	64,113	–	8,338	55,775
Treasury shares				
Common stock	854	8,338	8,419	773
Total	854	8,338	8,419	773

- (Notes)
1. The decrease of 8,338 thousand shares of issued shares of common stock is due to the cancellation of treasury shares, based on a resolution at a meeting of the Board of Directors held on January 31, 2024.
 2. The Company resolved at the Board of Directors meeting held on August 29, 2016, to introduce the “Board Benefit Trust (BBT)” and transferred 476 thousand shares of treasury shares to Trust Account E as of September 14, 2016, and 329 thousand shares of treasury shares as of March 12, 2020. The number of treasury shares at the beginning and the end of the current fiscal year includes 587 thousand shares and 587 thousand shares of the Company, respectively, held by Trust Account E.
 3. The Company introduced the “Stock Benefit Trust (Employee Stockholding Association Purchase-type)” pursuant to the resolution at the Board of Directors meeting held on May 24, 2017. However, the said trust was abolished in the previous fiscal year, and the Company resolved at the Board of Directors meeting held on February 22, 2021 to introduce again a similar plan, and transferred 266 thousand shares of treasury shares to Trust Account E as of March 11, 2021. The number of treasury shares at the beginning and the end of the current fiscal year includes 266 thousand shares and 185 thousand shares of the Company, respectively, held by Trust Account E.
 4. The increase of 8,338 thousand treasury shares of common stock is due to the acquisition of 8,337 thousand shares, based on a resolution at a meeting of the Board of Directors held on October 30, 2023, and the purchase of shares less than one unit of 0 thousand shares.
 5. The decrease of 8,419 thousand treasury shares of common stock is due to the cancellation of 8,338 thousand shares and the sale of 80 thousand shares from Trust Account E to the Company’s employee stockholding association.

2. Subscription rights to shares and treasury subscription rights to shares

Not applicable.

3. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary General Meeting of Shareholders held on June 16, 2023	Common stock	1,025,815	16	March 31, 2023	June 19, 2023

(Note) Total dividends include 13,668 thousand yen of dividends to the Company’s own shares held in Trust Account E.

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Board of Directors meeting held on October 30, 2023	Common stock	769,357	12	September 30, 2023	November 29, 2023

(Note) Total dividends include 9,702 thousand yen of dividends to the Company’s own shares held in Trust Account E.

(2) Dividends whose cut-off date is in the current fiscal year and whose effective date is in the following fiscal year

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Source of dividends	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary General Meeting of Shareholders held on June 21, 2024	Common stock	1,115,502	Retained earnings	20	March 31, 2024	June 24, 2024

(Note) Total dividends include 15,476 thousand yen of dividends to the Company's own shares held in Trust Account E.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

1. Type and total number of issued shares and type and number of treasury shares

(Thousands of shares)				
	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year
Issued shares				
Common stock	55,775	–	2,500	53,275
Total	55,775	–	2,500	53,275
Treasury shares				
Common stock	773	3,939	2,615	2,097
Total	773	3,939	2,615	2,097

- (Notes)
1. The decrease of 2,500 thousand shares of issued shares of common stock is due to the cancellation of treasury shares, based on a resolution at a meeting of the Board of Directors held on November 25, 2024.
 2. The Company resolved at the Board of Directors meeting held on August 29, 2016, to introduce the “Board Benefit Trust (BBT)” and transferred 476 thousand shares of treasury shares to Trust Account E as of September 14, 2016, and 329 thousand shares of treasury shares as of March 12, 2020. The number of treasury shares at the beginning and the end of the current fiscal year includes 587 thousand shares and 553 thousand shares of the Company, respectively, held by Trust Account E.
 3. The Company introduced the “Stock Benefit Trust (Employee Stockholding Association Purchase-type)” pursuant to the resolution at the Board of Directors meeting held on May 24, 2017. However, the said trust was abolished in the previous fiscal year, and the Company resolved at the Board of Directors meeting held on February 22, 2021 to introduce again a similar plan, and transferred 266 thousand shares of treasury shares to Trust Account E as of March 11, 2021. The number of treasury shares at the beginning and the end of the current fiscal year includes 185 thousand shares and 104 thousand shares of the Company, respectively, held by Trust Account E.
 4. The Company resolved at the Board of Directors meeting held on February 25, 2025, to introduce the “Employee Stock Benefit Trust (J-ESOP)”. The number of treasury shares at the end of the current fiscal year includes 179 thousand shares of the Company held by Trust Account E.
 5. The increase of 3,939 thousand treasury shares of common stock is due to the acquisition of 2,500 thousand shares, based on a resolution at a meeting of the Board of Directors held on July 31, 2024; the acquisition of 1,259 thousand shares, based on a resolution at a meeting of the Board of Directors held on February 25, 2025; an increase of 179 thousand shares through the “Employee Stock Benefit Trust (J-ESOP)”; and the purchase of shares less than one unit of 0 thousand shares.
 6. The decrease of 2,615 thousand treasury shares of common stock is due to the cancellation of 2,500 thousand shares, the sale of 81 thousand shares from Trust Account E to the Company's employee stockholding association, and the delivery of 34 thousand shares from Trust Account E upon the retirement of a director.

2. Subscription rights to shares and treasury subscription rights to shares

Not applicable.

3. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary General Meeting of Shareholders held on June 21, 2024	Common stock	1,115,502	20	March 31, 2024	June 24, 2024

(Note) Total dividends include 15,476 thousand yen of dividends to the Company's own shares held in Trust Account E.

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Board of Directors meeting held on October 31, 2024	Common stock	754,996	14	September 30, 2024	November 29, 2024

(Note) Total dividends include 9,773 thousand yen of dividends to the Company's own shares held in Trust Account E.

(2) Dividends whose cut-off date is in the current fiscal year and whose effective date is in the following fiscal year

(Scheduled Resolution)	Type of shares	Total dividends (Thousands of yen)	Source of dividends	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary General Meeting of Shareholders held on June 20, 2025	Common stock	1,404,411	Retained earnings	27	March 31, 2025	June 23, 2025

(Note) Total dividends include 22,607 thousand yen of dividends to the Company's own shares held in Trust Account E.

Notes to Consolidated Statements of Cash Flows

*1. Reconciliation between “Cash and cash equivalents at end of period” in the consolidated statements of cash flows and “Cash and deposits” in the consolidated balance sheets

	(Thousands of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash and deposits	21,879,258	24,472,764
Time deposits with maturities over 3 months	(26,863)	(25,005)
Cash and cash equivalents	21,852,394	24,447,758

Lease Transactions

(As Lessee)

1. Finance lease transactions

Finance lease transactions that do not transfer ownership

(1) Details of leased assets

i) Property, plant and equipment

Mainly, production equipment and others in the compound business

ii) Intangible assets

Software

(2) Depreciation method for leased assets

The depreciation method for leased assets is as stated in “5. Accounting policies (2) Depreciation and amortization of significant assets” under “Significant Matters in Preparing Consolidated Financial Statements.”

2. Operating lease transactions

Future lease payments under non-cancelable operating leases

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Within 1 year	45,975	40,884
Over 1 year	33,040	29,137
Total	79,016	70,021

Financial Instruments

1. Overview

(1) Policy for financial instruments

The Group procures necessary funds primarily through bank loans in light of its capital expenditure plan. The Group invests its excess funds in financial instruments with low risks, giving the highest priority to safety by reference to external ratings and others while considering liquidity. In addition, certain short-term operating funds are procured through bank loans. The Group, by policy, limits derivative transactions to hedging risks associated with substantial transactions and does not enter into them for speculative purposes.

(2) Description of financial instruments and related risks

Notes and accounts receivable - trade, etc., which are operating receivables, involve credit risk of each customer. Operating receivables denominated in foreign currencies are exposed to exchange rate fluctuation risk.

Investment securities are exposed to market price fluctuation risk.

Notes and accounts payable - trade, which are operating payables, are primarily due within three to five months. Borrowings and finance lease liabilities are primarily intended for raising funds for capital investment, and certain borrowings are for operating funds. These borrowings are exposed to interest rate fluctuation risk.

