Fuji Seal International, Inc. and Subsidiaries

Consolidated Financial Statements for the Ended March 31, 2026, and Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Fuji Seal International, Inc.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Fuji Seal International, Inc. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2026, 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, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside 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 provisions of the Code of Professional Ethics in Japan, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 the matter.

Revenue recognition of machinery sales	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
The Group sales revenue amounts to ¥217,752 million ($1,361,971 thousand), in the consolidated statement of income for the year ended March 31, 2026. Of this, sales revenue from label sales, including sales of shrink sleeve labels, pressure sensitive labels, and spouted pouches, is ¥194,581 million ($1,217,044 thousand), and sales revenue from machinery sales is ¥23,170 million ($144,921 thousand). As noted in the section "Recognition Criteria for Revenue," revenue from label sales is mainly recognized at the time the product arrives or is shipped. In contrast, revenue from sales of made-to-order packaging machinery is normally recognized when a customer completes an acceptance inspection in accordance with the terms and conditions of the agreement with the customer. The customer performs the required acceptance inspection after the ordered machinery is carried to the customer's site and the installation and test run of the machinery are completed. This point in time is indicated by inspection certificates or daily work reports. Since the amount of sales and profits per transaction for machinery sales are relatively higher than those for label sales, the completion of the acceptance inspection within the fiscal year is important for performance measurement. Due to the nature of machinery sales, the timing of revenue recognition of machinery sales requires careful consideration; therefore, we considered it a key audit matter.	Our audit procedures related to the cut-off assertion for the timing of revenue recognition of machinery sales included the following, among others: • We evaluated the design and operating effectiveness of internal controls over the machinery sales process, which is from the receipt of the order through the acceptance inspection. • In order to evaluate the risk of recognizing revenue earlier, we compared the order backlog information with the actual timing of machinery sales to identify any cases where revenue was recorded earlier than the due date for the order or where revenue was recognized earlier than the normal expected period from order to acceptance inspection, and, if identified, we evaluated the reasonableness of the revenue recognition timing including making inquiries to the sales managers and inspection of supporting documents. • In order to determine that the timing of revenue recognition was appropriate based on the fact of acceptance inspection by the customer, we performed audit sampling and agreed the samples with the documents, such as contracts with customers, acceptance inspection certificates obtained from customers, daily work reports, and the results of the acceptance inspections evidencing the completion of the installation.

Other Information

Other information comprises the information included in the Group's disclosure documents accompanying the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We determined that no such information existed and therefore, we did not perform any work thereon.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

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

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

The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material 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. The procedures selected depend on the auditor's judgment. In addition, we 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, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2026, which were charged by us and our network firms to Fuji Seal International, Inc. and its subsidiaries were ¥140 million and ¥32 million, 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.

Deloitte Touche Tohmatsu LLC
August 5, 2026

Fuji Seal International, Inc. and Consolidated Subsidiaries

Consolidated Balance Sheet
March 31, 2026

ASSETS	Millions of Yen 2026	Millions of Yen 2025	Thousands of U.S. Dollars (Note 1) 2026
CURRENT ASSETS:			
Cash and cash equivalents (Notes 20)	¥ 35,344	¥ 29,051	$ 221,065
Receivables (Notes 7, 8, and 20):			
Notes and accounts receivable—trade	56,232	52,849	351,713
Electronically recorded monetary claims—trade	10,296	12,583	64,398
Other	4,571	2,663	28,590
Allowance for doubtful accounts	(95)	(236)	(594)
Inventories (Note 5)	28,799	27,623	180,128
Other current assets	3,481	8,539	21,772
Total current assets	138,630	133,075	867,087
PROPERTY, PLANT AND EQUIPMENT:			
Land (Note 6)	9,331	8,991	58,362
Buildings and structures (Note 6)	60,207	56,924	376,576
Machinery, equipment and vehicles (Note 6)	108,483	106,997	678,527
Tools, furniture and fixtures	12,100	11,041	75,681
Lease assets (Note 19)	574	541	3,590
Other property, plant and equipment	1,788	1,852	11,183
Construction in progress	13,791	5,328	86,258
Total	206,277	191,678	1,290,198
Accumulated depreciation	(131,147)	(126,580)	(820,283)
Total net property, plant and equipment	75,129	65,097	469,908
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 20)	3,135	3,530	19,608
Goodwill	936	871	5,854
Software	886	1,104	5,541
Long-term deposits (Note 20)	3,197	2,990	19,996
Allowance for doubtful accounts	(88)	(88)	(550)
Deferred tax assets (Notes 3 and 17)	3,287	2,499	20,559
Other assets	966	742	6,042
Total investments and other assets	12,321	11,650	77,064
TOTAL	¥226,082	¥209,822	$1,414,073

LIABILITIES AND EQUITY	Millions of Yen 2026	Millions of Yen 2025	Thousands of U.S. Dollars (Note 1) 2026
CURRENT LIABILITIES:			
Short-term bank loans (Note 14)	¥ 4,000	¥ 6,000	$ 25,018
Current portion of long-term debt (Notes 14 and 20)	745	751	4,659
Current portion of long-term lease obligations (Note 19)	89	72	556
Payables:			
Notes and accounts payable—trade	16,408	15,811	102,626
Electronically recorded obligations—operating	8,672	11,565	54,240
Other	5,663	5,289	35,420
Income taxes payable	703	1,801	4,397
Accrued expenses	4,946	5,301	30,935
Advances Received (Notes 7 and 8)	8,224	7,532	51,438
Other current liabilities (Notes 7 and 8)	3,465	2,096	21,672
Total current liabilities	52,919	56,220	330,991
LONG-TERM LIABILITIES:			
Long-term debt (Notes 14 and 20)	5,613	2,781	35,107
Long-term lease obligations (Note 19)	103	135	644
Liability for retirement benefits (Note 15)	2,986	2,751	18,676
Asset retirement obligation	638	582	3,990
Deferred tax liabilities (Note 17)	1,739	1,284	10,876
Other long-term liabilities	817	797	5,110
Total long-term liabilities	11,898	8,332	74,418
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 19 and 21)			
EQUITY (Notes 16 and 26):			
Common stock—authorized, 200,000,000 shares; issued, 60,161,956 shares in 2026 and 2025	5,990	5,990	37,465
Capital surplus	6,665	6,625	41,687
Retained earnings	135,909	119,188	850,068
Treasury stock—at cost, 6,818,091 shares in 2026 and 6,516,290 shares in 2025	(12,056)	(11,230)	(75,406)
Accumulated other comprehensive income (Note 22):			
Valuation difference on available-for-sale securities	991	1,006	6,198
Deferred gain(loss) on hedges	(3)	0	(18)
Foreign currency translation adjustments	23,556	23,423	147,335
Remeasurements of defined retirement benefit plans (Note 15)	211	265	1,319
Subtotal	24,755	24,695	154,834
Total equity	161,264	145,269	1,008,656
TOTAL	¥226,082	¥209,822	$1,414,073

See notes to consolidated financial statements.

Fuji Seal International, Inc. and Consolidated Subsidiaries

Consolidated Statement of Income
Year Ended March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
NET SALES (Note 8)	¥217,752	¥212,345	$ 1,361,971
COST OF SALES (Note 18)	169,415	167,356	1,059,638
Gross profit	48,337	44,989	302,332
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Notes 18 and 24)	27,873	26,145	174,337
Operating income	20,463	18,844	127,989
OTHER INCOME (EXPENSES):			
Interest and dividend income	523	394	3,271
Interest expense	(279)	(261)	(1,745)
Foreign exchange gain(loss)—net	1,299	(779)	8,124
Gain on sales of property, plant and equipment	11	16	68
Loss on sales and disposals of property, plant and equipment	(313)	(295)	(1,957)
Depreciation of nonoperating assets	(83)	(101)	(519)
Gain on sales of investment securities		36	
Impairment losses (Note 6)	(203)		(1,269)
Gain on liquidation of subsidiaries (Note 9)	4,984		31,173
Loss on valuation of investment securities (Note 10)	(409)		(2,558)
Expense on restructuring of organization (Note 11)	(549)	(247)	(3,433)
Subsidy income (Note 12)		49	
Loss on litigation (Note 13)	(1,205)		(7,536)
Gain on sale of golf club membership		0	
Loss on advanced depreciation deduction of fixed assets (Note 12)		(13)	
Other—net	85	228	531
Other income (expenses)—net	3,861	(973)	24,149
INCOME BEFORE INCOME TAXES	24,324	17,870	152,139
INCOME TAXES (Note 17):			
Current	(2,306)	(5,503)	(14,423)
Deferred	(1,363)	(167)	(8,525)
Total income taxes	(3,669)	(5,670)	(22,948)
NET INCOME	20,655	12,199	129,190
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 20,655	¥ 12,199	$ 129,190

(Continued)

Fuji Seal International, Inc. and Consolidated Subsidiaries

Consolidated Statement of Income
Year Ended March 31, 2026

	Yen		U.S. Dollars
	2026	2025	2026
PER SHARE OF COMMON STOCK (Notes 2.u and 23):			
Basic net income	¥387.43	¥224.93	$ 2.42
Cash dividends applicable to the year	81.00	68.00	0.50

See notes to consolidated financial statements.

