Annual Report 2025

Year Ended March 31, 2025

Financial Section

Contents

Fujikura

Consolidated Financial Highlights

Fujikura Ltd. and its Consolidated Subsidiaries (hereinafter referred to as "the Companies")
For the Five Years Ended March 31

	Millions of yen					Thousands of U.S. dollars
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2024
For the Year:						
Net sales	¥643,736	¥670,350	¥806,453	¥799,760	¥979,375	$6,549,689
Operating profit	24,422	38,288	70,163	69,483	135,519	906,301
Profit (loss) attributable to owners of parent	(5,369)	39,101	40,891	51,011	91,123	609,399
Capital expenditures	17,736	16,214	15,720	20,820	30,673	205,127
R&D expenditures	16,496	16,413	15,030	17,102	18,400	123,050
At Year-end:						
Total assets	569,124	611,526	656,785	723,867	830,307	5,552,778
Total net assets	184,483	243,657	294,384	366,582	435,329	2,911,316
Number of employees	53,717	52,434	54,762	50,254	51,262	

						U.S. dollars
Per share data:						
Net profit (loss) - basic	(¥19.50)	¥141.85	¥148.27	¥184.96	¥330.32	$2.21
Net profit (loss) - fully diluted (*1)	-	-	-	-		-
Cash dividends	0.00	10.00	30.00	55.00	100.00	0.67

(*1) As the Companies do not have any instruments that have a dilutive effect, the Companies have not included net profit (loss) - fully diluted per share data.
(*2) The Companies began applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, revised March 31, 2020) and related guidance from the beginning of fiscal year ended March 31, 2022. Consolidated Financial Highlights after FY2021 shown above include the effect of application of this accounting standard.

Notes: All dollar figures herein refer to U.S. currency, which has been translated from yen amounts, for convenience only, at the rate of ¥149.53=US$1.00, the rate of exchange on March 31, 2025.

Consolidated Balance Sheets

Fujikura Ltd. and its Consolidated Subsidiaries
At March 31, 2024 and 2025

Assets	Millions of yen 2024	Millions of yen 2025	Thousands of U.S. dollars (Notes 7) 2025
Current assets:			
Cash and deposits	¥147,760	¥184,991	$1,237,152
Notes receivable - trade	17,872	15,005	100,350
Accounts receivable - trade	136,169	173,177	1,158,143
Contract assets	10,157	15,338	102,573
Merchandise and finished goods (Notes 15)	38,587	50,896	340,375
Work in process (Notes 15)	33,062	33,328	222,886
Raw materials and supplies (Notes 15)	59,878	62,981	421,194
Other	24,668	26,681	178,435
Allowance for doubtful accounts	(855)	(1,055)	(7,058)
Total current assets	467,297	561,343	3,754,051
Non-current assets:			
Property, plant and equipment			
Buildings and structures, net	76,058	79,319	530,458
Machinery, equipment and vehicles, net	38,605	33,788	225,963
Land (Notes 9)	15,323	15,190	101,584
Leased assets, net	19,518	21,612	144,532
Construction in progress	11,126	15,968	106,791
Other, net	5,067	5,487	36,692
Total property, plant and equipment	165,696	171,364	1,146,020
Intangible assets			
Goodwill	10,095	8,534	57,072
Other	10,317	9,740	65,141
Total intangible assets	20,412	18,274	122,212
Investments and other assets			
Investment securities (Notes 25)	35,207	34,348	229,709
Retirement benefit asset (Notes 28)	1,357	1,980	13,240
Deferred tax assets (Notes 29)	16,739	22,483	150,361
Other (Notes 26)	17,294	20,624	137,926
Allowance for doubtful accounts	(135)	(111)	(741)
Total investments and other assets	70,461	79,325	530,496
Total non-current assets	256,570	268,964	1,798,727
Total assets	¥723,867	¥830,307	$5,552,778

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

Liabilities	Millions of yen 2024	2025	Thousands of U.S. dollars 2025
Current liabilities:			
Notes and accounts payable - trade	¥78,019	¥104,866	$701,304
Short-term borrowings (Notes 26)	49,558	76,886	514,187
Current portion of bonds payable (Notes 26)	10,000	-	-
Income taxes payable (Notes 29)	5,355	18,907	126,440
Contract liabilities	4,416	9,880	66,072
Other provisions	2,782	1,856	12,411
Other	50,152	68,708	459,491
Total current liabilities	200,283	281,102	1,879,906
Non-current liabilities:			
Bonds payable (Notes 26)	10,000	20,000	133,752
Long-term borrowings (Notes 26)	108,008	50,250	336,053
Other provisions	330	418	2,798
Lease liabilities	14,635	16,230	108,540
Retirement benefit liability (Notes 28)	10,661	10,592	70,836
Other (Notes 9)	13,368	16,385	109,578
Total non-current liabilities	157,003	113,875	761,556
Total liabilities	357,285	394,978	2,641,462

Contingent liabilities (Notes 11)

Net assets	2024	2025	Thousands of U.S. dollars 2025
Shareholders' equity:			
Share capital	53,076	53,076	354,951
Capital surplus	26,110	24,290	162,440
Retained earnings	201,814	272,764	1,824,142
Treasury shares	(10,472)	(10,375)	(69,383)
Total shareholders' equity (Notes 21)	270,528	339,755	2,272,150
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	4,844	5,960	39,856
Deferred gains on hedges	203	342	2,286
Foreign currency translation adjustments	63,879	59,463	397,669
Remeasurements of defined benefit plans	1,638	1,974	13,199
Total accumulated other comprehensive income	70,563	67,739	453,011
Non-controlling interests	25,490	27,836	186,156
Total net assets	366,582	435,329	2,911,316
Total liabilities and net assets	¥723,867	¥830,307	$5,552,778

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

Consolidated Statements of Income

Fujikura Ltd. and its Consolidated Subsidiaries
For the Years Ended March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Net sales (Notes 12)	¥799,760	¥979,375	$6,549,689
Cost of sales (Notes 14 and 15)	629,053	718,931	4,807,939
Gross profit	170,707	260,444	1,741,749
Selling, general and administrative expenses (Notes 13 and 14):			
Packing and transportation costs	19,489	22,015	147,228
Personnel expenses	45,044	55,176	368,996
Other	36,690	47,734	319,225
Total selling, general and administrative expenses	101,223	124,925	835,448
Operating profit	69,483	135,519	906,301
Non-operating income:			
Interest income	765	1,569	10,496
Dividend income	662	957	6,401
Share of profit of entities accounted for using equity method	2,662	5,739	38,378
Foreign exchange gains	3,213	-	-
Other	1,022	2,088	13,966
Total non-operating income	8,324	10,354	69,241
Non-operating expenses:			
Interest expenses	3,821	3,213	21,485
Foreign exchange losses	-	1,296	8,668
Product repair costs due to customers' claims	523	1,113	7,443
Other	3,730	3,011	20,138
Total non-operating expenses	8,074	8,633	57,734
Ordinary profit	69,733	137,240	917,808
Extraordinary income:			
Gain on sale of non-current assets(Notes 16)	-	705	4,716
Gain on sale of investment securities	668	1,444	9,657
Gain on sale of other investments	7	662	4,428
Other	2	210	1,406
Total extraordinary income	677	3,022	20,207
Extraordinary losses:			
Impairment losses (Notes 17)	3,317	7,930	53,031
Business restructuring expenses (Notes 18)	2,288	4,970	33,237
Litigation settlement (Notes 19)	-	4,800	32,101
Other	591	1,162	7,769
Total extraordinary losses	6,196	18,861	126,138
Profit before income taxes	64,215	121,400	811,877
Income taxes (Notes 29):			
Current	14,495	34,014	227,474
Deferred	(3,392)	(7,084)	(47,376)
Total income taxes	11,103	26,930	180,098
Profit	53,112	94,470	631,779
Profit attributable to non-controlling interests	2,100	3,347	22,380
Profit attributable to owners of parent	¥51,011	¥91,123	$609,399

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

Consolidated Statements of Comprehensive Income

Fujikura Ltd. and its Consolidated Subsidiaries
For the Years Ended March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Profit	¥53,112	¥94,470	$631,779
Other comprehensive income			
Valuation difference on available-for-sale securities	2,621	929	6,216
Deferred gains on hedges	166	138	925
Foreign currency translation adjustments	24,202	(4,689)	(31,361)
Remeasurements of defined benefit plans, net of taxes	3,419	252	1,687
Share of other comprehensive income of entities accounted for using equity method	1,206	432	2,892
Total other comprehensive income (Notes 20)	31,613	(2,937)	(19,641)
Comprehensive income	84,725	91,533	612,138
(Breakdown)			
Comprehensive income attributable to owners of parent	81,879	88,299	590,507
Comprehensive income attributable to non-controlling interests	¥2,845	¥3,234	$21,631

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

Consolidated Statements of Changes in Net Assets

Fujikura Ltd. and its Consolidated Subsidiaries
For the Years Ended March 31, 2024 and 2025

		Millions of yen					
		Shareholders' equity					
	Number of shares issued	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at March 31, 2023	295,863,421	¥53,076	¥26,514	¥161,721	(¥10,470)	¥230,842
Dividends paid		-	-	(10,918)	-	(10,918)
Profit attributable to owners of parent		-	-	51,011	-	51,011
Purchase of treasury shares		-	-	-	(2)	(2)
Change in ownership interest of parent due to transactions with non-controlling interests		-	(2)	-	-	(2)
Purchase of shares of consolidated subsidiaries		-	(363)	-	-	(363)
Purchase of treasury shares by consolidated subsidiaries		-	(40)	-	-	(40)
Net changes in items other than shareholders' equity		-	-	-	-	-
Total changes of items during period		-	(404)	40,093	(2)	39,687
Balance at March 31, 2024	295,863,421	¥53,076	¥26,110	¥201,814	(¥10,472)	¥270,528
Dividends paid		-	-	(18,243)	-	(18,243)
Profit attributable to owners of parent		-	-	91,123	-	91,123
Purchase of treasury shares		-	-	-	(6)	(6)
Disposal of treasury shares		-	0	-	103	103
Purchase of shares of consolidated subsidiaries		-	(1,821)	-	-	(1,821)
Purchase of treasury shares by consolidated subsidiaries		-	1	-	-	1
Decrease in retained earnings due to exclusion of equity method companies		-	-	(1,931)	-	(1,931)
Net changes in items other than shareholders' equity		-	-	-	-	-
Total changes of items during period		-	(1,820)	70,949	97	69,226
Balance at March 31, 2025	295,863,421	¥53,076	¥24,290	¥272,764	(¥10,375)	¥339,755

	Millions of yen						
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2023	¥2,075	¥38	¥39,277	(¥1,694)	¥39,695	¥23,847	¥294,384
Dividends paid	-	-	-	-	-	-	(10,918)
Profit attributable to owners of parent	-	-	-	-	-	-	51,011
Purchase of treasury shares	-	-	-	-	-	-	(2)
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-	-	(2)
Purchase of shares of consolidated subsidiaries	-	-	-	-	-	-	(363)
Purchase of treasury shares by consolidated subsidiaries	-	-	-	-	-	-	(40)
Net changes in items other than shareholders' equity	2,769	166	24,602	3,332	30,868	1,643	32,511
Total changes of items during period	2,769	166	24,602	3,332	30,868	1,643	72,198
Balance at March 31, 2024	¥4,844	¥203	¥63,879	¥1,638	¥70,563	¥25,490	¥366,582
Dividends paid	-	-	-	-	-	-	(18,243)
Profit attributable to owners of parent	-	-	-	-	-	-	91,123
Purchase of treasury shares	-	-	-	-	-	-	(6)
Disposal of treasury shares	-	-	-	-	-	-	103
Purchase of shares of consolidated subsidiaries	-	-	-	-	-	-	(1,821)
Purchase of treasury shares by consolidated subsidiaries	-	-	-	-	-	-	1
Decrease in retained earnings due to exclusion of equity method companies	-	-	-	-	-	-	(1,931)
Net changes in items other than shareholders' equity	1,116	138	(4,415)	336	(2,825)	2,346	(479)
Total changes of items during period	1,116	138	(4,415)	336	(2,825)	2,346	68,747
Balance at March 31, 2025	¥5,960	¥342	¥59,463	¥1,974	¥67,739	¥27,836	¥435,329

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

	Number of shares issued	Thousands of U.S. dollars Shareholders' equity Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at March 31, 2024	295,863,421	$354,951	$174,613	$1,349,659	($70,031)	$1,809,192
Dividends paid		-	-	(122,000)	-	(122,000)
Profit attributable to owners of parent		-	-	609,399	-	609,399
Purchase of treasury shares		-	-	-	(39)	(39)
Disposal of treasury shares		-	2	-	687	688
Purchase of shares of consolidated subsidiaries		-	(12,181)	-	-	(12,181)
Purchase of treasury shares by consolidated subsidiaries		-	7	-	-	7
Decrease in retained earnings due to exclusion of equity method companies		-	-	(12,916)	-	(12,916)
Net changes in items other than shareholders' equity		-	-	-	-	-
Total changes of items during period		-	(12,172)	474,483	648	462,958
Balance at March 31, 2025	295,863,421	354,951	162,440	1,824,142	(69,383)	2,272,150