As for derivative transactions, the Group uses interest rate swap contracts to hedge interest rate fluctuation risk associated with borrowings. For hedging instruments and hedged items, hedging policy, assessment of hedge effectiveness and others related to hedge accounting, please refer to “5.

Accounting policies, (6) Significant hedge accounting” under “Significant Matters in Preparing Consolidated Financial Statements” described above.

(3) Risk management system related to financial instruments

i) Management of credit risk (default risk of business partners)

The Group reduces customer credit risk associated with notes and accounts receivable - trade, which are operating receivables, by monitoring customer credit in conformity with standards such as credit control regulations and by periodic review.

As for credit risk associated with issues involving transactions with repurchase/resale agreements, the Company invests in low-risk issues in conformity with its asset management regulations by reference to external ratings and others. The consolidated subsidiaries establish management systems pursuant to the system of the Company.

ii) Management of market risk (exchange rate and interest rate fluctuation risks)

The Group enters into derivative transactions to control interest rate fluctuation risk associated with borrowings.

As for investment securities, the Group holds listed stocks mainly for the purpose of holding them for the long term, and evaluates them on a fair value basis each quarterly period and obtains the financial information of the issuers (business partners). For those other than held-to-maturity bonds, the Group consistently reviews the holding status taking into account the market conditions and relationships with business partners.

iii) Management of liquidity risk associated with funds procurement (risk of failure to pay on due dates)

The departments in charge appropriately distribute funds by periodically collecting information about their account activity in an integrated manner and understanding the situation while holding some as funds on hand taking into account the necessary liquidity.

(4) Supplemental remarks on fair values of financial instruments

As the calculation of those values includes variable factors, the values may vary if different assumptions and others are applied. The contract amount related to derivative transactions in “Derivative Transactions” under “Notes to Consolidated Financial Statements” does not represent market risk associated with the derivative transactions.

2. Fair values of financial instruments

The carrying amounts in the consolidated balance sheets and the fair values, and difference between them are shown below.

As of March 31, 2024

(Thousands of yen)

	Carrying amount in consolidated balance sheets	Fair value	Difference
(1) Investment securities Available-for-sale securities	10,375,593	10,375,593	—
(2) Long-term loans receivable	1,483	1,483	0
Total assets	10,377,076	10,377,076	0
(1) Short-term borrowings	7,749,221	7,749,221	0
(2) Current portion of long-term borrowings	577,563	561,793	(15,770)
(3) Lease liabilities (Current liabilities)	23,633	23,633	0
(4) Long-term borrowings	1,768,768	1,750,098	(18,669)
(5) Lease liabilities (Non-current liabilities)	32,936	32,936	0
Total liabilities	10,152,123	10,117,683	(34,439)
Derivative transactions (*3)	—	—	—

(*1) Cash and deposits, notes receivable - trade, accounts receivable - trade, electronically recorded monetary claims - operating, notes and accounts payable - trade, electronically recorded obligations - operating, and income taxes payable are omitted from the table above as they are cash-based, they are settled in a short period of time and their fair values therefore approximate their book values.

(*2) Shares, etc. without market prices are not included in “(1) Investment securities.” The carrying amount of these financial instruments on the consolidated balance sheets is shown below.

(Thousands of yen)

Category	As of March 31, 2024
Unlisted stocks	134,158

(*3) Please refer to “Derivative Transactions” under “Notes to Consolidated Financial Statements.”

As of March 31, 2025

(Thousands of yen)

	Carrying amount in consolidated balance sheets	Fair value	Difference
(1) Investment securities			
Available-for-sale securities	6,052,994	6,052,994	—
(2) Long-term loans receivable	1,159	1,159	0
Total assets	6,054,153	6,054,153	0
(1) Short-term borrowings	9,102,182	9,102,182	0
(2) Current portion of long-term borrowings	396,012	427,418	31,405
(3) Lease liabilities (Current liabilities)	47,468	47,468	0
(4) Long-term borrowings	2,198,657	2,143,189	(55,468)
(5) Lease liabilities (Non-current liabilities)	54,848	54,848	0
Total liabilities	11,799,169	11,775,106	(24,062)
Derivative transactions (*3)	—	—	—

(*1) Cash and deposits, notes receivable - trade, accounts receivable - trade, electronically recorded monetary claims - operating, notes and accounts payable - trade, electronically recorded obligations - operating, and income taxes payable are omitted from the table above as they are cash-based, they are settled in a short period of time and their fair values therefore approximate their book values.

(*2) Shares, etc. without market prices are not included in “(1) Investment securities.” The carrying amount of these financial instruments on the consolidated balance sheets is shown below.

(Thousands of yen)

Category	As of March 31, 2025
Unlisted stocks	141,358

(*3) Please refer to “Derivative Transactions” under “Notes to Consolidated Financial Statements.”

- (Notes) 1. Expected redemption amounts of monetary receivables and securities with maturity dates subsequent to the consolidated balance sheet date

As of March 31, 2024

(Thousands of yen)

	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
(1) Cash and deposits	21,332,376	—	—	—
(2) Notes receivable - trade	868,089	—	—	—
(3) Accounts receivable - trade	23,761,066	—	—	—
(4) Electronically recorded monetary claims - operating	5,300,359	—	—	—
(5) Long-term loans receivable	—	883	599	—
Total	51,261,892	883	599	—

As of March 31, 2025

(Thousands of yen)

	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
(1) Cash and deposits	24,467,628	—	—	—
(2) Notes receivable - trade	735,947	—	—	—
(3) Accounts receivable - trade	21,191,220	—	—	—
(4) Electronically recorded monetary claims - operating	4,942,652	—	—	—
(5) Long-term loans receivable	—	681	478	—
Total	51,337,449	681	478	—

2. Projected repayment amounts of borrowings, bonds payable and lease liabilities subsequent to the consolidated balance sheet date

As of March 31, 2024

(Thousands of yen)

	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years
(1) Short-term borrowings	7,749,221	—	—	—	—	—
(2) Long-term borrowings	577,563	310,318	40,249	780,010	—	638,190
(3) Lease liabilities	23,633	24,826	5,476	2,297	335	—
Total	8,350,419	335,145	45,725	782,307	335	638,190

As of March 31, 2025

(Thousands of yen)

	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years
(1) Short-term borrowings	9,102,182	—	—	—	—	—
(2) Long-term borrowings	396,012	189,614	1,059,549	189,614	48,115	711,765
(3) Lease liabilities	47,468	41,215	8,837	3,261	1,533	—
Total	9,545,663	230,829	1,068,387	192,875	49,648	711,765

3. Breakdown of financial instruments by level of fair value

The fair value of financial instruments is classified into the following three levels on the basis of the observability and significance of the inputs used to calculate fair value:

Level 1 fair value: Fair value calculated using observable inputs that are market prices formed in active markets for the assets or liabilities for which fair value is to be calculated

Level 2 fair value: Fair value calculated using observable inputs other than those used to calculate Level 1 fair value

Level 3 fair value: Fair value calculated using unobservable inputs

When multiple inputs that may have a material impact on the calculation of fair value are used, the calculated fair value is classified at the lowest level of the inputs used.

(1) Financial instruments carried on the consolidated balance sheets at fair value

As of March 31, 2024

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	10,375,593	—	—	10,375,593
Total assets	10,375,593	—	—	10,375,593

As of March 31, 2025

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	6,052,994	—	—	6,052,994
Total assets	6,052,994	—	—	6,052,994

(2) Financial instruments other than those carried on the consolidated balance sheets at fair value

As of March 31, 2024

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	—	1,483	—	1,483
Total assets	—	1,483	—	1,483
Short-term borrowings	—	7,749,221	—	7,749,221
Current portion of long-term borrowings	—	561,793	—	561,793
Lease liabilities (Current liabilities)	—	23,633	—	23,633
Long-term borrowings	—	1,750,098	—	1,750,098
Lease liabilities (Non-current liabilities)	—	32,936	—	32,936
Total liabilities	—	10,117,683	—	10,117,683

As of March 31, 2025

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	–	1,159	–	1,159
Total assets	–	1,159	–	1,159
Short-term borrowings	–	9,102,182	–	9,102,182
Current portion of long-term borrowings	–	427,418	–	427,418
Lease liabilities (Current liabilities)	–	47,468	–	47,468
Long-term borrowings	–	2,143,189	–	2,143,189
Lease liabilities (Non-current liabilities)	–	54,848	–	54,848
Total liabilities	–	11,775,106	–	11,775,106

(Note) Explanation of the valuation techniques and inputs used to calculate fair value

Investment securities

Listed shares are valued with quoted prices. Because listed shares are traded in active markets, their fair value is classified as Level 1 fair value.