Fuji Seal International, Inc. and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
NET INCOME	¥20,655	¥12,199	$129,190
OTHER COMPREHENSIVE INCOME (LOSS) (Note 22):			
Valuation difference on available-for-sale securities	(14)	(335)	(87)
Deferred gain (loss) on hedges	(3)	3	(18)
Foreign currency translation adjustment	133	6,641	831
Remeasurements of defined retirement benefit plans	(54)	267	(337)
Total other comprehensive income (loss)	60	6,577	375
COMPREHENSIVE INCOME (Note 22)	¥20,715	¥18,776	$129,565
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 22):			
Owners of the parent	¥20,715	¥18,776	$129,565
Non-controlling interests			

See notes to consolidated financial statements.

Fuji Seal International, Inc. and Consolidated Subsidiaries

Consolidated Statement of Changes in Equity
Year Ended March 31, 2026

		Millions of Yen								
						Accumulated Other Comprehensive Income				
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Shares	Valuation Difference on Available-for-sale Securities	Deferred Gain (Loss) on Hedges	Foreign Currency Translation Adjustments	Remeasurements of Defined Retirement Benefit Plans	Total Equity
BALANCE, APRIL 1, 2024	54,253,146	¥5,990	¥6,599	¥110,990	¥ (9,556)	¥1,342	¥ (3)	¥16,781	¥ (1)	¥132,142
Net income attributable to owners of the parent				12,199						12,199
Dividends of surplus, ¥73 per share				(4,000)						(4,000)
Purchase of treasury shares	(735,180)				(1,922)					(1,922)
Disposal of treasury shares (include the disposal as restricted share compensation)	127,700		26		248					274
Net changes in items other than shareholders' equity						(335)	3	6,641	267	6,577
Total changes during period	(607,480)		26	8,198	(1,674)	(335)	3	6,641	267	13,127
BALANCE, MARCH 31, 2025	53,645,666	5,990	6,625	119,188	(11,230)	1,006	0	23,423	265	145,269
Net income attributable to owners of the parent				20,655						20,655
Dividends of surplus, ¥73 per share				(3,934)						(3,934)
Purchase of treasury shares	(430,901)				(1,077)					(1,077)
Disposal of treasury shares (include the disposal as restricted share compensation)	129,100		39		251					291
Net changes in items other than shareholders' equity						(14)	(3)	133	(54)	60
Total changes during period	(301,801)		39	16,720	(825)	(14)	(3)	133	(54)	15,994
BALANCE, MARCH 31, 2026	53,343,865	¥5,990	¥6,665	¥135,909	¥ (12,056)	¥ 991	¥ (3)	¥23,556	¥ 211	¥161,264

	Thousands of U.S. Dollars (Note 1)								
					Accumulated Other Comprehensive Income				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Shares	Valuation Difference on Available-for-sale Securities	Deferred Gain (Loss) on Hedges	Foreign Currency Translation Adjustments	Remeasurements of Defined Retirement Benefit Plans	Total Equity
BALANCE, MARCH 31, 2025	$37,465	$41,437	$745,484	$(70,240)	$ 6,292	$ 0	$146,503	$ 1,657	$ 908,612
Net income attributable to owners of the parent			129,190						129,190
Dividends of surplus, $0.45 per share			(24,605)						(24,605)
Purchase of treasury shares				(6,736)					(6,736)
Disposal of treasury shares (include the disposal as restricted share compensation)		243		1,569					1,820
Net changes in items other than shareholders' equity					(87)	(18)	831	(337)	375
Total changes during period		243	104,578	(5,160)	(87)	(18)	831	(337)	100,037
BALANCE, MARCH 31, 2026	$37,465	$41,687	$850,068	$(75,406)	$ 6,198	$ (18)	$147,335	$ 1,319	$1,008,656

See notes to consolidated financial statements.

Fuji Seal International, Inc. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows
Year Ended March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes	¥24,324	¥17,870	$152,139
Adjustments for:			
Income taxes—paid	(4,465)	(4,865)	(27,927)
Depreciation and amortization	8,423	8,750	52,683
Impairment losses	203		1,269
Gain on liquidation of subsidiaries	(4,984)		(31,173)
Expense on restructuring of organization	549	247	3,433
Loss on litigation	1,205		7,536
Gain on sales of property, plant and equipment	(11)	(16)	(68)
Loss on sales and disposals of property, plant and equipment	313	295	1,957
Loss (gain) on sales of investment securities		(36)	
Loss (gain) on valuation of investment securities	409		2,558
Changes in assets and liabilities:			
Trade receivables	(143)	241	(894)
Inventories	(411)	(699)	(2,570)
Trade payables	(2,777)	(1,900)	(17,369)
Liability for retirement benefits	85	22	531
Others—net	(1,166)	1,430	(7,292)
Total adjustments	(2,771)	3,469	(17,331)
Net cash provided by operating activities	21,553	21,339	134,807
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments into time deposit	(929)	(6,252)	(5,810)
Proceeds from withdrawal of time deposit	5,896	933	36,877
Purchases of property, plant and equipment	(16,984)	(6,648)	(106,229)
Proceeds from sales of property, plant and equipment	43	108	268
Purchases of intangible assets	(305)	(270)	(1,907)
Purchases of investment securities	(35)	(455)	(218)
Proceeds from sale of investment securities	0	82	0
Others—net	(168)	42	(1,050)
Net cash used in investing activities	(12,483)	(12,459)	(78,077)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in short-term bank loans	(2,000)	1,978	(12,509)
Proceeds from long-term debt	3,600	1,516	22,516
Repayments of long-term debt	(722)	(791)	(4,515)
Purchases of treasury shares	(1,077)	(1,922)	(6,736)
Proceeds from sale of treasury shares	171	200	1,069
Dividends paid	(3,934)	(4,000)	(24,605)
Others—net	(397)	(397)	(2,483)
Net cash used in financing activities	(4,361)	(3,417)	(27,276)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	1,584	800	9,907
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	¥ 6,293	¥ 6,263	$ 39,360

(Continued)

Fuji Seal International, Inc. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows
Year Ended March 31, 2026

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2026	2025	2026
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	29,051	22,788	181,705
CASH AND CASH EQUIVALENTS AT END OF PERIOD	¥35,344	¥29,051	$221,065

See notes to consolidated financial statements.

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. Japanese yen figures less than a million yen are rounded down to the nearest million yen, except for per share data.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2025 consolidated financial statements to conform to the classifications used in 2026.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Fuji Seal International, Inc. (the "Company") is incorporated and operates. The translations of Japanese yen amount into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥159.88 to $1, the approximate rate of exchange at March 31, 2026. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. ***Consolidation***—The consolidated financial statements as of March 31, 2026, include the accounts of the Company and its 26 (27 in 2025) subsidiaries (collectively, the "Group").

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. ***Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements***—In accordance with Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification) tentatively may be used for the consolidation process, except for the following items, that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

c. ***Unification of Accounting Policies Applied to a Foreign-Associated Company for the Equity Method***—In accordance with ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments," requires adjustments to be made to conform to the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method, unless it is impracticable to determine such adjustments. In addition, financial statements prepared by a foreign-associated company in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

d. ***Business Combinations***—Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statement's provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed 1 year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date, and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interests is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interests are adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

e. ***Cash Equivalents***—Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value.

f. ***Inventories***—Inventories are stated at the lower of cost, determined by the moving-average cost method principally for finished products and work in process and by the most recent purchase price principally for raw materials and supplies, or net selling value.

g. ***Investment Securities***—Available-for-sale securities, which are not classified as either trading securities or held-to-maturity debt securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity when they are classified as securities other than shares that do not have a market value.

Shares that do not have a market value are stated at cost determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

h. ***Allowance for Doubtful Accounts***—The Allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

i. ***Property, Plant and Equipment***—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its domestic subsidiaries is computed by the straight-line method. The range of useful lives is from 2 to 50 years for buildings and structures, from 2 to 15 years for machinery, equipment and vehicles, and from 2 to 20 years for tools, furniture and fixtures.

Equipment held under the lease is depreciated by the straight-line method over the respective lease period.