	Thousands of U.S. dollars Accumulated other comprehensive income Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2024	$32,394	$1,361	$427,196	$10,951	$471,902	$170,466	$2,451,560
Dividends paid	-	-	-	-	-	-	(122,000)
Profit attributable to owners of parent	-	-	-	-	-	-	609,399
Purchase of treasury shares	-	-	-	-	-	-	(39)
Disposal of treasury shares	-	-	-	-	-	-	688
Purchase of shares of consolidated subsidiaries	-	-	-	-	-	-	(12,181)
Purchase of treasury shares by consolidated subsidiaries	-	-	-	-	-	-	7
Decrease in retained earnings due to exclusion of equity method companies	-	-	-	-	-	-	(12,916)
Net changes in items other than shareholders' equity	7,463	925	(29,527)	2,248	(18,891)	15,690	(3,201)
Total changes of items during period	7,463	925	(29,527)	2,248	(18,891)	15,690	459,757
Balance at March 31, 2025	$39,856	$2,286	$397,669	$13,199	$453,011	$186,156	$2,911,316

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

Consolidated Statements of Cash Flows

Fujikura Ltd. and its Consolidated Subsidiaries
For the Years Ended March 31, 2024 and 2025

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Cash flows from operating activities:			
Profit before income taxes	¥64,215	¥121,400	$811,877
Depreciation and amortization	22,850	21,374	142,943
Impairment losses	3,317	7,930	53,031
Amortization of goodwill	1,309	1,542	10,314
Interest and dividend income	(1,427)	(2,527)	(16,897)
Interest expenses	3,821	3,213	21,485
Gain on sale of investment securities	(627)	(1,436)	(9,607)
Gain on sale of other investments	-	(662)	(4,428)
Share of profit of entities accounted for using equity method	(2,662)	(5,739)	(38,378)
Decrease (increase) in trade receivables	3,583	(40,117)	(268,287)
Decrease (increase) in inventories	9,393	(15,760)	(105,400)
Increase (decrease) in trade payables	(1,886)	26,929	180,093
Other, net	4,757	13,846	92,599
Sub-total	106,644	129,993	869,347
Interest and dividends received	3,286	4,129	27,615
Interest paid	(3,544)	(3,488)	(23,329)
Income taxes paid	(11,943)	(14,726)	(98,484)
Net cash provided by operating activities	94,442	115,908	775,149
Cash flows from investing activities:			
Purchase of property, plant and equipment and intangible assets	(20,827)	(29,098)	(194,594)
Proceeds from sale of property, plant and equipment and intangible assets	882	2,457	16,432
Proceeds from sale of investment securities	2,284	1,806	12,080
Purchase of shares of subsidiaries and associates	-	(3,147)	(21,043)
Proceeds from sale of shares of subsidiaries and associates	-	4,432	29,643
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,248)	-	-
Proceeds from sale of shares of subsidiaries and associates resulting in change in scope of consolidation	-	1,745	11,670
Payments for investments in capital of subsidiaries and associates	(1,889)	-	-
Proceeds from sale of other investments	-	1,735	11,600
Other, net	310	(844)	(5,642)
Net cash used in investing activities	(21,488)	(20,912)	(139,854)
Cash flows from financing activities:			
Net decrease in short-term borrowings	(6,254)	(17,836)	(119,279)
Proceeds from long-term borrowings	2,100	2,350	15,716
Repayments of long-term borrowings	(4,643)	(15,137)	(101,230)
Repayments of lease liabilities	(3,859)	(6,016)	(40,231)
Redemption of bonds	(10,000)	(10,000)	(66,876)
Proceeds from issuance of bonds	-	10,000	66,876
Dividends paid	(10,918)	(18,243)	(122,000)
Dividends paid to non-controlling interests	(1,916)	(2,507)	(16,768)
Other, net	(545)	(7)	(45)
Net cash used in financing activities	(36,035)	(57,395)	(383,837)
Effect of exchange rate change on cash and cash equivalents	3,524	(360)	(2,406)
Net increase in cash and cash equivalents	40,443	37,241	249,052
Cash and cash equivalents at beginning of period	106,560	147,003	983,100
Cash and cash equivalents at end of period (Notes 22)	¥147,003	¥184,244	$1,232,152

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

Notes to the Consolidated Financial Statements

Fujikura Ltd. and its Consolidated Subsidiaries
For the years ended March 31, 2024 and 2025

1. Basis of Presentation

Accounting principles

The accompanying Consolidated Financial Statements of Fujikura Ltd. (the "Company") and its consolidated subsidiaries (together, the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects, application and disclosure requirements, from International Financial Reporting Standards, and are prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Board of Japan ("ASBJ") PITF No. 18, Jun 28, 2019) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (PITF No. 24, Sep 14, 2018) and made necessary adjustments for the preparation of the Consolidated Financial Statements.

In preparing the Consolidated Financial Statements, certain reclassification and presentation adjustments have been made to the Consolidated Financial Statements filed with the Director of the Kanto Local Finance Bureau in Japan in order to present these Consolidated Financial Statements in a form which is more familiar to readers of these Consolidated Financial Statements outside Japan.

2. Summary of Significant Accounting Policies

(a) Consolidation and investments in affiliates

The Consolidated Financial Statements include the accounts of the Company and all significant subsidiaries (95 subsidiaries at March 31, 2024 and 92 subsidiaries at March 31, 2025). All significant intercompany transactions, accounts and unrealized intercompany profits are eliminated in consolidation.
The difference between the cost and the underlying net equity of the investment in consolidated subsidiaries at the time of acquisition is deferred and amortized over a ten-year period. Investments of 50% or less in companies over which the parent company does not have control but has the ability to exercise significant influence, and investments in unconsolidated subsidiaries are generally accounted by the equity method (10 companies at March 31, 2024 and 2025) and included in Investment securities in the Consolidated Balance Sheets.
When the accounts of subsidiaries and affiliates are not significant in relation to the Consolidated Financial Statements, they are carried at cost.
The excess of the cost over the underlying net equity of investments in unconsolidated subsidiaries and affiliates accounted on an equity basis is deferred and amortized over a ten-year period. Consolidated net income includes the Company's Equity in earnings of affiliates after elimination of unrealized intercompany profits.

(b) Translation of foreign currency transactions and accounts

Foreign currency transactions are translated using the foreign exchange rates prevailing at the transaction dates. Receivables and payables denominated in foreign currencies are translated at the balance sheet date using current exchange rates. All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese Yen at current exchange rates at the respective balance sheet dates and all income and expense accounts of those subsidiaries are translated at the average exchange rate for the respective fiscal year then ended.
Foreign currency financial statement translation differences are reported as a separate component of Net Assets in the Consolidated Balance Sheets.

(c) Valuation of Investment securities

Other securities:

These securities are investment securities expected to be held in the long term. Securities for which fair values are readily determinable are carried at fair value with unrealized gains and losses, net of applicable income taxes, being recorded in net assets.
Securities for which fair values are not readily determinable are recorded using the moving average cost.

(d) Derivatives

Derivative financial instruments are measured at fair value.

(e) Inventories

Inventories are valued at the lower of cost or market, cost being determined mainly using the weighted average method.

(f) Property, plant and equipment, Intangible assets

Property, plant and equipment are depreciated using the straight-line method over estimated useful lives.
Intangible assets are amortized in line with the same method.
The estimated useful lives are as follows:

Buildings: mainly 50 years
Machinery and equipment: mainly 7 to 10 years
Intangible assets: mainly 5 years

(g) Leased assets

Finance leases are depreciated using the straight-line method over their respective lease terms with no residual values.

(h) Allowance for doubtful accounts

Allowance for doubtful accounts provides for estimated uncollectible accounts at amounts either specifically assessed or an amount computed based on historical loss experience.

(i) Accounting method for retirement benefits

i. Attribution method for the estimated amount of retirement benefits

In calculating retirement benefits obligations, the method to attribute the estimated amount of retirement benefits to a period until the end of the consolidated fiscal year is based on the plan’s benefit formula.

ii. Accounting methods for actuarial differences and prior service cost

Prior service cost is accounted for according to the straight-line method as it is incurred for a certain number of years (principally 15 years) within the average remaining years of service of employees as it is incurred.

Actuarial differences are charged to expenses from the fiscal year subsequent to the fiscal year when incurred using a straight-line method mainly based on determined years (principally 15 years) within the average remaining years of service of employees when incurred.

After adjustment for tax effects, unrecognized actuarial differences and unrecognized prior service cost are recorded as remeasurements of defined benefit plans under accumulated other comprehensive income in net assets.

(j) Basis for recording significant revenues and expenses

The Companies regard the supply of finished products to customers in Telecommunication Systems Business Division, Electronics Business Division, Automotive Products Business Division and Power Systems Business Division as our main performance obligation.

The Companies recognize revenue for the amount we expect to receive in exchange for goods and services when control over the promised goods and services is transferred to the customer. Revenue is recognized at the time of shipment on domestic sales because the time period from shipment to when control of the product is transferred to the customer is short and consistent.

In Real Estate Business Division, the Company recognizes revenue for the amount we expect to receive in exchange for goods and services when control over the promised goods and services is transferred to the customer.

(k) Hedge accounting

i. Hedge accounting method

Deferred hedge accounting is applied. Special treatment is applied to interest rate swaps, if they meet the requirements.

ii. Hedging instruments and the hedged items

Hedging instruments	Hedged items
Foreign exchange forward contracts	Foreign currency-denominated monetary claims and liabilities and foreign currency-denominated forecasted transactions
Interest rate swap	Floating interest rate on borrowings

iii. Hedging policy

The Group hedge foreign exchange fluctuation risks associated with foreign currency transactions and interest rate fluctuation risks associated with certain borrowings.

iv. Assessments of hedge effectiveness

We determine the effectiveness of hedging by comparing the cumulative amount of changes in hedging instruments with the cumulative amount of changes in hedged items. However, we omit the assessment of effectiveness for interest rate swaps that are subject to special treatment.

(l) Goodwill

Goodwill is amortized using the straight-line method mainly 10 years.

(m) Scope of cash in the Consolidated Statements of Cash Flows

The cash (cash and cash equivalents) in the Consolidated Statements of Cash Flows consists of cash on hand, bank deposits that can readily be withdrawn, and short-term investments with original maturities of three months or less, that are readily convertible to cash with little risk of change in value.

(n) Appropriations of retained earnings

Appropriations of retained earnings reflected in the accompanying Consolidated Financial Statements are recorded upon approval by the shareholders.

3. Significant Accounting Estimates

Information on significant accounting estimates recognized in the consolidated financial statements is as follows.

・Impairment analysis of fixed assets of optical fiber business in China

The optical fiber business in China is considered a separate cash-generating unit and its results included within Telecommunication Systems Business Division.
The optical fiber business in China recorded operating profit in the consolidated fiscal year under review, however, decline in demand in the optical fiber market in China has resulted in the significant deterioration of the business environment of Fujikura FiberHome Opto-Electronics Material Technology Co., Ltd. (hereinafter referred to as "FFOE") .
Due to the uncertainty of major customers' purchase plans and the risk of a decline in sales prices, the Company has determined that there are signs of impairment.
The impairment assessment performed by the Company concluded that no impairment loss was required to be recognized in the consolidated financial statements for the fiscal year ended March 31, 2025 since the value-in-use of the business exceeded its book value of ¥10,210 million (US$68,277 thousand).
The value-in-use utilized for the impairment assessment was based on the future plans of the China optical fiber business that were approved by the Board of Directors of FFOE.
In estimating the selling price of finished goods included in future plans, it is assumed that the selling price of optical base materials will fluctuate in line with the movement in selling prices as forecasted by market research companies. The number of years of estimated future cash flows are based on the remaining amortization period of major fixed assets and are discounted to present value using a pre-tax weighted average cost of capital of 14.08%.
These key assumptions are subject to uncertainty and if, for example, the selling price of optical base materials sold by FFOE does not increase in line with management's estimate, the value-in-use of the China optical fiber business may be required to be reassessed for impairment in the future.