Long-term loans receivable

The fair value of long-term loans receivable is calculated as the present value of the sum of principal and interest amounts, discounted using the estimated rates applicable for new loans, and is classified as Level 2 fair value.

Short-term borrowings and lease liabilities

Fair value is calculated as the present value of the sum of principal and interest amounts, discounted using the estimated rates applicable for similar new borrowings or lease transactions, and is classified as Level 2 fair value.

Long-term borrowings

The fair value of long-term borrowings is calculated as the present value of the sum of principal and interest amounts, discounted using an interest rate that reflects the remaining term of the liability and credit risk, and is classified as Level 2 fair value. Long-term borrowings using floating interest rates are subject to the special accounting treatment for interest rate swaps. Fair value is calculated as the present value of the sum of principal and interest amounts treated as a single item together with the relevant interest rate swap, discounted using an interest rate that reflects the remaining term of the liability and credit risk, and is classified as Level 2 fair value.

Securities

1. Available-for-sale securities

As of March 31, 2024

(Thousands of yen)

	Carrying amount on the consolidated balance sheets	Acquisition cost	Unrealized gain (loss)
Securities whose carrying amount on the consolidated balance sheets exceeds their acquisition cost			
Stocks	10,375,593	1,125,445	9,250,147
Subtotal	10,375,593	1,125,445	9,250,147
Securities whose carrying amount on the consolidated balance sheets does not exceed their acquisition cost			
Stocks	—	—	—
Subtotal	—	—	—
Total	10,375,593	1,125,445	9,250,147

(Note) As unlisted stocks (134,158 thousand yen reported on the consolidated balance sheets) have no market prices, they are not included in the table above.

As of March 31, 2025

(Thousands of yen)

	Carrying amount on the consolidated balance sheets	Acquisition cost	Unrealized gain (loss)
Securities whose carrying amount on the consolidated balance sheets exceeds their acquisition cost			
Stocks	6,052,994	916,776	5,136,217
Subtotal	6,052,994	916,776	5,136,217
Securities whose carrying amount on the consolidated balance sheets does not exceed their acquisition cost			
Stocks	—	—	—
Subtotal	—	—	—
Total	6,052,994	916,776	5,136,217

(Note) As unlisted stocks (141,358 thousand yen reported on the consolidated balance sheets) have no market prices, they are not included in the table above.

2. Available-for-sale securities that were sold during the fiscal year

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Thousands of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Stocks	2,587,075	1,886,468	1,182

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Thousands of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Stocks	1,801,357	1,592,270	—

3. Impairment loss on securities

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Not applicable.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Not applicable.

Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

Not applicable.

2. Derivative transactions to which hedge accounting is applied

(1) Currency-related transactions

As of March 31, 2024

Not applicable.

As of March 31, 2025

Not applicable.

(2) Interest rate-related transactions

As of March 31, 2024

(Thousands of yen)

Hedge accounting method	Type of derivative transaction	Principal hedged item	Contract amount	Contract amount due after 1 year	Fair value
Exceptional accrual method for interest rate swaps	Interest rate swap contracts Receive floating / Pay fixed	Long-term borrowings	561,876	239,321	(Note)

(Note) Since items subject to the exceptional accrual method for interest rate swaps are accounted for together with the long-term borrowings that are the hedged items, the fair values thereof are included in the fair values of the corresponding long-term borrowings.

As of March 31, 2025

(Thousands of yen)

Hedge accounting method	Type of derivative transaction	Principal hedged item	Contract amount	Contract amount due after 1 year	Fair value
Exceptional accrual method for interest rate swaps	Interest rate swap contracts Receive floating / Pay fixed	Long-term borrowings	266,911	—	(Note)

(Note) Since items subject to the exceptional accrual method for interest rate swaps are accounted for together with the long-term borrowings that are the hedged items, the fair values thereof are included in the fair values of the corresponding long-term borrowings.

Retirement Benefits

1. Summary of retirement benefit plans adopted

To cover retirement benefits to employees, the Company and its consolidated subsidiaries have adopted funded and unfunded defined-benefit plans.

Under the defined-benefit corporate pension plans, all of which are funded plans, lump-sum benefits or pensions are paid based on salary and service period.

Under the retirement lump-sum payment plans, all of which are unfunded plans, lump-sum benefits are paid as retirement benefits based on salary and service period. A retirement benefit trust has been established for the retirement lump-sum payment plans, all of which are unfunded plans, since May 2015.

For defined-benefit corporate pension plans and retirement lump-sum payment plans held by some consolidated subsidiaries, retirement benefit liability and retirement benefit expenses are calculated by a simplified method.

2. Defined-benefit plans

(1) Reconciliation between balance of retirement benefit obligations at the beginning of period and that at the end of period

	(Thousands of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Retirement benefit obligations at the beginning of period	6,046,084	5,843,028
Service cost	343,337	348,958
Interest cost	37,981	31,707
Actuarial differences	(139,762)	(281,105)
Retirement benefits paid	(511,004)	(437,239)
Other	66,392	64,680
Retirement benefit obligations at the end of period	5,843,028	5,570,030

(2) Reconciliation between balance of plan assets at the beginning of period and that at the end of period

	(Thousands of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Plan assets at the beginning of period	5,700,089	6,165,478
Expected return on plan assets	69,836	193,806
Actuarial differences	487,660	(205,309)
Contribution by employer	100,854	100,085
Retirement benefits paid	(192,962)	(208,518)
Plan assets at the end of period	6,165,478	6,045,541

- (3) Reconciliation between balance of retirement benefit obligations and plan assets at the end of period and that of retirement benefit liability and retirement benefit asset recorded in the consolidated balance sheets

	(Thousands of yen)	
	As of March 31, 2024	As of March 31, 2025
Retirement benefit obligations from funded plans	2,738,093	2,522,995
Plan assets	(3,931,309)	(3,852,161)
	(1,193,215)	(1,329,166)
Retirement benefit obligations on unfunded plans	870,766	853,654
Net amount of liability and asset recorded in consolidated balance sheets	(322,449)	(475,511)
Retirement benefit asset	(1,270,649)	(1,524,780)
Retirement benefit liability	948,199	1,049,268
Net amount of liability and asset recorded in consolidated balance sheets	(322,449)	(475,511)

- (4) Retirement benefit expenses

	(Thousands of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Service cost	343,337	348,958
Interest cost	37,981	31,707
Expected return on plan assets	(69,836)	(193,806)
Amortization of actuarial differences	14,792	(40,706)
Other	8,695	(9,132)
Retirement benefit expenses on defined-benefit plans	334,970	137,019

- (5) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans (before deducting tax effect) are as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Actuarial differences	(642,215)	(35,089)

- (6) Remeasurements of defined benefit plans (Accumulated other comprehensive income)

The components of remeasurements of defined benefit plans (before deducting tax effect) are as follows:

	(Thousands of yen)	
	As of March 31, 2024	As of March 31, 2025
Unrecognized actuarial differences	(587,580)	(622,669)

(7) Plan assets

i) Main components of plan assets

The ratios of components to total plan assets by major category are as follows:

	As of March 31, 2024	As of March 31, 2025
Bonds	10.1%	10.3%
Stocks	20.5%	19.1%
Cash and deposits	5.4%	5.8%
Insurance assets (general accounts)	7.0%	7.2%
Investment trust	36.2%	36.3%
Shared operating assets	20.9%	21.4%
Total	100.0%	100.0%

(Note) Total plan assets includes the retirement benefit trust established for the retirement lump-sum payment plans, which accounts for 36.2% and 36.3% of the total amount as of March 31, 2024 and March 31, 2025, respectively.

ii) Method for establishing long-term expected rate of return on plan assets

To establish the long-term expected rate of return on plan assets, the current and forecasted allocation of plan assets and the current and expected future long-term rate of return from the various assets constituting the plan assets are taken into consideration.

