

Annual Financial Report

MARUWA CO.,LTD.

Consolidated Financial Statements
For the fiscal year ended March 31, 2025

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1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	55,250	71,793
Notes receivable - trade	*5 360	139
Accounts receivable - trade	13,960	12,420
Electronically recorded monetary claims - operating	*5 1,746	1,319
Merchandise and finished goods	2,248	2,645
Work in process	2,960	3,803
Raw materials and supplies	4,575	5,398
Other	2,516	2,832
Allowance for doubtful accounts	(133)	(62)
Total current assets	83,485	100,290
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	*2, *3 15,947	*2, *3 14,996
Machinery, equipment and vehicles, net	*2, *3 12,040	*2, *3 13,039
Land	5,005	5,047
Construction in progress	2,952	5,474
Other, net	*2, *3 786	*2, *3 798
Total property, plant and equipment	36,733	39,356
Intangible assets		
Other	318	444
Total intangible assets	318	444
Investments and other assets		
Investment securities	*1 433	*1 482
Deferred tax assets	487	639
Investment property, net	*3 935	*3 920
Other	*1 121	*1 152
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,977	2,194
Total non-current assets	39,029	41,995
Total assets	122,515	142,285

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,957	2,965
Electronically recorded obligations - operating	2,355	840
Current portion of long-term borrowings	400	–
Income taxes payable	2,851	4,929
Provision for bonuses	1,042	1,191
Provision for bonuses for directors (and other officers)	124	149
Other	*4,3091	*4,856
Total current liabilities	12,821	13,933
Non-current liabilities		
Deferred tax liabilities	127	131
Other	361	366
Total non-current liabilities	489	498
Total liabilities	13,311	14,431
Net assets		
Shareholders' equity		
Share capital	8,646	8,646
Capital surplus	12,031	12,103
Retained earnings	87,573	105,705
Treasury shares	(210)	(198)
Total shareholders' equity	108,042	126,257
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	171	39
Foreign currency translation adjustment	989	1,556
Total accumulated other comprehensive income	1,161	1,596
Total net assets	109,203	127,854
Total liabilities and net assets	122,515	142,285

(ii) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
[Consolidated Statement of Income]

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	*1 61,564	*1 71,849
Cost of sales	*6 30,570	*6 32,377
Gross profit	30,994	39,472
Selling, general and administrative expenses	*2, *3 11,192	*2, *3 12,558
Operating profit	19,801	26,914
Non-operating income		
Interest income	225	331
Rental income	119	126
Foreign exchange gains	958	–
Other	90	110
Total non-operating income	1,394	567
Non-operating expenses		
Interest expenses	1	0
Foreign exchange losses	–	382
Rent expenses on real estate for investments	55	53
Other	16	11
Total non-operating expenses	73	448
Ordinary profit	21,121	27,033
Extraordinary income		
Gain on sale of non-current assets	*4 0	*4 0
Gain on sale of investment securities	39	–
Subsidy income	*7 209	*7 2,592
Other	14	–
Total extraordinary income	264	2,592
Extraordinary losses		
Loss on sale and retirement of non-current assets	*5 158	*5 105
Loss on tax purpose reduction entry of non-current assets	*7 202	*7 2,360
Other	8	–
Total extraordinary losses	369	2,466
Profit before income taxes	21,016	27,159
Income taxes - current	5,767	8,069
Income taxes - deferred	33	(152)
Total income taxes	5,800	7,917
Profit	15,216	19,242
Profit attributable to owners of parent	15,216	19,242

[Consolidated Statement of Comprehensive Income]

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	15,216	19,242
Other comprehensive income		
Valuation difference on available-for-sale securities	46	(131)
Foreign currency translation adjustment	737	567
Total other comprehensive income	*1, *2 784	*1, *2 435
Comprehensive income	16,000	19,677
(Comprehensive income attributable to:)		
Owners of parent	16,000	19,677

(iii) Consolidated Statement of Changes in Equity
Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,646	12,018	73,381	(209)	93,838
Changes during period					
Dividends of surplus			(1,024)		(1,024)
Profit attributable to owners of parent			15,216		15,216
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		13		4	17
Net changes in items other than shareholders' equity					
Total changes during period	–	13	14,192	(1)	14,203
Balance at end of period	8,646	12,031	87,573	(210)	108,042

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	125	251	377	94,215
Changes during period				
Dividends of surplus				(1,024)
Profit attributable to owners of parent				15,216
Purchase of treasury shares				(5)
Disposal of treasury shares				17
Net changes in items other than shareholders' equity	46	737	784	784
Total changes during period	46	737	784	14,988
Balance at end of period	171	989	1,161	109,203

Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,646	12,031	87,573	(210)	108,042
Changes during period					
Dividends of surplus			(1,110)		(1,110)
Profit attributable to owners of parent			19,242		19,242
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		72		13	85
Net changes in items other than shareholders' equity					
Total changes during period	–	72	18,131	11	18,215
Balance at end of period	8,646	12,103	105,705	(198)	126,257

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	171	989	1,161	109,203
Changes during period				
Dividends of surplus				(1,110)
Profit attributable to owners of parent				19,242
Purchase of treasury shares				(1)
Disposal of treasury shares				85
Net changes in items other than shareholders' equity	(131)	567	435	435
Total changes during period	(131)	567	435	18,650
Balance at end of period	39	1,556	1,596	127,854

(iv) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	21,016	27,159
Depreciation	4,138	4,690
Increase (decrease) in allowance for doubtful accounts	123	(71)
Loss (gain) on sale of investment securities	(31)	–
Loss (gain) on sale and retirement of non-current assets	158	105
Loss on tax purpose reduction entry of non-current assets	202	2,360
Interest and dividend income	(239)	(340)
Interest expenses	1	0
Subsidy income	(209)	(2,592)
Decrease (increase) in trade receivables	(3,106)	2,248
Decrease (increase) in inventories	(784)	(2,001)
Increase (decrease) in trade payables	441	(944)
Other	840	409
Subtotal	22,551	31,023
Interest and dividends received	213	340
Interest paid	(1)	(0)
Income taxes refund (paid)	(5,555)	(6,011)
Proceeds from compensation	14	–
Net cash provided by (used in) operating activities	17,222	25,351
Cash flows from investing activities		
Net decrease (increase) in time deposits	(9)	–
Purchase of property, plant and equipment	(11,167)	(9,912)
Proceeds from sale of property, plant and equipment	8	0
Payments for retirement of property, plant and equipment	(83)	(74)
Purchase of intangible assets	(74)	(185)
Purchase of investment securities	(123)	(219)
Proceeds from sale of investment securities	320	–
Subsidies received	309	2,692
Other	5	15
Net cash provided by (used in) investing activities	(10,814)	(7,682)
Cash flows from financing activities		
Repayments of long-term borrowings	(333)	(400)
Purchase of treasury shares	(5)	(1)
Dividends paid	(1,024)	(1,110)
Net cash provided by (used in) financing activities	(1,363)	(1,512)
Effect of exchange rate change on cash and cash equivalents	382	398
Net increase (decrease) in cash and cash equivalents	5,427	16,554
Cash and cash equivalents at beginning of period	49,585	55,013
Cash and cash equivalents at end of period	* 55,013	* 71,568

Notes to the Consolidated Financial Statements

(Significant Accounting Policies for Preparation of the Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 10

Names of consolidated subsidiaries:

Maruwa (Malaysia) Sdn. Bhd., MARUWA Electronics (Taiwan) Co., Ltd., Maruwa Europe Ltd., Maruwa America Corp., Maruwa Korea Co., Ltd., Maruwa (Shanghai) Trading Co., Ltd., MARUWA Electronic (India) Pvt. Ltd., MARUWA SHOMEI CO., LTD., MARUWA MELAKA SDN. BHD., YAMAGIWA CO., LTD.

(2) Names of unconsolidated subsidiaries, etc.