・Impairment analysis of fixed assets in the FPC business

The FPC business is the major business of Electronics Business Division, and this business is the smallest identifiable unit that generates cash flows that are independent of the cash flows from other units.
As the profitability of the FPC business in Electronics Business Division is expected to decline due to the deterioration of the business environment and the product composition, the Company performed an impairment assessment and recorded a loss of ¥8,904 million for the fixed assets attributable to the FPC business in the consolidated fiscal year ended March 31, 2023.
The Company reflected the continued intensely competitive environment and the risk of not being able to increase sales to customers in the mid-term management plan. As a result, due to concerns that there has been a marked deterioration in the business environment the Company determined there to be indicators of impairment in the consolidated fiscal year ended March 31, 2025.
The impairment assessment concluded that at end of interim consolidated accounting period the total undiscounted future cash flows of the FPC business were less than the ¥22,996 million (US$153,789 thousand) carrying cost of property, plant and equipment. Accordingly, the Company recognized an impairment loss of ¥7,273 million (US$48,640 thousand) to align the carrying value to the calculated recoverable amount of ¥15,723 million (US$105,148 thousand).
The impairment assessment performed at the end of the consolidated fiscal year concluded that no impairment loss was required to be recognized, since the total undiscounted future cash flows of the FPC business exceeded the ¥16,356 million (US$109,383 thousand) carrying cost of property, plant and equipment attributable to the business.
The undiscounted future cash flows used in determining the recognition and measurement of impairment losses are estimated based on the future plan of the FPC business approved by the Board of Directors.
This plan incorporates, amongst others, assumptions about forecasted sales and gross profit on sales to key customers, as well as cost reductions as a result of planned restructuring.
The Company used the remaining useful lives of the machinery and equipment held by Fujikura Electronics (Thailand) Ltd. as the time period for estimating future cash flows since it is the main manufacturing location in the FPC business and those cash flows are discounted to present value using a pre-tax weighted average cost of capital of 9.92%.
These key assumptions are subject to uncertainty and if, for example, sales and gross profit on sales to key customers are less than forecast due to further intensification of the competitive environment, or if cost reductions are unrealized due to the restructuring delay, the total undiscounted future cash flows of the FPC business may not exceed the carrying cost of property, plant and equipment attributable to the business, and reassessment for impairment may be required.

・Recoverability of deferred tax assets

The amount of deferred tax assets in the consolidated financial statements for the fiscal year ended March 31, 2025 was ¥22,483 million (US$150,358 thousand).
Each Group company records deferred tax assets within an amount reflecting their expected utility in the reduction of future tax liabilities, based on the projected future taxable income of each Group company and other factors. Because the recoverability of deferred tax assets depends on estimates of projected future taxable income and other factors, any changes in the conditions and assumptions premised on such estimates could significantly affect the amount of deferred tax assets in the consolidated financial statements in the future.

4. New Accounting Pronouncements and Changes in Accounting Policies

(Application of Accounting Standard for Current Income Taxes and related guidance)

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, revised October 28, 2022; hereafter, “2022 revised accounting standard”) has been applied from the beginning of the consolidated fiscal year ended March 31, 2025.
The changes relating to account classification of income taxes (tax on other comprehensive income) were made in accordance with the transitional treatment specified in the proviso to Paragraph 20-3 in the 2022 revised accounting standard and the transitional treatment specified in the proviso to Paragraph 65-2 (2) in the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, revised October 28, 2022; hereafter, “the 2022 revised guidance”) and the new accounting policy was applied from the beginning of the fiscal year . This had no effect on the consolidated financial statements.
The 2022 revised guidance was also applied to changes relating to revision of the treatment in the consolidated financial statements when carrying forward gains and losses on the sale of shares of subsidiaries between consolidated companies, from the beginning of the consolidated fiscal year ending March 31, 2025.
These changes in accounting policies were applied retroactively and financial statements for the previous consolidated fiscal year were restated to reflect these changes.
Application of the revised guidance had no effect on the consolidated financial statements.

(Application of Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules and supplementary document)

The Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules (Practical Solution No. 46, March 22, 2024) has been applied from the beginning of the consolidated fiscal year ended March 31, 2025. This had no effect on the consolidated financial statements.

5. Unapplied Accounting Standard

・Accounting Standard for Leases (ASBJ Statement No. 34, revised April 23, 2025)

・Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, revised April 23, 2025)

(1) Summary

As part of its efforts to make Japanese accounting standards more consistent with global standards, the Accounting Standards Board of Japan (ASBJ) has developed an accounting standard for leases that would require lessees to recognize right-of-use assets and lease liabilities for all leases. The basic policy is to adopt the single accounting model in International Financial Reporting Standard 16 (IFRS 16) as a basis, with the aim of creating a simple, convenient accounting standard for leases that does not require any fundamental modifications even when IFRS 16 is applied in full for individual financial statements.

The single accounting model will be applied to all leases, regardless of whether they are finance leases or operating leases, with depreciation of right-of-use assets and interest expenses related to the lease liabilities recorded in the consolidated statements of income.

(2) Expected date of application

These standards will be applied from the beginning of fiscal year ending March 31, 2028 (from April 1, 2027).

(3) Impact from Application of the Accounting Standard Update

The impact on the consolidated financial statements adopting Accounting Standard for Leases is still being assessed at present.

6. Reclassification

Certain accounts in the Consolidated Financial Statements for the year ended March 31, 2024 have been reclassified to conform to the 2025 presentation.

7. Additional Information

(Stock-based compensation plan for the Company's directors)

In accordance with a resolution passed at the 169th Annual General Shareholders' Meeting held on June 29, 2017, the Company introduced a stock-based compensation plan for the Company's Directors (limited to directors not serving as Audit and Supervisory Committee Members and excluding Outside Directors; hereinafter the same shall apply) and Executive Officers (hereinafter collectively referred to as "Directors"). The purpose of the plan is to clarify the correlation between the Company's share price and Director compensation and to boost awareness of contribution to the improvement of corporate value by having the Directors share the benefits and risks of stock price fluctuation with shareholders—i.e. not only benefit when the share price rises but also shoulder the risk of a decline in share price.

The accounting procedures for this system conform with the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts (PITF No. 30, March 26, 2015).

i. Transaction summary

The Company will set up a monetary trust. This trust will be used to acquire common shares of the Company. A director shall be granted points in each fiscal year according to the Stock Distribution Regulations set forth by the Board of Directors. The stock-based compensation will be delivered to the Directors via the trust. Note that in principle the Directors will receive delivery of said shares at the time of retirement.

ii. Shares remaining in the trust

The shares of the Company that remain in the trust are recorded as treasury stock under net assets at book value (excluding associated costs). The book value and number of these treasury stock shares at the years ended March 31, 2024 and 2025 totaled ¥486 million and 495 thousand shares and ¥407 million (US$2,722 thousand) and 414 thousand shares, respectively.

8. United States Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of exchange on March 31, 2025 (¥149.53=US$1.00), has been used for translation purposes. The inclusion of such amounts is not intended to imply that Japanese Yen has been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.

9. Assets and debts pledged as collateral for other interest-bearing

The Companies' assets pledged as collateral for other interest-bearing debts at March 31, 2024 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Carrying values of property, plant and equipment:			
Land	¥7	¥7	$50

The Companies' debts pledged as collateral for other interest-bearing debts at March 31, 2024 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Carrying values of liabilities:			
Non-current liabilities other	¥1,517	¥1,517	$10,145

10. Commitment Line Agreements

The Company enters into long-term (three-year) commitment line agreements with five banks as a means of securing stable and flexible funding.
The unexecuted balance of borrowings under these agreements is as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Total amount of commitment line	¥60,000	¥60,000	$401,257
The executed balance of borrowings	-	-	-
The unexecuted balance of borrowings	¥60,000	¥60,000	$401,257

11. Contingent Liabilities

(1) Guarantees	Millions of yen		Thousands of U.S. dollars
Guarantees for loans borrowed / notes issued by:	2024	2025	2025
Fujikura (Malaysia) Sdn. Bhd.	¥339	-	-
Employee	31	26	172
Total	¥370	¥26	$172

12. Revenue other than that from contracts with customers included in net sales
Revenue other than that from contracts with customers included in net sales on the consolidated statements of income
for the year ended March 31, 2024 and 2025, amounted to ¥8,460 million and ¥8,898 million (US$59,507 thousand), respectively.

13. Selling, general and administrative expenses
Main components of selling, general and administrative expenses for the years ended March 31, 2024 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Retirement benefit cost	1,495	2,007	13,423

14. Research and Development Costs
Research and development costs included in Selling, general and administrative expenses and Cost of sales, in aggregate, for the years
ended March 31, 2024 and 2025, amounted to ¥17,102 million and ¥18,400 million (US$123,050 thousand), respectively.

15. Inventories
Inventories are valued at the lower of cost or market and the associated losses on inventory devaluation have been included in
"Cost of sales" for the years ended March 31, 2024 and 2025 in the amounts of ¥7,585 million and ¥9,648 million (US$64,524 thousand), respectively.

16. Gain on sale of non-current assets
The detail of gain on sale of non-current assets for the years ended March 31, 2024 and 2025 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Land	-	¥506	$3,382
Buildings and others	-	199	1,334
Total	-	705	4,716

17. Impairment losses
Grouping method:
The Companies grouped long-lived assets into asset groups by merchandise category.
Idle assets are grouped on an individual asset basis.

For the year ended March 31, 2024, the Companies have recorded impairment losses against the following asset groups:

Location: Fujikura Ltd. (Sakura City, Chiba and Suzuka City, Mie, Japan)
Use: Optical fiber manufacturing assets
Type: Machinery and equipment, etc.
Amount of impairment losses: ¥1,452 million

Location: America Fujikura Ltd. (USA)
Use: Trademark rights
Type:Trademark rights
Amount of impairment losses: ¥872 million

Location: Fujikura Automotive Asia Ltd. (Yonezawa City, Yamagata, Japan), etc.
Use: Wire harness manufacturing assets, etc.
Type: Machinery and equipment, etc.
Amount of impairment losses: ¥686 million

The book value of optical fiber manufacturing equipment was tested after deterioration in the business environment was considered to be an indicator of potential impairment. The recoverable amount based on the value of undiscounted future cash flows was found to have fallen below book value, and the amount written down was recognized as impairment losses under extraordinary losses. The recoverable amount is measured by the net realizable value.
Regarding trademark rights, the trademark recognized at the time of the acquisition of AFL Telecommunications Holdings UK Limited was revalued taking into account changes in our brand strategy after the acquisition, such as the creation of new brands, and the entire book value for the trademark rights was recognized as impairment losses under extraordinary losses.
The book value of automotive wire harness manufacturing equipment and other assets was written down to the recoverable amount based on the result of an impairment assessment performed with continuing losses from operating activities, which indicated undiscounted future cash flows had fallen below book value.
The amount written down was recognized as impairment losses under extraordinary losses. The recoverable amount is measured by the net realizable value.

For the year ended March 31, 2025, the Companies have recorded impairment losses against the following asset group:

Location: Fujikura Electronics (Thailand) Ltd. (Thailand)
Use: FPC manufacturing assets, etc.
Type: Machinery and equipment, etc.
Amount of impairment losses: ¥7,273 million (US$48,640 thousand)

The Company reflected the continued intensely competitive environment and the risk of not being able to increase sales to customers in the mid-term management plan. As a result, due to concerns that there has been a marked deterioration in the business environment the Company determined there to be indicators of impairment in the consolidated fiscal year ended March 31, 2025.
The impairment assessment concluded that at the end of interim consolidated accounting period the total undiscounted future cash flows of the FPC business were less than the ¥22,996 million (US$153,789 thousand) carrying cost of property, plant and equipment.
Accordingly, the Company recognized an impairment loss of ¥7,273 million (US$48,640 thousand)
to align the carrying value to the calculated recoverable amount of ¥15,723 million (US$105,148 thousand).
The recoverable amount is measured at the net realizable value and the impairment loss is recorded in extraordinary losses.

18. Business Restructuring Expenses
For the Year Ended March 31, 2024 and 2025
This was mainly due to special retirement benefits and expenses related to the closure of plant, etc. accompanying business restructuring in the Company and its subsidiaries.

19. Litigation settlement
The Company has been sued by Mitsubishi Electric Corporation (hereinafter referred to as the “Plaintiff”) for damages, alleging that special electronic cables supplied to the Plaintiff by the Company were defective. The Company received notification of the complaint and litigation on November 13, 2020.
In the Company's assessment there was no basis for the Company to pay the claimed damages.
However, the court proposed that the parties reach an agreement, and after conducting settlement negotiations with the Plaintiff,
a court-approved settlement was reached on April 16, 2025.
As a result, the Company has recorded the settlement expense as “Litigation settlement” and the corresponding liability as “Current liabilities-Other”.