(8) Calculation basis for actuarial assumptions

The main calculation basis for actuarial assumptions are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Discount rate	0.62%	1.36%
Long-term expected rate of return	1.60%	3.60%
Expected rate of salary increase	7.20%	7.40%

Income Taxes

1. Significant components of deferred tax assets and liabilities

	As of March 31, 2024	(Thousands of yen) As of March 31, 2025
Deferred tax assets		
Allowance for doubtful accounts	25,843	31,337
Retirement benefit liability	809,885	697,335
Impairment loss	303,814	263,406
Provision for bonuses	287,016	299,234
Loss on valuation of investment securities	101,637	85,629
Asset retirement obligations	101,744	106,317
Net operating losses carryforward (Note)	22,543	9,385
Other	736,035	743,413
Subtotal of deferred tax assets	2,388,521	2,236,119
Valuation allowance related to net operating losses carryforward (Note)	(22,543)	(9,385)
Valuation allowance related to total deductible temporary difference, etc.	(399,864)	(404,594)
Subtotal of valuation allowance	(422,407)	(413,980)
Total deferred tax assets	1,966,113	1,821,968
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(2,737,060)	(1,542,488)
Retirement benefit asset	(398,573)	(332,961)
Property, plant and equipment (asset retirement obligations)	(30,022)	(26,295)
Reserved profit of overseas consolidated subsidiaries	(586,553)	(643,829)
Other	(511,537)	(469,279)
Total deferred tax liabilities	(4,263,748)	(3,014,854)
Net deferred tax assets (liabilities)	(2,297,634)	(1,192,714)

(Note) Amounts of tax loss carryforward and related deferred tax assets by carryforward period
As of March 31, 2024

	(Thousands of yen)						
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Tax loss carryforward (a)	12,931	6,028	1,162	650	1,745	25	22,543
Valuation allowance	(12,931)	(6,028)	(1,162)	(650)	(1,745)	(25)	(22,543)
Deferred tax assets	—	—	—	—	—	—	—

(a) Figures for tax loss carryforward are the amounts multiplied by effective statutory tax rate.

As of March 31, 2025

	(Thousands of yen)						
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Tax loss carryforward (a)	5,886	1,134	635	1,703	24	—	9,385
Valuation allowance	(5,886)	(1,134)	(635)	(1,703)	(24)	—	(9,385)
Deferred tax assets	—	—	—	—	—	—	—

(a) Figures for tax loss carryforward are the amounts multiplied by effective statutory tax rate.

2. Reconciliation between the effective statutory tax rate and the effective tax rate

	As of March 31, 2024	As of March 31, 2025
Effective statutory tax rate	30.6%	30.6%
Adjustments		
Expenses not deductible permanently such as entertainment expenses	0.4	0.5
Income not taxable permanently such as dividends income	(0.8)	(0.6)
Foreign withholding taxes	0.3	0.4
Change in valuation allowance	(0.7)	(0.2)
Tax rate differences from overseas consolidated subsidiaries	(2.7)	(5.5)
Special tax credit for R&D and other eligible costs	(2.3)	(3.1)
Other	1.4	0.8
Effective tax rate	26.2	23.0

(Change in presentation method)

In the previous consolidated fiscal year, the “Special tax credit for R&D and other eligible costs,” which had been included under “Others,” is presented separately from the current consolidated fiscal year onward due to its increased materiality.

Accordingly, the notes for the previous consolidated fiscal year have been reclassified to reflect this change in presentation.

As a result, the amount previously presented as “Others” (negative 0.9%) in the notes for the previous consolidated fiscal year has been reclassified as “Special tax credit for R&D and other eligible costs” (negative 2.3%) and “Others” (positive 1.4%).

3. Adjustment to deferred tax assets and liabilities due to changes in income tax rates

Following the enactment of the Act Partially Amending the Income Tax Act, etc. (Act No. 13 of 2025) on March 31, 2025, the Defense Special Corporate Tax will be imposed from the consolidated fiscal year beginning on or after April 1, 2026.

In line with this, for deferred tax assets and liabilities pertaining to temporary differences expected to be reversed in or after the consolidated fiscal year beginning on April 1, 2026, the effective statutory tax rate has been revised from 30.6% to 31.5%.

As a result of this change, deferred tax liabilities (net of deferred tax assets) for the current consolidated fiscal year increased by 36,068 thousand yen. Meanwhile, deferred income taxes decreased by 13,536 thousand yen, valuation difference on available-for-sale securities decreased by 44,001 thousand yen, and remeasurements of defined benefit plans decreased by 5,604 thousand yen, respectively.

Asset retirement obligations

This information has been omitted due to its insignificance.

Rental properties and other real estate

This information has been omitted due to its insignificance.

Revenue recognition

- Information on the breakdown of revenue generated from contracts with customers
Information on the breakdown of revenue generated from contracts with customers is as stated in “Segment Information and Others.”
- Information fundamental to an understanding of revenue generated from contracts with customers
Information fundamental to an understanding of revenue generated from contracts with customers is as stated in “5. Accounting policies (5) Significant standards for the recognition of revenue and expenses” under “Significant Matters in Preparing Consolidated Financial Statements.”

Segment Information and Others

Segment Information

1. Summary of reportable segments

(1) Method of determining reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and that are evaluated regularly by the Board of Directors to determine allocation of management resources and assess performance.

The Company has business units primarily by market at the head office. Each business unit supervises and plans its own domestic and overseas strategies by market and conducts global business activities.

Accordingly, the Group has classified the reportable segments based on markets and has four reportable segments, "transportation," "daily life & healthcare," "electronics," and "building & construction."

(2) The name, abbreviation, and main markets of each respective reportable segment

The name, abbreviation, and main markets of each respective reportable segment are as follows:

Transportation (TR): automobile, railroad, and shipping markets, etc.

Daily Life & Healthcare (DH): healthcare, materials for daily life, and food packaging markets, etc.

Electronics (EL): energy, communications, and IT equipment markets, etc.

Building & Construction (BC): housing, buildings, construction materials, and civil engineering markets

(Note) The terms in parentheses are abbreviations for the reportable segments.

2. Method for calculating net sales, profit or loss, assets, liabilities and other items by reportable segment

Accounting policies of reported business segments are mostly consistent with those disclosed in "Significant Matters in Preparing Consolidated Financial Statements."

Segment profit is calculated on an operating profit basis.

Intersegment sales and transfers are based on actual market prices.