Under certain conditions, such as the receipt of subsidy and insurance claim income, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired.

j. ***Long-Lived Assets***—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

k. ***Software***—Software for internal use is amortized by the straight-line method over the estimated useful lives. The estimated useful life is 5 years.

l. ***Goodwill***—Goodwill arises principally from business combinations. Goodwill represents the excess of the purchase price over the fair value of the identifiable net assets acquired. Goodwill is amortized over 13 years.

m. ***Retirement and Pension Plans***—The Company and a certain subsidiary have defined contribution pension plans and defined benefit lump-sum payment plans for employees. The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income) after adjusting for tax effects and are recognized in profit or loss primarily over 10 years but no longer than the expected average remaining service period of the employees.

n. ***Asset Retirement Obligations***—An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement, and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

o. ***Research and Development Costs***—Research and development costs are charged to income as incurred.

p. ***Leases***—Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the balance sheet. All other leases are accounted for as operating leases.

q. ***Income Taxes***—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax rates to the temporary differences.

r. ***Foreign Currency Transactions***—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

s. ***Foreign Currency Financial Statements***—The balance sheet accounts of the foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date, except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income (loss) in a separate component of equity. Revenue and expense accounts of the foreign subsidiaries are translated into yen at the average exchange rate.

t. ***Derivatives and Hedging Activities***—The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts and interest rate swaps are utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

u. ***Per Share Information***—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period retroactively adjusted for stock splits.

Diluted net income per share is not presented because there are no securities with a dilutive effect upon exercise or conversion into common stock.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

v. ***Accounting Changes and Error Corrections***—Under ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections," accounting treatments are required as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

w. ***Recognition Criteria for Revenue***—The Group recognizes revenue in the amount that it expects to receive in exchange for the goods or services it has committed under its contracts with customers when control of those goods or services is transferred to the customers.

By applying the alternative treatment set forth in Paragraph 98 of the "Guidance on Accounting Standard for Revenue Recognition," revenue is recognized at the time of shipment if the period from the time of shipment to the time when control of the product is transferred to the customer is an ordinary period in the domestic sales of the product.

x. ***Changes in Presentation***

Consolidated Statement of Income – Interest on tax refund, which was independently presented in the previous fiscal year, has been included in "Other—net" from the current fiscal year due to its decreased materiality. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have therefore been reclassified.

As a result, "Interest on tax refund" of ¥68 million and "Other—net " of ¥159 million presented in the consolidated statement of income for the previous fiscal year have been reclassified to "Other—net " (¥228 million).

y. ***New Accounting Pronouncements***—On September 13, 2024, the ASBJ revised ASBJ Statement No. 34, "Accounting Standard for Leases" and ASBJ Guidance No. 33, " Implementation Guidance on Accounting Standard for Leases".

As part of its efforts to ensure consistency between Japanese GAAP and international accounting standards, the ASBJ reviewed the Accounting Standard for Leases to recognize assets and liabilities for all leases held by a lessee, with international accounting standards taken into consideration. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc. that adopts only the key provisions of IFRS 16 that is based on the single accounting model. The revision aims to be simple and highly convenient, and to make it unnecessary to revise nonconsolidated financial statements that apply IFRS 16 in the Accounting Standard for Leases, etc. Regarding the method for allocating the lease expenses in the lessee's accounting treatment, using the same approach as IFRS 16, a single accounting model is applied for recording the depreciation associated with the right-of-use assets and the amount equivalent to the interest on the lease liabilities for all leases regardless of whether the lease is a finance lease or an operating lease.

The Group expects to apply the New Accounting Standards and practical solution for the annual periods beginning on April 1, 2027, and is in the process of measuring the effects of applying the New Accounting Standards in future applicable periods.

On January 9, 2026, the ASBJ revised ASBJ Statement No. 41, "Accounting Standard for Subsequent Events" and ASBJ Guidance No. 35, "Implementation Guidance on Accounting Standard for Subsequent Events."

The primary purpose of the Accounting Standard for Subsequent Events, etc. is to establish a comprehensive accounting standard addressing the definition, accounting treatment, and disclosure of subsequent events. Based on the fundamental policy of transferring to the ASBJ the accounting-related content set forth in Audit and Assurance Practice Committee Statement No. 560, Practical Guidance No. 1, "Auditing Treatment of Subsequent Events," issued by the Japanese Institute of Certified Public Accountants, while in principle following such content, the revision reorganizes the wording and the evaluation period for subsequent events, and also newly requires disclosure regarding the approval of the issuance of the financial statements, thereby establishing the accounting treatment and disclosure requirements for subsequent events.

The Group expects to apply the New Accounting Standards for the annual periods beginning on April 1, 2027.

z. ***Additional Information***—The Company has introduced a trust-based incentive plan utilizing an Employee Stock Ownership Plan ("ESOP Trust") with the aim of enhancing the Group's medium- to long-term corporate value.

In outline, we have established a trust where eligible employees who join the "Fuji Seal Employee Stock Ownership Plan" ("Company ESOP") will be beneficiaries. The trust will acquire a lump sum of company shares expected to be acquired by the Company ESOP over the next several years. Subsequently, the trust will sell these company shares to the Company ESOP on a monthly basis. At the conclusion of the trust, if there are trust gains due to an increase in share price, money will be distributed to participating employees based on their contribution ratio. In case of a decline in share price resulting in a transfer loss and leaving a debt related to the trust property, under the guarantee provisions of the loan agreement, the Company will make a lump-sum repayment to the bank, thereby avoiding additional burden on employees.

The accounting treatment for the ESOP Trust applies the total cost method, and the company shares owned by the ESOP Trust are presented in the equity section as treasury shares. The book value of treasury shares recognized under the total cost method is ¥737 million ($4,609 thousand) (357,700 shares), and ¥908 million (440,800 shares), and the book value of long-term debt (including those repayable within 1 year) is ¥672 million ($4,203 thousand) and ¥896 million for the years ended March 31, 2026 and 2025, respectively.

3. SIGNIFICANT ACCOUNTING ESTIMATE

Recoverability of Deferred Tax Assets

Deferred tax assets are recognized for the tax consequences of temporary differences between the financial reporting basis and the tax basis of existing assets and liabilities, as well as operating loss carryforwards. Recoverability of deferred tax assets is mainly based on estimated future taxable income. Changes in the economic environment and other factors may affect these estimates. If actual taxable income would differ from its estimate in timing and amount, it could have a material impact on deferred tax assets for the fiscal year ending March 31, 2027.

Deferred tax assets as of March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Deferred tax assets	¥3,287	¥2,499	$20,559

4. INVESTMENT SECURITIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Noncurrent:			
Marketable equity securities	¥2,886	¥2,870	$18,051
Nonmarketable equity securities	249	660	1,557
Total	¥3,135	¥3,530	$19,608

The costs and aggregate fair values of investment securities as of March 31, 2026 and 2025, were as follows:

	Millions of Yen			
	2026			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥1,445	¥1,440	¥(0)	¥2,886
Total	¥1,445	¥1,440	¥(0)	¥2,886

	Millions of Yen			
	2025			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥1,410	¥1,460	¥(0)	¥2,870
Total	¥1,410	¥1,460	¥(0)	¥2,870

	Thousands of U.S. Dollars			
	2026			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	$ 9,038	$ 9,006	$(0)	$18,051
Total	$ 9,038	$ 9,006	$(0)	$18,051

From the sales of equity securities, the Company has recognized a gain of nil and ¥36 million for the years ended March 31, 2026 and 2025, respectively. The Company has not recognized a loss for the years ended March 31, 2026 and 2025. With respect to impairing securities with a market value, if the market value at the end of the period has significantly declined compared to the acquisition cost, the Group recognizes impairment to the extent deemed necessary based on recoverability. The Company recognized an impairment of ¥409 million ($2,558 thousand) and nil on investment securities for the year ended March 31, 2026 and 2025.

5. INVENTORIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Merchandise and finished goods	¥ 11,162	¥ 11,184	$ 69,814
Work in process	7,086	6,699	44,320
Raw materials and supplies	10,550	9,739	65,986
Total	¥ 28,799	¥27,623	$180,128

6. LONG-LIVED ASSETS

(1) *Impairment Losses*

Year ended March 31, 2026

The Group reviewed its long-lived assets for impairment as of March 31, 2026. As a result, Yamagata Factory, Fuji Tack East, Inc. recognized impairment losses on buildings, structures, etc., of ¥417 million ($2,608 thousand), which were classified as assets to be disposed or sold, other sites(4 sites) recognized impairment losses on machinery, equipment, etc., of ¥182 million($1,138 thousand), which were classified as assets to be disposed, and Kameoka City, Kyoto Prefecture recognized impairment losses on machinery, equipment, of ¥20 million ($125 thousand), which were classified as idle assets to be sold, during the fiscal year.

The losses of ¥417 million($2,608 thousand) are arising from restructuring at Fuji Tack East, Inc. and are presented as a part of expense on restructuring of organization (see Note 11).

The Group determines the asset groups for impairment testing based on the business units' operating results, and the Group's management monitors management accounting continuously.

Among the assets impaired, the book value of the assets to be disposed of was written down to its recoverable amount, as these assets were determined to be disposed of due to aging of the equipment, etc. As these assets are premised on disposal, the recoverable amount is measured based on the net selling price; however, since there is no prospect of sale, it is evaluated at a memorandum value. The book value of the assets to be sold was written down to its recoverable amount following the decision to sell. The recoverable amount of the assets to be sold is measured based on the net selling price.

