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Consolidated Financial Results for the Year Ended March 31, 2025 [Japanese GAAP]

May 13, 2025

Company name: SHIKIBO LTD.

Listing: Tokyo Stock Exchange

Securities code: 3109

URL: <https://www.shikibo.co.jp/>

Representative: Shiriya Masahiro

,Representative Director,President

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,Senior Executive Officer,Division Manager,Corporate Division

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Scheduled date of annual general meeting of shareholders: June 27, 2025

Scheduled date to commence dividend payments: June 30, 2025

Scheduled date to file annual securities report: June 25, 2025

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|----------------------------------|-----------------|-----|------------------|-------|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ended March 31, 2025 | 39,087 | 1.0 | 1,346 | (5.8) | 1,047 | (20.8) | 914 | 14.2 |
| March 31, 2024 | 38,681 | 2.1 | 1,428 | 17.3 | 1,322 | 17.5 | 800 | (49.0) |

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥ 1,189 million [(6.5) %]
Fiscal year ended March 31, 2024: ¥ 1,271 million [(37.5) %]

| | Basic earnings per share | Diluted earnings per share | Rate of return on equity | Ordinary profit to total assets ratio | Operating profit to net sales ratio |
|----------------------------------|--------------------------|----------------------------|--------------------------|---------------------------------------|-------------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended March 31, 2025 | 72.75 | - | 2.6 | 1.2 | 3.4 |
| March 31, 2024 | 69.06 | 68.55 | 2.4 | 1.6 | 3.7 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|----------------------|-----------------|-----------------|------------------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of March 31, 2025 | 85,611 | 35,238 | 41.1 | 2,777.60 |
| March 31, 2024 | 83,299 | 34,080 | 40.9 | 2,937.74 |

(Reference) Equity: As of March 31, 2025: ¥ 35,211 million
As of March 31, 2024: ¥ 34,050 million

(3) Consolidated Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at the end of period |
|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Fiscal year ended March 31, 2025 | 2,107 | (2,765) | 1,073 | 5,816 |
| March 31, 2024 | 3,549 | (2,703) | (509) | 5,303 |

2. Dividends

| | Annual dividends | | | | | Total dividends | Payout ratio (consolidated) | Dividends to net assets (consolidated) |
|--|------------------|-----------------|-----------------|----------|-------|-----------------|--------------------------------|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total | | | |
| Fiscal year ended | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| March 31, 2024 | - | 0.00 | - | 50.00 | 50.00 | 584 | 72.4 | 1.7 |
| March 31, 2025 | - | 25.00 | - | 25.00 | 50.00 | 634 | 68.7 | 1.7 |
| Fiscal year ending March 31, 2026 (Forecast) | - | 25.00 | - | 25.00 | 50.00 | | 89.8 | |

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|---|-----------------|-----|------------------|-------|-----------------|-------|---|--------|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Six months ending September 30, 2025 | 20,200 | 6.8 | 600 | 9.3 | 400 | (8.2) | 250 | (19.0) | 19.89 |
| Full year | 41,000 | 4.9 | 1,300 | (3.5) | 1,000 | (4.5) | 700 | (23.4) | 55.70 |

* Notes:

(1) Significant changes in the scope of consolidation during the period:

None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2025: 12,810,829 shares

March 31, 2024: 11,810,829 shares

2) Number of treasury shares at the end of the period:

March 31, 2025: 133,908 shares

March 31, 2024: 219,969 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2025: 12,568,337 shares

Fiscal Year ended March 31, 2024: 11,591,496 shares

(Note) The Company has adopted a stock compensation plan (Board Benefit Trust). For the purpose of calculating basic earnings per share, the number of the shares of the Company remaining in the Board Benefit Trust that are recorded as treasury shares under shareholders' equity is included in the number of treasury shares to be deducted in the calculation of the average number of shares during the period.

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Net income | |
|-------------------|-----------------|-----|------------------|--------|-----------------|------|-----------------|---|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2025 | 27,213 | 1.0 | 762 | (21.9) | 1,323 | 40.4 | 1,446 | - |
| March 31, 2024 | 26,933 | 1.4 | 976 | 9.4 | 942 | 63.0 | (1,158) | - |

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Fiscal year ended | Yen | Yen |
| March 31, 2025 | 115.09 | - |
| March 31, 2024 | (99.92) | - |

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|----------------|-----------------|-----------------|------------------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| March 31, 2025 | 77,704 | 29,956 | 38.6 | 2,363.05 |
| March 31, 2024 | 75,779 | 28,588 | 37.7 | 2,465.91 |

(Reference) Equity: As of March 31, 2025: ¥ 29,956 million
As of March 31, 2024: ¥ 28,582 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

Financial results forecast and other forward-looking statements included in this material are based on information currently available to the Company and certain assumptions deemed reasonable, and actual performance and other results may differ significantly from these forecasts due to various factors.