3. Information about net sales, profit or loss, assets, liabilities and other items by reportable segment, and revenue breakdown

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded on the consolidated statements of income (Note 3)
	TR	DH	EL	BC	Total				
Net sales									
Revenue generated from contracts with customers	40,004,145	34,055,970	25,022,093	26,601,003	125,683,212	55,903	125,739,116	—	125,739,116
Sales to external customers	40,004,145	34,055,970	25,022,093	26,601,003	125,683,212	55,903	125,739,116	—	125,739,116
Intersegment sales or transfers	—	—	—	—	—	952,303	952,303	(952,303)	—
Total	40,004,145	34,055,970	25,022,093	26,601,003	125,683,212	1,008,207	126,691,420	(952,303)	125,739,116
Segment profit	3,647,389	2,735,531	1,262,681	1,055,320	8,700,922	77,765	8,778,688	(3,194)	8,775,493
Segment assets	11,218,375	11,199,667	12,327,577	8,109,657	42,855,277	450,227	43,305,505	72,345,252	115,650,757
Others									
Depreciation	1,473,536	645,943	825,242	832,454	3,777,177	710	3,777,888	—	3,777,888
Amortization of goodwill	—	—	—	1,455	1,455	—	1,455	—	1,455
Impairment loss	—	—	—	—	—	—	—	120,371	120,371
Increase in property, plant and equipment and intangible assets	—	271,495	34,632	—	306,127	—	306,127	3,826,271	4,132,399

- (Notes)
1. The “Other” category is the business segment that is not included in the reportable segments, and represents the purchase and sales of raw materials, etc.
 2. The adjustment to segment profit represents negative 3,194 thousand yen in inter-segment eliminations.
The adjustment to segment assets represents – thousand yen in inter-segment eliminations and 72,345,252 thousand yen in corporate assets. The corporate assets mainly include funds to manage surplus assets (cash and deposits), long-term investment funds (investment securities) and assets related to the administration division.
 3. Segment profit is adjusted to operating profit in the consolidated statements of income.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded on the consolidated statements of income (Note 3)
	TR	DH	EL	BC	Total				
Net sales									
Revenue generated from contracts with customers	41,120,587	36,809,056	24,689,147	25,450,816	128,069,607	71,536	128,141,144	—	128,141,144
Sales to external customers	41,120,587	36,809,056	24,689,147	25,450,816	128,069,607	71,536	128,141,144	—	128,141,144
Intersegment sales or transfers	—	—	—	—	—	1,364,883	1,364,883	(1,364,883)	—
Total	41,120,587	36,809,056	24,689,147	25,450,816	128,069,607	1,436,420	129,506,028	(1,364,883)	128,141,144
Segment profit	4,869,803	3,522,377	978,295	1,011,652	10,382,129	217,308	10,599,438	(110,928)	10,488,509
Segment assets	10,466,771	12,687,692	10,237,889	7,391,858	40,784,211	362,017	41,146,228	75,323,130	116,469,358
Others									
Depreciation	1,568,848	795,596	892,137	830,885	4,087,466	76	4,087,543	—	4,087,543
Amortization of goodwill	—	—	—	4,365	4,365	—	4,365	—	4,365
Impairment loss	—	—	—	—	—	—	—	—	—
Increase in property, plant and equipment and intangible assets	—	444,197	12,366	—	456,563	—	456,563	4,450,295	4,906,859

- (Notes) 1. The “Other” category is the business segment that is not included in the reportable segments, and represents the purchase and sales of raw materials, etc.
2. The adjustment to segment profit represents negative 110,928 thousand yen in inter-segment eliminations.
The adjustment to segment assets represents – thousand yen in inter-segment eliminations and 75,323,130 thousand yen in corporate assets. The corporate assets mainly include funds to manage surplus assets (cash and deposits), long-term investment funds (investment securities) and assets related to the administration division.
3. Segment profit is adjusted to operating profit in the consolidated statements of income.

Related Information

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

1. Information by product and service

(Thousands of yen)

	TR	DH	EL	BC	Other	Total
Sales to external customers	40,004,145	34,055,970	25,022,093	26,601,003	55,903	125,739,116

2. Information by geographical area

(1) Net sales

(Thousands of yen)

Japan	Thailand	U.S.	China	Europe	Other regions	Total
63,059,343	14,419,888	16,114,552	8,497,469	47,626	23,600,236	125,739,116

(Note) Net sales are segmented by country or region based on customer location.

(2) Property, plant and equipment

(Thousands of yen)

Japan	Thailand	U.S.	China	Europe	Other regions	Total
13,659,468	4,290,145	5,892,846	1,505,200	—	3,127,469	28,475,130

3. Information by major customer

This information has been omitted as there is no major external customer that accounts for 10% or more of the net sales recorded on the consolidated statements of income.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

1. Information by product and service

(Thousands of yen)

	TR	DH	EL	BC	Other	Total
Sales to external customers	41,120,587	36,809,056	24,689,147	25,450,816	71,536	128,141,144

2. Information by geographical area

(1) Net sales

(Thousands of yen)

Japan	Thailand	U.S.	China	Europe	Other regions	Total
62,899,836	15,457,486	16,073,725	8,631,725	72,338	25,006,031	128,141,144

(Note) Net sales are segmented by country or region based on customer location.

(2) Property, plant and equipment

(Thousands of yen)

Japan	Thailand	U.S.	China	Europe	Other regions	Total
13,659,328	4,626,892	6,720,145	1,637,037	—	3,939,631	30,583,035

3. Information by major customer

This information has been omitted as there is no major external customer that accounts for 10% or more of the net sales recorded on the consolidated statements of income.

Information about Impairment Loss on Non-current Assets by Reportable Segment

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

This information has been omitted as identical information is disclosed in the segment information.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Not applicable.

Information about Amortization of Goodwill and Balance of Unamortized Goodwill by Reportable Segment

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Reportable segment					Other	Total	Adjustment	Amount recorded on the consolidated financial statements
	TR	DH	EL	BC	Total				
Balance as of March 31, 2024	—	—	—	4,365	4,365	—	4,365	—	4,365

(Note) Amortization of goodwill has been omitted, as identical information is disclosed in segment information.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Amortization of goodwill has been omitted, as identical information is disclosed in segment information. Furthermore, there is no unamortized goodwill.

Information about Gain on Bargain Purchase by Reportable Segment

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Not applicable.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Not applicable.

Information on Related Parties

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Not applicable.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Not applicable.

Per Share Information

(Yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net assets per share	1,171.61	1,267.50
Basic earnings per share	114.24	137.67

(Notes) 1. Diluted earnings per share is not presented because there are no potential shares.

2. The basis used for calculating basic earnings per share is as follows.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit attributable to owners of parent (Thousands of yen)	6,880,230	7,370,551
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent regarding common stock (Thousands of yen)	6,880,230	7,370,551
Average number of shares of common stock outstanding during the period (Shares)	60,227,620	53,538,506

(Note) Shares in the Company remaining at the trust that were recorded as treasury shares under shareholders' equity have been included in the treasury shares that should be deducted in calculating the average number of shares outstanding during the period for the purpose of calculating basic earnings per share.

The average number of treasury shares during the period that were deducted for the purpose of calculating basic earnings per share was 2,603 thousand shares for the fiscal year ended March 31, 2024 and 1,467 thousand shares for the fiscal year ended March 31, 2025.

3. The basis used for calculating net assets per share is as follows.

	As of March 31, 2024	As of March 31, 2025
Total net assets (Thousands of yen)	74,017,327	75,780,109
Deduction from total net assets (Thousands of yen)	9,577,176	10,911,908
[Of the above, non-controlling interests (Thousands of yen)]	[9,577,176]	[10,911,908]
Net assets related to common stock (Thousands of yen)	64,440,151	64,868,200
Number of treasury shares of common stock (Shares)	773,800	2,097,067
Number of shares of common stock outstanding used for calculation of net assets per share (Shares)	55,001,307	51,177,952

(Note) Shares in the Company remaining at the trust that were recorded as treasury shares under shareholders' equity have been included in the treasury shares that should be deducted from the total number of shares outstanding at the fiscal year-end for the purpose of calculating net assets per share.

The number of treasury shares at the fiscal year-end that were deducted for the purpose of calculating net assets per share was 773 thousand shares for the fiscal year ended March 31, 2024, and 2,097 thousand shares for the fiscal year ended March 31, 2025.

Significant Subsequent Events

Not applicable.

e. Consolidated Supporting Schedules

Schedule of Bonds

Not applicable.

Schedule of Borrowings

Category	Balance as of March 31, 2024 (Thousands of yen)	Balance as of March 31, 2025 (Thousands of yen)	Average interest rate (%)	Repayment period
Short-term borrowings	7,749,221	9,102,182	2.8	–
Current portion of long-term borrowings	577,563	396,012	2.5	–
Current portion of lease liabilities	23,633	47,468	–	–
Long-term borrowings (excluding current portion)	1,768,768	2,198,657	3.6	2026 – 2033
Lease liabilities (excluding current portion)	32,936	54,848	–	2026 – 2029
Other interest-bearing debt	–	–	–	–
Total	10,152,123	11,799,169	–	–

(Notes) 1. Method of calculating average interest rates

Average interest rates are calculated using the average outstanding balance during the period.