Year ended March 31, 2025

No impairment losses were recognized.

(2) *Advanced Deduction*

The amount of advanced deduction directly from the acquisition cost of fixed assets as of March 31, 2026 and 2025, due to the acceptance of government subsidies, etc., is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Land	¥1,478	¥1,478	$ 9,244
Buildings and structures	347	347	2,170
Machinery, equipment and vehicles	567	567	3,546
Total	¥2,392	¥2,392	$14,961

7. TRADE RECEIVABLES AND CONTRACT LIABILITIES

Notes receivable, accounts receivable, and contract liabilities arising from contracts with customers are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Notes receivable	¥ 103	¥ 244	$ 644
Accounts receivable	56,129	52,605	351,069
Contract liabilities	8,221	7,283	51,419

Contract liabilities are presented as a part of Advances received.

8. REVENUE RECOGNITION

(1) *Disaggregation of Revenue*

Revenues from contracts with customers on a disaggregated basis are as follows:

	Millions of Yen				
	Reportable Segment				
March 31, 2026	Japan	Americas	Europe	ASEAN	Total
Shrink sleeve labels	¥48,283	¥56,946	¥18,860	¥10,224	¥134,314
Pressure sensitive labels	7,493	2,572	6,942	85	17,094
Spouted pouches	21,895	517		7,064	29,477
Machinery	7,056	8,212	7,375	526	23,170
Others	13,618			77	13,695
Sales to external customers	¥98,347	¥68,248	¥33,178	¥17,978	¥217,752

	Millions of Yen				
	Reportable Segment				
March 31, 2025	Japan	Americas	Europe	ASEAN	Total
Shrink sleeve labels	¥48,280	¥55,021	¥17,663	¥ 9,918	¥130,882
Pressure sensitive labels	8,500	2,896	5,687	82	17,167
Spouted pouches	22,857	79		5,945	28,882
Machinery	6,035	8,175	6,098	805	21,114
Others	14,249			49	14,298
Sales to external customers	¥99,923	¥66,172	¥29,449	¥16,801	¥212,345

	Thousands of U.S. Dollars				
	Reportable Segment				
March 31, 2026	Japan	Americas	Europe	ASEAN	Total
Shrink sleeve labels	$301,995	$356,179	$117,963	$ 63,947	$ 840,092
Pressure sensitive labels	46,866	16,087	43,420	531	106,917
Spouted pouches	136,946	3,233		44,183	184,369
Machinery	44,133	51,363	46,128	3,289	144,921
Others	85,176			481	85,657
Sales to external customers	$615,130	$426,870	$207,518	$112,446	$1,361,971

1. Net sales of the Company primarily of revenue recognized from contracts with customers and other sources of revenue are immaterial.

(**2**) ***Basic Information to Understand Revenues from Contracts with Customers***

For the sales of shrink sleeve labels, pressure sensitive labels, and spouted pouches, revenue is mainly recognized as a result of the fulfillment of performance obligations when the product arrives at the customer site. In the machinery business, revenue is mainly recognized at the time of acceptance by the customer.

For shrink sleeve labels, pressure sensitive labels, and spouted pouches, revenue is recognized at the time of shipment if the period from the time of shipment to the time when control of the product is transferred to the customer is an ordinary period in the domestic sales of the product in accordance with the alternative treatment set forth in Paragraph 98 of the "Guidance on Accounting Standard for Revenue Recognition."

After the fulfillment of the performance obligations, the normal payment term is approximately six months or less, and does not include significant financial components.

(**3**) ***Information about the Relationship between the Fulfillment of Performance Obligations Based on the Contract with the Customer and the Cash Flow Generated from the Contract, and the Amount of Revenue Expected to Be Recognized after the Next Fiscal Year from the Contract with the Customer Existing at the End of the Current Fiscal Year and the Timing of Cash Flows***

a. Balances of contract liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Contract liabilities:			
Advances received (Beginning balance)	¥7,283	¥5,586	$45,552
Advances received (Ending balance)	8,221	7,283	51,419

Contract assets are not presented in the table above since the amount is immaterial. Contract liabilities mainly relate to advances received from customers in the machinery

business and are reduced upon recognition of the related revenue. As payment terms vary in the machinery business, there is no clear relationship between the timing of satisfaction of performance obligations and the timing of payment.
The amount of revenue recognized for the fiscal year ended March 31, 2026, included in the beginning balance of contract liabilities as of April 1, 2025, is ¥7,283 million ($45,552 thousand).

The amount of revenue recognized for the fiscal year ended March 31, 2025, included in the beginning balance of contract liabilities as of April 1, 2024, is ¥5,586 million.

b. *Transaction prices allocated to outstanding performance obligations*

Current fiscal year (March 31, 2026)

As of March 31, 2026, the total amount of transaction price allocated to outstanding performance obligations associated with machinery sales transactions was ¥15,401 million ($96,328 thousand) and generally expects to fulfill these performance obligations and recognize revenue within 1 year to 3 years.
For transactions other than machinery sales, the Company adopts a practical expedient and omits disclosure regarding the remaining performance obligations because there are no transactions with expected contract durations of over 1 year.
No material consideration from contracts with customers is excluded from the transaction price.

Previous fiscal year (March 31, 2025)

As of March 31, 2025, the total amount of transaction price allocated to outstanding performance obligations associated with machinery sales transactions was ¥15,766 million and generally expects to fulfill these performance obligations and recognize revenue within 1 year to 3 years.
For transactions other than machinery sales, the Company adopts a practical expedient and omits disclosure regarding the remaining performance obligations because there are no transactions with expected contract durations of over 1 year.
No material consideration from contracts with customers is excluded from the transaction price.

9. GAIN ON LIQUIDATION OF SUBSIDIARIES

Year Ended March 31, 2026

This gain was due to the liquidation of Fuji Seal Switzerland AG, a consolidated subsidiary of the Company.

Year Ended March 31, 2025

No gain on liquidation of subsidiaries was recognized.

10. LOSS ON VALUATION OF INVESTMENT SECURITIES

Year Ended March 31, 2026

This loss reflects the write-down of certain investment securities held by the Company (one unlisted stock) due to a significant decline in substantive value.

Year Ended March 31, 2025

No loss on valuation of investment securities was recognized.

11. EXPENSE ON RESTRUCTURING OF ORGANIZATION

Year Ended March 31, 2026

This expense consisted of ¥417 million ($2,608 thousand) in impairment losses and ¥132 million ($825 thousand) in costs associated with the transfer of manufacturing operations and related expenses, both of which were incurred in connection with the restructuring of the Japan segment.

Year Ended March 31, 2025

The expenses due to the reorganization of the Japan segment amount to ¥247 million, for special retirement payments is included.

12. SUBSIDY INCOME AND LOSS ON ADVANCED DEPRECIATION DEDUCTION OF FIXED ASSETS

Year Ended March 31, 2026

No subsidy income and loss on advanced depreciation deduction of fixed assets were recognized.

Year Ended March 31, 2025

The amount received as subsidies, etc., is recorded as "Subsidy income," and the amount of reduction entry related to the subsidies, etc., is recorded as "Loss on advanced depreciation deduction of fixed assets."

13. LOSS ON LITIGATION

Year Ended March 31, 2026

Settlement payments and other items were recorded as loss on litigation in connection with a settlement reached in litigation brought against the Company.

Year Ended March 31, 2025

No loss on litigation was recognized.

14. SHORT-TERM DEBT AND LONG-TERM DEBT

Short-term debt, as of March 31, 2026 and 2025, consisted of bank loans and bank overdrafts. The weighted-average annual interest rate applicable to short-term debt was 1.1% and 0.8% for the year ended March 31, 2026 and 2025, respectively.

Long-term debt as of March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Loans from banks with weighted average per annum interest rate of 2.7% for 2026 (4.5% for 2025) due serially to 2032	¥6,359	¥3,532	$39,773
Total	6,359	3,532	39,773
Less current portion	(745)	(751)	(4,659)
Long-term debt, less current portion	¥5,613	¥2,781	$35,107

Annual maturities of long-term debt as of March 31, 2026, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2027	¥ 2,311	$ 14,454
2028	224	1,401
2029	224	1,401
2030		
2031		
2032 and thereafter	3,600	22,516
Total	¥ 6,359	$ 39,773

15. RETIREMENT AND PENSION PLANS

The Company and certain subsidiaries have defined retirement benefit plans, such as a defined corporate pension plan and lump-sum pension plan, and also have defined contribution plans.

