Detailed Consolidated Financial Statements

March 31, 2024 and 2023

(With Independent Auditors' Report Thereon)

Dai Nippon Printing Co., Ltd.
And Consolidated Subsidiaries

June 27, 2024

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CONSOLIDATED BALANCE SHEETS

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 3)
Assets	**2024**	2023	**2024**
Current assets:			
Cash and cash equivalents (Notes 5 and 8)	**¥234,570**	¥258,329	**$1,553,444**
Time deposits	**1,696**	609	**11,232**
Trade receivables (Notes 11 and 21)	**347,784**	329,340	**2,303,205**
Allowance for doubtful receivables	**(664)**	(688)	**(4,397)**
Inventories (Note 7)	**164,497**	154,863	**1,089,384**
Prepaid expenses and other current assets (Notes 6, 11 and 21)	**51,435**	60,542	**340,629**
Total current assets	**799,318**	802,995	**5,293,497**
Investments and advances:			
Non-consolidated subsidiaries and associated companies (Notes 11 and 18)	**105,372**	89,014	**697,828**
Investment securities (Notes 6, 8 and 18)	**289,179**	268,025	**1,915,093**
Other	**459**	265	**3,040**
Total investments and advances	**395,010**	357,304	**2,615,961**
Property, plant and equipment, at cost (Notes 8, 15 and 17):			
Land	**142,404**	139,907	**943,073**
Buildings and structures	**572,979**	555,485	**3,794,563**
Machinery and equipment	**825,133**	789,479	**5,464,457**
Leased assets and right-of-use assets	**26,817**	19,095	**177,596**
Construction in progress	**23,752**	20,285	**157,298**
Total	**1,591,085**	1,524,251	**10,536,987**
Accumulated depreciation	**(1,137,945)**	(1,087,821)	**(7,536,060)**
Net property, plant and equipment	**453,140**	436,430	**3,000,927**
Other assets			
Net defined benefit asset (Note 9)	**248,389**	174,781	**1,644,960**
Other (Note 14)	**59,772**	58,874	**395,841**
Total other assets	**308,161**	233,655	**2,040,801**
Total assets	**¥1,955,629**	¥1,830,384	**$12,951,186**

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

Liabilities and Net Assets	Millions of yen 2024	2023	Thousands of U.S. dollars (Note 3) 2024
Current liabilities:			
Short-term bank loans (Note 8)	**¥38,262**	¥30,301	**$253,391**
Current portion of long-term debt (Notes 8 and 18)	**4,479**	3,744	**29,662**
Trade payables (Note 11)	**223,873**	224,419	**1,482,603**
Accrued expenses (Note 11)	**44,415**	43,579	**294,139**
Income taxes payable (Note 14)	**11,642**	10,493	**77,099**
Reserve for repairs (Note 16)	**7,157**	17,550	**47,397**
Other current liabilities (Notes 8, 11 and 21)	**79,101**	68,485	**523,849**
Total current liabilities	**408,929**	398,571	**2,708,140**
Long-term liabilities:			
Long-term debt (Notes 8 and 18)	**123,403**	113,772	**817,238**
Net defined benefit liability (Note 9)	**56,190**	54,741	**372,119**
Other long-term liabilities (Notes 8, 11, 14 and 21)	**130,420**	115,055	**863,709**
Total long-term liabilities	**310,013**	283,568	**2,053,066**
Contingent liabilities (Note 20)			
Net assets			
Stockholders' equity			
Common stock - Authorized: 745,000,000 shares; Issued: 277,240,346 shares in 2024 and 292,240,346 shares in 2023;	**114,464**	114,464	**758,040**
Capital surplus (Note 10)	**145,118**	145,113	**961,046**
Retained earnings (Note 10)	**782,000**	737,699	**5,178,808**
Treasury stock, at cost 37,642,211 shares in 2024 and 30,724,570 shares in 2023 (Note 10)	**(126,368)**	(88,212)	**(836,874)**
Total stockholders' equity	**915,214**	909,064	**6,061,020**
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities (Note 6)	**161,864**	138,782	**1,071,947**
Net deferred gains (losses) on hedges (Note 19)	**26**	(21)	**172**
Foreign currency translation adjustments	**20,850**	14,143	**138,079**
Remeasurements of defined benefit plans (Note 9)	**67,972**	25,536	**450,146**
Total accumulated other comprehensive income	**250,712**	178,440	**1,660,344**
Non-controlling interests	**70,761**	60,741	**468,616**
Total net assets	**1,236,687**	1,148,245	**8,189,980**
Total liabilities and net assets	**¥1,955,629**	¥1,830,384	**$12,951,186**

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

CONSOLIDATED STATEMENTS OF INCOME

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	**2024**
Net sales (Note 24)	**¥1,424,822**	¥1,373,209	**$9,435,907**
Cost of sales	**1,111,129**	1,081,284	**7,358,470**
Gross profit	**313,693**	291,925	**2,077,437**
Selling, general and administrative expenses (Note 12)	**238,242**	230,692	**1,577,762**
Operating income (Note 24)	**75,451**	61,233	**499,675**
Other income (expenses) (Note 13):			
Interest and dividends income	**6,411**	9,016	**42,457**
Interest expenses	**(894)**	(701)	**(5,921)**
Equity in earnings of affiliates	**17,529**	13,604	**116,086**
Foreign exchange translation gain (loss)	**(281)**	365	**(1,861)**
Net gain (loss) on sales or disposal of property, plant and equipment	**(1,616)**	16,113	**(10,702)**
Net gain on sales of investment securities	**69,914**	12,811	**463,007**
Loss on devaluation of investment securities	**(685)**	(338)	**(4,536)**
Impairment loss on fixed assets (Note 15)	**(38,263)**	(6,287)	**(253,397)**
Reversal of reserve for repairs (Note 16)	**15,648**	11,388	**103,629**
Other	**(202)**	2,530	**(1,338)**
	67,561	58,501	**447,424**
Income before income taxes and non-controlling interests	**143,012**	119,734	**947,099**
Income taxes (Note 14):			
Current	**31,474**	20,378	**208,437**
Deferred	**84**	9,651	**556**
	31,558	30,029	**208,993**
Net income	**111,454**	89,705	**738,106**
Net income attributable to non-controlling shareholders	**524**	4,012	**3,470**
Net income attributable to parent company shareholders	**¥110,930**	¥85,693	**$734,636**

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	**2024**
Net income	**¥111,454**	¥89,705	**$738,107**
Other comprehensive income			
Valuation difference on available-for-sale securities	**23,028**	(54,185)	**152,503**
Net deferred gains (losses) on hedges	**63**	(75)	**417**
Foreign currency translation adjustments	**6,214**	7,458	**41,152**
Remeasurements of defined benefit plans	**42,853**	(2,896)	**283,795**
Share of other comprehensive income in associates accounted for using the equity method	**905**	3,025	**5,993**
Total other comprehensive income (loss)	**73,063**	(46,673)	**483,860**
Comprehensive income	**¥184,517**	¥43,032	**$1,221,967**
Attributable to:			
Parent company shareholders	**¥183,201**	¥38,939	**$1,213,252**
Non-controlling shareholders	**1,316**	4,093	**8,715**

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

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2024 and 2023

Millions of yen

		Stockholders' equity				Accumulated other comprehensive income					
	Number of shares issued (in thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Non-controlling interests	Total net assets
Balance at April 1, 2022	317,240	¥114,464	¥145,143	¥740,183	¥(133,123)	¥192,994	¥46	¥4,221	¥27,933	¥56,552	¥1,148,413
Changes of items during the period											
Cash dividends paid	-	-	-	(17,145)	-	-	-	-	-	-	(17,145)
Net income attributable to parent company shareholders	-	-	-	85,693	-	-	-	-	-	-	85,693
Changes of scope of equity method	-	-	-	(466)	-	-	-	-	-	-	(466)
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	(30)	-	-	-	-	-	-	-	(30)
Change in treasury stock arising from change in equity in entities accounted for using equity method	-	-	-	-	0	-	-	-	-	-	0
Purchases of treasury stock	-	-	-	-	(25,865)	-	-	-	-	-	(25,865)
Disposal of treasury stock	-	-	-	15	195	-	-	-	-	-	210
Retirement of treasury stock	(25,000)	-	-	(70,581)	70,581	-	-	-	-	-	-
Changes in valuation difference on available-for-sale securities	-	-	-	-	-	(54,212)	-	-	-	-	(54,212)
Changes in deferred gains (losses) on hedges	-	-	-	-	-	-	(67)	-	-	-	(67)
Changes in foreign currency translation adjustments	-	-	-	-	-	-	-	9,922	-	-	9,922
Changes in remeasurements of defined benefit plans	-	-	-	-	-	-	-	-	(2,397)	-	(2,397)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	4,189	4,189
Total changes of items during the period	(25,000)	-	(30)	(2,484)	44,911	(54,212)	(67)	9,922	(2,397)	4,189	(168)
Balance at March 31, 2023	292,240	114,464	145,113	737,699	(88,212)	138,782	(21)	14,143	25,536	60,741	1,148,245