Names of unconsolidated subsidiaries:

Maruwa Electronics GmbH, and 2 other companies

(Reasons for exclusion from the scope of consolidation)

These subsidiaries are excluded from the scope of consolidation because they are small in scale, and their total assets, net sales, profit (amount corresponding to equity interest), and retained earnings (amount corresponding to equity interest) do not have a material effect on the Company's consolidated financial statements.

2. Application of equity method

The unconsolidated subsidiaries are not accounted for using the equity method because they have a negligible effect on profit (loss) attributable to owners of parent and retained earnings, etc., and they are also not significant cumulatively.

3. Fiscal years of consolidated subsidiaries

Among consolidated subsidiaries, Maruwa (Shanghai) Trading Co., Ltd. has a fiscal year ending December 31. In preparing the consolidated financial statements, its financial statements as of that date are used, and necessary adjustments are made to reflect significant transactions that occurred between that date and the Company's fiscal year end. The fiscal year ends of other consolidated subsidiaries coincide with the Company's fiscal year end.

4. Accounting policies

(1) Basis and method for valuation of major assets

a. Securities

Available-for-sale securities

Securities other than shares that do not have a market price:

Fair value method (with the entire amount of valuation differences recorded directly into net assets, and the cost of sales calculated using the moving average cost method)

Shares that do not have a market price:

Moving average cost method

b. Inventories

The Company and its domestic consolidated subsidiaries mainly adopt the moving average cost method (with the amounts shown on the balance sheet written down as profitability declines), while overseas consolidated subsidiaries adopt the lower of cost or market method by the moving average cost method.

(2) Depreciation method for major depreciable assets

a. Property, plant and equipment and investment property

The Company and its domestic consolidated subsidiaries adopt the declining-balance method. However, the straight-line method is applied for buildings (excluding facilities) acquired on or after April 1, 1998, and facilities attached to buildings and for structures acquired on or after April 1, 2016. Overseas consolidated subsidiaries use the straight-line method based on the accounting principles of the countries in which they are located.

The useful lives are as follows.

Buildings and structures: 2 to 50 years

Machinery, equipment and vehicles: 2 to 15 years

b. Intangible assets

Software for internal use: Straight-line method over the period of internal use (5 years)

Other: Straight-line method

(3) Recognition criteria for major provisions

a. Allowance for doubtful accounts

To provide for the non-payments for trade receivables, loans receivable, and other receivables, the historical default rate is used for general receivables, and for receivables designated as potentially irrecoverable, an allowance is made for the amount deemed irrecoverable using actual default rates on an individual claim basis.

b. Provision for bonuses

To provide for bonuses to be paid to employees, a provision for bonuses is recorded based on the estimated amount of payment.

c. Provision for bonuses for directors

To provide for bonuses to be paid to directors, a provision for bonuses is recorded based on the estimated amount of payment in the fiscal year under review.

(4) Recognition criteria for major revenue and expenses

The major performance obligations of the Company and its consolidated subsidiaries in their principal businesses with regard to revenue from contracts with customers and the normal time at which such performance obligations are satisfied (the normal time at which revenue is recognized) are as follows.

a. Ceramic components business

In the ceramic components business, the Group manufactures and sells ceramic components, including electronic components, and identifies the delivery of finished goods or merchandise based on contracts with customers as performance obligations. For sales of these finished goods or merchandise, revenue is recognized when the control of the finished goods or merchandise is considered to have been transferred to the customer at the time of delivery. For the sale to customers in Japan, revenue is recognized at the time of shipment because the period from the shipment to the time at which the control of the finished goods or merchandise is transferred to the customer is within the normal period of time, which is very close to the shipment.

b. Lighting equipment business

In the lighting equipment business, the Group manufactures and sells LED lighting, LED light source modules, etc., and purchases and sells design lighting, and other products. The Group identifies the delivery of finished goods or merchandise based on contracts with customers as performance obligations. For the sale of these finished goods or merchandise, revenue is recognized when the control of the finished goods or merchandise is considered to have been transferred to the customer at the time of delivery. For sales to customers in Japan, revenue is recognized at the time of shipment because the period from the shipment to the time at which the control of the finished goods or merchandise is transferred to the customer is within the normal period of time, which is very close to the shipment.

(5) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand, deposits that can be withdrawn on demand, and short-term investments with maturities of three months or less at the time of acquisition that are readily convertible into cash and are exposed to insignificant risk of changes in value.

(Significant Accounting Estimates)

1. Inventory valuation in the ceramic components business

The following is the item for which amounts have been recorded on the consolidated financial statements for the fiscal year under review based on accounting estimates, which may have a material effect on the consolidated financial statements for the following fiscal year.

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

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Inventories of ceramic components business (MARUWA CO., LTD.)	7,859	9,766

(Note) The above amounts are the total of merchandise and finished goods, work in process, raw materials and supplies.

(2) Information on significant accounting estimates for the identified item

The Group writes down the carrying amount of inventories according to their declining profitability and measured them at the lower of the acquisition cost or the net selling price at the end of the fiscal year. For slow-moving inventories that are outside of the normal operating cycle, the carrying amount is reduced to the estimated disposal value in order to reflect their reduced profitability.

Slow-moving inventories that are outside of the normal operating cycle are identified based on a comprehensive review of the actual results of slow-moving inventories or disposal of inventories, the product lifecycle, and other factors.

Therefore, if there is an excess in inventories held due to market trends, changes in demand forecasts by electronic component manufacturers, or other factors, inventories that should be deemed as obsolete may increase, which may affect inventory valuation.

(Change in Accounting Policy)

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

The Company has applied the Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the “2022 Revised Accounting Standard”) effective from the beginning of the fiscal year ended March 31, 2025.

With regard to the revision in classification to record income taxes (taxation on other comprehensive income), the Company follows the transitional treatments set forth in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standards and the proviso of Paragraph 65-2 (2) of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “2022 Revised Implementation Guidance”). This change has no impact on the consolidated financial statements.

In addition, the Company has adopted the 2022 Revised Implementation Guidance, effective from the beginning of the fiscal year ended March 31, 2025, for the amendment related to the revised accounting treatment for consolidated financial statements in cases where gains or losses arising from the sale of shares of subsidiaries, etc., between consolidated companies are deferred for tax purposes. The change in accounting policy has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been presented on a retrospective basis.

This change has no impact on the consolidated financial statements for the previous fiscal year.

(Accounting Standards Not Yet Adopted)

(Accounting Standard for Leases, etc.)

- “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024 by the ASBJ)
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024 by the ASBJ)

(1) Overview

As part of the Accounting Standards Board of Japan's initiative to align Japanese GAAP with international accounting standards, a new lease accounting standard has been developed requiring lessees to recognize assets and liabilities for all leases. This standard is fundamentally based on a single accounting model under IFRS 16 “Leases,” but only incorporates its principal requirements rather than adopting the standard in its entirety. The aim is to provide a simpler and more practical approach, while ensuring that the use of this standard in non-consolidated financial statements would not require adjustments in general when compared with IFRS 16. For lessee accounting treatment, similar to IFRS 16, a single accounting model will be applied, regardless of whether a lease is classified as a finance lease or an operating lease. Under this model, lessees will recognize both depreciation on the right-of-use asset and interest on the lease liability for all leases.

(2) Scheduled Date of Adoption

The new standard is scheduled to be applied from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of Adoption

The Company is currently evaluating the impact that the adoption of the new lease accounting standard on its consolidated financial statements. At this time, the amount of the impact has not yet been determined.

(Notes to Consolidated Balance Sheet)

*1 Information related to non-consolidated subsidiaries and affiliates is as follows.

	As of March 31, 2024	As of March 31, 2025
Investment securities (shares)	0 million yen	0 million yen
Other (investments in capital)	7	7

*2 Accumulated amounts of tax purpose reduction entry pertaining to the receipt of national subsidies are as follows.