20. Consolidated Statements of Comprehensive Income

For the Years Ended March 31, 2024 and 2025

Amount of reclassification and tax effect related to other comprehensive income are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
Valuation difference on available-for-sale securities	2024	2025	2025
Amount arising during the year	¥3,921	¥3,090	$20,664
Reclassification adjustment	(519)	(1,409)	(9,421)
Before income taxes and tax effect adjustment	3,402	1,681	11,243
Income taxes and tax effect	(781)	(752)	(5,027)
Valuation difference on available-for-sale securities	2,621	929	6,216
Deferred gains on hedges			
Amount arising during the year	70	274	1,830
Before income taxes and tax effect adjustment	70	274	1,830
Income taxes and tax effect	95	(135)	(905)
Deferred gains on hedges	166	138	925
Foreign currency translation adjustments			
Amount arising during the year	24,202	(4,689)	(31,361)
Before income taxes and tax effect adjustment	24,202	(4,689)	(31,361)
Foreign currency translation adjustments	24,202	(4,689)	(31,361)
Remeasurements of defined benefit plans, net of taxes			
Amount arising during the year	3,810	1,315	8,792
Reclassification adjustment	347	(860)	(5,751)
Before income taxes and tax effect adjustment	4,157	455	3,041
Income taxes and tax effect	(738)	(202)	(1,354)
Remeasurements of defined benefit plans, net of taxes	3,419	252	1,687
Share of other comprehensive income of associates accounted for using equity method			
Amount arising during the year	1,200	418	2,794
Reclassification adjustment	6	15	97
Share of other comprehensive income of associates accounted for using equity method	1,206	432	2,892
Other comprehensive income	¥31,613	(¥2,937)	($19,641)

21. Supplementary Information for the Consolidated Statements of Changes in Net Assets

For the Year Ended March 31, 2024

(a) Type and number of outstanding shares

	Thousands of shares			
Type of shares	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Share capital	295,863	-	-	295,863
Total	295,863	-	-	295,863
Treasury stock:				
Share capital (*1)(*2)	20,061	2	-	20,063
Total	20,061	2	-	20,063

(*1) The 2 thousand shares increase in common shares of treasury stock is mainly attributable to the acquisition of treasury stock.

(*2) The number of common shares of treasury stock at the end of the fiscal year under review are included in 495 thousand shares of Fujikura stock held in the trust account for the stock-based compensation plan for directors.

(b) Dividends

(1) Dividends paid to shareholders:

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
June 29, 2023	Annual general meeting of shareholders	Common stock	¥4,699	¥17.0	March 31, 2023	June 30, 2023
November 8, 2023	Board of directors	Common stock	¥6,219	¥22.5	September 30, 2023	December 4, 2023

Notes: The total dividend payout approved by the Annual general meeting of shareholders at June 29, 2023 includes ¥8 million in dividends for the shares in the trust account for the stock-based compensation plan for directors.

The total dividend payout approved by the Board of directors meeting at November 8, 2023 includes ¥11 million in dividends for the shares in the trust account for the stock-based compensation plan for directors.

(2) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year-end:

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Paid from	Amount per share (Yen)	Shareholders' cut-off date	Effective date
June 27, 2024	Annual general meeting of shareholders	Common stock	¥8,983	Retained earnings	¥32.5	March 31, 2024	June 28, 2024

Note: The total dividend payout approved by Annual general meeting of shareholders at June 27, 2024 includes ¥16 million yen in dividends for the shares in the trust account for the stock-based compensation plan for directors.

For the Year Ended March 31, 2025
(a) Type and number of outstanding shares

	Thousands of shares			
Type of shares	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Share capital	295,863	-	-	295,863
Total	295,863	-	-	295,863
Treasury stock:				
Share capital (*1)(*2)(*3)	20,063	4	103	19,963
Total	20,063	4	103	19,963

(*1) The 4 thousand shares increase in common shares of treasury stock is mainly attributable to the acquisition of treasury stock.
(*2) The 103 thousand shares decrease in common shares of treasury stock reflects the delivery of shares to the Company's directors from the trust account for the stock-based compensation plan.
(*3) The number of common shares of treasury stock at the end of the fiscal year under review are included in 414 thousand shares of Fujikura stock held in the trust account for the stock-based compensation plan for directors.

(b) Dividends
(1) Dividends paid to shareholders:

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
June 27, 2024	Annual general meeting of shareholders	Common stock	¥8,983	¥32.5	March 31, 2024	June 28, 2024
November 7, 2024	Board of directors	Common stock	¥9,260	¥33.5	September 30, 2024	December 3, 2024

Notes: The total dividend payout approved by the Annual general meeting of shareholders at June 27, 2024 includes ¥16 million in dividends for the shares in the trust account for the stock-based compensation plan for directors.
The total dividend payout approved by the Board of directors meeting at November 7, 2024 includes ¥14 million in dividends for the shares in the trust account for the stock-based compensation plan for directors.

(2) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year-end:
The Company proposes the following item regarding common stock dividends as an agenda of the annual general meeting of shareholders to be held on June 27, 2025.

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Paid from	Amount per share (Yen)	Shareholders' cut-off date	Effective date
June 27, 2025	Annual general meeting of shareholders	Common stock	¥18,381	Retained earnings	¥66.5	March 31, 2025	June 30, 2025

Notes: The total dividend payout to be approved by Annual general meeting of shareholders at June 27, 2025 includes ¥28 million yen in dividends

22. Supplementary Cash Flow Information

A reconciliation of cash and cash equivalents in the Consolidated Statement of Cash Flows and account balances in the Consolidated Balance Sheets at March 31, 2024 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Cash and deposits	¥147,760	¥184,991	$1,237,152
Deposits with original maturities of over three months	(757)	(748)	(5,000)
Cash and cash equivalents	¥147,003	¥184,244	$1,232,152

23. Leases

1. Finance leases other than those that are deemed to transfer ownership of the leased property to the lessee and leases in subsidiaries of the Company that apply IFRS 16 "Leases" and Leases (FASB Accounting Standards Update (ASU) 2016-02 (Topic 842)).

(1) Details of leased assets
Mainly consists of "Machinery, equipment and vehicles".

(2) Depreciation method for leased assets
As stated "Notes to the Consolidated Financial Statements, (f) Property, plant and equipment, Intangible assets and (g) Leased assets".

2. Operating lease
Future lease payments on non-cancelable operating leases

	Millions of yen		Thousands of U.S. dollars
Lessee	2024	2025	2025
Within 1 year	¥9	¥10	$64
More than 1 year	6	22	148
Total	¥15	¥32	$212

Lessor	2024	2025	2025
Within 1 year	¥1,168	¥844	$5,642
More than 1 year	1,831	1,585	10,602
Total	¥2,999	¥2,429	$16,245

24. Financial Instruments

(a) Information on financial instruments policies

The Companies enter into financing arrangements (primarily through bank loans or corporate bonds) based on the planned capital expenditures of their businesses. The Companies invest in low risk financial assets using available cash, finance their short-term working capital needs through bank loans and commercial papers. The Companies use derivative transactions within predetermined transaction volumes to limit the risk of significant fluctuations in foreign currency exchange rates, interest rates, and copper and aluminum prices.
The Companies do not enter into derivative transactions for speculative purposes.

Details of financial instruments and related risks

Notes receivable, accounts receivable and contract assets are exposed to customer credit risk. Also, trade receivables denominated in foreign currencies, which are derived from the Company's global business expansion, are exposed to fluctuations in foreign currency exchange rates, however, the exposure is mitigated by entering into foreign exchange forward contracts.

Investment securities consist mainly of equity securities, which are exposed to market price fluctuation risks.

Trade notes and accounts payable have payment terms within one year. Also, within these accounts there are foreign currency denominated balances generated from the import of raw materials and therefore the balances are exposed to fluctuations in foreign currency exchange rates. However, such balances are typically less than accounts receivable balances denominated in the same currencies.
Borrowings and corporate bonds are used primarily for capital expenditures and have maturity dates within mainly seven years subsequent to the balance sheet date. Certain borrowing contracts are based on variable, or floating, interest rates, which are exposed to fluctuation risk and are hedged via interest rate swap agreements.

Derivative transactions are comprised primarily of foreign exchange forward contracts hedging foreign currency exchange rate fluctuation risk in trade receivables/payables denominated in foreign currencies, of interest rate swap agreements hedging interest rate fluctuation risk in bank loans, and commodity forward contracts hedging the risk of copper and aluminum price fluctuation.

Risk management over financial instruments

(1) Credit risk management (risk of customers' default risk, etc.)

The Company periodically monitors major customers' financial conditions and performs customer specific aging analyses. In addition, the Company monitors doubtful accounts due to the current economic difficulties in accordance with the credit management policy.
The consolidated subsidiaries and affiliates are also required to conform with the credit management policy of the Company.

In order to mitigate credit risks to the greatest extent possible with regards to derivative transactions, the Companies' counterparties are financial institutions that maintain high credit ratings.

The financial assets exposed to credit risks recorded in the Consolidated Balance Sheets represent the maximum exposure to credit risk as of March 31, 2024 and March 31, 2025.

(2) Market risk management (risk of fluctuations in foreign currency rates, interest rates, etc.)

The Company and certain consolidated subsidiaries generally use foreign exchange forward contracts to limit foreign currency exchange rate fluctuation risk in trade receivables/payables denominated in foreign currencies. Depending on the foreign currency market condition, the Companies use foreign exchange forward contracts for trade receivables denominated in foreign currencies generated from highly probable forecasted export transactions. Also, the Company and certain consolidated subsidiaries use interest rate swap agreements to limit interest rate fluctuation risk associated with bank loans.

In relation to investment securities, the Companies continuously monitor the related market values and financial condition of the issuers while also taking into consideration their business relationships with the issuers.

In executing and managing the daily operations of derivative transactions, the Companies regularly monitor transaction balances/volumes and profit/loss status. Such information is periodically reported to the responsible management team and is audited by certain administration divisions. Prior approval by an Executive Officer of the Company is generally required to enter into significant transactions, transaction modifications or applications for the use of new financial instruments.

(3) Liquidity risk management for financing activities (risk of inability to repay on the due date)

The Company manages liquidity risk by preparing cash flow forecasts, led by the finance division, based on relevant information reported from the respective divisions.

Supplementary information on the fair value of financial instruments

The fair value of financial instruments is based on market values as well as reasonably determined values in situations where the market fair value is unavailable. The determination of such values is based on certain assumptions, which may result in different outcomes if other assumptions are applied.

(b) Fair values of financial instruments

The book value of financial instruments in the Consolidated Financial Statements, their fair value and net difference at March 31, 2024 and 2025, respectively, are shown below:

2024	Millions of yen Book value	Fair value	Difference
(1) Investment securities (*2)			
Shares of subsidiaries and associates	¥15,869	¥10,954	(¥4,915)
Available-for-sale securities	9,828	9,828	-
(2) Bonds payable (*3)	20,000	19,873	(127)
(3) Long-term borrowings (*4)	123,968	121,555	(2,413)
(4) Derivative Instruments (*5)			
Non-hedge derivative instruments	942	942	-
Designated hedge instruments	407	407	-

	Millions of yen			Thousands of U.S. dollars		
2025	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Investment securities (*2)						
Shares of subsidiaries and associates	¥8,677	¥4,565	(¥4,113)	$58,029	$30,526	($27,503)
Available-for-sale securities	11,768	11,768	-	78,699	78,699	-
(2) Bonds payable	20,000	19,788	(212)	133,752	132,335	(1,418)
(3) Long-term borrowings (*4)	111,147	104,201	(6,946)	743,310	696,856	(46,455)
(4) Derivative Instruments (*5)						
Non-hedge derivative instruments	663	663	-	4,432	4,432	-
Designated hedge instruments	442	442	-	2,953	2,953	-

(*1) "Cash" is omitted in the notes and "Deposits," "Notes receivable - trade," "Accounts receivable - trade," "Notes and accounts payable - trade," "Short-term borrowings," and "Income taxes payable" are omitted in the notes because they are paid within a short period of time and their fair value closely resemble book value.

(*2) Equity securities, etc. without a market price are not included in "(1) Investment securities." The amounts of such financial instruments recorded in the Consolidated Balance Sheets are listed below.

2024	Millions of yen
Description	Amount recorded in consolidated balance sheets
Non-public companies	¥9,510

2025	Millions of yen	Thousands of U.S. dollars
Description	Amount recorded in consolidated balance sheets	Amount recorded in consolidated balance sheets
Non-public companies	¥13,904	$92,982

(*3) Bonds payable due for redemption in one year《amount on the balance sheet: ¥10,000 million》are included in "(2) Bonds payable."

(*4) ¥15,960 million and ¥ 60,897 million (US$ 407,257 thousand) as of March 31, 2024 and March 31, 2025 of the Long-term borrowings which mature within 1 year and are recorded in "Short-term borrowings" in the Consolidated Balance Sheets are included in "(3) Long-term borrowings" above.

(*5) Net receivables and (liabilities) related to the derivative transactions are presented net.