Defined Retirement Benefit Plan

(1) The changes in defined benefit obligations for the years ended March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Balance at beginning of the year	¥2,751	¥2,865	$17,206
Current service cost	176	203	1,100
Interest cost	63	28	394
Actuarial gains (losses)	67	(251)	419
Benefits paid	(150)	(137)	(938)
Foreign currency transaction adjustments	88	42	550
Others	(9)	0	(56)
Balance at end of the year	¥2,986	¥2,751	$18,676

(2) No plan assets existed for the years ended March 31, 2026 and 2025.

(3) Reconciliation between the liability and assets recorded in the consolidated balance sheet and the balances of defined benefit obligations and plan assets as of March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Defined benefit obligations	¥	¥	$
Plan assets			
Total			
Unfunded defined benefit obligations	2,986	2,751	18,676
Net liability arising from defined benefit obligations	¥2,986	¥2,751	$18,676

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026

Liability for retirement benefits	¥2,986	¥2,751	$18,676
Net liability arising from defined benefit obligation	¥2,986	¥2,751	$18,676

(4) The components of net periodic benefit costs for the years ended March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Service cost	¥176	¥203	$1,100
Interest cost	63	28	394
Recognized actuarial (gains) losses	(22)	17	(137)
Amortization of prior service cost	0	6	0
Net periodic benefit costs	¥217	¥254	$1,357

(5) Amounts recognized in other comprehensive income (before income taxes) in respect of defined retirement benefit plans for the years ended March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Prior service cost	¥ 0	¥ 0	$ 0
Actuarial (gains) losses	(101)	328	(631)
Total	¥(100)	¥329	$ (625)

(6) Amounts recognized in accumulated other comprehensive income (before income tax) in respect of defined retirement benefit plans as of March 31, 2026 and 2025, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Unrecognized prior service cost	¥ (0)	¥ (0)	$ (0)
Unrecognized actuarial (gains) losses	211	277	1,319
Total	¥211	¥276	$1,319

(7) No plan assets recognized as of March 31, 2026 and 2025.

(8) Assumptions used for the years ended March 31, 2026 and 2025, were set forth as follows:

	2026	2025
Discount rate	Domestic: 1.63%	Domestic: 1.63%
	Foreign: 2.0-6.8%	Foreign: 2.7-7.1%
Estimated rate of salary increase*	Domestic: 4.1%	Domestic: 4.1%
	Foreign: 5.0-5.5%	Foreign: 5.0-5.5%

* For the Company and domestic subsidiaries, the estimated rate of salary increase represented an estimated rate of increase in points, which is applied in calculating the retirement benefits.

Defined Contribution Plans

The amounts of required contribution for the years ended March 31, 2026 and 2025, were

¥806 million ($5,041 thousand) and ¥767 million, respectively.

16. EQUITY

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

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria, including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit and Supervisory Board, and (4) the term of service of the directors being prescribed as 1 year rather than the normal 2-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Board of Directors of companies with board committees (namely, appointment committee, compensation committee, and audit committee) may also declare dividends at any time because such companies, by nature, meet the criteria under the Companies Act. The Company is organized as a company with board committees. The Company meets all the above criteria, and accordingly, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year.

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

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

b. Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

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

c. Treasury Shares and Treasury Shares Acquisition Rights

The Companies Act also provides for companies to purchase treasury shares and dispose of such treasury shares by resolution of the Board of Directors. The amount of treasury shares purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury shares acquisition rights and treasury shares. Such treasury shares acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

17. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, resulted in normal effective statutory tax rates of approximately 30.59% for the years ended March 31, 2026 and 2025. The foreign subsidiaries are subject to income taxes of the countries in which they operate.

The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities as of March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Deferred tax assets:			
Accrued enterprise taxes	¥ 113	¥ 118	$ 706
Accrued bonuses	453	419	2,833
Allowance for doubtful accounts	12	87	75
Liability for retirement benefits	796	819	4,978
Tax loss carryforwards	6,010	5,493	37,590
Fixed assets	381	170	2,383
Depreciation and amortization	821	721	5,135
Temporary differences related to retained earnings of subsidiaries		1,589	
Unrealized intercompany profits	510	454	3,189
Tax credits carryforwards for investment	2,780	2,534	17,388
Loss on litigation	379		2,370
Others	1,480	1,122	9,256
Total of tax loss carryforwards and temporary differences	13,739	13,530	85,933
Less valuation allowance for tax loss carryforwards	(5,154)	(5,119)	(32,236)
Less valuation allowance for temporary differences	(2,978)	(2,396)	(18,626)
Total valuation allowance	(8,133)	(7,515)	(50,869)
Deferred tax assets	5,606	6,015	35,063
Deferred tax liabilities:			
Reserve for advanced depreciation of fixed assets	(257)	(270)	(1,607)
Net valuation difference on available-for-sale securities	(446)	(453)	(2,789)
Depreciation	(1,981)	(1,455)	(12,390)
Foreign currency translation adjustments		(1,476)	
Retained earnings of overseas subsidiaries	(974)	(844)	(6,092)
Others	(398)	(300)	(2,489)
Deferred tax liabilities	(4,058)	(4,800)	(25,381)
Net deferred tax assets	¥ 1,548	¥ 1,215	$ 9,682

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

	Millions of Yen						
March 31, 2026	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards	¥	¥	¥ 3	¥ 2	¥ 7	¥ 5,996	¥ 6,010
Less valuation allowances for tax loss carryforwards			(3)	(2)	(7)	(5,140)	(5,154)
Net deferred tax assets relating to tax loss carryforwards						855	855

	Thousands of U.S. Dollars						
March 31, 2026	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards	$	$	$ 18	$ 12	$ 43	$37,503	$37,590
Less valuation allowances for tax loss carryforwards			(18)	(12)	(43)	(32,149)	(32,236)
Net deferred tax assets relating to tax loss carryforwards						5,347	5,347

	Millions of Yen						
March 31, 2025	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards	¥ 32	¥ 25	¥ 13	¥ 29	¥ 53	¥ 5,338	¥ 5,493
Less valuation allowances for tax loss carryforwards	(32)	(25)	(13)	(29)	(53)	(4,963)	(5,119)
Net deferred tax assets relating to tax loss carryforwards						374	374

*1 Tax loss carryforwards represent the amounts after multiplying by the normal effective statutory tax rate.

*2 The Company has determined that the deferred tax assets relating to tax loss carryforwards are recoverable based on the estimated future taxable income.

Reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2026 was as follows:

	2026
Normal effective statutory tax rate	30.59%
Dividend income	1.47
Increase/decrease in valuation allowance	1.81
Lower income tax rates applicable to income in certain foreign countries	(3.09)
Resident tax per capita rate	0.16
Tax credit for research and development costs	(0.34)
Impact of fluctuations of foreign currency exchange at overseas subsidiaries	(1.93)
Unrealized gains	(0.04)
Investments in subsidiaries	(11.86)
Retained earnings of overseas subsidiaries	0.54
Other—net	(2.22)
Actual effective tax rate	15.09%

Reconciliation for the year ended March 31, 2025, is not presented because the difference between the normal effective statutory tax rate and the actual effective tax rate was less than 5% of the normal effective statutory tax rate, which is immaterial.

The Company and certain domestic consolidated subsidiaries have applied the group relief system. Accounting treatment, tax effect accounting, and disclosure related to corporate taxes and local corporate taxes are conducted in accordance with the "Accounting and Disclosure for the Application of Japanese Group Relief System" (Practical Implementation Guidance No. 42, August 12, 2021).

18. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥2,539 million ($15,880 thousand) and ¥2,603 million for the years ended March 31, 2026 and 2025, respectively.

19. LEASES

(1) *Finance Lease transactions*

The Group leases certain machinery, computer equipment, and other assets.

Total rental expenses, including lease payments under finance leases for the years ended March 31, 2026 and 2025, were ¥490 million ($3,064 thousand) and ¥506 million, respectively.

(2) *Operating Lease transactions*

Future lease payments under non-cancelable operating leases

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Due within 1 year	¥ 85	¥ 85	$ 531
Due after 1 year	78	163	487
Total	¥ 163	¥ 248	$1,019

20. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) *Group Policy for Financial Instruments*

The Group invests cash surpluses in low-risk financial assets, mainly short-term deposits, and uses financial instruments, mainly short-term bank loans and bonds, for funding. The Company and its subsidiaries apply short-term deposits and short-term loans receivable among Group companies (cash management system). Derivatives are not used for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) *Nature and Extent of Risks Arising from Financial Instruments*

Receivables for trade are exposed to customer credit risk. Receivables and payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates. Marketable and investment securities, mainly listed shares, are exposed to the risk of market price fluctuations. Payment terms of payables for trade are mostly less than six months.

Maturities of bank loans and bonds are less than five years from the balance sheet date. Although a part of such bank loans is exposed to market risks from changes in variable interest rates, those risks are mitigated by using interest rate swaps.

Derivatives consist primarily of forward foreign currency contracts and interest rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables and from changes in interest rates of bank loans. Please see Notes 2.t and 21 for more details on derivatives.