	As of March 31, 2024	As of March 31, 2025
Buildings and structures	986 million yen	2,413 million yen
Machinery, equipment and vehicles	1,063	1,985
Other (tools, furniture and fixtures)	36	48

*3 Accumulated depreciation is as follows.

	As of March 31, 2024	As of March 31, 2025
Accumulated depreciation on property, plant and equipment	36,024 million yen	39,342 million yen
Accumulated depreciation on investment property	506	520

*4 Contract liabilities included in other are as follows.

	As of March 31, 2024	As of March 31, 2025
Contract liabilities	371 million yen	801 million yen

*5. Notes due at the end of the fiscal year

For accounting treatment of notes, etc., maturing at the end of the fiscal year, settlement is made on the clearing date or settlement date. As the last day of the previous fiscal year fell on a holiday for financial institutions, the following notes maturing on the last day of the fiscal year were included in the ending balance for the previous fiscal year.

	As of March 31, 2024	As of March 31, 2025
Notes receivable - trade	56 million yen	– million yen
Electronically recorded monetary claims - operating	192	–

(Notes to Consolidated Statement of Income)

*1 Revenue from contracts with customers

With regard to net sales, revenues arising from contracts with customers and other revenues are not separately presented. The amount of revenue from contracts with customers is presented in "Notes (Revenue Recognition),

1. Breakdown of revenue from contracts with customers" in the Consolidated Financial Statements section.

*2 Major items and amounts of selling, general and administrative expenses are as follows.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Remuneration for directors (and other officers)	160 million yen	163 million yen
Payroll and allowances	2,453	2,919
Provision for bonuses	519	653
Provision for bonuses for directors (and other officers)	124	149
Retirement benefit expenses	56	60
Depreciation	859	871
Research and development expenses	1,409	1,673
Freight and packing costs	832	697
Provision of allowance for doubtful accounts	123	(67)

*3 Total research and development expenses included in general and administrative expenses

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
	1,409 million yen	1,673 million yen

*4 Details of gain on sale of non-current assets are as follows.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Machinery, equipment and vehicles	0 million yen	0 million yen

*5 Details of loss on sale and retirement of non-current assets are as follows.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Buildings and structures	43 million yen	12 million yen
Machinery, equipment and vehicles	30	1
Other	83	91
Total	158	105

*6 The amount of write-down of inventories held for sale in the ordinary course of business due to a decline in profitability is as follows.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cost of sales	211 million yen	33 million yen

*7 Details of subsidy income and loss on tax purpose reduction entry of non-current assets are as follows.

Fiscal year ended March 31, 2024

Subsidy income consists of a subsidy granted by Fukushima Prefecture to support companies located in Fukushima Prefecture to contribute to the recovery of local industry.

Loss on tax purpose reduction entry of non-current assets was recorded for the amount directly deducted from the acquisition cost of property, plant and equipment due to the above subsidy income.

Fiscal year ended March 31, 2025

Subsidy income primarily consists of the Subsidy for Domestic Investment Promotion Projects for Supply Chain Countermeasures granted by the Ministry of Economy, Trade and Industry.

Loss on tax purpose reduction entry of non-current assets was recorded for the amount directly deducted from the acquisition cost of property, plant and equipment due to the above subsidy income.

(Notes to Consolidated Statement of Comprehensive Income)

*1. Reclassification adjustments for other comprehensive income

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Valuation difference on available-for-sale securities:		
Amount recognized during period	96 million yen	(170) million yen
Reclassification adjustments	(31)	–
Total	64	(170)
Foreign currency translation adjustment:		
Amount recognized during period	737	567
Total	737	567
Total before income taxes and tax effect adjustments	802	397
Income taxes and tax effects	(18)	38
Total other comprehensive income	784	435

*2 Income taxes and tax effects related to other comprehensive income

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Valuation difference on available-for-sale securities:		
Before income taxes and tax effect adjustments	64 million yen	(170) million yen
Income taxes and tax effects	(18)	38
After income taxes and tax effect adjustments	46	(131)
Foreign currency translation adjustment:		
Before income taxes and tax effect adjustments	737	567
Income taxes and tax effects	–	–
After income taxes and tax effect adjustments	737	567
Total other comprehensive income		
Before income taxes and tax effect adjustments	802	397
Income taxes and tax effects	(18)	38
After income taxes and tax effect adjustments	784	435

(Notes to Consolidated Statement of Changes in Equity)

Fiscal year ended March 31, 2024

1. Matters concerning the class and total number of issued shares and the class and number of treasury shares

	Number of shares at beginning of period (thousand shares)	Number of shares increased during period (thousand shares)	Number of shares decreased during period (thousand shares)	Number of shares at end of period (thousand shares)
Issued shares				
Common shares	12,372	–	–	12,372
Total	12,372	–	–	12,372
Treasury shares				
Common shares (note)	34	0	0	34
Total	34	0	0	34

(Note) The increase of 0 thousand shares of common shares in treasury shares is due to the purchase of odd-lot shares. The decrease of 0 thousand shares of common shares in treasury shares is due to the delivery of restricted shares for share-based remuneration.

2. Matters regarding share options and treasury share options

Not applicable.

3. Matters regarding dividends

(1) Amounts of dividends paid

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 22, 2023	Common shares	493	40.00	March 31, 2023	June 23, 2023
Board of Directors Meeting on October 26, 2023	Common shares	530	43.00	September 30, 2023	December 4, 2023

(2) Of dividends for which record dates belong to the fiscal year under review, those for which the effective date will be in the subsequent period

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 20, 2024	Common shares	530	Retained earnings	43.00	March 31, 2024	June 21, 2024

Fiscal year ended March 31, 2025

1. Matters concerning the class and total number of issued shares and the class and number of treasury shares

	Number of shares at beginning of period (thousand shares)	Number of shares increased during period (thousand shares)	Number of shares decreased during period (thousand shares)	Number of shares at end of period (thousand shares)
Issued shares				
Common shares	12,372	–	–	12,372
Total	12,372	–	–	12,372
Treasury shares				
Common shares (note)	34	0	2	32
Total	34	0	2	32

(Note) The increase of 0 thousand shares of common shares in treasury shares is due to the purchase of odd-lot shares. The decrease of 2 thousand shares of common shares in treasury shares was due to the delivery of restricted shares for share-based remuneration.

2. Matters regarding share options and treasury share options

Not applicable.

3. Matters regarding dividends

(1) Amounts of dividends paid

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 20, 2024	Common shares	530	43.00	March 31, 2024	June 21, 2024
Board of Directors Meeting on October 29, 2024	Common shares	579	47.00	September 30, 2024	December 2, 2024

(2) Of dividends for which record dates belong to the fiscal year under review, those for which the effective date will be in the subsequent period

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 20, 2025	Common shares	579	Retained earnings	47.00	March 31, 2025	June 23, 2025

(Notes to Consolidated Statement of Cash Flows)

* Relationship between cash and cash equivalents at the end of period and the amount of items shown on the consolidated balance sheet

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash and deposit account	55,250 million yen	71,793 million yen
Time deposits with maturities longer than three months	(237)	(225)
Cash and cash equivalents	55,013	71,568

(Lease Transactions)

Lease transactions are omitted due to immateriality and the small amount per contract.

(Financial Instruments)

1. Matters regarding the status of financial instruments

(1) Policy for financial instruments

For fund management, the Group invests temporary surplus funds in deposits or highly secure financial assets. Funding is procured through long-term and short-term borrowings from financial institutions, the issuance of shares, and the issuance of bonds, etc., based on the funding plan established and by taking into consideration the intended use of the required funds. The Group does not engage in derivative transactions.

(2) Description of financial instruments and their risks

Trade receivables, such as notes and accounts receivable and electronically recorded monetary claims, are exposed to customer credit risk. In addition, trade receivables denominated in foreign currencies arising from overseas operations are exposed to the risk of fluctuations in foreign exchange rates.

Investment securities are mainly equity securities and are exposed to market price fluctuation risk.