Notes 1: The aggregate annual maturities of cash and deposits, and receivables at March 31, 2024 and 2025 are as follows:

	Millions of yen			
At March 31, 2024	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	¥147,760	¥ -	¥ -	¥ -
Notes receivable - trade	17,872	-	-	-
Accounts receivable - trade	136,050	119	-	-
Total	¥301,682	¥119	¥ -	¥ -

	Millions of yen			
At March 31, 2025	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	¥184,991	¥ -	¥ -	¥ -
Notes receivable - trade	15,005	-	-	-
Accounts receivable - trade	173,060	118	-	-
Total	¥373,056	¥118	¥ -	¥ -

	Thousands of U.S. dollars			
At March 31, 2025	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	$1,237,152	$ -	$ -	$ -
Notes receivable - trade	100,350	-	-	-
Accounts receivable - trade	1,157,357	786	-	-
Total	$2,494,858	$786	$ -	$ -

Notes 2: The annual maturities of bonds payable and long-term borrowings at March 31, 2024 and 2025 are as follows:

At March 31, 2024

Bonds payable

	Millions of yen
Year ending March 31, 2025	¥10,000
2026	-
2027	10,000
2028	-
2029	-
2030 and thereafter	-

Long-term borrowings

	Millions of yen
Year ending March 31, 2025	¥15,960
2026	20,908
2027	10,000
2028	13,300
2029	12,100
2030 and thereafter	51,700

At March 31, 2025

Bonds payable

	Millions of yen	Thousands of U.S. dollars
Year ending March 31, 2026	-	-
2027	10,000	66,876
2028	-	-
2029	-	-
2030	10,000	66,876
2031 and thereafter	-	-

Long-term borrowings

	Millions of yen	Thousands of U.S. dollars
Year ending March 31, 2026	¥60,897	$407,257
2027	10,000	66,876
2028	13,300	88,945
2029	12,100	80,920
2030	14,850	99,311
2031 and thereafter	-	-

(c) Breakdown of the fair value of financial instruments by asset level

The fair value of financial instruments is categorized into the following three levels, according to the observability and significance of inputs relating to the calculation of fair value.

Level 1 Fair Value: The fair value determined by the market price of assets or liabilities for which the fair value is formed by an active market, of the inputs for determining observable fair value
Level 2 Fair Value: The fair value determined using inputs relating to the fair value determined by inputs other than Level 1 inputs, of the inputs for determining observable fair value
Level 3 Fair Value: Fair value determined using inputs relating to determination of fair value that is not observable

(1) Financial instruments recorded at fair value on the Consolidated Balance Sheets

at March 31, 2024

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	9,828	-	-	9,828
Derivative Instruments				
Non-hedge derivative instruments	-	942	-	942
Designated hedge instruments	-	407	-	407

at March 31, 2025

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	11,768	-	-	11,768
Derivative Instruments				
Non-hedge derivative instruments	-	663	-	663
Designated hedge instruments	-	442	-	442

Classification	Fair value (Thousands of US$)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	78,699	-	-	78,699
Derivative Instruments				
Non-hedge derivative instruments	-	4,432	-	4,432
Designated hedge instruments	-	2,953	-	2,953

(2) Financial instruments other than financial instruments recorded at fair value on the Consolidated Balance Sheets

at March 31, 2024

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares of subsidiaries and associates	10,954	-	-	10,954
Bonds payable	-	19,873	-	19,873
Long-term borrowings	-	121,555	-	121,555

at March 31, 2025

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares of subsidiaries and associates	4,565	-	-	4,565
Bonds payable	-	19,788	-	19,788
Long-term borrowings	-	104,201	-	104,201

Classification	Fair value (Thousands of US$)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares of subsidiaries and associates	30,526	-	-	30,526
Bonds payable	-	132,335	-	132,335
Long-term borrowings	-	696,856	-	696,856

Notes: Explanation of valuation method used to determine fair value and inputs relating to determination of fair value

(Investment securities)
The fair value of such equity securities is classified as Level 1 fair value because they are traded on active markets.

(Bonds payable)
The fair value of bonds issued by the Company is determined using market prices based on data obtained from the Japan Securities Dealers Association. The fair value of such bonds is classified as Level 2 fair value.

(Derivative Instruments)
The fair value of foreign exchange forward contracts is calculated by using forward exchange rates and classified as Level 2 fair value. The fair value of commodity futures contracts is calculated based on the London Metal Exchange (LME) official price and the current exchange rate at the end of the period and classified as Level 2 fair value. Foreign exchange forward contracts are accounted for combined with the accounts receivable designated as hedged items, and their fair values are included in the related accounts receivable. Interest rate swaps for which a simplified method allowed under JGAAP is applied are combined with the long-term borrowings designated as hedged items, and their fair values are included in long-term borrowings (see “Long-term borrowings” below).

(Long-term borrowings)
The fair value of long-term borrowings is determined based on the present value of the principal and interest discounted at the current interest rate charged for a similar borrowing. This is classified as Level 2 fair value. For long-term borrowings with a floating interest rate, the Company enters into interest rate swaps and applies a simplified method allowed under JGAAP to such swaps. Such long-term borrowings are combined with the related interest swaps and their fair values are determined based on the present value of the principal and interest reflecting the swap discounted at the current interest rate charged for a similar borrowing.

25. Investment securities

The aggregate cost, gross unrealized gains, gross unrealized losses and fair value of available-for-sale securities at March 31, 2024 and 2025 consisting primarily of equity securities are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Cost	¥4,159	¥4,143	$27,709
Gross unrealized gains	5,669	**7,630**	51,025
Gross unrealized losses	(1)	(5)	(36)
Fair value	¥9,828	¥11,768	$78,700

Available-for-sale securities sold during the year ended March 31, 2024 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Investment securities			
Sales amount	¥2,284	¥1,806	$12,080
Gain on sales of investment securities	668	1,444	9,657
Loss on sales of investment securities	(21)	(8)	(51)

Investments in unconsolidated subsidiaries and associates at March 31, 2024 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Investments securities	¥23,391	¥20,407	$136,473
Investments and other assets, other	7,866	8,667	57,959
	¥31,256	¥29,073	$194,432

26. Borrowings and Other Financial Liabilities

Borrowings and other financial liabilities at March 31, 2024 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Short-term loans, principally from banks, with weighted-average interest rate of 1.8% to the ending balance on March 31, 2025	¥33,598	¥15,989	$106,930
Current portion of unsecured long-term loans from banks and other financial institutions with weighted-average interest rate of 1.9% to the ending balance on March 31, 2025	15,960	60,897	407,257
Current portion of lease obligations	5,547	5,251	35,113
Non-current portion of unsecured long-term loans from banks and other financial institutions with maturity dates from 2026 to 2030 with weighted-average interest rate of 0.8% to the ending balance on March 31, 2025	108,008	50,250	336,053
Non-current portion of lease obligations with maturity dates from 2026 to 2035	14,635	16,230	108,540
Current portion of bonds payable with interest rate of 0.3%	10,000	**10,000**	66,876
Green Bond Bonds with maturities through 2030 with weighted-average interest rate of 1.5%	10,000	**10,000**	66,876
	¥197,749	¥168,617	$1,127,646

The annual maturities of long-term borrowings are as follows:

Long term borrowings	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2027	¥10,000	$66,876
2028	13,300	88,945
2029	12,100	80,920
2030	14,850	99,311

Lease obligations	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2027	¥4,624	$30,920
2028	3,786	25,318
2029	2,053	13,728
2030	1,269	8,484

27. Derivative Instruments

(a) Derivative instruments not accounted for under hedge accounting

(1) Foreign forward exchange contracts

At March 31, 2024

	Millions of yen			
2024	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)
Sell				
USD	¥6,839	¥ -	(¥129)	(¥129)
SEK	328	62	3	3
JPY	147	-	(1)	(1)
Other	105	-	0	0
Buy				
USD	351	-	(2)	(2)
EUR	13	-	(0)	(0)
Total	¥7,782	¥62	(¥129)	(¥129)

At March 31, 2025

	Millions of yen				Thousands of U.S. dollars			
2025	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)
Sell								
USD	¥7,094	¥ -	(¥30)	(¥30)	$47,445	$ -	($201)	($201)
EUR	24	-	(0)	(0)	162	-	(2)	(2)
JPY	70	-	(0)	(0)	466	-	(1)	(1)
Buy								
USD	343	-	11	11	2,296	-	71	71
EUR	675	0	24	24	4,516	1	158	158
Total	¥8,207	¥0	¥4	¥4	$54,886	$1	$24	$24

(2) Interest Rate Swaps

At March 31, 2024 N/A

At March 31, 2025 N/A

(3) Commodity Futures Contracts

At March 31, 2024

	Millions of yen			
2024	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)
Sell	¥4,205	¥ -	(¥88)	(¥88)
Buy	10,661	865	1,159	1,159
Total	¥14,866	¥865	¥1,071	¥1,071

At March 31, 2025

	Millions of yen				Thousands of U.S. dollars			
2025	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)
Sell	¥1,421	¥ -	(¥8)	(¥8)	$9,500	$ -	($56)	($56)
Buy	12,517	763	668	668	83,710	5,101	4,465	4,465
Total	¥13,938	¥763	¥659	¥659	$93,210	$5,101	$4,408	$4,408

(b) Derivative instruments accounted for under hedge accounting

(1) Foreign forward exchange contracts

At March 31, 2024

	Millions of yen		
2024	Notional amount	Notional amount to be settled in more than one year	Fair value
Accounted for by the method in the principle			
Accounts receivable - trade			
Sell			
USD	¥473	¥ -	¥6
Accounts payable - trade			
Buy			
MXN	9,080	-	326
Total	¥9,553	¥ -	¥331

At March 31, 2025	Millions of yen			Thousands of U.S. dollars		
2025	Notional amount	Notional amount to be settled in more than one year	Fair value	Notional amount	Notional amount to be settled in more than one year	Fair value
Accounted for combined with the accounts designated as hedged items (allowed under JGAAP)						
Accounts receivable - trade						
Sell						
USD	¥6,002	¥ -	(*) ¥ -	$40,139	$ -	$ -
Accounted for by the method in the principle						
Accounts receivable - trade						
Sell						
USD	1,883	-	3	12,590	-	18
THB	12,495	-	220	83,561	-	1,473
Accounts payable - trade						
Buy						
USD	742	-	(13)	4,962	-	(84)
MXN	13,630	-	36	91,150	-	238
Total	¥34,751	¥ -	¥246	$232,401	$ -	$1,646

(*) Designated hedge accounting on forward exchange contracts etc. are treated as one with the accounts receivables to be hedged.
The fair value is included in the fair value of the trade receivables.

(2) Interest Rate Swaps

At March 31, 2024	Millions of yen		
2024	Notional amount	Notional amount to be settled in more than one year	Fair value
Accounted for by the simplified method allowed under JGAAP			
Interest Rate Swaps			
Long-term borrowings			
Pay Fixed interest / Rec. Floating interest	¥22,000	¥12,000	(*) ¥ -
Accounted for by the method in the principle			
Interest Rate Swaps			
Long-term borrowings			
Pay Fixed interest / Rec. Floating interest	40,000	40,000	76
Total	¥62,000	¥52,000	¥76

(*) The special treatment of interest rate swaps is treated as one with the long-term debt being hedged.
Therefore, the fair price is included in the fair value of the long-term debt.

At March 31, 2025	Millions of yen			Thousands of U.S. dollars		
2025	Notional amount	Notional amount to be settled in more than one year	Fair value	Notional amount	Notional amount to be settled in more than one year	Fair value
Accounted for by the simplified method allowed under JGAAP						
Interest Rate Swaps						
Short-term borrowings						
Pay Fixed interest / Rec. Floating interest	¥12,000	¥2,000	(*) ¥ -	$80,251	$13,375	$ -
Accounted for by the method in the principle						
Interest Rate Swaps						
Short-term borrowings						
Pay Fixed interest / Rec. Floating interest	40,000	-	195	267,505	-	1,307
Total	¥52,000	¥2,000	¥195	$347,756	$13,375	$1,307

(*) The special treatment of interest rate swaps is treated as one with the short-term debt being hedged.
Therefore, the fair price is included in the fair value of the short-term debt.

(3) Commodity Futures Contracts

At March 31, 2024 N/A

At March 31, 2025 N/A

28. Severance Indemnities and Pension Plans

(a) Outline of retirement and severance benefits plans adopted by the Companies

The Company and its consolidated subsidiaries sponsor various defined benefit plans such as corporate pension plans and lump sum retirement plans for their employees, and the Company and certain consolidated subsidiaries participate in multi-employer corporate pension plans. The amount of pension assets is included in the notes to the defined benefit plan because the Companies can reasonably calculate it corresponding to the Companies' contribution. Some of the consolidated subsidiaries apply a simplified method that the amount to be paid at the end of the fiscal year based on each company's retirement benefit regulations is regarded as the retirement benefit obligation, when calculating retirement benefit liabilities and retirement benefit expenses. The Company sponsors a retirement benefit trust.

Also, certain consolidated subsidiaries sponsor defined contribution plans.

(b) Defined benefit plan

The following tables present summaries of the benefit obligations for defined pension plans, plan assets and the associated funded status recorded in the Consolidated Balance Sheets.