2. The amount of lease liabilities in the consolidated balance sheets includes the interest equivalent.

3. Repayment of long-term borrowings and lease liabilities scheduled within five years after the balance sheet date are as follows:

(Thousands of yen)				
Category	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
Long-term borrowings	189,614	1,059,549	189,614	48,115
Lease liabilities	41,215	8,837	3,261	1,533

Schedule of Asset Retirement Obligations

As the amount of asset retirement obligations as of April 1, 2024 and March 31, 2025 is not more than 1% of the total amount of liabilities and net assets as of the same dates, this information is omitted pursuant to the provisions of Article 92-2 of the Ordinance on Consolidated Financial Statements.

(2) Others

Semi-Annual information for the fiscal year ended March 31, 2025

(Year-to-date period)	Six months ended September 30, 2025	Fiscal year ended March 31, 2025
Net sales (Thousands of yen)	63,391,831	128,141,144
Profit before income taxes (Thousands of yen)	4,631,556	12,029,480
Profit attributable to owners of parent (Thousands of yen)	2,614,069	7,370,551
Basic earnings per share (Yen)	47.92	137.67

3 Non-Consolidated Financial Statements and Others

(1) Non-Consolidated Financial Statements

a. Non-Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	15,059,216	16,540,001
Notes receivable - trade	604,745	494,833
Accounts receivable - trade	*2 16,618,839	*2 14,397,016
Electronically recorded monetary claims - operating	5,227,934	4,816,601
Merchandise and finished goods	5,597,423	5,720,816
Work in process	760,913	831,601
Raw materials and supplies	2,069,290	2,238,553
Prepaid expenses	227,341	196,015
Short-term loans receivable	318	216
Other	*2 892,893	*2 1,171,658
Allowance for doubtful accounts	(82,000)	(85,868)
Total current assets	46,976,916	46,321,446
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,402,208	4,241,429
Machinery and equipment	3,062,271	2,972,831
Vehicles	22,860	31,256
Tools, furniture and fixtures	558,896	584,585
Land	4,659,551	4,659,551
Leased assets	6,983	8,082
Construction in progress	40,346	209,958
Total property, plant and equipment	12,753,117	12,707,695
Intangible assets		
Software	675,868	599,763
Other	14,447	14,447
Total intangible assets	690,316	614,210
Investments and other assets		
Investment securities	10,484,263	6,171,207
Shares of subsidiaries and associates	4,548,885	4,548,885
Investments in capital of subsidiaries and associates	1,715,213	1,715,213
Long-term loans receivable from employees	432	216
Prepaid pension costs	920,399	1,040,410
Other	407,780	338,324
Allowance for doubtful accounts	(2,399)	(4,549)
Total investments and other assets	18,074,574	13,809,707
Total non-current assets	31,518,007	27,131,613
Total assets	78,494,923	73,453,059

(Thousands of yen)

	As of March 31, 2024		As of March 31, 2025	
Liabilities				
Current liabilities				
Accounts payable - trade	*2	14,866,509	*2	13,603,959
Electronically recorded obligations - operating		155,619		256,737
Electronically recorded obligations - non-operating		90,630		29,685
Short-term borrowings	*3	2,950,000	*3	2,950,000
Lease liabilities		2,944		3,750
Accounts payable - other		382,360		254,658
Accrued expenses	*2	886,600	*2	838,913
Income taxes payable		1,387,073		588,727
Provision for bonuses		917,329		956,532
Provision for bonuses for directors (and other officers)		116,592		116,654
Other		224,766		269,585
Total current liabilities		21,980,426		19,869,203
Non-current liabilities				
Long-term borrowings		80,498		—
Lease liabilities		4,731		5,283
Long-term income taxes payable		—		30,000
Deferred tax liabilities		1,639,708		565,578
Provision for share awards for directors (and other officers)		246,935		274,560
Provision for retirement benefits		237,331		138,300
Asset retirement obligations		332,281		337,301
Other		—		76,289
Total non-current liabilities		2,541,486		1,427,315
Total liabilities		24,521,912		21,296,519
Net assets				
Shareholders' equity				
Share capital		8,514,018		8,514,018
Capital surplus				
Legal capital surplus		6,532,977		6,532,977
Total capital surplus		6,532,977		6,532,977
Retained earnings				
Legal retained earnings		1,107,369		1,107,369
Other retained earnings				
General reserve		12,000,000		12,000,000
Retained earnings brought forward		19,663,313		22,290,899
Total retained earnings		32,770,683		35,398,268
Treasury shares		(364,877)		(1,899,288)
Total shareholders' equity		47,452,802		48,545,976
Valuation and translation adjustments				
Valuation difference on available-for-sale securities		6,520,209		3,610,563
Total valuation and translation adjustments		6,520,209		3,610,563
Total net assets		53,973,011		52,156,540
Total liabilities and net assets		78,494,923		73,453,059

b. Non-Consolidated Statements of Income

(Thousands of yen)

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
Net sales	*2	61,031,409	*2	62,325,106
Cost of sales	*2	48,905,084	*2	49,183,431
Gross profit		12,126,324		13,141,675
Selling, general and administrative expenses	*1, *2	8,077,572	*1, *2	8,432,021
Operating profit		4,048,752		4,709,654
Non-operating income				
Interest and dividend income	*2	2,153,921	*2	2,534,916
Foreign exchange gains		465,784		—
Other	*2	121,124	*2	134,113
Total non-operating income		2,740,831		2,669,030
Non-operating expenses				
Interest expenses		17,483		26,328
Foreign exchange losses		—		53,811
Depreciation of assets for rent		30,571		31,455
Other		32,112		22,005
Total non-operating expenses		80,167		133,601
Ordinary profit		6,709,415		7,245,082
Extraordinary income				
Gain on sale of non-current assets		2,981		1,649
Gain on sale of investment securities		1,886,468		1,592,270
Gain on extinguishment of tie-in shares		43,339		—
Other		—		11,947
Total extraordinary income		1,932,789		1,605,867
Extraordinary losses				
Loss on sale and retirement of non-current assets		21,299		157,341
Impairment losses		120,371		—
Total extraordinary losses		141,670		157,341
Profit before income taxes		8,500,534		8,693,608
Income taxes - current		1,933,261		1,647,264
Income taxes - deferred		(73,446)		120,193
Total income taxes		1,859,814		1,767,457
Profit		6,640,720		6,926,150

c. Non-Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus		Retained earnings	
		Legal capital surplus	Total Capital surplus	Legal retained earnings	Other retained earnings
					General reserve
Balance at beginning of period	8,514,018	6,532,977	6,532,977	1,107,369	12,000,000
Changes during period					
Dividends of surplus					
Profit					
Purchase of treasury shares					
Disposal of treasury shares					
Cancellation of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	—	—	—	—	—
Balance at end of period	8,514,018	6,532,977	6,532,977	1,107,369	12,000,000

	Shareholders' equity				Valuation and translation adjustments		Total Net assets
	Retained earnings		Treasury shares	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Other retained earnings	Total retained earnings					
	Retained earnings brought forward						
Balance at beginning of period	21,818,180	34,925,549	(406,095)	49,566,451	4,902,924	4,902,924	54,469,375
Changes during period							
Dividends of surplus	(1,795,173)	(1,795,173)		(1,795,173)			(1,795,173)
Profit	6,640,720	6,640,720		6,640,720			6,640,720
Purchase of treasury shares			(7,000,249)	(7,000,249)			(7,000,249)
Disposal of treasury shares			41,053	41,053			41,053
Cancellation of treasury shares	(7,000,413)	(7,000,413)	7,000,413	—			—
Net changes in items other than shareholders' equity					1,617,284	1,617,284	1,617,284
Total changes during period	(2,154,866)	(2,154,866)	41,217	(2,113,649)	1,617,284	1,617,284	(496,364)
Balance at end of period	19,663,313	32,770,683	(364,877)	47,452,802	6,520,209	6,520,209	53,973,011