Trade payables, such as notes and accounts payable and electronically recorded obligations, are mostly due within four months. Certain items denominated in foreign currencies are exposed to the risk of fluctuations in foreign exchange rates.

(3) Risk management system for financial instruments

(i) Management of credit risks (risk related to nonperformance by counterparties)

In accordance with the Company's credit management regulations, the administrative department periodically monitors the status of major customers with respect to trade receivables and manages due dates and outstanding balances for each customer in order to identify and mitigate concerns at an early stage regarding the collection of receivables from customers who may be experiencing deteriorating financial conditions or other factors. Consolidated subsidiaries are also managed in the same manner in accordance with the Company's credit management regulations.

(ii) Management of market risks (risk of fluctuations in foreign exchange rates, etc.)

In order to manage the risk of fluctuations in foreign exchange rates associated with trade receivables and payables denominated in foreign currencies, the Company monitors net changes in foreign exchange rates on a monthly basis for each currency.

With regard to investment securities, the Company periodically monitors the market value and financial conditions of the issuers and continuously reviews its holdings in consideration of market conditions.

(iii) Management of liquidity risks related to financing (risks of failure to make a payment on the due date)

In order to manage liquidity risks associated with trade payables, the Company uses cash management plans that the department in charge prepares and updates in a timely manner based on reports from each department, while maintaining liquidity on hand.

(4) Supplementary explanation on matters regarding fair value, etc., of financial instruments

Since variable factors are incorporated in the calculation of the fair value of financial instruments, such values may vary due to the adoption of different assumptions and other factors.

2. Matters regarding fair value, etc., of financial instruments

The carrying values, the fair values and their differences are as follows.

As of March 31, 2024

	Carrying values (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
Accounts receivable - trade	13,960		
Allowance for doubtful accounts (*2)	(133)		
	13,827	13,827	–
Investment securities (*3)	432	432	–
Total assets	14,259	14,259	–
Long-term borrowings (including current portion)	400	400	0
Total liabilities	400	400	0

As of March 31, 2025

	Carrying values (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
Accounts receivable - trade	12,420		
Allowance for doubtful accounts (*2)	(62)		
	12,358	12,358	–
Investment securities (*3)	481	481	–
Total assets	12,839	12,839	–
Long-term borrowings (including current portion)	–	–	–
Total liabilities	–	–	–

(*1) "Cash and deposits," "notes receivable - trade," "electronically recorded monetary claims - operating," "notes and accounts payable - trade," "electronically recorded obligations - operating," and "income taxes payable" are omitted because they are cash or their fair value approximates their book value due to their short maturities.

(*2) Allowance for doubtful accounts posted for accounts receivable - trade is deducted.

(*3) Shares and other securities without market prices are not included in "investment securities." The carrying values of such financial instruments on the consolidated balance sheet are as follows.

Classification	As of March 31, 2024	As of March 31, 2025
Unlisted shares	1	1

(Note) 1. Scheduled redemption amount of monetary claims after the consolidated balance sheet date

As of March 31, 2024

	Not later than 1 year (millions of yen)	Later than 1 year and not later than 5 years (millions of yen)	Later than 5 years and not later than 10 years (millions of yen)	Later than 10 years (millions of yen)
Cash and deposits	55,250	–	–	–
Notes receivable - trade	360	–	–	–
Accounts receivable - trade	13,837	122	–	–
Electronically recorded monetary claims - operating	1,746	–	–	–
Total	71,194	122	–	–

As of March 31, 2025

	Not later than 1 year (millions of yen)	Later than 1 year and not later than 5 years (millions of yen)	Later than 5 years and not later than 10 years (millions of yen)	Later than 10 years (millions of yen)
Cash and deposits	71,793	–	–	–
Notes receivable - trade	139	–	–	–
Accounts receivable - trade	12,365	55	–	–
Electronically recorded monetary claims - operating	1,319	–	–	–
Total	85,618	55	–	–

(Note) 2. Scheduled redemption amount of monetary obligations after the consolidated balance sheet date

As of March 31, 2024

	Not later than 1 year (millions of yen)	Later than 1 year and not later than 2 years (millions of yen)	Later than 2 years and not later than 3 years (millions of yen)	Later than 3 years and not later than 4 years (millions of yen)	Later than 4 years and not later than 5 years (millions of yen)	Later than 5 years (millions of yen)
Long-term borrowings	400	–	–	–	–	–
Total	400	–	–	–	–	–

As of March 31, 2025

Not applicable.

3. Matters regarding the breakdown of financial instruments by each fair value level

The fair values of financial instruments are categorized into the following three levels, in accordance with the observability and significance of the inputs used in the fair value calculation.

Level 1 fair value: Fair values calculated using the market price formed in active markets, applied to the assets and liabilities subject to fair value calculation, among observable inputs to the fair value calculation

Level 2 fair value: Fair values calculated using inputs to the fair value calculation other than those used in Level 1, among observable inputs to the fair value calculation

Level 3 fair value: Fair values calculated using unobservable inputs to the fair value calculation

When multiple inputs that have a significant effect on the fair value calculation are used, the fair value is categorized at the level of the lowest priority in the fair value calculation among the levels to which the respective inputs belong.

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

As of March 31, 2024

Classification	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	432	–	–	432
Total assets	432	–	–	432

As of March 31, 2025

Classification	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	481	–	–	481
Total assets	481	–	–	481

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

As of March 31, 2024

Classification	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Accounts receivable - trade	–	13,827	–	13,827
Total assets	–	13,827	–	13,827
Long-term borrowings	–	400	–	400
Total liabilities	–	400	–	400

As of March 31, 2025

Classification	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Accounts receivable - trade	–	12,358	–	12,358
Total assets	–	12,358	–	12,358
Long-term borrowings	–	–	–	–
Total liabilities	–	–	–	–

(Note) Explanation of the valuation methods and inputs used in the fair value calculation

Accounts receivable - trade

Since accounts receivable - trade are settled in a short period of time, their fair value approximates their book value, and their fair value is calculated by deducting allowance for doubtful accounts equivalent to credit risk from their book value and categorized as Level 2 fair value.

Investment securities

Listed shares are valued using the market price. Since listed shares are traded on active markets, their fair value is categorized as Level 1 fair value.

Long-term borrowings

The fair value of long-term borrowings is calculated by the present value obtained by discounting the total of principal and interest at an interest rate that would be charged for similar new borrowings and categorized as Level 2 fair value.

(Securities)

1. Available-for-sale securities

As of March 31, 2024

	Class	Carrying values (millions of yen)	Acquisition cost (millions of yen)	Difference (millions of yen)
Securities whose carrying values exceed acquisition cost	Shares	432	203	228
	Subtotal	432	203	228
Securities whose carrying values do not exceed acquisition cost	Shares	–	–	–
	Subtotal	–	–	–
Total		432	203	228

As of March 31, 2025

	Class	Carrying values (millions of yen)	Acquisition cost (millions of yen)	Difference (millions of yen)
Securities whose carrying values exceed acquisition cost	Shares	185	95	89
	Subtotal	185	95	89
Securities whose carrying values do not exceed acquisition cost	Shares	296	328	(31)
	Subtotal	296	328	(31)
Total		481	423	58

2. Available-for-sale securities sold

Fiscal year ended March 31, 2024

Class	Sales amount (millions of yen)	Total gain on sales (millions of yen)	Total loss on sales (millions of yen)
Shares	320	39	8
Other	–	–	–
Total	320	39	8

Fiscal year ended March 31, 2025

Not applicable.

(Derivative Transactions)

1. Derivative transactions for which hedge accounting is not applied
Not applicable.

2. Derivative transactions for which hedge accounting is applied
Not applicable.

(Retirement Benefits)

1. Outline of retirement benefit plan adopted

The Company and its domestic consolidated subsidiaries have adopted a defined contribution pension plan.

2. Defined contribution plan

Required contributions to the defined contribution plan by the Company and its domestic consolidated subsidiaries were 103 million yen in the previous fiscal year and 105 million yen in the fiscal year under review.