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

	Number of shares issued (in thousands)	Stockholders' equity: Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Accumulated other comprehensive income: Valuation difference on available-for-sale securities	Net deferred gains on hedges	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Non-controlling interests	Total net assets
						Thousands of U.S. dollars (Note 3)					
Balance at April 1, 2023	292,240	$758,040	$961,013	$4,885,424	$(584,185)	$919,086	$(139)	$93,662	$169,113	$402,258	$7,604,272
Changes of items during the period											
Cash dividends paid	-	-	-	(108,815)	-	-	-	-	-	-	(108,815)
Net income attributable to parent company shareholders	-	-	-	734,636	-	-	-	-	-	-	734,636
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	33	-	-	-	-	-	-	-	33
Change in treasury stock arising from change in equity in entities accounted for using equity method	-	-	-	-	0	-	-	-	-	-	0
Purchases of treasury stock	-	-	-	-	(586,523)	-	-	-	-	-	(586,523)
Disposal of treasury stock	-	-	-	364	1,033	-	-	-	-	-	1,397
Retirement of treasury stock	(15,000)	-	-	(332,801)	332,801	-	-	-	-	-	-
Changes in valuation difference on available-for-sale securities	-	-	-	-	-	152,861	-	-	-	-	152,861
Changes in deferred gains (losses) on hedges	-	-	-	-	-	-	311	-	-	-	311
Changes in foreign currency translation adjustments	-	-	-	-	-	-	-	44,417	-	-	44,417
Changes in remeasurements of defined benefit plans	-	-	-	-	-	-	-	-	281,033	-	281,033
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	66,358	66,358
Total changes of items during the period	(15,000)	-	33	293,384	(252,689)	152,861	311	44,417	281,033	66,358	585,708
Balance at March 31, 2024	**277,240**	**$758,040**	**$961,046**	**$5,178,808**	**$(836,874)**	**$1,071,947**	**$172**	**$138,079**	**$450,146**	**$468,616**	**$8,189,980**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	**2024**
Cash flows from operating activities:			
Income before income taxes and non-controlling interests	**¥143,012**	¥119,734	**$947,099**
Adjustments to reconcile income before income taxes and non-controlling interests to net cash provided by operating activities:			
Depreciation	**55,991**	51,769	**370,801**
Impairment loss on fixed assets	**38,263**	6,287	**253,397**
Allowance for doubtful receivables	**747**	38	**4,947**
Net defined benefit asset	**(17,657)**	(16,958)	**(116,934)**
Net defined benefit liability	**4,748**	3,641	**31,444**
Equity in earnings of affiliates	**(17,529)**	(13,604)	**(116,086)**
Amortization of goodwill	**735**	512	**4,868**
Interest and dividends income	**(6,411)**	(9,016)	**(42,457)**
Interest expenses	**894**	701	**5,921**
Net gain on sales of investment securities	**(69,914)**	(12,811)	**(463,007)**
Loss on devaluation of investment securities	**685**	338	**4,536**
Net (gain) loss on sale or disposal of property, plant and equipment	**1,649**	(16,081)	**10,921**
Reversal of reserve for repairs	**(15,648)**	(11,389)	**(103,629)**
Changes in assets and liabilities			
Trade receivables	**(12,845)**	(1,599)	**(85,066)**
Inventories	**(2,598)**	(11,085)	**(17,205)**
Trade payables	**(3,453)**	(13,404)	**(22,868)**
Other assets and liabilities	**1,734**	(8,198)	**11,484**
Sub-total	**102,403**	68,875	**678,166**
Payments for repair costs	**(4,250)**	(6,844)	**(28,146)**
Extra retirement payments	**(90)**	(142)	**(596)**
Payments of income taxes	**(25,509)**	(23,895)	**(168,934)**
Net cash provided by operating activities	**72,554**	37,994	**480,490**
Cash flows from investing activities:			
Net (increase) decrease in time deposits	**(704)**	1,493	**(4,662)**
Net decrease in marketable securities	**10,300**	-	**68,212**
Payments for purchases of property, plant and equipment	**(59,428)**	(50,322)	**(393,563)**
Proceeds from sales of property, plant and equipment	**1,783**	19,813	**11,808**
Payments for purchases of investment securities	**(1,471)**	(1,038)	**(9,742)**
Proceeds from sales of investment securities	**81,615**	14,903	**540,497**
Payments for purchases of stock in subsidiaries resulting in a change in the scope of consolidation	**(9,283)**	(1,743)	**(61,477)**
Payments for purchases of intangible assets	**(15,326)**	(11,804)	**(101,497)**
Interest and dividends received	**12,633**	6,740	**83,662**
Other investing activities	**(1,764)**	(3,063)	**(11,682)**
Net cash provided by (used in) investing activities	**18,355**	(25,021)	**121,556**

Cash flows from financing activities:			
Net increase (decrease) in short-term bank loans	7,954	(3,693)	52,675
Proceeds from long-term debt	4,620	3,100	30,596
Repayments of long-term debt	(11,147)	(2,653)	(73,821)
Payments for redemption of debentures	(2,500)	(1,050)	(16,556)
Payments for purchase of stock in subsidiaries not resulting in a change in the scope of consolidation	(169)	-	(1,119)
Proceeds from sales of stock in subsidiaries not resulting in a change in the scope of consolidation	983	42	6,510
Payments for purchases of treasury stocks	(88,665)	(25,866)	(587,185)
Change in money held in trust for purchase of treasury stock	(5,463)	-	(36,179)
Interest paid	(890)	(699)	(5,894)
Dividends paid	(16,431)	(17,142)	(108,815)
Dividends paid to non-controlling shareholders	(1,652)	(593)	(10,940)
Other financing activities	(5,337)	(3,882)	(35,345)
Net cash used in financing activities	(118,697)	(52,436)	(786,073)
Effect of exchange rate changes on cash and cash equivalents	3,983	4,431	26,378
Net decrease in cash and cash equivalents	(23,805)	(35,032)	(157,649)
Cash and cash equivalents at beginning of year	258,329	293,361	1,710,788
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	46	-	305
Cash and cash equivalents at end of year (Note 5)	¥234,570	¥258,329	$1,553,444

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
March 31, 2024 and 2023

1. Basis of Presenting the Consolidated Financial Statements

Dai Nippon Printing Co., Ltd. (hereinafter referred to as the "Company") and its domestic subsidiaries maintain their books of account and prepare their financial statements in conformity with accounting principles and practices generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRS"). And its foreign subsidiaries maintain their books of account and prepare their financial statements in conformity with either IFRS or accounting principles generally accepted in the United States of America ("US GAAP"), with adjustments for the specified five items required by the Practical Issues Task Force No. 18, issued by the Accounting Standards Board of Japan ("ASBJ"), as applicable.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements filed with the Financial Services Agency of Japan as required by the Financial Instruments and Exchange Act of Japan. Certain reclassifications of accounts and modifications have been made in the accompanying consolidated financial statements to facilitate understanding by readers outside Japan. Certain reclassifications have also been made in the 2023 financial statements to conform with current year presentations. In addition, the notes to the consolidated financial statements include additional information that is not required for disclosure under Japanese GAAP.

2. Significant Accounting Policies

(a) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its significant majority-owned subsidiaries. All significant intercompany accounts and intercompany transactions have been eliminated in consolidation.

Consolidated financial statements include the accounts of the Company and 111 consolidated subsidiaries. Some subsidiaries are consolidated with their fiscal year ends that differ from that of the Company. Significant transactions that took place between their fiscal year ends and the Company's fiscal year end are reflected in the consolidated financial statements.

Investments in non-consolidated subsidiaries are stated at cost and, for valuation of such investments, the equity method has not been applied since these investments are considered immaterial in the aggregate. However, investments are devalued if the decline in value is judged to be other than temporary.

Investments in 20% to 50% associated companies are principally accounted for by the equity method.

The differences between costs and underlying net assets at the date of investment in consolidated subsidiaries are included in other assets and are amortized by the straight-line method over a period of the effect, up to twenty years.

(b) Translation of foreign currency accounts

Monetary assets and liabilities denominated in foreign currencies of the Company and its domestic subsidiaries are translated into Japanese yen at the exchange rates at the balance sheet date. Revenues and expenses denominated in foreign currencies are translated at the exchange rates prevailing during the year. The resulting translation gains or losses are included in other income (expenses).

The translation of foreign currency financial statements of foreign consolidated subsidiaries into Japanese yen has been made for consolidation purposes in accordance with the translation method prescribed in the accounting standard for foreign currency transactions. The balance sheet accounts of the foreign consolidated subsidiaries are translated at the exchange rates at the balance sheet date, except for common stock and capital surplus, which are translated at historical rates. Revenue and expense accounts are translated at the average exchange rates prevailing during the year. The resulting translation adjustments are presented as "foreign currency translation adjustments" as reported in a separate component of accumulated other comprehensive income and "non-controlling interests" in the consolidated balance sheets.