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus		Retained earnings	
		Legal capital surplus	Total Capital surplus	Legal retained earnings	Other retained earnings
					General reserve
Balance at beginning of period	8,514,018	6,532,977	6,532,977	1,107,369	12,000,000
Changes during period					
Dividends of surplus					
Profit					
Purchase of treasury shares					
Disposal of treasury shares					
Cancellation of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	—	—	—	—	—
Balance at end of period	8,514,018	6,532,977	6,532,977	1,107,369	12,000,000

	Shareholders' equity				Valuation and translation adjustments		Total Net assets
	Retained earnings		Treasury shares	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Other retained earnings	Total retained earnings					
	Retained earnings brought forward						
Balance at beginning of period	19,663,313	32,770,683	(364,877)	47,452,802	6,520,209	6,520,209	53,973,011
Changes during period							
Dividends of surplus	(1,870,498)	(1,870,498)		(1,870,498)			(1,870,498)
Profit	6,926,150	6,926,150		6,926,150			6,926,150
Purchase of treasury shares			(4,019,751)	(4,019,751)			(4,019,751)
Disposal of treasury shares			57,274	57,274			57,274
Cancellation of treasury shares	(2,428,066)	(2,428,066)	2,428,066	—			—
Net changes in items other than shareholders' equity					(2,909,645)	(2,909,645)	(2,909,645)
Total changes during period	2,627,585	2,627,585	(1,534,410)	1,093,174	(2,909,645)	(2,909,645)	(1,816,471)
Balance at end of period	22,290,899	35,398,268	(1,899,288)	48,545,976	3,610,563	3,610,563	52,156,540

Notes to Non-Consolidated Financial Statements

Significant Accounting policies

1. Valuation methods for assets

(1) Valuation methods for significant securities

i) Held-to-maturity bonds

Stated at amortized cost (straight-line method).

ii) Shares of subsidiaries and affiliates

Stated at cost determined by the moving-average method.

iii) Available-for-sale securities

Securities other than shares, etc. without market prices

Stated at fair value.

(Unrealized gains and losses, net of applicable taxes, are reported in a separate component of net assets, and costs of securities sold are determined by the moving-average method.)

Shares, etc. without market prices

Stated at cost determined by the moving-average method.

(2) Valuation methods for inventories

Stated at cost determined by the moving-average method.

(The carrying amounts in the non-consolidated balance sheets are written down due to a decline in profitability).

2. Depreciation and amortization of significant assets

(1) Property, plant and equipment (excluding leased assets)

The declining-balance method is applied. (However, buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings), and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated by the straight-line method.)

The estimated useful lives of major items are as follows:

Buildings and structures 3 to 47 years

Machinery and equipment 8 years

Tools, furniture and fixtures 2 to 15 years

(2) Intangible assets (excluding leased assets)

The straight-line method is applied. (Internal use software is amortized by the straight-line method over its estimated useful life as internally determined (five years)).

(3) Leased assets

The straight-line method is applied assuming the lease periods as useful lives with no residual value.

3. Standards for the recognition of allowances

(1) Allowance for doubtful accounts

To cover losses from bad debts for notes and accounts receivable -trade, loans receivable and others, an allowance for doubtful accounts is provided based on historical experience of bad debts for general receivables. For specific receivables, such as highly doubtful receivables, the collectability is individually considered and the estimated amount of uncollectible accounts is provided as the allowance.

(2) Provision for bonuses

To cover bonus payments to employees, a provision for bonuses is provided in the amount to be paid for services rendered by employees based mainly on the estimated amount of future bonus payment.

(3) Provision for bonuses for directors (and other officers)

To cover bonus payments to Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers, the Company records a provision for bonuses for directors (and other officers) in the amount of the portion applicable to the fiscal year, based on the estimated amount of future bonus payment.

(4) Provision for share awards for directors (and other officers)

To cover provision of shares in the Company to Directors and Executive Officers, the Company records a provision for executive officer incentive plan trust based on the estimated amount of share provision obligations as of the end of the current fiscal year.

(5) Provision for retirement benefits

To cover payments of retirement benefits to employees, the Company records a provision based on the estimated amount of retirement benefit obligations and plan assets as of the end of the current fiscal year.

Past service cost is amortized by the straight-line method over a certain term within the average remaining service period of the eligible employees (13 years).

Actuarial differences are amortized by the straight-line method over a certain term within the average remaining service period of the eligible employees (13 years) for each applicable fiscal year, and expensed from the year following the year in which the gain or loss is recognized.

4. Standards for the recognition of revenue and expenses

Revenue from the sale of products and merchandise arises mainly from the manufacture and sale of compound products, film products and food packaging products, and the sale of merchandise. The Company or its consolidated subsidiary assumes performance obligations to deliver these products or merchandise in accordance with sales contracts with customers. The Company or its consolidated subsidiary considers that these performance obligations are fulfilled at the time of delivery, when the customer gains control over the product or merchandise, and revenue is recognized at this time.

However, revenue from sales within Japan is recognized at the time of shipment. For export sales, the Company considers that its performance obligations are fulfilled when the products arrive at the place agreed upon with the customer, and revenue is recognized at that time.

Furthermore, with regard to transactions in which the Company is considered to act in the capacity of an agent, the net amount receivable in exchange for merchandise provided by the third-party supplier, after deducting the amount payable to the third-party supplier, is recognized as revenue.

5. Other significant matters in preparing non-consolidated financial statements

(1) Method of recognizing retirement benefits

Method of accounting for unrecognized actuarial differences and unrecognized past service cost in retirement benefits is different from the accounting method applied in the consolidated financial statements.

(2) Significant hedge accounting

For interest rate swap contracts, the Company applies the method in which the amount paid or received under the swap contract is added to or deducted from the interest on the hedged assets and liabilities (the exceptional accrual method), in cases where the requirements for the method are satisfied.

(3) Transactions of delivering the Company's own stock to employees etc. through trusts

This information has been omitted as identical information is disclosed in the Notes to Consolidated Financial Statements (Additional Information).

Changes in Accounting Policies

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “2022 Revised Accounting Standard”) and other standards from the beginning of the fiscal year.

Regarding the revisions to the categories in which to record income taxes, the Company follows the transitional treatment stipulated in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard. This change in accounting policies has no impact on the non-consolidated financial statements.

Notes to Non-Consolidated Balance Sheets

1. Guaranteed liabilities

The Company guarantees loans obtained from financial institutions by the following subsidiaries and associates.

	(Thousands of yen)	
	As of March 31, 2024	As of March 31, 2025
RIKEN VIETNAM CO., LTD.	1,918,995	2,186,876
SHANGHAI RIKEN TECHNOS CORPORATION	197,229	194,863
RIKEN AMERICAS CORPORATION	148,883	—
RIKEN U.S.A. CORPORATION	121,120	134,577
RIKEN ELASTOMERS (THAILAND) CO., LTD.	104,000	—
RIKEN TECHNOS (JIANG SU) CORPORATION	58,325	22,649
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION	11,240	—
Total	2,559,792	2,538,966

2. Monetary receivables from and payables to subsidiaries and associates (excluding those separately presented)

	(Thousands of yen)	
	As of March 31, 2024	As of March 31, 2025
Short-term monetary receivables	1,853,369	2,501,302
Short-term monetary payables	149,782	166,008

3. Overdraft agreements and unused overdraft facility balance

To flexibly secure working capital, the Company has entered into overdraft agreements with banks with which they do business.

The unused balance of these prescribed limit agreements at the fiscal year-end is as follows.

	(Thousands of yen)	
	As of March 31, 2024	As of March 31, 2025
Total overdraft facility limit	6,500,000	6,500,000
Outstanding borrowings within the limit	2,750,000	2,750,000
Unused balance	3,750,000	3,750,000

Notes to Non-Consolidated Statements of Income

1. The approximate proportion of selling expenses was 62% in the previous fiscal year and 63% in the current fiscal year, while the proportion of general administrative expenses was 38% and 37%, respectively. The major components and amounts of selling, general and administrative expenses are as follows. The breakdown of research and development expenses consists primarily of labor costs, depreciation, and research material costs.