(Stock Options, etc.)

Not applicable.

(Tax Effect Accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets		
Accrued retirement benefits	47 million yen	49 million yen
Provision for bonuses	313	362
Loss on valuation of inventories	34	37
Allowance for doubtful accounts	38	17
Loss on valuation of investment securities	15	16
Depreciation	32	33
Impairment losses	61	63
Enterprise tax payable	173	267
Unused tax losses	232	228
Other	288	281
Subtotal deferred tax assets	1,238	1,358
Valuation allowance	(234)	(230)
Total deferred tax assets	1,004	1,127
Deferred tax liabilities		
Depreciation	(264)	(287)
Valuation difference on available-for-sale securities	(56)	(18)
Liability adjustment account	(84)	(71)
Tax effect against retained earnings of foreign subsidiaries	(201)	(243)
Other	(37)	(0)
Total deferred tax liabilities	(644)	(620)
Net deferred tax assets	359	507

2. Major causes of significant differences between the statutory effective tax rate and the actual effective income tax rate after application of deferred tax accounting

	As of March 31, 2024	As of March 31, 2025
Statutory effective tax rate (Adjustment)	30.33%	Notes are omitted because the difference between the statutory effective tax rate and the actual effective income tax rate after application of deferred tax accounting is not more than 5/100 of the statutory effective tax rate.
Inhabitant tax per capita basis	0.15	
Difference in tax rates for subsidiaries	(0.57)	
Tax credits	(1.83)	
Other	(0.48)	
Effective income tax rate after application of deferred tax accounting	27.60	

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

Following the enactment of the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 13 of 2025) by the Diet on March 31, 2025, Special Defense Surtax will be imposed from the fiscal years beginning on or after April 1, 2026.

Accordingly, the effective statutory tax rate was changed from 30.33% to 31.22% for the calculation of deferred tax assets and deferred tax liabilities related to temporary differences expected to be eliminated in the fiscal years beginning on or after April 1, 2026.

The impact of this change is immaterial.

(Asset Retirement Obligations)

As of March 31, 2024

Omitted due to lack of materiality.

As of March 31, 2025

Omitted due to lack of materiality.

(Leased Real Property)

The Company has an office building (including land) for lease in Aichi Prefecture. Profit or loss from the leased property amounted to 4 million yen and △8 million yen for the previous fiscal year and the fiscal year under review, respectively (lease revenue was recorded under non-operating income and lease expenses were recorded under non-operating expenses).

The carrying amount, changes during the period, and fair value of the leased real property are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Carrying amount		
Balance at beginning of period	933	935
Increase/decrease during period	1	(14)
Balance at end of period	935	920
Fair value at end of period	1,535	1,500

(Notes) 1. The carrying amount is the acquisition cost less accumulated depreciation.

2. The main increase in “increase/decrease during period” in the previous fiscal year was the acquisition of non-current assets (15 million yen). The main decrease was depreciation (13 million yen).

The main decrease in “increase/decrease during period” in the fiscal year under review was depreciation (14 million yen).

3. The “fair value at end of period” is based on a real estate appraisal report by an outside real estate appraiser. However, if there have been no significant changes in certain valuations or indicators that are considered to reflect market prices since the most recent valuation, those valuations are used.

(Revenue Recognition)

1. Breakdown of revenue from contracts with customers

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segment		Total
	Ceramic components business	Lighting equipment business	
Telecommunication	21,230	–	21,230
Automobile	13,097	–	13,097
Semiconductor	10,731	–	10,731
Industrial equipment	8,172	–	8,172
Lighting	–	8,332	8,332
Revenue from contracts with customers	53,232	8,332	61,564
Revenues from external customers	53,232	8,332	61,564

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segment		Total
	Ceramic components business	Lighting equipment business	
Telecommunication	27,341	–	27,341
Automobile	15,899	–	15,899
Semiconductor	10,441	–	10,441
Industrial equipment	8,805	–	8,805
Lighting	–	9,362	9,362
Revenue from contracts with customers	62,487	9,362	71,849
Revenues from external customers	62,487	9,362	71,849

2. Basic information for understanding the revenue from contracts with customers

Notes are omitted because the same information is presented in "Significant accounting policies for preparation of consolidated financial statements, 4. Accounting policies (4) Recognition criteria for principal revenue and expenses" in the Notes to the Consolidated Financial Statements.

3. Relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts; and information on the amount and recognition timing of revenue expected to be generated from contracts with customers existing at the end of the fiscal year under review and to be recognized in the following fiscal year or later

(1) Balance of contract assets and contract liabilities

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Receivables arising from contracts with customers (Balance at beginning of period)	12,864	16,066
Receivables arising from contracts with customers (Balance at end of period)	16,066	13,879

Contract liabilities (Balance at beginning of period)	475	371
Contract liabilities (Balance at end of period)	371	801

(Notes) 1. Contract liabilities are included in other under current liabilities on the consolidated balance sheets.

2. Contract liabilities mainly represent consideration received from customers prior to the delivery of finished goods or merchandise, and such contract liabilities are reclassified to revenue upon satisfaction of the corresponding performance obligation.

3. The amount of revenue recognized in the beginning balance of contract liabilities was 454 million yen in the previous fiscal year and 364 million yen in the fiscal year under review.

(2) Transaction prices allocated to remaining performance obligations

The Group has no significant transactions with an expected contract period exceeding one year. There are no material amounts of consideration arising from contracts with customers that are not included in the transaction price.

(Segment Information, etc.)

[Segment Information]

1. Overview of reportable segments

The Company's reportable segments are those of the Company's constituent units for which segregated financial information is available and is subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate performance.

The Company establishes business divisions for each product and service at its headquarters, and each business division formulates a comprehensive strategy for the products and services it handles in Japan and overseas and develops business activities.

Accordingly, the Company is comprised of product and service segments based on its Business Units, with two reportable segments: the Ceramic Components Business and the Lighting Equipment Business.

The Ceramic Components Business manufactures and sells electronic components, ceramic substrates, and products related to semiconductor manufacturing equipment. The Lighting Equipment Business manufactures and sells lighting equipment that uses LEDs in addition to conventional lighting equipment.

2. Method of calculating the amount of sales, profits or losses, assets and other items for each reportable segment

The accounting methods for the reportable business segments are the same as those described in "Significant accounting policies for preparation of consolidated financial statements."

Profit in the reportable segments is based on operating income. Transactions with other segments are based on prevailing market prices.

3. Information on the amount of sales, profits or losses, assets and other items for each reportable segment

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segment			Adjustment amount (Notes) 1	Amount recorded in consolidated financial statements (Notes) 2
	Ceramic components business	Lighting equipment business	Total		
Net sales					
Revenues from external customers	53,232	8,332	61,564	–	61,564
Transactions with other segments	6	120	126	(126)	–
Total	53,238	8,452	61,691	(126)	61,564
Segment profit	20,026	1,130	21,157	(1,355)	19,801
Segment assets	112,257	8,046	120,304	2,211	122,515
Other items					
Depreciation	3,973	88	4,062	76	4,138
Increase in property, plant and equipment and intangible assets	9,534	103	9,638	101	9,739

(Notes) 1. Segment profit adjustment amount of (1,355) million yen includes (36) million yen in inter-segment eliminations and (1,319) million yen in corporate expenses that have not been allocated to each reportable segment. Corporate expenses consist of selling, general and administrative expenses that do not belong to any reportable segment.

2. Segment profit is adjusted to operating income in the consolidated statements of income.
3. Adjusted segment assets of 2,211 million yen are corporate assets that have not been allocated to each reportable segment. These include the parent company's surplus funds under management (time deposits, etc.), investment securities, etc., and assets related to the management department.
4. The adjustment for depreciation of 76 million yen is mainly for depreciation of corporate assets that have not been allocated to each reportable segment.
5. The adjustment for the increase in property, plant and equipment and intangible assets of 101 million yen is mainly an increase in corporate assets that are not allocated to each reportable segment.