Long-term deposits are structured as embedded derivative deposits, which are high-security financial instruments that guarantee full repayment of the principal amount at maturity.

(3) *Risk Management for Financial Instruments*

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables based on internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers at an early stage. The credit risk affecting subsidiaries is also managed in the same manner.

Market risk management (foreign exchange risk and interest rate risk)

Investment securities are managed by monitoring market values and the financial position of issuers on a regular basis.

Interest rate swaps are used to manage exposure to market risks from changes in interest rates of loans.

Liquidity risk management

Liquidity risk includes the risk that the Group cannot meet its contractual obligations in full on its maturity dates. The Group manages its liquidity risk by holding an adequate volume of liquid assets in view of business income and manages expenditures and equipment investment spending plans, along with adequate financial planning by the Corporate Treasury Department. Subsidiaries also report their financial plans to the Group. The Finance Department manages liquidity risk by obtaining information on the cash flows of the whole Group.

(4) *Fair Values of Financial Instruments*

The valuation technique of financial instruments utilizes certain assumptions, and the fair values may change by adopting different assumptions. In addition, the contract amounts of derivatives in Note 21 do not directly indicate the market risk of derivatives.

Fair value of financial instruments

The carrying amounts, fair values, and unrealized gain/loss as of March 31, 2026 and 2025, were as follows. Note that the notes for cash and deposits, receivables, payables, income taxes payable, and short-term debt are omitted because the carrying amounts approximate fair value due to their short maturities.

	Millions of Yen		
March 31, 2026	Carrying Amount	Fair Value	Unrealized Gain
Investment securities:			
Available-for-sale securities*1	¥2,886	¥2,886	¥
Deposits:			
Long-term deposits	3,197	3,258	61
Total assets	¥6,083	¥6,144	¥ 61
Long-term debt	¥6,359	¥6,317	¥ 41
Total liabilities	¥6,359	¥6,317	¥ 41
Derivatives*2	¥ (13)	¥ (13)	¥

*1 Shares that do not have market prices (carrying amount of ¥249 million) are not included in available-for-sale securities.
*2 Derivative assets and liabilities are presented on a net basis. Negative balances indicate derivative liabilities.

	Millions of Yen		
March 31, 2025	Carrying Amount	Fair Value	Unrealized Gain
Investment securities:			
Available-for-sale securities*1	¥2,870	¥2,870	¥
Deposits:			
Long-term deposits	2,990	3,057	67
Total assets	¥5,860	¥5,927	¥ 67
Long-term debt	¥3,532	¥3,535	¥ (3)
Total liabilities	¥3,532	¥3,535	¥ (3)
Derivatives*2	¥ (13)	¥ (13)	¥

*1 Shares that do not have market prices (carrying amount of ¥660 million) are not included in available-for-sale securities.
*2 Derivative assets and liabilities are presented on a net basis. Negative balances indicate derivative liabilities.

	Thousands of U.S. Dollars		
March 31, 2026	Carrying Amount	Fair Value	Unrealized Gain
Investment securities:			
Available-for-sale securities*1	$18,051	$18,051	$
Deposits:			

Long-term deposits	19,996	20,377	381
Total assets	$38,047	$38,428	$381
Long-term debt	$39,773	$39,510	$256
Total liabilities	$39,773	$39,510	$256
Derivatives*2	$ (81)	$ (81)	$

*1 Shares that do not have market prices (carrying amount of $1,557 thousand) are not included in available-for-sale securities.

*2 Derivative assets and liabilities are presented on a net basis. Negative balances indicate derivative liabilities.

(5) ***Maturity Analysis for Financial Assets with Contractual Maturities***

	Millions of Yen			
March 31, 2026	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥ 35,344	¥	¥	¥
Receivables:				
Notes and accounts receivable—trade	56,232			
Electronically recorded monetary claims—trade	10,296			
Long-term deposits		3,197		
Total assets	¥101,874	¥ 3,197	¥	¥
March 31, 2025				
Cash and cash equivalents	¥29,051	¥	¥	¥
Receivables:				
Notes and accounts receivable—trade	52,849			
Electronically recorded monetary claims—trade	12,583			
Long-term deposits		2,990		
Total assets	¥94,484	¥ 2,990	¥	¥

	Thousands of U.S. Dollars			
March 31, 2026	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	$221,065	$	$	$
Receivables:				
Notes and accounts receivable—trade	351,713			
Electronically recorded monetary claims—trade	64,398			
Long-term deposits		19,996		
Total assets	$637,190	$19,996	$	$

Please see Note 14 for annual maturities of long-term debt and Note 19 for obligations under finance leases.

(6) *Financial Instruments Categorized by Fair Value Hierarchy*

The fair values of financial instruments are categorized into the following three levels, depending on the observability and importance of the inputs used in the fair value measurements:

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is categorized at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(*a*) *The financial instruments and liabilities measured at the fair values in the consolidated balance sheet*

March 31, 2026

	Millions of Yen			
	Fair Value			
Category	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	¥2,886	¥	¥	¥2,886
Total assets	¥2,886	¥	¥	¥2,886
Derivatives				
Foreign currency forward contracts	¥	¥13	¥	¥ 13
Total liabilities	¥	¥13	¥	¥ 13

March 31, 2025

	Millions of Yen			
	Fair Value			
Category	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	¥2,870	¥	¥	¥2,870
Total assets	¥2,870	¥	¥	¥2,870
Derivatives				
Foreign currency forward contracts	¥	¥13	¥	¥ 13
Total liabilities	¥	¥13	¥	¥ 13

March 31, 2026

	Thousands of U.S. Dollars			
	Fair Value			
Category	Level 1	Level 2	Level 3	Total
Investment securities				

Available-for-sale securities				
Shares	$18,051	$	$	$18,051
Total assets	$18,051	$	$	$18,051
Derivatives				
Foreign currency forward contracts	$	$81	$	$ 81
Total liabilities	$	$81	$	$ 81

(*b*) *The financial instruments not measured at the fair values in the consolidated balance sheet*

March 31, 2026

	Millions of Yen			
	Fair Value			
Category	Level 1	Level 2	Level 3	Total
Long-term deposits	¥	¥3,258	¥	¥3,258
Total assets	¥	¥3,258	¥	¥3,258
Long-term debt	¥	¥6,317	¥	¥6,317
Total liabilities	¥	¥6,317	¥	¥6,317

March 31, 2025

	Millions of Yen			
	Fair Value			
Category	Level 1	Level 2	Level 3	Total
Long-term deposits	¥	¥3,057	¥	¥3,057
Total assets	¥	¥3,057	¥	¥3,057
Long-term debt	¥	¥3,535	¥	¥3,535
Total liabilities	¥	¥3,535	¥	¥3,535

March 31, 2026

	Thousands of U.S. Dollars			
	Fair Value			
Category	Level 1	Level 2	Level 3	Total
Long-term deposits	$	$20,377	$	$20,377
Total assets	$	$20,377	$	$20,377
Long-term debt	$	$39,510	$	$39,510
Total liabilities	$	$39,510	$	$39,510

The following is a description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities:

Investment Securities

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

Long-term deposits

The fair value of long-term deposits is calculated using the method of discounting the total amount of principal and interest at an assumed interest rate for similar new deposits. This fair value is categorized as Level 2 input.

Derivatives

Derivatives are valued using a price quoted by a financial institution. The quoted price is categorized as a Level 2 input.

Long-Term Debt (Including Long-Term Debt Due within 1 Year or Less)

The fair market value of long-term debt is calculated by the discounted present value method based on the total amount of principal and interest and an interest rate that takes into account the remaining term of the obligation and credit risk. The interest rate is categorized as Level 2 input.