(c) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments, generally with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturities that they present an insignificant risk of changes in value.

(d) Inventories

Inventories are stated at cost that is determined substantially by the average method being written-down to reflect the decline of profitability.

(e) Marketable securities and investment securities

Debt securities that are held to maturity with positive intent and ability ("held-to-maturity debt securities") are stated at amortized cost. Available-for-sale securities other than equity securities, etc., that do not have a market price are stated at fair value. Unrealized gains and losses on available-for-sale securities, net of applicable taxes, are reported in a separate component of accumulated other comprehensive income in the consolidated balance sheets.

Equity securities, etc., that do not have a market price are stated at cost determined by the average method. For other than temporary declines in fair value, the carrying amount of investment securities is reduced to net realizable value by a charge to income.

(f) Property, plant and equipment and depreciation

The Company and its domestic consolidated subsidiaries mainly use the declining-balance method. However, depreciation of buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and of facilities attached to buildings and structures acquired on or after April 1, 2016 is computed by the straight-line method.

Assets with an acquisition cost of ¥100,000 ($662) or more but less than ¥200,000 ($1,325) are depreciated equally over three years.

Foreign consolidated subsidiaries mainly use the straight-line method.

The estimated useful lives are summarized as follows:

Buildings and structures	2 to 68 years
Machinery and equipment	2 to 20 years

(g) Leased assets

Leased assets with transfer of ownership are depreciated using the same depreciation method applied to owned fixed assets.

Finance leases that do not transfer ownership are capitalized. Depreciation for leased assets is computed on a straight-line basis over the lease period with a residual value of zero.

(h) Right-of-use assets

Depreciation for right-of-use assets is computed on a straight-line basis over the lease period with a residual value of zero.

(i) Intangible assets

Intangible assets included in other assets are carried at cost less accumulated amortization calculated by the straight-line method over their estimated useful lives. Software for internal use included in intangible assets is amortized by the straight-line method over five years.

(j) Impairment loss on fixed assets

The Company and its consolidated subsidiaries review fixed assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeded the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(k) Employees' retirement benefits

The Company and domestic significant consolidated subsidiaries applied the accounting standard for employees' retirement benefits. Under the accounting standard, accrued pension and liability for employees' retirement benefits has been provided based on the estimated amounts of projected pension and severance obligation and fair value of plan assets at the end of the fiscal year. The benefit formula basis is applied for the method of attributing expected retirement benefits to periods. Prior service cost is being amortized as incurred by the straight-line method over the period within the average remaining service periods (primarily six years) of the eligible employees. Actuarial gains and losses have been amortized from the following fiscal year by the declining-balance method over the periods within the average remaining service periods (primarily nine years) of the eligible employees.

(l) Revenue and expense

In relation to recognition of revenue from contracts with customers, the details of major performance obligations in major businesses of the Company or its consolidated subsidiaries, and typical timing of satisfaction of those performance obligations (typical timing of revenue recognition) are as follows:

- Details of major performance obligations in major businesses

  The major performance obligations of the Company and its consolidated subsidiaries are the sale of products or merchandise or the provision of services, etc., by its business segments, which are Smart Communication, Life & Healthcare, and Electronics. Specific products offered by each business segment are listed in Note 23.

- Typical timing of satisfaction of performance obligations (typical timing of revenue recognition)

(1) Sale of products or merchandise

Regarding the domestic sale of products or merchandise, they mainly apply the alternative treatment stipulated in Section 98 of the Guidelines for Applying Accounting Standards for Revenue Recognition. Revenue is recognized upon shipment in case where the period from shipment to transfer of the control of the products or merchandise to the customer is regarded as typical. With regard to export sales of products or merchandise, when the burden of risks of the products or merchandise is transferred to the customer, considering the terms of the trade contract, the customer obtains the controls of those products or merchandise. At that point in time the Company and its domestic consolidated subsidiaries satisfy their performance obligation, and the revenue is recognized. In addition, regarding merchandise sales at retail stores of some of our consolidated subsidiaries (Smart Communication business segment), revenue is recognized when the products are delivered to the customer, since it is determined that the customer obtains the control of the products and the consolidated subsidiaries satisfy performance obligation at the point in time.

(2) Provision of services

Concerning the provision of services, in cases where the performance obligation is satisfied at a point in time, revenue is recognized when the service is provided and accepted by the customer. In cases where the performance obligation is satisfied over time based on the contracts with the customer, the revenue is recognized over time. The consideration is allocated evenly over the contract period.

(m) Research and development expenses

Research and development expenses are charged to income as incurred.

(n) Income taxes

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(o) Derivatives and hedging activities

The Company and certain consolidated subsidiaries use derivative financial instruments ("derivatives") for foreign currency forward contracts, to manage the risk arising from fluctuations in foreign currency exchange rates. The Company and its consolidated subsidiaries do not enter into derivatives contracts for speculative purposes.

Derivatives are carried at fair value and changes in fair value are recognized as gains or losses, unless the derivatives qualify for the "alternative method" of hedge accounting as described below.

If derivatives meet certain hedging criteria, recognition of gains or losses resulting from changes in the fair value of derivatives is deferred until the related gains or losses on hedged items are recognized.

In cases where foreign currency forward contracts meet certain hedging criteria, the hedged items are stated by the contracted rates ("alternative method").

(p) Per share information

Net assets per share were computed based on the number of shares outstanding after deducting treasury stock at March 31, 2024 and 2023, respectively.

Net income per share was computed based on the average number of shares of common stock outstanding after deducting treasury stocks during each year. Necessary adjustments were made to the net income or the number of shares for diluted net income per share in order to reflect dilutive effects.

(q) Reserve for repairs

The reserve for repairs is provided based on a reasonable estimate of the amount of repair costs that will be required in the future to repair defects for certain products.

3. Basis of Translating Financial Statements

The consolidated financial statements are expressed in Japanese yen in accordance with Japanese GAAP. The Japanese yen amounts have been translated into U.S. dollar amounts, solely for the convenience of the readers, at the rate of ¥151 = US$1, the approximate exchange rate on the Tokyo Foreign Exchange Market at March 31, 2024. Such translations should not be construed as representations that the Japanese yen at that or any other rate could be converted into U.S. dollars.

4. Significant Accounting Estimates

1. Reserve for repairs
(1) The reserve for repairs as of March 31, 2024 and 2023 was ¥7,157 million ($47,397 thousand) and ¥27,056 million, respectively.
(2) Other information

The Company has recognized the reserve for repairs.

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

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

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

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

2. Deferred tax assets
(1) Deferred tax assets as of March 31, 2024 and 2023 were ¥52,284 million ($346,252 thousand) and ¥42,580 million, respectively.
(2) Other information

Deferred tax assets are recognized for deductible temporary differences, tax loss carryforwards and tax credit carryforwards to the extent that is expected to be recoverable by future taxable income based on business plans, etc. The timing of recovering and the amount of deferred tax assets are reasonably estimated and calculated.

When the company calculates deferred tax assets, the estimate is based on the business plans approved by the Board of Directors. While it is not possible to accurately predict the effects of geopolitical risks on the business environment, accounting estimates are based on the assumption that the effects of geopolitical risks on the business will continue for a certain period.

If the main assumption that is used to calculate the amount recognized in the consolidated financial statements of the current fiscal year changes, it may have a significant impact on the amount recognized in the consolidated financial statements of the next fiscal year.

5. Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2024 and 2023 were comprised of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Cash and deposits (excluding time deposits and short-term investments (securities) with a maturity over three months)	¥234,570	¥258,329	$1,553,444

6. Marketable Securities and Investment Securities

The carrying amount and aggregate fair value of marketable and investment securities classified as held-to-maturity debt securities as of March 31, 2024 and 2023 were as follows:

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

	Thousands of U.S. dollars (Note 3)		
	Carrying amount	Fair value	Difference
Others	$1,987	$2,046	$59

March 31, 2023	Millions of yen		
	Carrying amount	Fair value	Difference
Others	¥300	¥300	¥(0)

The acquisition cost and aggregate fair value of marketable and investment securities classified as available-for-sale securities including those with other than equity securities, etc., that do not have a market price as of March 31, 2024 and 2023 were as follows:

March 31, 2024	Millions of yen			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair value
Stocks	¥58,000	¥230,314	¥165	¥288,149
Others	681	49	-	730
Total	¥58,681	¥230,363	¥165	¥288,879

	Thousands of U.S. dollars (Note 3)			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair value
Stocks	$384,107	$1,525,258	$1,093	$1,908,272
Others	4,509	325	-	4,834
Total	$388,616	$1,525,583	$1,093	$1,913,106

March 31, 2023	Millions of yen			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair value
Stocks	¥69,708	¥199,054	¥1,352	¥267,410
Others	10,595	20	-	10,615
Total	¥80,303	¥199,074	¥1,352	¥278,025

The proceeds from sales of available-for-sale securities for the years ended March 31, 2024 and 2023 were ¥81,360 million ($538,808 thousand) and ¥14,813 million, respectively. The gross realized gains on these sales for the years ended March 31, 2024 and 2023 were ¥69,929 million ($463,106 thousand) and ¥12,871 million, respectively, and the gross realized losses on these sales for the years ended March 31, 2024 and 2023 were ¥17 million ($113 thousand) and ¥35 million, respectively.