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segment			Adjustment amount (Notes) 1	Amount recorded in consolidated financial statements (Notes) 2
	Ceramic components business	Lighting equipment business	Total		
Net sales					
Revenues from external customers	62,487	9,362	71,849	–	71,849
Transactions with other segments	7	37	45	(45)	–
Total	62,494	9,400	71,895	(45)	71,849
Segment profit	27,086	1,437	28,524	(1,609)	26,914
Segment assets	130,554	9,044	139,598	2,687	142,285
Other items					
Depreciation	4,461	96	4,557	132	4,690
Increase in property, plant and equipment and intangible assets	8,854	427	9,282	369	9,652

(Notes) 1. The segment profit adjustment amount of (1,609) million yen includes 53 million yen in inter-segment eliminations and (1,663) million yen in corporate expenses that have not been allocated to each reportable segment. Corporate expenses consist of selling, general and administrative expenses that do not belong to any reportable segment.

2. Segment profit is adjusted to operating income in the consolidated statements of income.
3. Adjusted segment assets of 2,687 million yen are corporate assets that have not been allocated to each reportable segment. These include the parent company's surplus funds under management (time deposits, etc.), investment securities, etc., and assets related to the management department.
4. The adjustment for depreciation of 132 million yen is mainly for depreciation of corporate assets that have not been allocated to each reportable segment.
5. The adjustment for the increase in property, plant and equipment and intangible assets of 369 million yen is mainly an increase in corporate assets that are not allocated to each reportable segment.

[Related Information]

Fiscal year ended March 31, 2024

1. Information by product and service

This information is omitted because the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	China	Other	Total
19,540	21,414	20,609	61,564

(Note) 1. Net sales are based on the location of customers and classified by country or region.

(2) Property, plant and equipment

(Millions of yen)

Japan	Malaysia	Other	Total
33,696	2,694	342	36,733

3. Information by major customer

Revenues from external customers are not shown because there are no customers to which sales account for 10% or more of the net sales in the consolidated statements of income.

Fiscal year ended March 31, 2025

1. Information by product and service

This information is omitted because the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	China	Other	Total
19,917	31,221	20,711	71,849

(Note) 1. Net sales are based on the location of customers and classified by country or region.

(2) Property, plant and equipment

(Millions of yen)

Japan	Malaysia	Other	Total
36,113	2,902	340	39,356

3. Information by major customer

Revenues from external customers are not shown because there are no customers to which sales account for 10% or more of the net sales in the consolidated statements of income.

[Information on Impairment Loss on Non-current Assets by Reportable Segment]

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

Not applicable.

[Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment]

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

Not applicable.

[Information on Gain on Bargain Purchase by Reportable Segment]

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

Not applicable.

[Information on Related Parties]

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

Not applicable.

(Per Share Information)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net assets per share	8,851.10 yen	10,361.04 yen
Earnings per share	1,233.30 yen	1,559.45 yen

(Notes) 1. Since there are no dilutive shares, diluted earnings per share is not shown on the above table.

2. The basis for the calculation of earnings per share is as follows.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Earnings per share		
Profit attributable to owners of parent (millions of yen)	15,216	19,242
Amount not attributable to common shareholders (millions of yen)	–	–
Profit attributable to common shareholders of parent (millions of yen)	15,216	19,242
Average number of shares during period (thousand shares)	12,337	12,339

(Significant Subsequent Events)

Not applicable.

(v) [Supplementary Schedules]

[Schedule of Bonds]

Not applicable.

[Schedule of Borrowings, etc.]

Classification	Balance at beginning of period (millions of yen)	Balance at end of period (millions of yen)	Average interest rate (%)	Repayment date
Short-term borrowings	–	–	–	–
Current portion of long-term borrowings	400	–	0.13	–
Current portion of lease obligations	–	–	–	–
Long-term borrowings (excluding current portion)	–	–	–	–
Lease obligations (excluding current portion)	–	–	–	–
Other interest-bearing liabilities	–	–	–	–
Total	400	–	–	–

[Schedule of Asset Retirement Obligations]

Since the amount of asset retirement obligations at the beginning and at the end of the fiscal year under review is not more than one percent of the combined total of liabilities and net assets at the beginning and at the end of the fiscal year under review, the description is omitted pursuant to Article 92-2 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

(2) [Other]

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

	Six months ended September 30, 2024	Fiscal year ended March 31, 2025
Net sales (millions of yen)	34,822	71,849
Profit before income taxes Profit (millions of yen)	12,128	27,159
Profit attributable to owners of parent (millions of yen)	8,440	19,242
Earnings per share (yen)	684.12	1,559.45

Independent Auditors' Report

To the Board of Directors of MARUWA CO.,LTD.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of MARUWA CO.,LTD. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of March 31, 2025, the consolidated statements of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Japanese generally accepted accounting principles ("GAAP").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Reasonableness of the valuation of inventories held in the ceramic components business of MARUWA CO., LTD.	
The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet for the current fiscal year, inventories of ¥11,846 million were recognized. Included therein were inventories comprising merchandise and finished goods, work in process, and raw materials and supplies held in the ceramic components business of the Company, totaling to ¥9,766 million, which represented approximately 6.9% of total assets in the consolidated balance sheet.</p> <p>As described in Note, “Significant accounting estimates” to the consolidated financial statements, inventories are valued by writing down the carrying amount according to their declining profitability and are measured them at the lower of the acquisition cost or the net selling price at the end of the fiscal year. For slow-moving inventories that are outside of the normal operating cycle, the carrying amount is reduced to the estimated disposal value in order to reflect their reduced profitability.</p> <p>The main customers of the Company’s ceramic components business are manufacturers in the electronics market, where, supported by continuing technology innovations, new products are consistently delivered to the market. The Company strives to increase market demand and expand into new markets by enhancing its development of leading products which are differentiated in the electronics market. However, there is a possibility that the Company’s inventories may become in excess due to market conditions, changes in demand forecasts of electronic component manufacturers and other factors, resulting in slow-moving inventories. The Company has established the policies by which it identifies and evaluates slow-moving inventories of which the carrying amounts are subject to write down, considering the product lifecycle based on the actual results of slow-moving inventories or disposal of inventories. If the policies are not appropriately applied to inventories, it may have a significant effect on the consolidated financial statements due to the materiality of inventories in the ceramic components business of the Company.</p> <p>We, therefore, determined that our assessment of the reasonableness of the valuation of inventories held in the ceramic components business of the Company was of most significance in our audit of the consolidated financial statements for this fiscal year, and accordingly, a key audit matter.</p>	<p>The primary procedures we performed to assess the reasonableness of the valuation of inventories held in the ceramic components business of the Company included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the valuation of inventories.</p> <p>In this assessment, we focused our testing on the design and operating effectiveness of controls relevant to the process of managing slow-moving inventories.</p> <p>(2) Assessment of the reasonableness of the valuation of inventories</p> <p>We assessed the appropriateness of the identification and valuation of slow-moving inventories of which the carrying amounts are subject to write down, by performing the following procedures on the inventories of specific departments within the ceramic components business:</p> <ul style="list-style-type: none"> • assessed the effect on the valuation of inventories by examining the turnover period of each product and work in process and inquiring of the personnel in charge about the possibility of future sales of those products and work in process that exceeded a certain turnover period; and • assessed the appropriateness of the exclusion from the slow-moving inventories of products and work in process that were expected to be sold in the future by inquiring of the personnel in charge about the feasibility of their future sales.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the audit and supervisory committee for the Consolidated Financial Statements

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

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

The audit and supervisory committee are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in 2. Business Review (3) Amount of Remuneration to Audit Firms .

Interest Required to be Disclosed by the Certified Public Accountants Act of Japan

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

The engagement partner on the audit resulting in this independent auditors' report is Yutaka Matsuki and Nobutaka Mabuchi.