(1) Benefit obligations at the beginning of the period and the end of the period (excluding those plans that adopt the simplified method as discussed in (3) below)

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Balance at the beginning of the period	¥44,412	¥43,051	$287,911
Service cost	2,263	2,175	14,545
Interest cost	403	454	3,039
Actuarial (gains) or losses	(1,264)	(1,449)	(9,693)
Prior service cost accrual	(194)	(148)	(988)
Retirement benefits paid	(3,002)	(3,429)	(22,931)
Other	433	(509)	(3,407)
Balance at the end of the period	¥43,051	¥40,145	$268,477

(2) Plan assets at the beginning of the period and the end of the period (excluding those plans that adopt the simplified method as discussed in (3) below)

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Balance at the beginning of the period	¥35,358	¥36,000	$240,754
Expected return on plan assets	489	661	4,420
Actuarial (gains) or losses	2,384	(360)	(2,405)
Employer's contributions	272	296	1,979
Retirement benefits paid	(2,503)	(2,781)	(18,601)
Balance at the end of the period	¥36,000	¥33,816	$226,147

(3) Defined benefit liability at the beginning of the period and the end of the period for consolidated subsidiaries adopting the simplified method

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Balance at the beginning of the period	¥2,407	¥2,253	$15,064
Retirement benefit cost	188	378	2,527
Retirement benefits paid	(61)	(52)	(348)
Annual contribution	(289)	(294)	(1,969)
Other	8	(1)	(9)
Balance at the end of the period	¥2,253	¥2,283	$15,265

(4) Reconciliation between the liabilities (assets) recorded in the Consolidated Balance Sheets and the balances of defined benefit obligations and plan assets

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Retirement benefit obligations of the savings plans	¥37,934	¥35,593	$238,032
Plan assets	(32,599)	(32,550)	(217,680)
Retirement benefits trusts	(4,648)	(2,504)	(16,744)
	687	539	3,608
Retirement benefit obligations of the non-savings plans	8,617	8,073	53,987
Net liabilities (assets) recorded on the Consolidated Balance Sheets	9,304	8,612	57,595
Gross defined benefit liability	10,661	10,592	70,836
Gross defined benefit asset	(1,357)	(1,980)	(13,240)
Net liabilities (assets) recorded on the Consolidated Balance Sheets	¥9,304	¥8,612	$57,595

(5) Components of net periodic retirement benefits costs

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Service cost	¥2,263	¥2,175	$14,545
Interest cost	403	454	3,039
Expected return on plan assets	(489)	(661)	(4,420)
Recognized actuarial (gains) or losses	788	(467)	(3,120)
Amortization of prior service cost	(441)	(393)	(2,631)
Net retirement benefit costs of the plans adopting the simplified method	188	378	2,528
Retirement benefit costs related to the defined benefit plans	¥2,712	¥1,486	$9,940

Notes: Extra retirement payments for the years ended March 31, 2024 and 2025 in the amount of ¥1,346 million and ¥2,914 million (US$19,488 thousand) respectively, are accounted for as "business restructuring expenses" of extraordinary loss.

(6) Remeasurements of defined benefit plans before deduction of deferred tax

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Prior service cost	¥248	¥246	$1,644
Actuarial (gains) or losses	(4,436)	(623)	(4,167)
Other	31	(77)	(517)
Total	(¥4,157)	(¥455)	($3,041)

(7) Accumulated other comprehensive income before deduction of deferred tax on defined retirement benefit plans

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Unrecognized prior service cost	(¥2,118)	(¥1,872)	($12,522)
Unrecognized actuarial (gains) or losses	(368)	(1,069)	(7,146)
Total	(¥2,486)	(¥2,941)	($19,668)

(8) Plan assets consisted of the following :

	2024	2025	
Bonds payable	38	31	%
Equity securities	26	25	
Cash and deposits	13	14	
General accounts	1	1	
Others	23	28	
Total	100	100	%

Note. Employee retirement benefits trusts contributed to the company pension plan as of March 31, 2024 and 2025 represent approximately 12% and 7% of "Plan assets total" respectively.

(9) Method to establish a long-term expected return on plan assets

To determine the long-term expected return on plan assets, the present and expected allocation of plan assets and the present and expected future returns from a variety of plan assets have been taken into account.

(10) The actuarial assumptions used

	2024	2025
Discount rates	Mainly 0.9%	Mainly 1.6%
Expected long-term expected return on plan assets	Mainly 1.5%	Mainly 1.5%
Lump sum election rate	Mainly 83.6%	Mainly 76.0%
Re-evaluation rate	Mainly 0.1%	Mainly 0.1%

(c) Defined contribution plan

Total annual contributions to the defined contribution plans for the years ended March 31, 2024 and 2025 are ¥886 million and ¥1,032 million (US$6,903 thousand), respectively.

29. Income Taxes

(a) The significant components of deferred tax assets and liabilities at March 31, 2024 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2025	2025
Deferred tax assets:			
Net operating losses carried forward (*2)	¥18,945	¥17,155	$114,727
Impairment losses	5,572	6,090	40,728
Loss on valuation of investments in capital of subsidiaries and associates	5,369	5,526	36,953
Bonus accrual	3,174	4,086	27,323
Foreign tax credit carried forward	3,324	3,130	20,935
Net defined benefit liability	2,953	3,103	20,752
Inventory devaluations	1,887	3,041	20,338
Allowance for doubtful accounts	2,697	2,634	17,615
Elimination of intercompany profits on inventories	1,376	1,694	11,326
Depreciation	1,205	1,161	7,761
Loss on valuation of investment securities	935	874	5,848
Elimination of intercompany profits on fixed assets	777	811	5,427
Enterprise taxes	379	635	4,249
Other	9,465	13,027	87,121
Gross deferred tax assets	58,057	62,968	421,103
Valuation allowance related to net operating losses carried forward (*2)	(18,018)	(15,921)	(106,472)
Valuation allowance related to total deductible temporary difference, etc.	(20,034)	(20,289)	(135,685)
Subtotal of valuation allowance (*1)	(38,052)	(36,210)	(242,157)
Total deferred tax assets	20,005	26,758	178,946
Deferred tax liabilities:			
Unrealized gains on investment securities	968	1,719	11,499
Retained earnings of equity-method affiliated company	1,706	1,538	10,286
Special tax-purpose reserve for deferred gain on sale of property	618	633	4,231
Asset retirement obligations	66	61	410
Other	285	612	4,091
Total deferred tax liabilities	3,642	4,563	30,516
Net deferred tax assets	¥16,362	¥22,195	$148,430

Notes:

1. There were no significant changes in the valuation allowance.

2. Net operating losses carried forward for tax purposes and correlating deferred tax assets by carry forward period.

FY2023 (consolidated fiscal year ended March 31, 2024)

Millions of yen

	Within 1 year	More than 1 year, less than 2 years	More than 2 years, less than 3 years	More than 3 years, less than 4 years	More than 4 years, less than 5 years	More than 5 years	Total
Net operating losses carried forward*1	457	2,031	2,623	456	1,287	12,091	18,945
Valuation allowance	(307)	(1,971)	(2,596)	(456)	(1,287)	(11,401)	(18,018)
Deferred tax assets	150	60	26	-	-	689	(* 2) 926

(*1): Figures for net operating losses carried forward are the amounts multiplied by effective statutory tax rate.
(*2): For the net operating losses carried forward of ¥18,945 million (amount multiplied by effective statutory tax rate), deferred tax assets of ¥926 million have been recorded.
The net operating losses carried forward was determined to be recoverable as future taxable income is anticipated, and therefore valuation allowance has not been recognized based on "Implementation Guidance on Recoverability of Deferred Tax Assets", ASBJ Guidance No. 26.

FY2024 (consolidated fiscal year ended March 31, 2025)

Millions of yen

	Within 1 year	More than 1 year, less than 2 years	More than 2 years, less than 3 years	More than 3 years, less than 4 years	More than 4 years, less than 5 years	More than 5 years	Total
Net operating losses carried forward*3	868	2,262	200	206	4,100	9,519	17,155
Valuation allowance	(661)	(2,249)	(200)	(197)	(3,786)	(8,828)	(15,921)
Deferred tax assets	207	13	-	9	314	691	(* 4) 1,234

Thousands of U.S. dollars

	Within 1 year	More than 1 year, less than 2 years	More than 2 years, less than 3 years	More than 3 years, less than 4 years	More than 4 years, less than 5 years	More than 5 years	Total
Net operating losses carried forward*3	5,807	15,129	1,336	1,377	27,420	63,659	114,727
Valuation allowance	(4,422)	(15,041)	(1,336)	(1,315)	(25,319)	(59,038)	(106,472)
Deferred tax assets	1,384	87	-	61	2,101	4,621	(* 4) 8,254

(*3): Figures for net operating losses carried forward are the amounts multiplied by effective statutory tax rate.
(*4): For the net operating losses carried forward of ¥17,155 million (US$114,727 thousand) (amount multiplied by effective statutory tax rate), deferred tax assets of ¥1,234 million (US$8,254 thousand) have been recorded.
The net operating losses carried forward are determined to be recoverable as future taxable income is anticipated, and therefore valuation allowance has not been recognized based on "Implementation Guidance on Recoverability of Deferred Tax Assets", ASBJ Guidance No. 26.

(b) Normal statutory tax rate

The Company and its domestic subsidiaries are subject to a number of different income taxes which, in aggregate, indicate a normal statutory tax rate in Japan of approximately 30.5% for the years ended March 31, 2024 and 2025.
A reconciliation between the normal statutory income tax rate and the effective income tax rate in the accompanying Consolidated Statements of Income for the years ended March 31, 2024 and 2025 are as follows:

	2024	2025	
Normal statutory tax rate	30.5	30.5	%
Permanently non-deductible expenses such as entertainment expenses	0.0	0.0	
Permanently non-taxable income such as dividend income	(0.1)	1.5	
Withholding tax on dividends from foreign subsidiaries	1.3	0.4	
Per capita rate of local tax	0.1	0.1	
Elimination of intercompany dividend income	0.5	1.0	
Special tax credit	(1.8)	(1.0)	
Equity in losses of affiliates	(1.4)	(1.6)	
Tax exemption in foreign tax jurisdiction	(0.1)	(0.0)	
Valuation allowance	(8.2)	(0.7)	
Effect of lower tax rates at overseas subsidiaries	(4.5)	(7.5)	
Amortization of Goodwill	(0.4)	(0.2)	
Retained earnings of overseas subsidiaries	(0.5)	(0.1)	
Income taxes for prior periods	1.3	(0.0)	
Expiration of loss carryforwards	0.2	0.1	
Foreign tax amount carried forward etc.	1.5	0.3	
Other	(1.3)	(0.4)	
Effective income tax rate	17.3	22.2	%

(c) Revision of amounts for deferred tax assets and deferred tax liabilities due to revision of corporate income tax rates

In conjunction with the Act on Partial Revision of the Income Tax Act, etc. (Act No. 13, 2025) passed by the National Diet on March 31, 2025, a "Special Defense Corporation Tax" will be imposed for the consolidated fiscal year beginning on April 1, 2026.
We have therefore revised the statutory effective tax rate from 30.5% to 31.4% for calculating deferred tax assets and deferred tax liabilities relating to temporary differences expected to be reversed in the consolidated fiscal year beginning on April 1, 2026 and subsequent fiscal years.
This revision resulted in the following changes in the consolidated fiscal year under review:
An increase of ¥75 million (US$503 thousand) in net deferred tax assets (amount less deferred tax liabilities) and decreases of ¥131 million (US$873 thousand) in income taxes – deferred, ¥49 million (US$324 thousand) in valuation difference on available-for-sale securities, and ¥7 million (US$46 thousand) in remeasurements of defined benefit plans.

(d) Accounting treatment of national and local corporate taxes and of tax effect accounting for such taxes

The Company and some of its domestic subsidiaries adopt the Japanese group relief system and disclose accounting treatment of national and local corporate taxes and the tax effect accounting for such taxes, in accordance with Practical Solution on the Accounting and Disclosure Under the Japanese group relief system (Practical Solution No. 42, August 12, 2021).

30. Investment and Rental Property

The Companies own office buildings including land for rent in Tokyo and other districts. Profits generated from these investments and rental properties were ¥4,924 million and ¥4,922 million (US$32,919 thousand) for the fiscal years ended March 31, 2024 and 2025, respectively.
The majority of rental revenues were recorded in Net sales and majority of rental costs were recorded in Cost of sales in the Consolidated Statements of Income.
Book value, increase and decrease during the year and fair value of the investment and rental property at March 31, 2024 and 2025 are as follows:

For the Year Ended March 31, 2024

Millions of yen			
Amounts in the Consolidated Balance Sheets (*1)			
Balance at beginning of the year	Increase and decrease in property during the year (*2)	Balance at end of the year	Fair value at end of the year (*3)
¥38,871	(¥25)	¥38,847	¥116,441

(*1) Amounts in the Consolidated Balance Sheets are computed based on acquisition costs after deducting accumulated depreciation and impairment charges.
(*2) The primary decrease in property during the year is the depreciation in the amount of ¥1,669 million.
(*3) Fair value at end of year is primarily based on "Real Estate Appraisal Standards".
However, the fair value is based on the most recent valuation when there have been no significant fluctuations in the valuation or in the indicators that reflect market value appropriately.