The acquisition cost is the amount after recognizing a loss on devaluation of investment securities. Loss on devaluation of investment securities for the years ended March 31, 2024 and 2023 was ¥685 million ($4,536 thousand) and ¥338 million, respectively.

If the market value of the security declines by 50% or more from its acquisition cost as of the end of the fiscal year, a loss on devaluation of investment securities is recorded for the difference between the market value and the acquisition cost as an impairment loss. If the decline ranges between about 30% and 50%, a loss on devaluation of investment securities for the amount deemed necessary is recorded considering its recoverability, etc.

The redemption schedules for securities with maturities at March 31, 2024 and 2023 were as follows:

March 31, 2024

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

	Thousands of U.S. dollars (Note 3)		
	Due in one year or less	Due after one year through five years	Over five years
Corporate bonds	$828	$1,325	$662
	$828	$1,325	$662

March 31, 2023

	Millions of yen		
	Due in one year or less	Due after one year through five years	Over five years
Corporate bonds	¥300	¥30	¥-
Others	10,000	-	-
	¥10,300	¥30	¥-

7. Inventories

Inventories at March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S.dollars (Note 3)
	2024	2023	2024
Merchandise and finished products	¥88,301	¥85,027	$584,775
Work in process	36,608	33,890	242,437
Raw materials and supplies	39,588	35,946	262,172
	¥164,497	¥154,863	$1,089,384

8. Short-term Bank Loans and Long-term Debt

Short-term bank loans at March 31, 2024 and 2023 were represented by bank loans and bank overdrafts, etc., bearing interest at an average rate of 0.50% per annum for 2024 and 0.44% per annum for 2023.

Long-term debt at March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Unsecured debentures			
0.270~0.580% due 2030 and thereafter	¥100,000	¥100,000	$662,252
0.180~0.290% due 2024	-	2,500	-
Collateralized loans, maturing 2025~2029	1,139	1,520	7,543
Unsecured loans, maturing 2025~2033	26,743	13,496	177,105
	127,882	117,516	846,900
Current portion of long-term debt	(4,479)	(3,744)	(29,662)
	¥123,403	¥113,772	$817,238

Finance lease obligations at March 31, 2024 and 2023 that are included in other long-term liabilities consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Finance lease obligations	¥16,449	¥11,113	$108,934
Current portion of lease obligations	(4,704)	(3,292)	(31,152)
	¥11,745	¥7,821	$77,782

The assets pledged as collateral for the Company and its consolidated subsidiaries' indebtedness, such as property, plant and equipment and other assets, were ¥6,809 million ($45,093 thousand) and ¥6,938 million at March 31, 2024 and 2023, respectively.

Interest rates on collateralized loans ranged from 0.23% to 0.65% per annum for 2024 and from 0.23% to 0.58% per annum for 2023, while interest rates on unsecured loans ranged from 0.00% to 1.515% per annum for 2024 and from 0.00% to 2.00% per annum for 2023.

The aggregate annual maturities of long-term debt after March 31, 2024 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
2025	¥4,479	$29,662
2026	5,652	37,430
2027	6,127	40,576
2028	6,331	41,927
2029	1,908	12,636
2030 and thereafter	103,385	684,669
	¥127,882	$846,900

The aggregate annual maturities of finance lease obligations after March 31, 2024 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
2025	¥4,704	$31,152
2026	3,859	25,556
2027	2,689	17,808
2028	1,903	12,603
2029	911	6,033
2030 and thereafter	2,383	15,782
	¥16,449	$108,934

9. Retirement Benefits

The Company and its domestic consolidated subsidiaries have a defined benefit corporate pension plan, lump-sum retirement plan and defined contribution pension plan.

The Company established retirement benefit trusts.

Certain consolidated subsidiaries apply the simplified method for the calculation of net defined benefit liability and retirement benefit costs.

In addition, certain foreign subsidiaries have a defined benefit plan and defined contribution plan.

Reconciliation of the beginning and ending balance of the projected benefit obligation at March 31, 2024 and 2023 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
Change in projected benefit obligation:	2024	2023	2024
Balance at the beginning of year	¥217,529	¥222,606	$1,440,589
Service cost	10,116	10,523	66,993
Interest cost	2,069	1,404	13,702
Actuarial gain/loss	(8,650)	(9,337)	(57,285)
Benefits paid	(9,401)	(8,199)	(62,258)
Prior service cost	79	586	523
Change in scope of consolidation	2,206	-	14,609
Other	(329)	(54)	(2,178)
Balance at the end of year	¥213,619	¥217,529	$1,414,695

Reconciliation of the beginning and ending balance of the plan assets at March 31, 2024 and 2023 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
Change in plan assets:	2024	2023	2024
Balance at the beginning of year	¥337,569	¥332,848	$2,235,556
Expected return on plan assets	8,615	8,501	57,053
Actuarial gain/loss	61,310	(3,314)	406,026
Contributions by the employer	5,503	5,473	36,444
Benefits paid	(6,712)	(6,092)	(44,450)
Other	(467)	153	(3,093)
Balance at the end of year	¥405,818	¥337,569	$2,687,536

Reconciliation of the projected benefit obligation and plan assets to net defined benefit liability and asset recognized in the consolidated balance sheets as of March 31, 2024 and 2023 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Funded projected benefit obligation	¥157,429	¥162,800	$1,042,576
Plan assets	(405,818)	(337,569)	(2,687,536)
	(248,389)	(174,769)	(1,644,960)
Unfunded projected benefit obligation	56,190	54,729	372,119
Net amount of liabilities and assets recognized in consolidated balance sheets	¥(192,199)	¥(120,040)	$(1,272,841)
Net defined benefit liability	56,190	54,741	372,119
Net defined benefit asset	(248,389)	(174,781)	(1,644,960)
Net amount of liabilities and assets recognized in consolidated balance sheets	¥(192,199)	¥(120,040)	$(1,272,841)

The components of net periodic benefit costs for the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Service cost (*1) (*2)	¥10,104	¥10,512	$66,914
Interest cost	2,069	1,404	13,702
Expected return on plan assets	(8,615)	(8,501)	(57,053)
Actuarial gain/loss	(7,397)	(7,845)	(48,987)
Amortization of prior service cost	(966)	(1,367)	(6,397)
Net periodic benefit costs of the defined benefit plan	¥(4,805)	¥(5,797)	$(31,821)

(*1) Employees' contribution to the corporate pension fund is deducted from "Service cost."

(*2) Retirement benefit expenses booked by consolidated subsidiaries applying the simplified method are included in "Service cost."

(*3) In addition to the retirement benefit costs listed above, additional retirement benefits were recognized as other expenses in the amount of ¥496 million ($3,285 thousand) and ¥145 million for the year ended March 31, 2024 and 2023, respectively.

Remeasurements of defined benefit plans, before income-tax effect, recorded under other comprehensive income (loss) for the years ended March 31, 2024 and 2023 consisted of:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Actuarial gain/loss	¥62,486	¥(1,862)	$413,815
Prior service cost	(1,041)	(1,657)	(6,894)
Total	¥61,445	¥(3,519)	$406,921

Remeasurements of defined benefit plans, before income-tax effect, recorded under accumulated other comprehensive income at March 31, 2024 and 2023 consisted of:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Unrecognized actuarial gain/loss	¥95,097	¥32,622	$629,781
Unrecognized prior service cost	3,179	4,286	21,053
Total	¥98,276	¥36,908	$650,834

The major categories of plan assets as of March 31, 2024 and 2023 were as follows:

	2024	2023
Bonds	13%	15%
Stocks	45%	39%
Alternative investments	36%	39%
Other	6%	7%
Total	100%	100%

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

(*2) The total amount of plan assets includes the retirement benefit trusts for a corporate pension fund representing 17% and 14% for the years ended March 31, 2024 and 2023, respectively.

Assumptions used for the years ended March 31, 2024 and 2023 were set forth as follows:

	2024	2023
Discount rate	1.5%	1.3%
Long-term expected rate of return on plan assets	mainly 2.5%	mainly 2.5%

* The discount rates are presented based on the weighted-average of multiple discount rates.

The amounts of required contribution to defined contribution plans for the Company and the consolidated subsidiaries were ¥2,527 million ($16,735 thousand) and ¥2,548 million for the years ended March 31, 2024 and 2023, respectively.