	(Thousands of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Freightage expenses	2,230,490	2,412,673
Commission fees	835,856	840,095
Travel and transportation expenses	159,796	159,233
Salaries and bonuses	1,241,057	1,359,737
Provision for bonuses	282,937	265,829
Retirement benefit expenses	56,339	15,828
Provision for bonuses for directors (and other officers)	116,592	109,735
Rent expenses on land and buildings	371,258	362,500
Depreciation	303,999	292,214
Research and development expenses	1,217,950	1,316,865
Provision of allowance for doubtful accounts	(500)	3,868

2. Transaction amounts with subsidiaries and associates

	(Thousands of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Transaction amounts from operating activities		
Net sales	4,078,339	4,544,374
Purchases	1,097,191	1,310,427
Selling, general and administrative expenses	119,901	73,549
Transaction amounts other than operating transactions	1,881,255	2,340,558

Securities

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Shares of subsidiaries and associates (carried at 4,548,885 thousand yen on the balance sheet) are not stated at fair value, as they are unlisted and do not have a market price.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

Shares of subsidiaries and associates (carried at 4,548,885 thousand yen on the balance sheet) are not stated at fair value, as they are unlisted and do not have a market price.

Income Taxes

1. Significant components of deferred tax assets and liabilities

	As of March 31, 2024	(Thousands of yen) As of March 31, 2025
Deferred tax assets		
Allowance for doubtful accounts	25,843	28,499
Provision for retirement benefits	685,070	673,992
Impairment loss	299,217	258,580
Asset retirement obligations	101,744	106,317
Provision for bonuses	280,886	292,890
Enterprise tax payable	93,951	63,200
Loss on valuation of investment securities	101,637	85,629
Loss on valuation of investments in capital of subsidiaries and associates	705,578	726,317
Loss on valuation of shares of subsidiaries and associates	56,137	57,787
Other	230,162	240,348
Subtotal of deferred tax assets	2,580,230	2,533,563
Valuation allowance related to net operating losses carryforward	—	—
Valuation allowance related to total deductible temporary difference, etc.	(1,156,984)	(1,183,874)
Subtotal of valuation allowance	(1,156,984)	(1,183,874)
Total deferred tax assets	1,423,246	1,349,689
Deferred tax liabilities		
Property, plant and equipment (asset retirement obligations)	(30,022)	(26,295)
Prepaid pension costs	(281,826)	(327,937)
Valuation difference on available-for-sale securities	(2,735,339)	(1,541,016)
Other	(15,766)	(20,019)
Total deferred tax liabilities	(3,062,954)	(1,915,268)
Net deferred tax assets (liabilities)	(1,639,708)	(565,578)

2. Reconciliation between the effective statutory tax rate and the effective tax rate

	As of March 31, 2024	As of March 31, 2025
Effective statutory tax rate	30.6%	30.6%
Adjustments		
Expenses not deductible permanently such as entertainment expenses	1.0	1.2
Impact of the change in tax rate	—	(0.2)
Income not taxable permanently such as dividends income	(1.1)	(0.9)
Non-taxable income from dividends and other income received from foreign subsidiaries	(5.5)	(7.0)
Per capita levy of inhabitant tax	0.3	0.3
Change in valuation allowance	(0.5)	(0.1)
Special tax credit for R&D and other eligible costs	(3.1)	(4.3)
Other	0.1	0.6
Effective tax rate	21.9	20.3

3. Adjustment to deferred tax assets and liabilities due to changes in income tax rates

Following the enactment of the Act Partially Amending the Income Tax Act, etc. (Act No. 13 of 2025) on March 31, 2025, the Defense Special Corporate Tax will be imposed from the consolidated fiscal year beginning on or after April 1, 2026.

In line with this, for deferred tax assets and liabilities pertaining to temporary differences expected to be reversed in or after the consolidated fiscal year beginning on April 1, 2026, the effective statutory tax rate has been revised from 30.6% to 31.5%.

As a result of this change, deferred tax liabilities (net of deferred tax assets) for the current consolidated fiscal year increased by 30,464 thousand yen. Meanwhile, deferred income taxes decreased by 13,536 thousand yen, and the valuation difference on available-for-sale securities decreased by 46,446 thousand yen.

Revenue recognition

Information fundamental to an understanding of revenue generated from contracts with customers has been omitted as identical information is disclosed in the Notes to Consolidated Financial Statements (Revenue recognition).

Significant Subsequent Events

Not applicable.

d. Supporting Schedules

Schedule of Property, Plant and Equipment and Other Fixed Assets

(Thousands of yen)

Category	Balance as of March 31, 2024	Increase during the period	Decrease during the period	Amount amortized	Balance as of March 31, 2025	Cumulative amount of depreciation
Property, Plant and Equipment						
Buildings and structures	4,402,208	219,974	1,954	378,798	4,241,429	11,228,445
Machinery and equipment	3,062,271	978,433	18,188	1,049,685	2,972,831	30,617,628
Vehicles	22,860	31,315	0	22,918	31,256	248,877
Tools, furniture and fixtures	558,896	329,272	98	303,484	584,585	4,463,387
Land	4,659,551	—	0	—	4,659,551	—
Leased assets	6,983	4,800	—	3,701	8,082	25,692
Construction in progress	40,346	1,728,608	1,558,996	—	209,958	—
Total property, plant and equipment	12,753,117	3,292,404	1,579,238	1,758,588	12,707,695	46,584,031
Intangible Assets						
Software	675,868	135,607	—	211,713	599,763	—
Other	14,447	—	—	—	14,447	—
Total intangible assets	690,316	135,607	—	211,713	614,210	—

(*1) Significant additions during the period are as follows.

Buildings and structures	Mie Factory	Factory building-related facilities	113,767 thousand yen
Buildings and structures	Saitama Factory	Factory building-related facilities	81,755 thousand yen
Machinery and equipment	Mie Factory	Compound manufacturing equipment	300,609 thousand yen
Machinery and equipment	Mie Factory	Food packaging manufacturing equipment	178,779 thousand yen
Machinery and equipment	Saitama Factory	Film manufacturing equipment	111,327 thousand yen
Machinery and equipment	Mie Factory	Film manufacturing equipment	92,663 thousand yen
Machinery and equipment	Saitama Factory	Compound manufacturing equipment	73,560 thousand yen
Tools, furniture and fixtures	R&D Center	R&D-related facilities	103,756 thousand yen
Tools, furniture and fixtures	Saitama Factory	Analysis and R&D-related facilities	54,918 thousand yen
Tools, furniture and fixtures	Saitama Factory	Film manufacturing equipment-related items	37,130 thousand yen
Tools, furniture and fixtures	Mie Factory	Analysis and R&D-related facilities	22,457 thousand yen
Software	Head Office	New core system-related software	126,822 thousand yen

(*2) Significant disposals during the period are as follows.

Machinery, equipment	Mie Factory	Compound manufacturing equipment	14,417 thousand yen
----------------------	-------------	----------------------------------	---------------------

(*3) The increase in construction in progress during the fiscal year was attributable to the acquisition of machinery, equipment and other property, plant and equipment, while the decrease resulted from the transfer to property, plant and equipment upon completion.

Schedule of Provisions

(Thousands of yen)

Category	Balance as of March 31, 2024	Increase during the period	Decrease during the period	Balance as of March 31, 2025
Allowance for doubtful accounts	84,399	7,018	1,000	90,418
Provision for bonuses	917,329	956,532	917,329	956,532
Provision for bonuses for directors (and other officers)	116,592	136,083	136,021	116,654
Provision for share awards for directors (and other officers)	246,935	49,824	22,199	274,560

(2) Major Assets and Liabilities

This information has been omitted as the Company prepares consolidated financial statements.

(3) Others

Not applicable.