Yutaka Matsuki
Designated Engagement Partner
Certified Public Accountant

Nobutaka Mabuchi
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Nagoya Office, Japan
July 30, 2025

2. Business Review

(1) Overview of Business Results

(i) Financial position and business results

In the fiscal year ended March 31, 2025, net sales increased 16.7% year on year to 71,849 million yen, operating profit grew 35.9% year on year to 26,914 million yen, ordinary profit was up 28.0% year on year to 27,033 million yen, and profit attributable to owners of parent increased 26.5% year on year to 19,242 million yen.

Business results by segment are as follows.

In the ceramic components business, net sales increased 17.4% year on year to 62,487 million yen, and segment profit grew 35.3% year on year to 27,086 million yen.

In the lighting equipment business, net sales increased 12.4% year on year to 9,362 million yen, and segment profit increased 27.1% year on year to 1,437 million yen.

Total assets at the end of the fiscal year ended March 31, 2025 amounted to 142,285 million yen, up 16.1% from the end of the previous fiscal year.

Total liabilities amounted to 14,431 million yen, up 8.4% from the end of the previous fiscal year.

Total net assets were 127,854 million yen, up 17.1% from the end of the previous fiscal year.

As a result, the equity ratio was 89.9%, up 0.8 points from the end of the previous fiscal year.

(ii) Cash flows

Cash and cash equivalents at the end of the fiscal year under review increased by 16,554 million yen from the end of the previous fiscal year, totaling 71,568 million yen, despite expenditures for the acquisition of property, plant and equipment, among other factors.

The cash flow status for the fiscal year ended March 31, 2025 is as follows.

Net cash provided by operating activities amounted to 25,351 million yen, an increase of 8,128 million yen compared to the end of the previous fiscal year.

Net cash used in investing activities was 7,682 million yen, a decrease of 3,131 million yen from the end of the previous fiscal year.

Net cash used in financing activities totaled 1,512 million yen, representing an increase of 149 million yen from the end of the previous fiscal year.

(iii) Production and orders received

a. Production results

Production results by segment are as follows.

Name of segment	Fiscal year ended March 31, 2025	Change from previous period (%)
Ceramic components business (millions of yen)	62,647	123.2
Lighting equipment business (millions of yen)	2,768	127.8
Total (millions of yen)	65,416	123.4

(Note) Amounts are based on sales prices, and inter-segment transactions are offset and eliminated.

b. Orders received and order backlog

Orders received and order backlog by segment are as follows.

Name of segment	Orders received		Order backlog	
	Fiscal year ended March 31, 2025	Change from previous period (%)	Fiscal year ended March 31, 2025	Change from previous period (%)
Ceramic components business (millions of yen)	59,426	118.5	21,003	87.3
Lighting equipment business (millions of yen)	9,580	111.7	1,816	113.7
Total (millions of yen)	69,007	117.5	22,819	88.9

(Note) Amounts are based on sales prices, and inter-segment transactions are offset and eliminated.

c. Sales results

Sales results by segment are as follows.

Name of segment	Fiscal year ended March 31, 2025	Change from previous period (%)
Ceramic components business (millions of yen)	62,487	117.4
Lighting equipment business (millions of yen)	9,362	112.4
Total (millions of yen)	71,849	116.7

(Note) Amounts are based on sales prices, and inter-segment transactions are offset and eliminated.

(2) Analysis and discussion of business results from management's perspective

The following is an analysis and discussion of the Group's business results from the management's perspective. Forward-looking statements in the text are based on the judgment of the Group as of the end of the fiscal year under review.

(i) Business results

During the fiscal year ended March 31, 2025, the trends in various policies under the new U.S. administration attracted attention, and geopolitical risks, including the situations in Ukraine and the Middle East, continued to be a global concern. In addition, fluctuations in foreign exchange rates persisted. In the high-tech market, there was a noticeable increase in technological innovations and investments related to generative AI.

Working within this business environment, in the semiconductor-related business, demand for general-purpose memory weakened due to market conditions. In contrast, in the telecommunication-related business, performance for next-generation, high-speed communications expanded, and in the automobile-related business, sales for new energy vehicles remained strong. As a result, net sales for the fiscal year ended March 31, 2025, increased 16.7% year on year to 71,849 million yen. Operating profit grew 35.9% year on year to 26,914 million yen, ordinary profit was up 28.0% year on year to 27,033 million yen, and profit attributable to owners of parent increased 26.5% year on year to 19,242 million yen, marking the highest performance of the Group.

Recognition, analysis and discussion of the financial position and business results by segment are as follows. In the ceramic components business, the semiconductor-related business saw weaker demand for general-purpose memories due to market conditions. In contrast, in the telecommunication-related business, performance for next-generation, high-speed communications expanded, and in the automobile-related

business, sales for new energy vehicles remained strong.

As a result, net sales for the fiscal year ended March 31, 2025 increased 17.4% year on year to 62,487 million yen, and segment profit grew 35.3% year on year to 27,086 million yen.

In the lighting equipment business, sales of lighting products for the high-end new condominium market were brisk, and business for public LED lighting installation projects remained steady.

As a result, net sales for the fiscal year ended March 31, 2025 increased 12.4% year on year to 9,362 million yen, and segment profit increased 27.1% year on year to 1,437 million yen.

(ii) Financial position

Current assets at the end of the fiscal year ended March 31, 2025 totaled 100,290 million yen, an increase of 16,804 million yen from the end of the previous fiscal year. This was mainly due to an increase in cash and deposits. Non-current assets totaled 41,995 million yen, up 2,965 million yen from the end of the previous fiscal year. This was mainly due to an increase in construction in progress.

As a result, total assets amounted to 142,285 million yen, up 19,770 million yen from the end of the previous fiscal year.

(iii) Analysis and discussion of the status of cash flows and information on capital resources and liquidity of funds

In the fiscal year ended March 31, 2025, net cash provided by operating activities amounted to 25,351 million yen, an increase of 8,128 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in profit before income taxes. Net cash used in investing activities was 7,682 million yen, a decrease of 3,131 million yen from the end of the previous fiscal year. This was mainly due to an increase in subsidy income. Net cash used in financing activities totaled 1,512 million yen, representing an increase of 149 million yen from the end of the previous fiscal year. This was mainly due to an increase in dividends paid.

As a result, cash and cash equivalents at the end of the fiscal year ended March 31, 2025 increased by 16,554 million yen from the end of the previous fiscal year, totaling 71,568 million yen.

The Group's main demand for funds is for capital investment in growth areas, R&D investment, dividend payments, and working capital for business operations. Amid the global shift toward a decarbonized society, markets for new energy vehicles, 5G, and semiconductors are expanding, and technological innovation is accelerating market changes. The Group will continue to make capital expenditures and invest in R&D with an eye on the coming years.

Funding is primarily sourced from our own internal funds.

(iv) Significant accounting estimates and assumptions used in making such estimates

The consolidated financial statements of the Group are prepared in accordance with accounting principles generally accepted in Japan.

Significant accounting policies are described in "1. Consolidated Financial Statements, Notes to Consolidated Financial Statements (Significant accounting estimates)." However, the following items are considered to affect accounting estimates in the preparation of the Group's consolidated financial statements.

(Inventory valuation in the ceramic components business)

The Group writes down the carrying amount of inventories according to their declining profitability and measured them at the lower of the acquisition cost or the net selling price at the end of the fiscal year.

For slow-moving inventories that are outside of the normal operating cycle, the carrying amount is reduced to the estimated disposal value in order to reflect their reduced profitability.

Slow-moving inventories that are outside of the normal operating cycle are identified based on a comprehensive

review of the actual results of slow-moving inventories or disposal of inventories, the product lifecycle, and other factors.

Therefore, if there is an excess in inventories held due to market trends, changes in demand forecasts by electronic component manufacturers, or other factors, inventories that should be deemed as dead inventories may increase, which may affect inventory valuation.