21. DERIVATIVES

The Group enters into foreign currency forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

All derivative transactions are executed to hedge foreign currency exposures incorporated within the Group's business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities. The Group does not hold or issue derivatives for trading or speculative purposes.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

Derivative Transactions to Which Hedge Accounting Is Not Applied

	Millions of Yen			
March 31, 2026	Contract Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling JPY	¥ 9	¥	¥ 0	¥ 0
Selling USD	1,407		(1)	(1)
Buying EUR	690		(7)	(7)
March 31, 2025				
Foreign currency forward contracts:				
Selling JPY	¥ 20	¥	¥ (0)	¥ (0)
Selling USD	766		(32)	(32)
Buying EUR	351		17	17

	Thousands of U.S. Dollars			
March 31, 2026	Contract Amount	Contract Amount Due after	Fair Value	Unrealized Gain/Loss

		1 Year		
Foreign currency forward contracts:				
Selling JPY	$ 56	$	$ 0	$ 0
Selling USD	8,800		(6)	(6)
Buying EUR	4,315		(43)	(43)

Derivative Transactions to Which Hedge Accounting Is Applied

	Millions of Yen			
March 31, 2026	Contract Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling USD	¥ 44	¥	¥ (4)	¥ (4)

	Millions of Yen			
March 31, 2025	Contract Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling USD	¥ 22	¥	¥ 0	¥ 0
Buying EUR	¥ 42	¥	¥ 0	¥ 0

	Thousands of U.S. Dollars			
March 31, 2026	Contract Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling USD	$ 275	$	$ (25)	$ (25)

22. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Valuation difference on available-for-sale securities:			
Gain (loss) arising during the year	¥ 53	¥ (432)	$ 331
Reclassification adjustments to profit or loss	(75)	(36)	(469)
Amount before income tax and tax effect	(21)	(469)	(131)
Income tax and tax effect	6	133	37
Total	¥ (14)	¥ (335)	$ (87)
Deferred gain (loss) on hedges			
Gain (loss) arising during the year	¥ (4)	¥ 0	$ (25)
Reclassification adjustments to profit or loss	(0)	4	(0)
Amount before income tax and tax effect	(4)	5	(25)
Income tax and tax effect	1	(1)	6
Total	¥ (3)	¥ 3	$ (18)
Foreign currency translation adjustments:			
Gain (loss) arising during the year	¥ 3,641	¥ 6,611	$ 22,773
Reclassification adjustments to profit or loss	(4,984)		(31,173)
Amount before income tax and tax effect	(1,342)	6,611	(8,393)
Income tax and tax effect	1,476	30	9,231
Total	¥ 133	¥ 6,641	$ 831
Remeasurements of defined retirement benefit plans:			
Gain (loss) arising during the year	¥ (83)	¥ 311	$ (519)
Reclassification adjustments to profit or loss	(17)	17	(106)
Amount before income tax and tax effect	(100)	329	(625)
Income tax and tax effect	46	(62)	287
Total	¥ (54)	¥ 267	$ (337)
Total other comprehensive income	¥ 60	¥ 6,577	$ 375

23. NET INCOME PER SHARE

Basic net income per share (EPS) for the years ended March 31, 2026 and 2025, is calculated as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2026	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Basic EPS—Net income available to common shareholders	¥20,655	53,313	¥387.43	$2.42
Year Ended March 31, 2025				
Basic EPS—Net income available to common shareholders	¥12,199	54,236	¥224 .93	

The calculation of EPS includes the Company shares held by the Employee Stock Ownership Plan (ESOP) trust. The average number of treasury shares deducted was 399,325 shares and 489,182 shares for the year ended March 31, 2026 and 2025, respectively.

Diluted net income per share is not disclosed because there are no dilutive shares.

24. SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

The main components of selling, general, and administrative expenses for the years ended March 31, 2026 and 2025, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2026	2025	2026
Employees' salaries	¥10,780	¥9,773	$67,425
Freight charges	3,359	3,356	21,009

25. BUSINESS COMBINATION

Accounting Treatment for Contingent Consideration Related to a Business Combination

In connection with the acquisition of shares of Toride Pharma K.K. and TAT Toride Asset Trading Co., Ltd. through a consolidated subsidiary of the Company in June 2023, the contingent consideration payable under the terms of the acquisition was finalized during the fiscal year ended March 31, 2026. As a result, the Company recognized additional goodwill, treating the consideration paid as the acquisition cost deemed to have arisen at the time of the original acquisition.
(1) Additional acquisition cost recognized (amount of goodwill recognized): ¥174 million ($1,088 thousand)
(2) Additional amortization of goodwill recognized: ¥33 million ($206 thousand)
(3) Amortization method and period: Straight-line method over 13 years
Under the terms of the business combination agreement, additional contingent consideration is payable based on the level of achievement of the acquired company's performance over a certain period. No further additional payments are expected.

26. SUBSEQUENT EVENT

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2026, was approved at the meeting of the Board of Directors of the Company held on May 21, 2026:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥46 ($0.28) per share	¥2,470	$15,449

Disposal of Treasury Shares in Connection with Introduction of an Employee Incentive Plan

At the Board of Directors meeting held on May 13, 2025, the Company resolved to introduce an incentive plan (the "Plan") for employees of the Fuji Seal Group who satisfy certain requirements (the "Eligible Employees"). At the Board of Directors meeting held on May 13, 2026, the Company resolved on the details of the Plan, including its implementation timing, period, and the total amount of shares to be acquired.
In connection with the introduction of the Plan, the Company also resolved to dispose of treasury shares through a third-party allotment (the "Treasury Share Disposal").

1.Purpose of Introducing the Plan

The Company is introducing the Plan with the aim of enhancing the engagement of Fuji Seal Group employees who will be responsible for realizing the management plan "FSG.30," securing excellent human resources, and raising employees' awareness of medium- to long-term value creation.

2.Outline of the Plan

The Plan adopts a framework referred to as a stock-granting Employee Stock Ownership Plan trust (the "ESOP Trust"). The ESOP Trust is an employee incentive plan modeled on the ESOP system in the United States, under which shares of the Company acquired by the ESOP Trust, as well as cash amounts equivalent to the proceeds from the disposal of such shares, are delivered and paid to employees who satisfy certain requirements based on predetermined share delivery regulations. In connection with the introduction of the ESOP Trust, the Company will enter into a stock-granting ESOP trust agreement (the "Trust Agreement") with Mitsubishi UFJ Trust and Banking Corporation, and the trust established pursuant to the Trust Agreement is referred to as the "Trust."
The funds for the Company's shares to be acquired by the Trust will be contributed entirely by the Company, and accordingly, there will be no burden on employees.
The introduction of the Plan is expected to enable employees to receive economic benefits from any increase in the Company's share price, thereby encouraging them to be more conscious of the share price in performing their duties and enhancing employee motivation.
In addition, with respect to the voting rights pertaining to the Company's shares acquired during the trust period, such rights will be exercised based on the instructions of the trust administrator, thereby ensuring independence from management.

3.Outline of the Trust Agreement and the Acquisition of the Company's Shares by the Trust

(1) Type of trust	A monetary trust other than a trust for sole investment management (a trust for the benefit of a third party)
(2) Purpose of the trust	Granting incentives to the Eligible Employees
(3) Settlor	The Company
(4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (co-trustee: The Master Trust Bank of Japan, Ltd.)
(5) Beneficiaries	Eligible Employees who satisfy the beneficiary requirements
(6) Trust administrator	An independent third party with no interest in the Company (a certified public accountant)
(7) Date of trust agreement	May 28, 2026
(8) Trust period	May 28, 2026 to August 31, 2031
(9) Exercise of voting rights	The trustee will exercise the voting rights pertaining to the Company's shares in accordance with the instructions of the trust administrator, which reflect the status of voting rights exercised by prospective beneficiaries.
(10) Type of shares to be acquired	Common stock of the Company
(11) Total amount of shares to be acquired	¥458 million ($2,864 thousand)
(12) Method of acquiring shares	Acquisition through a third-party allotment of treasury shares

4. Outline of the Treasury Share Disposal

(1) Disposal date	June 2, 2026
(2) Type and number of shares to be disposed of	185,000 shares of common stock
(3) Disposal price	¥2,481 ($15.51) per share
(4) Total disposal amount	¥458 million ($2,864 thousand)
(5) Prospective recipient of the disposal	The Master Trust Bank of Japan, Ltd. (Trust Account for Stock-Granting ESOP)
(6) Other	The Company has filed an extraordinary report under the Financial Instruments and Exchange Act in connection with the Treasury Share Disposal.

5.Purpose and Reasons for the Treasury Share Disposal

The Treasury Share Disposal involves the disposal of treasury shares to The Master Trust Bank of Japan, Ltd. (Trust Account for Stock-Granting ESOP), the co-trustee under the Trust Agreement.

The number of shares to be disposed of represents the number of shares expected to be delivered to the Eligible Employees during the trust period in accordance with the share delivery regulations. The resulting dilution is 0.31% (rounded to the second decimal place) of the 60,161,956 shares issued as of March 31, 2026, and 0.34% of the 536,457 total voting rights as of March 31, 2026.

The Company's shares allotted through the Treasury Share Disposal will be delivered to Eligible Employees who satisfy certain requirements in accordance with the share delivery regulations, and the shares from the Treasury Share Disposal are not expected to flow into the stock market all at once. Accordingly, the impact on the stock market is considered minor, and the number of shares to be disposed of and the scale of the dilution are determined to be reasonable.

27. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and for which such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) *Description of Reportable Segments*

The Group's reportable segments are those for which separate financial information is available, and regular evaluation by the Company's management is performed in order to decide how management resources are allocated among the Group. The Group conducts packaging business (which mainly consists of shrink sleeve labels and pressure sensitive labels) in different geographical segments, namely in Japan, the Americas, Europe, and ASEAN. Each of the regions is an independently managed unit that can conduct production and sales in their respective region.

(2) *Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets, Liabilities, and Other Items for Each Reportable Segment*

The method of accounting for the reported business segments is based on the accounting principles used to prepare the consolidated financial statements. Reportable segment profit is based on operating income. Intersegment sales or transfers are based on prevailing market prices.