10. Net Assets

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below;

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon a resolution at the stockholders' meeting. For companies that meet certain criteria such as; (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) the term of service of directors is prescribed as one year rather than two years of normal term in its articles of incorporation, and the Board of Directors of such company may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria. However, its articles of incorporation have not stipulated that the Board of Directors may declare dividends at any time during the fiscal year.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to stockholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the stockholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

Cash dividends of ¥32.00 ($0.21) per share, ¥7,667 million ($50,775 thousand) in aggregate, were approved at the general stockholders' meeting held on June 27, 2024 with respect to the year ended March 31, 2024.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the stockholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the stockholders that is determined by a specific formula.

Treasury stock increased by 6,917,641 shares, which is comprised of an increase of 21,954,700 shares due to purchase of treasury stock through a resolution of the Board of Directors' meeting, an increase of 10,509 shares due to free acquisition of treasury stock under the restricted stock compensation, and an increase of 3,693 shares due to purchase of odd shares, a decrease of 15,000,000 shares due to retirement of treasury stock, a decrease of 51,242 shares due to disposal of treasury stock as restricted stock compensation, a decrease of 14 shares due to the sale of odd shares, and a decrease of five shares through a decrease in the ratio of shareholding in an affiliated company accounted for under the equity method for the year ended March 31, 2024.

Under the Companies Act, stock acquisition rights are presented as a separate component of net assets.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of net assets or deducted directly from stock acquisition rights. At present, the Company has not issued such stock acquisition rights.

11. Accounts with Non-consolidated Subsidiaries and Associated Companies

Account balances with non-consolidated subsidiaries and associated companies as of March 31, 2024 and 2023 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Trade receivables	¥11,133	¥10,841	$73,728
Other current assets	656	4,438	4,344
Investment securities	85,481	73,190	566,100
Long-term loans receivable	1,175	1,333	7,781
Other investments	18,716	14,491	123,947
Trade payables	5,079	3,729	33,636
Accurued expenses	502	409	3,325
Other current liabilities	1,328	1,172	8,795
Other long-term liabilities	10	10	66

12. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Salaries and allowances	¥68,408	¥68,170	$453,033
Accrued bonuses	7,248	7,146	48,000
Provision for retirement benefits	(1,369)	(1,803)	(9,066)
Depreciation	12,489	11,594	82,709
Research and development expenses	35,236	32,481	233,351
Others	116,230	113,104	769,735
	¥238,242	¥230,692	$1,577,762

13. Other Income (Expenses)

The following types of income from non-consolidated subsidiaries and associated companies were included in other income (expenses).

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Interest expense	¥0	¥0	$0
Interest and dividends income	1,019	4,437	6,748
Rent income on facilities	95	62	629

14. Income Taxes

The Company and its consolidated subsidiaries are subject to a number of different taxes based on income, which, in the aggregate, resulted in a normal effective statutory tax rate.

The actual effective tax rate reflected in the accompanying consolidated statements of income differs from the normal effective statutory tax rate primarily due to the effect of permanently non-deductible expenses, current operating losses and different tax rates applicable to foreign subsidiaries, etc.

The following is a reconciliation of the difference between the normal effective statutory tax rate and the actual effective tax rate for the years ended March 31, 2024 and 2023, respectively.

	2024	2023
Normal effective statutory tax rate	30.6 %	30.6 %
Permanent differences	(1.8)	0.6
Amortization of consolidation goodwill	0.1	-
Change in valuation allowance	(5.4)	(2.9)
Equity in earnings of affiliates	(3.8)	(3.5)
Per capita inhabitants' taxes	0.5	0.5
Tax credit	(0.3)	(0.5)
Tax rate differences in consolidated subsidiaries	0.1	0.5
Undistributed earnings of subsidiaries and associates	1.8	(0.5)
Other	0.3	0.3
Actual effective tax rate	22.1 %	25.1 %

Significant components of deferred tax assets and liabilities at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Deferred tax assets:			
Impairment loss on fixed assets	¥21,793	¥11,498	$144,325
Net defined benefit liability	17,154	20,324	113,603
Tax loss carryforwards (*2)	10,957	18,678	72,563
Accrued bonuses	6,545	6,299	43,344
Loss on devaluation of available-for-sale securities	2,828	2,641	18,728
Repair reserve provisions	2,190	8,279	14,503
Accrued enterprise tax	1,654	1,117	10,954
Loss on write-down of inventories	1,352	1,121	8,954
Other	25,985	17,244	172,086
Total deferred tax assets	90,458	87,201	599,060
Valuation allowance for tax loss carryforwards (*2)	(10,418)	(14,693)	(68,993)
Valuation allowance for deductible temporary differences	(27,756)	(29,928)	(183,815)
Total valuation allowance (*1)	(38,174)	(44,621)	(252,808)
Total	¥52,284	¥42,580	$346,252
Deferred tax liabilities:			
Net defined benefit asset	¥(76,007)	¥(53,483)	$(503,358)
Unrealized gain on available-for-sale securities	(69,276)	(59,813)	(458,781)
Undistributed earnings of subsidiaries and associates	(6,349)	(3,717)	(42,046)
Reserve for special depreciation	(5)	(7)	(33)
Other	(3,583)	(2,470)	(23,729)
Total	¥(155,220)	¥(119,490)	$(1,027,947)
Net deferred tax assets (liabilities) :	¥(102,936)	¥(76,910)	$(681,695)

(*1) Valuation allowance decreased by ¥6,447 million ($42,695 thousand). The change was mainly caused by the following; Valuation allowance for tax loss carryforwards decreased due to utilization of tax loss carryforwards. Valuation allowance for deductible temporary differences decreased mainly due to the increase of the recoverable amount in subsequent years as a result of forecasting taxable income in the future.

(*2) The amounts by the expiration period of tax loss carryforwards, related valuation allowance and the resulting deferred tax assets as of March 31, 2024 and 2023 were as follows:

March 31, 2024	Millions of yen		
	Tax loss carryforwards (*1)	Valuation allowance	Deferred tax assets
2025	¥1,472	¥(1,146)	¥326
2026	926	(901)	25
2027	635	(635)	-
2028	836	(836)	-
2029	390	(390)	-
2030 and thereafter	6,698	(6,510)	188
Total	¥10,957	¥(10,418)	(*2) ¥539

March 31, 2024	Thousands of U.S. dollars (Note 3)		
	Tax loss carryforwards (*1)	Valuation allowance	Deferred tax assets
2025	$9,748	$(7,589)	$2,159
2026	6,132	(5,967)	165
2027	4,205	(4,205)	-
2028	5,536	(5,536)	-
2029	2,583	(2,583)	-
2030 and thereafter	44,359	(43,113)	1,246
Total	$72,563	$(68,993)	(*2) $3,570

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

(*2) For the tax loss carryforwards of ¥10,957 million ($72,563 thousand) (the amount multiplied by the normal effective statutory tax rate), the Company recognized deferred tax assets of ¥539 million ($3,570 thousand).

Deferred tax assets of ¥539 million ($3,570 thousand) above are recognized because part of the tax loss carryforwards recorded by consolidated subsidiaries are expected to be recoverable as a result of estimated taxable income in the future.

March 31, 2023	Millions of yen		
	Tax loss carryforwards (*1)	Valuation allowance	Deferred tax assets
2024	¥1,201	¥(1,066)	¥135
2025	1,970	(1,963)	7
2026	847	(847)	-
2027	550	(550)	-
2028	814	(810)	4
2029 and thereafter	13,296	(9,457)	3,839
Total	¥18,678	¥(14,693)	(*2) ¥3,985

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

(*2) For the tax loss carryforwards of ¥18,678 million (the amount multiplied by the normal effective statutory tax rate), the Company recognized deferred tax assets of ¥3,985 million. Deferred tax assets of ¥3,985 million above are recognized because part of the tax loss carryforwards recorded by the Company and consolidated subsidiaries are expected to be recoverable as a result of estimated taxable income in the future.

15. Impairment Loss on Fixed Assets

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

Location	Purpose of use	Category	Millions of yen	Thousands of U.S. dollars (Note 3)
Shinjuku-ku, Tokyo, Tochigi City, Tochigi and others	Information innovation business-related assets	Buildings and structures, machinery, land, construction in progress, software and others	¥29,878	$197,868
Indonesia	Packaging business-related assets	Buildings and structures, machinery, construction in progress, software and others	2,805	18,576
Kuki City, Saitama, Shiraoka City, Saitama and others	Publishing business-related assets	Buildings and structures, machinery, construction in progress, software and others	1,979	13,106
Kashiwa City, Chiba and others	Information system-related assets	Software and others	1,486	9,841
United States of America	Imaging communication business-related assets	Buildings and structures, machinery, construction in progress, goodwill, software and others	1,263	8,364
Others	Business assets other than listed above	Buildings and structures, machinery, construction in progress, goodwill, software and others	823	5,450
Others	Idle assets	Land	29	192

The Company and its consolidated subsidiaries reviewed the fixed assets for impairment for the year ended March 31, 2024. Fixed assets were, in principle, grouped at the business unit for impairment testing purposes. Idle assets were grouped in each asset.