For the Year Ended March 31, 2025

Millions of yen			
Amounts in the Consolidated Balance Sheets (*1)			
Balance at beginning of the year	Increase and decrease in property during the year (*2)	Balance at end of the year	Fair value at end of the year (*3)
¥38,847	(¥410)	¥38,437	¥114,121

Thousands of U.S. dollars			
Amounts in the Consolidated Balance Sheets (*1)			
Balance at beginning of the year	Increase and decrease in property during the year (*2)	Balance at end of the year	Fair value at end of the year (*3)
$259,791	($2,739)	$257,051	$763,198

(*1) Amounts in the Consolidated Balance Sheets are computed based on acquisition costs after deducting accumulated depreciation and impairment charges.
(*2) The primary decrease in property during the year is the depreciation in the amount of ¥1,713 million (US$11,455 thousand).
(*3) Fair value at end of the year is primarily based on "Real Estate Appraisal Standards".
However, the fair value is based on the most recent valuation when there have been no significant fluctuations in the valuation or in the indicators that reflect market value appropriately.

31. Revenue Recognition

(a) Information on revenue by goods or services and by main regional markets is provided below.

	For the year ended March 31, 2024						
	Millions of yen						
Main regional markets	Telecommunication Systems Business Division	Electronics Business Division	Automotive Products Business Division	Power Systems Business Division	Real Estate Business Division (*1)	Other (*2)	Total
Japan	¥15,862	¥30,558	¥26,970	¥138,266	¥10,520	¥4,848	¥227,025
Asia (excluding Japan)	16,231	74,769	9,314	491	-	1,005	101,810
North America	222,841	49,653	54,451	175	-	1,600	328,720
Europe	32,078	8,370	67,652	162	-	1,188	109,450
Other	10,217	1,327	21,138	21	-	51	32,755
Revenue from contracts with customers	¥297,229	¥164,676	¥179,526	¥139,116	¥10,520	¥8,692	¥799,760

	For the year ended March 31, 2025						
	Millions of yen						
Main regional markets	Telecommunication Systems Business Division	Electronics Business Division	Automotive Products Business Division	Power Systems Business Division	Real Estate Business Division (*1)	Other (*2)	Total
Japan	¥17,134	¥19,336	¥32,139	¥144,830	¥10,823	¥4,004	¥228,266
Asia (excluding Japan)	21,415	80,104	9,016	192	-	471	111,198
North America	369,465	73,876	52,754	-	-	2,074	498,169
Europe	31,651	11,396	63,369	162	-	2,585	109,163
Other	11,597	1,187	19,777	18	-	-	32,579
Revenue from contracts with customers	¥451,262	¥185,899	¥177,055	¥145,201	¥10,823	¥9,135	¥979,375

	Thousands of U.S. dollars						
Main regional markets	Telecommunication Systems Business Division	Electronics Business Division	Automotive Products Business Division	Power Systems Business Division	Real Estate Business Division (*1)	Other (*2)	Total
Japan	$114,589	$129,313	$214,935	$968,568	$72,378	$26,778	$1,526,559
Asia (excluding Japan)	143,212	535,702	60,297	1,283	-	3,152	743,647
North America	2,470,843	494,055	352,801	-	-	13,868	3,331,566
Europe	211,672	76,211	423,788	1,080	-	17,290	730,041
Other	77,553	7,941	132,260	120	-	-	217,875
Revenue from contracts with customers	$3,017,869	$1,243,223	$1,184,079	$971,051	$72,378	$61,088	$6,549,689

Notes:

(*1) Revenue in Real Estate Business Division include revenue, etc. based on the Accounting Standard for Lease Transactions (ASBJ Statement No. 13, March 30, 2007) in addition to revenue from contracts with customers.

(*2) "Other" includes new businesses to launch which are excluded from the aforementioned 5 segments.

(*3) Shows the amount after elimination of intersegment sales and transfers.

(b) Basic information for understanding revenue from contracts with customers
The Company and its consolidated subsidiaries recognize revenue based on the following five-step approach.

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the Companies fulfill the performance obligations.

The Companies manufacture and sell products, perform services, and engage in other business activities through Telecommunication Systems Business Division, Electronics Business Division, Automotive Products Business Division and Power Systems Business Division. Real Estate Business Division recognizes revenue based on the expected amount to be received in exchange for goods or services when control over the promised goods or services is transferred to the customer.
The Companies regard the supply of finished products to customers as their main performance obligation.
The Companies recognize revenue based on the amount the companies expect to receive in exchange for the promised goods or services when control over the goods or services is transferred to the customer, in principle. However, the Companies recognize revenue at the time of shipment for domestic sales since the time period from shipment to when control is transferred to the customer is short and consistent.
Also, the Companies have set warranty periods for products delivered by the Companies, and have obligations to return or exchange products.
Moreover, the Companies recognize revenue in proportion to the progress of the obligation for performance obligations fulfilled over a certain period of time.
The Companies calculate the transaction price by deducting the amount of discounts and other variable elements from the amount promised as compensation in the contract with the customer.
The compensation for these performance obligations is generally received within 1 year after fulfillment, according to separately stipulated payment conditions. Compensation does not include significant financing components.
The Companies recognize revenue based on the net amount of compensation after the procurement cost of raw materials, etc. is deducted for fee-based transactions in which payment is received for sales to a customer after procuring raw materials, etc. from the customer and processing them.
Power Systems Business Division also engages in transactions in equal volumes of copper material among multiple companies (so-called barter transactions) to reduce transport costs and ensure a stable supply of copper material.
The Companies recognize revenue based on the net amount.
For fee-based transactions applicable to repurchase agreements, the Companies recognize inventories for the remaining goods supplied to fee payers and recognize “Liabilities for fee-based transactions” in amounts equivalent to the end-of-period inventory balances for the remaining goods supplied to fee payers.
Revenue on fee-based transactions is recognized only on the net amount equivalent to the processing fee.
Moreover, performance obligations fulfilled over a certain period of time are recognized as “Contract assets.”
When compensation is received from the customer before transfer of the goods or services to the customer, “Contract liabilities” are recognized on the compensation received from the customer at the time compensation is received or when the payment deadline has arrived, whichever is sooner.

(c) Information on the relationship between the fulfillment of obligations based on contracts with customers and the cash flows that arise from such contracts, and the amount and timing of revenue the Companies expect to recognize in the next fiscal year onward from contracts with customers that exist at the end of the current fiscal year

(1) Balance of contract assets and contract liabilities, etc.
Notes on the balances for contract assets and contract liabilities of the Companies have been omitted because the balances are presented in the Consolidated Balance Sheets. The revenue recognized in fiscal year ended March 31, 2025 from performance obligations fulfilled (or partially fulfilled) in past fiscal years is not material in amount.

(2) Transaction price allocated to remaining unfulfilled performance obligations
The Companies do not have material contracts for which the initially expected contract term exceeds one year.
The allocation of the transaction price to remaining unfulfilled performance obligations has therefore been omitted for practical expediency.

32. Segment Information

(Segment Information)

(a) Summary of reporting segments

The Group's reporting segments are components of the Group for which separate financial statements are available that are regularly monitored by the management in deciding how to allocate resources and in assessing performance.

The Group classifies its businesses into 5 segments, which are "Telecommunication Systems Business Division", "Electronics Business Division", "Automotive Products Business Division", "Power Systems Business Division", and "Real Estate Business Division", considering similarities in production methods, production processes, applications and sales methods.

Definitions of the 5 segments are as follows:

Telecommunication Systems Business Division deals with Optical fibers, Optical fiber cables, Telecommunication components, Optical components, Fiber optic equipment, Network equipment, Installation, etc.

Electronics Business Division deals with Flexible printed circuits, Electronic wiring, HDD components, Various kinds of connectors, etc.

Automotive Products Business Division deals with Automotive wire harnesses, Accessories & Installation, etc.

Power Systems Business Division deals with Power cables, Telecommunication cables, Aluminum wires, Enameled wires, etc.

Real Estate Business Division deals with Real estate rental, etc.

(b) Basis of calculation for sales, profits or losses, assets, liabilities and other items by reporting segments

Accounting policy and method used for segment information by reporting segments are identical to those as described in "2. Summary of Significant Accounting Policies" above.

Profits by reporting segment are based on operating profit as stated in the Consolidated Statements of Income.

(c) Information on sales, profit or loss, assets, liabilities, and other items by reporting segment

For the year ended March 31, 2024

Millions of yen

Reporting segments	Telecommunication Systems Business Division	Electronics Business Division	Automotive Products Business Division	Power Systems Business Division	Real Estate Business Division	Other (*1)	Total	Adjustment (* 2,3,4)	Consolidated total
Sales to outside customers	¥297,229	¥164,676	¥179,526	¥139,116	¥10,520	¥8,692	¥799,760	¥ -	¥799,760
Inter-segment sales	452	325	0	1,034	-	-	1,812	(1,812)	-
Total sales	297,681	165,002	179,526	140,150	10,520	8,692	801,571	(1,812)	799,760
Segment profit (loss)	39,191	16,627	1,175	8,705	4,855	(1,069)	69,483	-	69,483
Segment total assets	234,624	133,439	93,594	79,841	37,059	14,404	592,961	130,906	723,867
Depreciation and amortization	9,381	6,449	2,454	2,170	1,852	545	22,850	-	22,850
Impairment losses	2,324	-	992	-	-	-	3,317	-	3,317
Increase in property, plant and equipment and intangible assets	¥8,910	¥5,722	¥1,716	¥1,696	¥552	¥193	¥18,789	¥2,031	¥20,820

Notes:

(*1) "Other" includes new businesses to launch which are excluded from the aforementioned 5 segments.

(*2) Adjustment of ¥130,906 million in "Segment total assets" represents common assets not allocated to each reporting segment in the amount of ¥132,498 million and elimination of inter-segment transactions in the amount of ¥(1,592) million.
Common assets mainly consist of assets related to investment securities, research and development and administrative divisions of the Company.

(*3) The standard for allocation of property, plant and equipment to each segment and the standard for allocation of depreciation and amortization expenses differ.

(*4) Adjustment of ¥2,031 million of "Increase in property, plant and equipment and intangible assets" represents an increase in common assets not allocated to each reporting segment.

For the year ended March 31, 2025

Millions of yen

Reporting segments	Telecommuni-cation Systems Business Division	Electronics Business Division	Automotive Products Business Division	Power Systems Business Division	Real Estate Business Division	Other (*1)	Total	Adjustment (* 2,3,4)	Consolidated total
Sales to outside customers	¥451,262	¥185,899	¥177,055	¥145,201	¥10,823	¥9,135	¥979,375	¥ -	¥979,375
Inter-segment sales	153	552	-	1,232	-	-	1,936	(1,936)	-
Total sales	451,415	186,451	177,055	146,433	10,823	9,135	981,311	(1,936)	979,375
Segment profit (loss)	92,167	22,902	5,821	11,943	4,855	(2,168)	135,519	-	135,519
Segment total assets	355,691	148,104	77,406	80,524	37,593	11,083	710,401	119,906	830,307
Depreciation and amortization	8,956	5,674	2,329	2,025	1,903	488	21,374	-	21,374
Impairment losses	217	7,273	226	16	-	197	7,930	-	7,930
Increase in property, plant and equipment and intangible assets	¥15,373	¥5,662	¥1,886	¥2,349	¥2,439	¥1,087	¥28,797	¥1,876	¥30,673

Reporting segments	Telecommuni-cation Systems Business Division	Electronics Business Division	Automotive Products Business Division	Power Systems Business Division	Real Estate Business Division	Other (*1)	Total	Adjustment (* 2,3,4)	Consolidated total
Sales to outside customers	$3,017,869	$1,243,223	$1,184,079	$971,051	$72,378	$61,088	$6,549,689	$ -	$6,549,689
Inter-segment sales	1,020	3,691	-	8,238	-	-	12,950	(12,950)	-
Total sales	3,018,890	1,246,914	1,184,079	979,290	72,378	61,088	6,562,638	(12,950)	6,549,689
Segment profit (loss)	616,375	153,163	38,930	79,867	32,467	(14,501)	906,301	-	906,301
Segment total assets	2,378,727	990,463	517,660	538,515	251,407	74,121	4,750,892	801,886	5,552,778
Depreciation and amortization	59,892	37,943	15,573	13,542	12,729	3,264	142,943	-	142,943
Impairment losses	1,452	48,640	1,510	109	-	-	53,031	-	53,031
Increase in property, plant and equipment and intangible assets	$102,810	$37,865	$12,615	$15,712	$16,311	$7,269	$192,581	$12,546	$205,127

Notes:
(*1) "Other" includes new businesses to launch which are excluded from the aforementioned 5 segments.
(*2) Adjustment of ¥119,906 million (US$801,889 thousand) in "Segment total assets" represents common assets not allocated to each reporting segment in the amount of ¥121,338 million (US$811,460 thousand) and elimination of inter-segment transactions in the amount of ¥(1,432) million (US$(9,574) thousand). Common assets mainly consist of assets related to investment securities, research and development and administrative divisions of the Company.
(*3) The standard for allocation of property, plant and equipment to each segment and the standard for allocation of depreciation and amortization expenses differ.
(*4) Adjustment of ¥1,876 million (US$12,546 thousand) of "Increase in property, plant and equipment and intangible assets" represents an increase in common assets not allocated to each reporting segment.