(3) Amount of Remuneration to Audit Firms

a. Remuneration to Certified Public Accountants, etc.

Millions of Yen

Services	Previous consolidated fiscal year		Current consolidated fiscal year	
	Audit certification	Non-audit certification	Audit certification	Non-audit certification
The Company	34	—	38	—
Consolidated subsidiaries	—	—	—	—
Total	34	—	38	—

There were no fees related to non-audit services provided to the Company and its consolidated subsidiaries in either the previous consolidated fiscal year or the current consolidated fiscal year.

b. Remuneration to organizations belonging to the same network as the certified public accountants (KPMG), excluding a. above

Not applicable.

c. Details of remuneration based on other significant assurance services

(Previous consolidated fiscal year)

Not applicable.

(Current consolidated fiscal year)

Not applicable.

3. Risk Factors

The following are the major risks that the management recognizes as having the potential to materially affect the financial position, operating results, and cash flows of the consolidated companies, among other matters related to the business and accounting conditions described in the Annual Securities Report.

Forward-looking statements in the text are based on the judgment of the Group as of the end of the fiscal year under review.

(1) Risks relating to international and economic conditions, etc.

The Group has manufacturing and sales bases in Japan and other countries around the world, and conducts business globally. The Group's operating results and financial position may be affected by economic conditions, market environments, and changes in policies and regulations in countries around the world.

(2) Risks related to individual businesses

(i) Ceramic components business

Expansion is expected in each of the markets for which the Group provides products due to the rapid increase in new energy vehicles, the progress in the multifunctionality and compactness of electronic components, the popularization of AI, and developments in the IoT field, as well as the transition towards a decarbonized society. However, a general slowdown in the economy or sluggish consumption could affect the Group's business performance and financial position.

(ii) Lighting equipment business

The main products are public lighting and high-intensity lighting used in tunnels and on roads. The Group's business performance and financial position may be affected by delays in construction schedules due to natural disasters or infectious diseases.

(3) Risks posed by technological innovation

In each of the markets in which the Group participates, the transformation toward decarbonization is accelerating, and the pace of technological innovation is also increasing. If the speed of development lags behind that of other companies, the Group's business performance and financial position may be affected.

The Group will respond to the risks posed by technological innovation by developing new products and making capital investments ahead of the times, with an eye on the market several years into the future.

(4) Legal risks

The Group proactively develops new products. In product development, preliminary investigations into intellectual property rights owned by other companies are thoroughly conducted to prepare against the risks of infringement of rights. However, in the event that the Group is held legally liable due to some unforeseen event, its business performance and financial position may be affected.

(5) Exchange rate risks

The Group manufactures in Japan and Malaysia and sells worldwide. As a result, sales are recorded and settled in foreign currencies, including the U.S. dollar, and fluctuations in foreign exchange rates may affect the Group's business performance and financial position.

(6) Risks relating to natural disasters and infectious diseases

The Group has production bases in Japan and Malaysia, and sales offices throughout the world. Fire prevention measures as well as certain measures against natural disasters such as earthquakes, floods, and typhoons have been implemented at these locations. However, in the event that a disaster occurs or an infection spreads on a scale beyond expectations, the Group's business performance and financial position may be affected by interruptions or delays in business activities, disruption of transportation, damage to facilities, and restoration costs incurred.

4. Responsibility Statement

The following responsibility statement is made solely to comply with the requirements of the United Kingdom Financial Conduct Authority's Disclosure Rules and Transparency Rules, in relation to MARUWA CO., LTD. as an issuer whose financial instruments are admitted to trading on the London Stock Exchange.

Toshiro Kambe, Representative Director and President, confirms that:

- to the best of his knowledge, the financial statements, prepared in accordance with principles generally accepted in Japan, give a true and fair view of the assets, liabilities, financial position and profit or loss of MARUWA CO., LTD. and the undertakings included in the consolidation taken as a whole; and
- to the best of his knowledge, this annual financial information includes a fair review of the development and performance of the business and the position of MARUWA CO., LTD. and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.



Independent Auditor's Report

MARUWA CO.,LTD. and its subsidiaries

For the Year ended March 31, 2025

KPMG AZSA LLC
July 2025

This independent auditor's report prepared by KPMG AZSA LLC (including the one that is signed with electronic signatures) shall not be reprinted, disclosed, quoted, summarized, translated, cited, circulated or otherwise used, in whole or in part, to any third party including posting on the web without prior written consent as specified by KPMG AZSA LLC, except for the purpose of compliance with laws, regulations and the like, or for usage in response to an order or request from an administrative or judicial body.

Independent Auditors' Report

To the Board of Directors of MARUWA CO.,LTD.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of MARUWA CO.,LTD. (“the Company”) and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of March 31, 2025, the consolidated statements of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Japanese generally accepted accounting principles (“GAAP”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Reasonableness of the valuation of inventories held in the ceramic components business of MARUWA CO., LTD.	
The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet for the current fiscal year, inventories of ¥11,846 million were recognized. Included therein were inventories comprising merchandise and finished goods, work in process, and raw materials and supplies held in the ceramic components business of the Company, totaling to ¥9,766 million, which represented approximately 6.9% of total assets in the consolidated balance sheet.</p> <p>As described in Note, “Significant accounting estimates” to the consolidated financial statements, inventories are valued by writing down the carrying amount according to their declining profitability and are measured them at the lower of the acquisition cost or the net selling price at the end of the fiscal year. For slow-moving inventories that are outside of the normal operating cycle, the carrying amount is reduced to the estimated disposal value in order to reflect their reduced profitability.</p> <p>The main customers of the Company’s ceramic components business are manufacturers in the electronics market, where, supported by continuing technology innovations, new products are consistently delivered to the market. The Company strives to increase market demand and expand into new markets by enhancing its development of leading products which are differentiated in the electronics market. However, there is a possibility that the Company’s inventories may become in excess due to market conditions, changes in demand forecasts of electronic component manufacturers and other factors, resulting in slow-moving inventories. The Company has established the policies by which it identifies and evaluates slow-moving inventories of which the carrying amounts are subject to write down, considering the product lifecycle based on the actual results of slow-moving inventories or disposal of inventories. If the policies are not appropriately applied to inventories, it may have a significant effect on the consolidated financial statements due to the materiality of inventories in the ceramic components business of the Company.</p> <p>We, therefore, determined that our assessment of the reasonableness of the valuation of inventories held in the ceramic components business of the Company was of most significance in our audit of the consolidated financial statements for this fiscal year, and accordingly, a key audit matter.</p>	<p>The primary procedures we performed to assess the reasonableness of the valuation of inventories held in the ceramic components business of the Company included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the valuation of inventories.</p> <p>In this assessment, we focused our testing on the design and operating effectiveness of controls relevant to the process of managing slow-moving inventories.</p> <p>(2) Assessment of the reasonableness of the valuation of inventories</p> <p>We assessed the appropriateness of the identification and valuation of slow-moving inventories of which the carrying amounts are subject to write down, by performing the following procedures on the inventories of specific departments within the ceramic components business:</p> <ul style="list-style-type: none"> • assessed the effect on the valuation of inventories by examining the turnover period of each product and work in process and inquiring of the personnel in charge about the possibility of future sales of those products and work in process that exceeded a certain turnover period; and • assessed the appropriateness of the exclusion from the slow-moving inventories of products and work in process that were expected to be sold in the future by inquiring of the personnel in charge about the feasibility of their future sales.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the audit and supervisory committee for the Consolidated Financial Statements

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

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

The audit and supervisory committee are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in 2. Business Review (3) Amount of Remuneration to Audit Firms .

Interest Required to be Disclosed by the Certified Public Accountants Act of Japan

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

The engagement partner on the audit resulting in this independent auditors' report is Yutaka Matsuki and Nobutaka Mabuchi.

Yutaka Matsuki
Designated Engagement Partner
Certified Public Accountant

Nobutaka Mabuchi
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Nagoya Office, Japan
July 30, 2025