As a result, the difference between book values and recoverable values was recorded as "Impairment loss on fixed assets" in the amount of ¥38,263 million ($253,397 thousand), which is comprised of buildings and structures of ¥15,669 million ($103,768 thousand), machinery of ¥3,902 million ($25,841 thousand), land of ¥3,092 million ($20,477 thousand), construction in progress of ¥819 million ($5,424 thousand), goodwill of ¥1,157 million ($7,662 thousand), software of ¥9,964 million ($65,987 thousand), and others of ¥3,660 million ($24,238 thousand), for the year ended March 31, 2024.

The recoverable value of assets whose profitability had declined has been measured at the value in use or the net selling value. Assets which were measured at the value in use were assessed at the value of zero because future operating cash flows cannot be generated. Assets which were measured at the net selling value were calculated based on real estate appraisal values, etc. Regarding sites that the Company plans to close or relocate, the book value of assets that will become unnecessary at the time of site closure or relocation is reduced.

The recoverable value of idle assets has been measured at the net selling value which is evaluated based mainly on the estimated selling value. The book values of the idle assets for which it was difficult to obtain selling values have been reduced to memorandum values.

16. Reversal of Reserve for Repairs

Although more than 90% of all estimated repair quantities were completed by the end of the fiscal year ended March 31, 2024, the actual payment amount differed from the estimate due to price fluctuations in labor and material costs and the occurrence of defects, etc. Therefore, a reversal of reserve for repairs was recorded.

17. Leases

Finance Leases

Information concerning finance lease transactions has been omitted, due to the insignificance of such disclosure.

Operating Leases

The amounts of outstanding future payments under non-cancelable operating leases as of March 31, 2024 and 2023 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
Future lease payments:	2024	2023	2024
One year or less	¥4,745	¥4,402	$31,424
More than one year	11,658	5,283	77,205
	¥16,403	¥9,685	$108,629

18. Financial Instruments

1. Management policy

The Company and its consolidated subsidiaries manage surplus funds through financial assets that have high levels of safety, and raise funds through bank loans and bond issuances. The Company and its consolidated subsidiaries also utilize derivative financial instruments to hedge the risk of exchange rate fluctuations and do not enter into derivatives transactions for speculative purposes.

The trade receivables are exposed to credit risk of customers and the Company and its consolidated subsidiaries minimize the credit risk in accordance with internal rules for customer credit management.

Long-term investments are mainly equity securities. Market prices and the financial condition of issuers (business counterparties) of such investments are obtained on a regular basis.

2. Fair value of financial instruments

Fair value and differences compared to the carrying amounts reported in the consolidated balance sheets as of March 31, 2024 and 2023 were as follows:

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

March 31, 2024	Thousands of U.S. dollars (Note 3)		
	Carrying amounts	Fair value	Differences
Long-term investment securities	$2,089,457	$2,518,536	$429,079
Assets	2,089,457	2,518,536	429,079
Long-term debts	846,900	805,848	(41,052)
Liabilities	846,900	805,848	(41,052)
Derivatives *2			
[1] Hedge accounting is not applied	(3,960)	(3,960)	-
[2] Hedge accounting is applied	325	325	-
Total	$(3,635)	$(3,635)	$-

March 31, 2023	Millions of yen		
	Carrying amounts	Fair value	Differences
Long-term investment securities	¥289,701	¥331,398	¥41,697
Assets	289,701	331,398	41,697
Long-term debts	117,516	112,917	(4,599)
Liabilities	117,516	112,917	(4,599)
Derivatives *2			
[1] Hedge accounting is not applied	20	20	-
[2] Hedge accounting is applied	(48)	(48)	-
Total	¥(28)	¥(28)	¥-

*1. “Cash and deposits”, “Trade receivables”, “Short-term investment securities”, “Trade payables” and “Short-term bank loans” are omitted as the fair values approximate their book values as they are cash or accounts settled in a short period of time.

*2. Derivative assets and liabilities are presented on a net basis.

*3. Equity securities, etc., that do not have a market price.

March 31, 2024	Millions of yen	Thousands of U.S. dollars (Note 3)
	Carrying amounts	Carrying amounts
Unlisted equity securities	¥58,613	$388,166
Others	539	3,570

March 31, 2023	Millions of yen
	Carrying amounts
Unlisted equity securities	¥50,966
Others	549

The above instruments are not included in "Long-term investment securities".

3. Fair value hierarchy levels

Depending on observability and importance of inputs into the valuation techniques used in measurement, fair value of financial instruments is categorized into the following three levels:

Level 1: Fair value measured with quoted prices in active markets for identical assets or liabilities
Level 2: Fair value measured with inputs other than quoted prices categorized as level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Fair value measured with inputs not based on observable market data for the asset or liability
If multiple inputs that have a significant impact in measurement are used, the fair value hierarchy level will be the lowest priority level in each input.

The fair value hierarchy level of financial instruments reported at fair value in the consolidated balance sheets as of March 31, 2024 was as follows:

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

March 31, 2024	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Long-term investment securities				
Marketable available-for-sale securities				
Stocks	$1,861,636	$-	$-	$1,861,636
Others	-	834	-	834
Assets	1,861,636	834	-	1,862,470
Derivative transactions				
Derivative liabilities	-	3,636	-	3,636
Liabilities	-	3,636	-	3,636

Note: "Long-term investment securities" does not include investment trusts whose net asset value is considered as fair value in accordance with generally accepted accounting principles. The investment trust is recorded as ¥65 million ($430 thousand) on the Consolidated Balance Sheet.

The fair value hierarchy level of financial instruments other than financial instruments reported at fair value in the consolidated balance sheets as of March 31, 2024 was as follows:

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

March 31, 2024	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Long-term investment securities				
Held-to-maturity debt securities	$-	$2,046	$-	$2,046
Affiliated company stocks	653,589	-	-	653,589
Assets	653,589	2,046	-	655,635
Long-term debt	-	805,848	-	805,848
Liabilities	-	805,848	-	805,848

Note: The valuation techniques and inputs used in fair value measurement

Long-term investment securities

The fair value of equity securities and debt securities are mainly measured at the quoted market price of the stock exchange. Equity securities are categorized as level 1 of the fair value hierarchy because they are traded in active markets. Corporate bonds held by the Company and its consolidated subsidiaries are categorized as level 2, because they are not traded frequently in the market and are not considered as quoted prices in active markets.

Derivative transactions

The fair value of foreign currency forward contracts is measured by using the discounted cash flow method with observable inputs such as interest rates and exchange rates and they are categorized as level 2.

Long-term debts

The fair values of bonds issued by the Company and its consolidated subsidiaries are measured by using transaction reference statistics published by the Japan Securities Dealers Association, if available. The fair values of bonds without market price are measured at the present value of total principal and interest discounted by using a rate which reflects its remaining period and credit risk. They are each categorized as level 2.

The fair values of long-term debts are based on the present value of total principal and interest discounted by the current borrowing rate for a similar debt. They are categorized as level 2.

19. Derivative Financial Instruments

Nature of Derivative Financial Instruments:

The Company and certain consolidated subsidiaries enter into derivatives for foreign currency forward contracts to manage the risk arising from fluctuations in foreign currency exchange rates. Derivatives related to currency are utilized to hedge foreign exchange risks associated with certain trade receivables, trade payables and other debts, including forecasted transactions, denominated in foreign currencies. The Company and its consolidated subsidiaries do not hold derivatives for speculative purposes.

Derivatives are subject to market risks and credit risks. Because the counterparties to those derivatives are limited to major international financial institutions, the Company and its consolidated subsidiaries do not anticipate any losses arising from credit risks. The Accounting Department controls and executes derivatives based on the internal policies of the Company.