(Related information)
(a) Information by products and services
Omitted in the notes because the same information is disclosed in segment information.

(b) Geographical segment information
Sales

	Millions of yen				
2024	Japan	U.S.	China	Others	Total
Sales to external customers	¥227,025	¥298,073	¥56,430	¥218,231	¥799,760

Property, plant and equipment

	Millions of yen					
2024	Japan	U.S.	Thailand	China	Others	Total
Property, plant and equipment	¥87,566	¥28,465	¥26,437	¥14,289	¥8,940	¥165,696

Sales

	Millions of yen				
2025	Japan	U.S.	China	Others	Total
Sales to external customers	¥228,266	¥464,284	¥58,264	¥228,561	¥979,375

Property, plant and equipment

	Millions of yen					
2025	Japan	U.S.	Thailand	China	Others	Total
Property, plant and equipment	¥92,722	¥35,238	¥22,383	¥12,203	¥8,818	¥171,364

Sales

	Thousands of U.S. dollars				
2025	Japan	U.S.	China	Others	Total
Sales to external customers	$1,526,559	$3,104,952	$389,650	$1,528,527	$6,549,689

Property, plant and equipment

	Thousands of U.S. dollars					
2025	Japan	U.S.	Thailand	China	Others	Total
Property, plant and equipment	$620,089	$235,662	$149,690	$81,608	$58,971	$1,146,020

(c) Major customer information
This information has been omitted as there were no customers to whom the Group individually recorded external sales representing 10% or more of consolidated net sales for the years ended March 31, 2024 and 2025.

(d) Impairment loss information
Omitted in the notes because the same information is disclosed in segment information.

(e) Goodwill information

For the year ended March 31, 2024

Reporting segments	Telecommunication Systems Business Division	Electronics Business Division	Automotive Products Business Division	Power Systems Business Division	Real Estate Business Division	Total
	Millions of yen					
Amortization	¥1,309	¥ -	¥ -	¥ -	¥ -	¥1,309
Unamortized goodwill	10,095	-	-	-	-	10,095

For the year ended March 31, 2025

Reporting segments	Telecommunication Systems Business Division	Electronics Business Division	Automotive Products Business Division	Power Systems Business Division	Real Estate Business Division	Total
	Millions of yen					
Amortization	¥1,542	¥ -	¥ -	¥ -	¥ -	¥1,542
Unamortized goodwill	8,534	-	-	-	-	8,534

Reporting segments	Telecommunication Systems Business Division	Electronics Business Division	Automotive Products Business Division	Power Systems Business Division	Real Estate Business Division	Total
	Thousands of U.S. dollars					
Amortization	$10,314	$ -	$ -	$ -	$ -	$10,314
Unamortized goodwill	57,072	-	-	-	-	57,072

(f) Information about gain on negative goodwill
None.

33. Related Parties

(Related party transactions)

The tables below summarize the related party transactions with unconsolidated subsidiaries and affiliated companies accounted for using the equity method for the year ended March 31:

2024 (Millions of yen)

Relationship	Name of company	Location	Paid-in-Capital	Description of business	Share of voting rights (%)	Transactions with related parties	Description of transaction	Amount of transactions (*2)	Financial statement line-item	The fiscal year-end balance (*2)
Affiliated companies	VISCAS Corporation	Ota, Tokyo	¥10	Power Systems Business Division	Directly owned (50.0%)	Financial assistance	Loan (*1)	¥175	Long-term loans receivable(*3)	¥8,771

2025 (Millions of yen)

Relationship	Name of company	Location	Paid-in-Capital	Description of business	Share of voting rights (%)	Transactions with related parties	Description of transaction	Amount of transactions (*2)	Financial statement line-item	The fiscal year-end balance (*2)
Affiliated companies	VISCAS Corporation	Ota, Tokyo	¥10	Power Systems Business Division	Directly owned (50.0%)	Financial assistance	Loan (*1)	¥700	Long-term loans receivable(*3)	¥8,271

2025 (Thousands of U.S. dollars)

Relationship	Name of company	Location	Paid-in-Capital	Description of business	Share of voting rights (%)	Transactions with related parties	Description of transaction	Amount of transactions (*2)	Financial statement line-item	The fiscal year-end balance (*2)
Affiliated companies	VISCAS Corporation	Ota, Tokyo	$67	Power Systems Business Division	Directly owned (50.0%)	Financial assistance	Loan (*1)	$4,681	Long-term loans receivable(*3)	$55,313

Terms and conditions of the above transactions and the policy to determine the terms and conditions:

(Notes) (*1) Interest rates are determined by taking market rates into account.

(*2) Consumption taxes are not included in the amount of transactions but are included in the fiscal year-end balance.

(*3) The Company recorded an allowance for doubtful accounts totaling ¥8,462 million and ¥7,976 million (US$53,338 thousand) for the balance of long-term loans receivable from affiliated companies for the years ended March 31, 2024 and 2025. The Company recorded the provision of allowance for doubtful accounts ¥178 million for the year ended March 31, 2024 and reversal of allowance for doubtful accounts ¥486 million (US$3,251 thousand) for the year ended March 31, 2025.

34. Per Share Information

Per share:	Yen 2024	Yen 2025	U.S. dollars 2025
Net assets per share	¥1,236.73	¥1,476.96	$9.88
Net income per share- basic	¥184.96	¥330.32	$2.21

Notes:
1. As the Company does not have any instruments that have dilutive effect, the Company has not disclosed net income per share-fully diluted data.

2. In calculating "Net assets per share", the Company's shares held by the trust account related to the share delivery trust established for the share-based payment system for directors etc. are included in treasury stock deducted from the total number of issued shares at the end of the fiscal year, totaling 495 thousand shares at the end of the previous consolidated fiscal year, and 414 thousand shares at the end of the current consolidated fiscal year. Also, in calculating "Net income per share", those shares are included in treasury stock deducted from the average number of shares during the term, which were 495 thousand shares in the previous consolidated fiscal year, and 448 thousand shares in the current consolidated fiscal year.

Basis for computation of per share data:	Millions of yen 2024	Millions of yen 2025	Thousands of U.S. dollars 2025
Profit attributable to owners of parent	¥51,011	¥91,123	$609,399
Profit attributable to common shareholders	¥51,011	¥91,123	$609,399

	Thousands of shares 2024	Thousands of shares 2025
Number of weighted average shares	275,801	275,868

35. Subsequent Events

None.

Independent Auditor’s Report

To the Board of Directors of Fujikura Ltd.

THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Fujikura Ltd. ("the Company") and its subsidiaries (collectively referred to as “the Group”), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.

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

Basis for Opinion

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

Key Audit Matters

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

In the audit of consolidated financial statements in the previous year, we determined that following matters are key audit matters.

- Evaluation of the risk of material misstatement and implementation of auditor's responses to the assessed risks taking into consideration the status of the remediation of material weaknesses in internal controls over financial reporting
- Impairment analysis of the optical fiber business in China
- Impairment analysis of the FPC business

From the matters communicated with those charged with governance in the current fiscal year, we verified which matters will be key audit matters considering the changes of assessment of significant risk and or risk of material misstatement, significant judgments in our audit, the impact of material events or transactions that occurred in the current fiscal year, relative importance in our audit and company-specific matters.

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“Evaluation of the risk of material misstatement and implementation of auditor's responses to the assessed risks taking into consideration the status of the remediation of material weaknesses in internal controls over financial reporting” has been removed as a key audit matter in the current fiscal year, as America Fujikura Ltd. and its subsidiaries(AFL group), had completed the remediation of deficiencies in entity level controls in the previous fiscal year.

In addition, “Impairment analysis of the FPC business” has been removed as a key audit matter in the current fiscal year since the risk of material misstatements as of March 31, 2025 have declined as a result of recognition of impairment losses at the end of the interim consolidated accounting period of the current fiscal year.

As a result, during the audit of consolidated financial statements in the current fiscal year, we determined that the following matter is a key audit matter.

Impairment analysis of the optical fiber business in China

<table>
<tr><td colspan="2">Impairment analysis of the optical fiber business in China
(Notes on consolidated financial statements, 3. Significant Accounting Estimates, Impairment analysis of fixed assets of optical fiber business in China)</td></tr>
<tr><th>Key audit matter description</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>As of March 31, 2025, the Company has recorded property, plant and equipment of 171,364 million yen (20.6% of total consolidated assets) on its consolidated balance sheet. Of that total, property, plant and equipment of 10,210 million yen (1.2% of consolidated assets) relates to the Chinese optical fiber business owned by Fujikura FiberHome Opto-Electronics Material Technology Co., Ltd. (hereinafter referred to as "FFOE") located in China.

The optical fiber business in China is included in the Power & Telecommunication Systems Company segment, and China optical fiber business is identified as the cash-generating unit.

Although in this fiscal year, the Company has recorded an operating profit in relation to the optical fiber business in China, the market conditions of optical fibers is significantly deteriorating in the meantime, resulting in concerns about significant deterioration in the business environment, such as uncertain purchasing plans of major customers and the risk of a decline in sales prices. Therefore, the Company identified an indicator of potential impairment related to the China optical fiber business.</td><td>In order to evaluate the impairment analysis of the optical fiber business in China, we performed the following principal audit procedures, including the work performed by the auditors of FFOE, which was based on instructions provided by us.

We understood and evaluated the design and implementation and operating effectiveness of internal controls related to the process of developing and approving future plans for the optical fiber business in China.

We verified the consistency of the future plans approved by management and the future cash flows used in the impairment analysis of the optical fiber business in China.

We performed the following procedures to examine the reasonableness of the future plans for the optical fiber business in China.

• Obtained an understanding of the Chinese optical fiber business strategy through discussions with management.

• Inquired with the officers and employees of the optical fiber business in China regarding assumptions used in developing future plans and evaluated the reasonableness of those assumptions.</td></tr>
</table>

As a result of the management's impairment assessment, it was determined that no impairment losses were required for the current fiscal year, as the value in use of the optical fiber business in China exceeded the carrying value of property, plant and equipment attributable to this business. Based on PITF No.18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements", the Company used consolidated financial information prepared by FFOE in accordance with International Financial Reporting Standards for the purposes of their assessment. The value in use was estimated based on the present value of the future cash flows based on the future plans of the China optical fiber business which were developed and approved by management. The future plans of the China optical fiber business depend on the assumption that the selling price of optical base materials will fluctuate in line with the movement in selling prices as forecasted by market research companies. Also, the discount rate of 14.08% used in calculating the value in use is the pre-tax weighted average cost of capital. These assumptions involve management's subjective judgment and because of the high degree of estimation uncertainty, the quantitative significance of the property, plant and equipment balance of China optical fiber business, a high degree of audit judgment is required for the evaluation. Therefore, we determined that the matter is a key audit matter.	• Compared the Company's forecasted optical fiber market price in China with the market price forecasts in available market research firm reports. • Evaluated the reasonableness of the discount rate with the assistance of valuation specialists. We evaluated the adequacy of the work performed by the auditors of FFOE and the evidence obtained through communication with them, and examination of the documents prepared by them.

Other Information

Other information comprises information included in a document containing audited financial statements but dose not include the financial statements and our auditor's report thereon. We have determined that there is no other information and thus have not performed any work on other information.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

As part of 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our

auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 those charged with governance, 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.

Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 8 to the consolidated financial statements.

FEE-RELATED INFORMATION

In connection with our audit of the consolidated financial statements for the year ended March 31, 2025, the amounts of fees for the audit and the other services charged to Fujikura Ltd. and its controlled entities by PricewaterhouseCoopers Japan LLC and other PwC Network firms are 690 million yen and 132 million yen, respectively.

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.

Tsuyoshi Saito	Takahiro Oikawa	Yoshitaka Sakurai
Tsuyoshi Saito	Takahiro Oikawa	Yoshitaka Sakurai
Designated Engagement Partner Certified Public Accountant	Designated Engagement Partner Certified Public Accountant	Designated Engagement Partner Certified Public Accountant

June 26, 2025