(**3**) ***Information about Sales, Profit (Loss), Assets, Liabilities, and Other Items***

	Millions of Yen						
	2026						
	Reportable Segment						
	Japan	Americas	Europe	ASEAN	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	¥ 98,347	¥68,248	¥33,178	¥17,978	¥217,752	¥	¥217,752
Intersegment sales or transfers	2,288	20	5,560	1,446	9,314	(9,314)	
Total	¥100,635	¥68,268	¥38,738	¥19,424	¥227,067	¥ (9,314)	¥217,752
Segment profit (loss)	¥ 9,637	¥ 6,602	¥ 2,628	¥ 1,722	¥ 20,590	¥ (126)	¥ 20,463
Segment assets	104,356	71,584	33,406	24,219	233,567	(7,484)	226,082
Segment liabilities	34,885	19,269	10,770	6,117	71,044	(6,226)	64,817
Other:							
Depreciation	3,414	2,630	1,364	1,041	8,451	(28)	8,423
Amortization of goodwill	109				109		109
Increase in property, plant and equipment and intangible assets	8,866	4,609	1,981	2,119	17,577	37	17,614

	Millions of Yen						
	2025						
	Reportable Segment						
	Japan	Americas	Europe	ASEAN	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	¥ 99,923	¥66,172	¥29,449	¥16,801	¥212,345	¥	¥212,345
Intersegment sales or transfers	2,621	4	5,272	2,740	10,639	(10,639)	
Total	¥102,545	¥66,176	¥34,721	¥19,541	¥222,985	¥ (10,639)	¥ 212,345
Segment profit (loss)	¥ 9,892	¥ 6,489	¥ 2,132	¥ 937	¥ 19,452	¥ (608)	¥ 18,844
Segment assets	98,165	65,867	28,935	21,055	214,023	(4,200)	209,822
Segment liabilities	36,722	16,062	9,469	5,412	67,668	(3,114)	64,553
Other:							
Depreciation	3,376	2,986	1,356	1,051	8,770	(20)	8,750
Amortization of goodwill	75			52	128		128
Increase in property, plant and equipment and intangible assets	2,772	2,932	1,340	616	7,663	(113)	7,549

	Thousands of U.S. Dollars						
	2026						
	Reportable Segment						
	Japan	Americas	Europe	ASEAN	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	$615,130	$426,870	$207,518	$112,446	$1,361,971	$	$1,361,971
Intersegment sales or transfers	14,310	125	34,776	9,044	58,256	(58,256)	
Total	$629,440	$426,995	$242,294	$121,491	$1,420,233	$ (58,256)	$1,361,971
Segment profit (loss)	$ 60,276	$ 41,293	$ 16,437	$ 10,770	$ 128,784	$ (788)	$ 127,989
Segment assets	652,714	447,735	208,944	151,482	1,460,889	(46,810)	1,414,073
Segment liabilities	218,194	120,521	67,363	38,259	444,358	(38,941)	405,410
Other:							
Depreciation	21,353	16,449	8,531	6,511	52,858	(175)	52,683
Amortization of goodwill	681				681		681
Increase in property, plant and equipment and intangible assets	55,454	28,827	12,390	13,253	109,938	231	110,170

Notes: 1. The major countries or areas belonging to classifications other than Japan:

Americas: USA, Mexico
Europe: United Kingdom, Netherlands, France, Spain, Poland, Switzerland, Germany, Italy
ASEAN: Indonesia, Vietnam, Thailand, India

2. Reconciliations

Reconciliation of segment profit of ¥(126) million ($(788) thousand) and ¥(608) million for the years ended March 31, 2026 and 2025, respectively, was mainly composed of elimination of the intersegment transaction, including unrealized gains.

Reconciliation of segment assets of ¥(7,484) million ($(46,810) thousand) for the year ended March 31, 2026, was mainly composed of offsetting of the receivables and the payables, the loans receivable and the loans payable. Reconciliation of segment assets of ¥(4,200) million for the year ended March 31, 2025, was mainly composed of offsetting of the receivables and the payables.

Reconciliation of segment liabilities of ¥(6,226) million ($(38,941) thousand) for the year ended March 31, 2026, was mainly composed of offsetting of the receivables and the payables, the loans receivable and the loans payable. Reconciliation of segment liabilities of ¥(3,114) million for the year ended

March 31, 2025, was mainly composed of offsetting of the receivables and the payables.

Reconciliation of depreciation of ¥(28) million ($(175) thousand) and ¥(20) million for the years ended March 31, 2026 and 2025, respectively, was mainly composed of elimination of the intersegment transaction, including unrealized gains.

Reconciliation of increase in property, plant and equipment and intangible assets of ¥37 million ($231 thousand) and ¥(113) million for the years ended March 31, 2026 and 2025, respectively, was mainly composed of elimination of unrealized gains.

(4) *Information about Products and Services*

	Millions of Yen					
	2026					
	Shrink Sleeve Labels	Pressure Sensitive Labels	Spouted Pouches	Machinery	Others	Total
Sales to external customers	¥134,314	¥17,094	¥29,477	¥23,170	¥13,695	¥217,752

	Millions of Yen					
	2025					
	Shrink Sleeve Labels	Pressure Sensitive Labels	Spouted Pouches	Machinery	Others	Total
Sales to external customers	¥130,882	¥17,167	¥28,882	¥21,114	¥14,298	¥212,345

	Thousands of U.S. Dollars					
	2026					
	Shrink Sleeve Labels	Pressure Sensitive Labels	Spouted Pouches	Machinery	Others	Total
Sales to external customers	$840,092	$106,917	$184,369	$144,921	$ 85,657	$1,361,971

(5) *Information about Geographical Areas*

a. *Sales*

Millions of Yen				
2026				
Japan	Americas	Europe	Others	Total
¥98,027	¥68,256	¥32,147	¥19,320	¥217,752

Millions of Yen				
2025				
Japan	Americas	Europe	Others	Total
¥99,565	¥66,188	¥28,635	¥17,956	¥212,345

Thousands of U.S. Dollars				
2026				
Japan	Americas	Europe	Others	Total
$613,128	$426,920	$201,069	$120,840	$1,361,971

Note: Classification of countries or areas is based on a geographical adjacency.

The major countries or areas belonging to classifications other than Japan for the years ended March 31, 2026, and 2025, are:

Americas: USA, Canada, Mexico, and other countries
Europe: European countries
Others: ASEAN countries, and other countries

Sales in Americas and Europe are classified as one section respectively, because of the difficulty to identify these sales in each country.

b. Property, plant and equipment

Millions of Yen						
2026						
	Americas			ASEAN		
Japan	Americas Total	United States	Europe	ASEAN Total	Thailand	Total
¥29,571	¥24,954	¥20,850	¥11,486	¥9,116	¥7,955	¥75,129

Millions of Yen						
2025						
	Americas			ASEAN		
Japan	Americas Total	United States	Europe	ASEAN Total	Thailand	Total
¥24,964	¥23,053	¥18,714	¥9,699	¥7,380	¥6,095	¥65,097

Thousands of U.S. Dollars						
2026						
	Americas			ASEAN		
Japan	Americas Total	United States	Europe	ASEAN Total	Thailand	Total
$184,957	$156,079	$130,410	$ 71,841	$ 57,017	$ 49,756	$469,908

(**6**) ***Information about Impairment Losses of Assets***

	Millions of Yen					
	2026					
	Japan	Americas	Europe	ASEAN	Others	Total
Impairment losses	¥507	¥ 96	¥ 16	¥	¥	¥620

	Thousands of U.S. Dollars					
	2026					
	Japan	Americas	Europe	ASEAN	Others	Total
Impairment losses	$3,171	$ 600	$ 100	$	$	$3,877

Note: For the impairment losses of ¥507 million ($3,171 thousand) for Japan, ¥417 million ($2,608 thousand) is presented as a part of expense on restructuring of organization in the consolidated statement of income.

No impairment losses were recognized for the year ended March 31, 2025.

(**7**) ***Information about Amortization of Goodwill and the Remaining Balance by Reportable Segment***

	Millions of Yen					
	2026					
	Japan	Americas	Europe	ASEAN	Others	Total
Amortization of goodwill	¥109	¥	¥	¥	¥	¥109
Remaining balance	936					936

	Millions of Yen					
	2025					
	Japan	Americas	Europe	ASEAN	Others	Total
Amortization of goodwill	¥ 75	¥	¥	¥52	¥	¥128
Remaining balance	871					871

	Thousands of U.S. Dollars					
	2026					
	Japan	Americas	Europe	ASEAN	Others	Total
Amortization of goodwill	$ 681	$	$	$	$	$ 681
Remaining balance	5,854					5,854

(**8**) ***Information about Major Customers***

Information about major customers is not disclosed because there is no customer who accounts for 10% or more of total sales to external customers in the consolidated statement of income.

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