Fair value of derivatives:

The contracted amount and fair value of derivatives at March 31, 2024 and 2023 were as follows:

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

March 31, 2024	Millions of yen		
	Contracted amount	Fair value	Unrealized gain (loss)
Foreign currency forward contracts			
Receivables:			
U.S. dollars	¥14,877	¥(531)	¥(531)
Euro	2,892	(67)	(67)
Payables:			
U.S. dollars	5	0	0
	¥17,774	¥(598)	¥(598)

March 31, 2024	Thousands of U.S. dollars (Note 3)		
	Contracted amount	Fair value	Unrealized gain (loss)
Foreign currency forward contracts			
Receivables:			
U.S. dollars	$98,523	$(3,517)	$(3,517)
Euro	19,152	(444)	(444)
Payables:			
U.S. dollars	33	0	0
	$117,708	$(3,961)	$(3,961)

March 31, 2023	Millions of yen		
	Contracted amount	Fair value	Unrealized gain (loss)
Foreign currency forward contracts			
Receivables:			
U.S. dollars	¥16,983	¥88	¥88
Euro	2,609	(68)	(68)
Payables:			
U.S. dollars	12	0	0
	¥19,604	¥20	¥20

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

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

March 31, 2024	Thousands of U.S. dollars (Note 3)		
	Hedged items	Contracted amount	Fair value
Foreign currency forward contracts			
Receivables:			
U.S. dollars	Forecasted foreign currency transactions	$748	$(26)
U.S. dollars	Trade receivables	205	-
Payables:			
U.S. dollars	Forecasted foreign currency transactions	18,199	298
U.S. dollars	Trade payables	2,291	-
Euro	Forecasted foreign currency transactions	576	(0)
Euro	Trade payables	7	-
Chinese yuan	Forecasted foreign currency transactions	1,020	0
Chinese yuan	Trade payables	99	-
Sterling pound	Forecasted foreign currency transactions	1,934	53
		$25,079	$325

March 31, 2023	Millions of yen		
	Hedged items	Contracted amount	Fair value
Foreign currency forward contracts			
Receivables:			
U.S. dollars	Forecasted foreign currency transactions	¥69	¥(0)
U.S. dollars	Trade receivables	460	-
Payables:			
U.S. dollars	Forecasted foreign currency transactions	2,073	(43)
U.S. dollars	Trade payables	523	-
Euro	Forecasted foreign currency transactions	100	(1)
Euro	Trade payables	0	-
Swiss franc	Forecasted foreign currency transactions	12	0
Swiss franc	Trade payables	0	-
Chinese yuan	Forecasted foreign currency transactions	169	(3)
Chinese yuan	Trade payables	51	-
Sterling pound	Forecasted foreign currency transactions	24	(1)
		¥3,481	¥(48)

The fair values of foreign currency forward contracts subject to the alternative method are included in the fair values of trade receivables and trade payables as hedged items.

The fair value of derivatives is determined based on forward exchange rates or information provided by financial institutions at the end of the fiscal year.

20. Contingent Liabilities

It is common practice in Japan for companies, in the ordinary course of business, to receive promissory notes in settlement of trade accounts receivable and to subsequently discount such notes at banks. At March 31, 2024 and 2023, the Company and its consolidated subsidiaries were contingently liable on trade notes discounted in the amount of ¥90 million ($596 thousand) and ¥85 million, respectively.

21. Revenue Recognition

Relations between satisfaction of performance obligations in contracts with customers and the cash flows, and the amount and timing of revenues to be recognized in the following years due to the contracts with customers as of the end of this fiscal year

(1) Balance of receivables from contracts with customers, contract assets and contract liabilities

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2024	2023	2024
Receivables from contracts with customers (opening balances)	¥329,340	¥324,548	$2,181,060
Receivables from contracts with customers (closing balances)	347,784	329,340	2,303,205
Contract assets (opening balances)	422	298	2,795
Contract assets (closing balances)	646	422	4,278
Contract liabilities (opening balances)	16,656	13,288	110,305
Contract liabilities (closing balances)	25,518	16,656	168,993

Contract assets primarily relate to the Company and consolidated subsidiaries' rights to receive consideration for performance obligations that have been completed, but not yet billed for, as of the closing date. Contract assets are reclassified as receivables when the Company and consolidated subsidiaries' right to payment becomes unconditional.

Contract liabilities mainly relate to consideration received from customers before performance obligations based on contracts, which are reclassified as revenues when the Company and consolidated subsidiaries perform based on contracts with customers. Contract liabilities are included in other current liabilities and other long-term liabilities on the balance sheet.

There were no significant revenue amounts which were recognized in the current and previous fiscal years that were included in the opening balances of contract liabilities.

There were no significant revenue amounts which were recognized in the current and previous fiscal years based on satisfaction of performance obligations in the past period (the transaction price changes etc.).

(2) Transaction price allocated to the remaining performance obligation

There are no material contracts with an expected term in excess of one year. Details of remaining performance obligations are not provided obeying the practical expedients.

22. Per Share Information

Net assets per share, Net income per share and Diluted net income per share for the years ended March 31, 2024 and 2023 were as follows:

	Yen		U.S. dollars (Note 3)
Per share information:	2024	2023	2024
Net assets	¥4,866.18	¥4,158.46	$32.23
Net income	443.12	321.32	2.93
Diluted net income	443.06	321.27	2.93

23. Significant Subsequent Events

The Company sold one listed holding security on April 15, 2024 in order to improve the efficiency of its asset holdings.

As a result of the above, the ¥58.6 billion ($388 million) profit from the sale of investment securities will be recorded as extraordinary gains in the fiscal year ending March 2025.

24. Segment Information

Outline of reportable segments:

The Company and its consolidated subsidiaries' reportable segments are components of the group whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance, for which discrete financial information is available. The group's reportable segments consist of Smart Communication, Life & Healthcare, and Electronics, based on a classification by commonality in the manufacturing and marketing method of products.

"Smart Communication" involves production and sale as follows:
Books including standard books, dictionaries, commemorative and memorial editions, all types of magazines including weekly, monthly and quarterly, corporate PR magazines, textbooks, e-books, digital marketing support from sales promotions to customer analysis, BPR consulting and BPO services related to corporate business processes and sales processes, contact center business, information processing services (IPS), smart cards, payment-related services, card-related equipment, authentication and security services and related products, IC tags, holograms, business forms, catalogs, leaflets, brochures, calendars, point-of-purchase (POP) materials, digital (electronic) signage, planning / development / production / construction / operations related to events / stores / products / contents, etc., services using generative AI, dye-sublimation thermal transfer materials (color ink ribbons, receiver paper and dye-sublimation photo printer), thermal resin-type transfer printing media (monochrome ink ribbons), ID photo booth business, portrait photograph and ID solutions, entertainment and amusement solutions, e-book distribution and sales, book sales, library management, etc.

" Life & Healthcare" involves production and sale as follows:
Lithium-ion battery components, photovoltaic module components, materials for transporting electronic components, multifunctional insulation boxes, and other industrial high-performance materials, various types of packaging materials for products such as foods, beverages, snacks, household items and medical supplies, cups, plastic bottles, laminated tubes, molded plastic containers, aseptic filling systems, interior and exterior materials for homes, stores, offices, vehicles, home appliances, and furniture, etc., molded plastic parts for automobiles, metallic veneers, contract manufacturing of bulk pharmaceutical intermediates, pharmaceutical contract formulation, carbonated drinks, coffee beverage, tea beverage, fruit juice, functional beverage, mineral water, alcoholic beverage, etc.

"Electronics" involves production and sale as follows:
Optical film for displays, metal masks for organic EL displays, large photomasks for making liquid crystal displays, photomasks for semiconductor products, lead frames, LSI design, hard disk suspensions, camera module components for smartphones, etc.

Accounting policies and methods used at reportable segments are the same as those described in Note 2 Significant Accounting Policies. Profit or loss of reportable segments is equal to operating income on the consolidated statements of income. Intersegment sales and transfers are based on prevailing market prices.

Changes in reportable segments:

In order to clarify the business domains and strategies of each of its reporting segments, and in order to accelerate the execution of concrete measures, as of the fiscal year through March 2024, the Company changed the name of the Information Communication segment to Smart Communication, and renamed the Lifestyle and Industrial Supplies segment to Life & Healthcare. At the same time, in order to contribute even further to comfortable lives for people, the Company transferred its Beverages business to Life & Healthcare, to which it is closely related, and the Beverage segment has been eliminated.

Segment information for the previous fiscal year is presented based on the new name and classification method.

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

Millions of yen

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

Thousands of U.S. dollars (Note 3)

For 2024 :	Reportable segments: Smart Communication	Reportable segments: Life & Healthcare	Reportable segments: Electronics	Reportable segments: Total	Adjustments (*1)	Consolidated (*2)
Net sales and operating income						
Net sales (*3)						
Outside customers	$4,750,192	$3,127,417	$1,558,298	$9,435,907	$-	$9,435,907
Intersegment	14,258	795	-	15,053	(15,053)	-
Total	4,764,450	3,128,212	1,558,298	9,450,960	(15,053)	9,435,907
Segment income	173,258	88,397	385,119	646,774	(147,099)	499,675
Segment assets	$5,394,430	$3,628,682	$1,921,258	$10,944,370	$2,006,816	$12,951,186
Others						
Depreciation and amortization	$135,921	$151,834	$72,490	$360,245	$10,556	$370,801
Amortization of goodwill	3,881	1,013	13	4,907	-	4,907
Impairment loss	227,040	23,198	86	250,324	3,073	253,397
Investments in equity-method affiliates	32,563	1,066	307,596	341,225	324,172	665,397
Increase in property, plant and equipment and intangible assets	162,517	120,556	163,411	446,484	6,291	452,775

(*1) Adjustments are as follows:

(1) Adjustment of segment income consists of basic research expenses not attributable to reportable segments and research expenses shared by each reportable segment.

(2) Adjustment of segment assets consists of corporate assets not allocated to reportable segments and intersegment eliminations.

(3) Adjustment of impairment loss consists of impairment loss for corporate assets not allocated to reportable segments.

(4) Adjustment of investments in equity-method affiliates consists of the investments in equity-method affiliates not attributable to reportable segments.

(5) Adjustment of increases in property, plant and equipment and in intangible assets consists of capital investments mainly for the head office building.

(*2) Segment income is reconciled to operating income in the consolidated financial statements.

(*3) Sales include revenues generated from contracts with customers as well as other revenues, but because almost all revenues are generated from contracts with customers, the other revenues are insignificant and are therefore not displayed separately.

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

	Millions of yen					
	Reportable segments				Adjustments (*1)	Consolidated (*2)
For 2023 :	Smart Communication	Life & Healthcare	Electronics	Total		
Net sales and operating income						
Net sales (*3)						
Outside customers	¥718,413	¥451,222	¥203,574	¥1,373,209	¥-	¥1,373,209
Intersegment	1,881	152	-	2,033	(2,033)	-
Total	720,294	451,374	203,574	1,375,242	(2,033)	1,373,209
Segment income	26,731	7,982	46,936	81,649	(20,416)	61,233
Segment assets	¥817,776	¥501,140	¥242,479	¥1,561,395	¥268,989	¥1,830,384
Others						
Depreciation and amortization	¥20,157	¥20,519	¥9,481	¥50,157	¥1,612	¥51,769
Amortization of goodwill	495	16	1	512	-	512
Impairment loss	5,169	768	199	6,136	151	6,287
Investments in equity-method affiliates	3,768	630	34,670	39,068	44,719	83,787
Increase in property, plant and equipment and intangible assets	36,794	25,871	13,522	76,187	1,895	78,082

(*1) Adjustments are as follows:

(1) Adjustment of segment income consists of basic research expenses not attributable to reportable segments and research expenses shared by each reportable segment.

(2) Adjustment of segment assets consists of corporate assets not allocated to reportable segments and intersegment eliminations.

(3) Adjustment of impairment loss consists of impairment loss for corporate assets not allocated to reportable segments.

(4) Adjustment of investments in equity-method affiliates consists of the investments in equity-method affiliates not attributable to reportable segments.

(5) Adjustment of increases in property, plant and equipment and in intangible assets consists of capital investments mainly for the head office building.

(*2) Segment income is reconciled to operating income in the consolidated financial statements.

(*3) Sales include revenues generated from contracts with customers as well as other revenues, but because almost all revenues are generated from contracts with customers, the other revenues are insignificant and are therefore not displayed separately.

[Related information]

Information by geographic area

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

	Thousands of U.S. dollars (Note 3)			
For 2024：	Japan	Asia	Other regions	Total
Net sales	$7,212,417	$1,629,298	$594,192	$9,435,907

	Millions of yen			
For 2023：	Japan	Asia	Other regions	Total
Net sales	¥1,057,411	¥225,900	¥89,898	¥1,373,209

Information about goodwill by reportable segments

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

	Thousands of U.S. dollars (Note 3)			
	Reportable segments			Total
For 2024：	Smart Communication	Life & Healthcare	Electronics	
Unamortized balance of goodwill	$6,007	$20,907	$252	$27,166

	Millions of yen			
	Reportable segments			Total
For 2023：	Smart Communication	Life & Healthcare	Electronics	
Unamortized balance of goodwill	¥2,231	¥142	¥51	¥2,424

(*) The amount of amortization of goodwill is omitted as it is disclosed in "Segment Information".

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Dai Nippon Printing Co., Ltd.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dai Nippon Printing Co., Ltd. (the "Company") and its consolidated subsidiaries (collectively, the Group), which comprise the consolidated balance sheets as at March 31, 2024 and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Reasonableness of estimate of reserve for repairs of Dai Nippon Printing Co., Ltd.	
Key audit matter and the basis of our determination	How the matter was addressed in the audit
The Company recorded a reserve for repairs of 7,157 million yen in the consolidated balance sheets for the current fiscal year, and disclosures related to this reserve are made in Note 4 (Significant Accounting Estimates). The reserve for repairs is provided based on a reasonable estimate of the amount of repair costs that will be required in the future, based on the unit repair costs and the quantity of repairs, by conducting scientific testing and analysis of defects for certain wallpaper products. As a premise for the estimate calculation of the reserve for repairs, the unit repair costs are subject to uncertainty in the accounting estimate because the repair amount varies depending on the construction status of the product, the type of	The primary procedures we performed to assess the reasonableness of the estimate of reserve for repairs of Dai Nippon Printing Co., Ltd. included the following: (1) Internal control testing We tested the design and operating effectiveness of internal controls relevant to the assumption of the estimate and underlying data. (2) Assessment of the reasonableness of the assumption of the estimate of reserve for repairs. • We assessed the consistency of the prior period reserve for repairs with recent historical trends of repair costs, and its

residence, and other factors, as well as the labor and material costs associated with negotiating the estimate with the repair contractor. Moreover, the estimate of the quantity of repairs is also subject to uncertainty because the prediction of future defects involves important decisions by management in addition to the fact that it is difficult to specify the timing and quantity of repairs individually and concretely due to the commercial distribution of the products to be repaired, etc. Therefore, we determined that the reasonableness of the estimate of reserve for repairs of Dai Nippon Printing Co., Ltd. was one of the most significant in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	effect on the implications used in determining the current year assumptions. • We inquired of management and reviewed repair data whether there were any new items that should be covered by reserve for repairs. • We assessed the reasonableness of the assumptions used by management by discussing with management the unit repair costs and quantity of repairs that form the basis for estimating the reserve for repairs, and by reviewing the consistency of the estimates with the evidence and repair data.

Reasonableness of management's judgment of recoverability of deferred tax assets of Dai Nippon Printing Co., Ltd.	
Key audit matter and the basis of our determination	How the matter was addressed in the audit
The Company recorded deferred tax assets of 8,718 million yen, and deferred tax liabilities of 111,654 million yen in the consolidated balance sheets for the current fiscal year. As described in Note 14 (Income Taxes), the amount of deferred tax assets before offsetting deferred tax liabilities is 52,284 million yen, which is the total amount of deferred tax assets related to future deductible temporary differences and tax loss carryforwards of 90,458 million yen less valuation allowance of 38,174 million yen, and the amount recorded in Dai Nippon Printing Co., Ltd., which accounts for the majority of deferred tax assets before offsetting, is particularly significant. The recoverability of deferred tax assets depends on the appropriateness of the classification of companies, the sufficiency of future taxable income, and the scheduling of the years in which future deductible temporary differences are expected to be reversed, as indicated in the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26). Estimating future taxable income based on business plans approved by the board of directors is based on the assumption that the effects of geopolitical risks on the business environment will continue for a certain period, while it is not possible to accurately predict the effects of geopolitical risks on the business environment, and these factors involve estimates in the form of management's forecasts and judgment.	The primary procedures we performed to assess the reasonableness of the management's judgment of recoverability of deferred tax assets of Dai Nippon Printing Co., Ltd. included the following: (1) Internal control testing We tested the design and operating effectiveness of internal controls relevant to the judgment of recoverability of deferred tax assets, including assumptions about the forecasts. (2) Assessment of the reasonableness of the assumption of the recoverability of deferred tax assets • We assessed the appropriateness of the classification of companies based on the "Implementation Guidance on Recoverability of Deferred Tax Assets." • We assessed consistency of the forecast, which is the premise for estimating future taxable income, with the future business plan approved by the board of directors. • We evaluated the degree of accuracy of estimation for the business plan prepared by the Company by comparing the business plans of prior periods with historical results. • We evaluated the degree of accuracy of the estimates prepared by the Company by comparing the estimated future taxable income of prior periods with the historical results.

Therefore, we determined that the reasonableness of the management's judgment of valuation of deferred tax assets of Dai Nippon Printing Co., Ltd. was one of the most significant in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	• We discussed with management the projected values of the business plan, and confirmed their consistency with available market trends and order forecasts. • We assessed the reasonableness of the key assumptions used in the scheduling of future years in which the future deductible temporary differences are expected to be reversed by reviewing and cross-referencing relevant internal company documents and by asking questions.

Other Information

The other information comprises the information contained in the disclosure documents including the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We have not performed any work on the other information as we have determined that there is no other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the appropriateness of using the going concern basis of accounting and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan as applicable.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, select and perform the audit procedures based on the auditor's judgment and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation as well as whether overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan.

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

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

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

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

Fee-related Information

Fee paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 265 million yen and nil, respectively.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 3 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

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

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

澁谷徳一

Norikazu Shibuya
Designated Engagement Partner
Certified Public Accountant

長崎善道

Yoshimichi Nagasaki
Designated Engagement Partner
Certified Public Accountant

海老澤弘毅

Hiroki Ebisawa
Designated Engagement Partner
Certified Public Accountant

ARK LLC
Tokyo, Japan
June 27, 2024