(How to obtain supplementary briefing materials on financial results and details of financial results briefing session)

The Company plans to stream a video of a financial results briefing (recording). In addition, materials for the financial results briefing session will be posted on the Company's website.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2024 | As of March 31, 2025 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 5,374 | 5,903 |
| Notes and accounts receivable - trade | 7,031 | 7,001 |
| Electronically recorded monetary claims - operating | 1,919 | 2,071 |
| Merchandise and finished goods | 5,803 | 5,658 |
| Work in process | 1,828 | 2,094 |
| Raw materials and supplies | 1,607 | 1,826 |
| Short-term loans receivable | 70 | 70 |
| Other | 993 | 1,242 |
| Allowance for doubtful accounts | (38) | (73) |
| Total current assets | 24,591 | 25,794 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 45,212 | 48,308 |
| Accumulated depreciation and impairment | (34,113) | (35,247) |
| Buildings and structures, net | 11,099 | 13,060 |
| Machinery, equipment and vehicles | 27,266 | 29,376 |
| Accumulated depreciation and impairment | (24,935) | (25,949) |
| Machinery, equipment and vehicles, net | 2,330 | 3,426 |
| Tools, furniture and fixtures | 1,610 | 1,681 |
| Accumulated depreciation and impairment | (1,483) | (1,528) |
| Tools, furniture and fixtures, net | 127 | 152 |
| Land | 37,888 | 37,941 |
| Leased assets | 1,594 | 1,643 |
| Accumulated depreciation | (636) | (607) |
| Leased assets, net | 958 | 1,036 |
| Construction in progress | 1,859 | 84 |
| Total property, plant and equipment | 54,264 | 55,702 |
| Intangible assets | 626 | 618 |
| Investments and other assets | | |
| Investment securities | 1,363 | 1,112 |
| Long-term loans receivable | 200 | 200 |
| Deferred tax assets | 1,906 | 1,844 |
| Other | 481 | 534 |
| Allowance for doubtful accounts | (133) | (196) |
| Total investments and other assets | 3,817 | 3,494 |
| Total non-current assets | 58,708 | 59,816 |
| Total assets | 83,299 | 85,611 |

(Millions of yen)

| | As of March 31, 2024 | As of March 31, 2025 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 2,973 | 2,772 |
| Electronically recorded obligations - operating | 896 | 1,397 |
| Short-term borrowings | 10,029 | 9,293 |
| Current portion of bonds payable | 1,950 | 860 |
| Accrued expenses | 564 | 608 |
| Income taxes payable | 352 | 181 |
| Accrued consumption taxes | 298 | 199 |
| Provision for bonuses | 615 | 653 |
| Other | 1,219 | 1,244 |
| Total current liabilities | 18,901 | 17,211 |
| Non-current liabilities | | |
| Bonds payable | 1,460 | 1,140 |
| Long-term borrowings | 10,931 | 14,380 |
| Lease liabilities | 880 | 947 |
| Deferred tax liabilities | 194 | 185 |
| Deferred tax liabilities for land revaluation | 6,163 | 6,342 |
| Retirement benefit liability | 6,153 | 5,686 |
| Provision for retirement benefits for directors (and other officers) | 65 | 73 |
| Provision for repairs | 94 | 110 |
| Long-term leasehold and guarantee deposits received | 4,143 | 4,142 |
| Other | 230 | 150 |
| Total non-current liabilities | 30,317 | 33,161 |
| Total liabilities | 49,219 | 50,372 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 11,336 | 11,820 |
| Capital surplus | 896 | 1,381 |
| Retained earnings | 9,254 | 9,274 |
| Treasury shares | (242) | (156) |
| Total shareholders' equity | 21,244 | 22,320 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 468 | 303 |
| Deferred gains or losses on hedges | 30 | 27 |
| Revaluation reserve for land | 13,385 | 13,197 |
| Foreign currency translation adjustment | (864) | (498) |
| Remeasurements of defined benefit plans | (213) | (139) |
| Total accumulated other comprehensive income | 12,806 | 12,890 |
| Share acquisition rights | 6 | - |
| Non-controlling interests | 23 | 27 |
| Total net assets | 34,080 | 35,238 |
| Total liabilities and net assets | 83,299 | 85,611 |

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|---|---|---|
| Net sales | 38,681 | 39,087 |
| Cost of sales | 31,603 | 31,852 |
| Gross profit | 7,078 | 7,234 |
| Selling, general and administrative expenses | 5,649 | 5,888 |
| Operating profit | 1,428 | 1,346 |
| Non-operating income | | |
| Interest income | 13 | 24 |
| Dividend income | 22 | 30 |
| Foreign exchange gains | 68 | - |
| Rental income | 37 | 0 |
| Subsidy income | 26 | 45 |
| Miscellaneous income | 57 | 45 |
| Total non-operating income | 224 | 145 |
| Non-operating expenses | | |
| Interest expenses | 219 | 263 |
| Arrangement fee | - | 81 |
| Bond issuance costs | 15 | 15 |
| Foreign exchange losses | - | 10 |
| Miscellaneous expenses | 96 | 73 |
| Total non-operating expenses | 331 | 444 |
| Ordinary profit | 1,322 | 1,047 |
| Extraordinary income | | |
| Gain on sale of investment securities | - | 305 |
| Subsidy income | 10 | 8 |
| Gain on sale of businesses | 300 | - |
| Insurance claim income | 132 | - |
| Other | 11 | 2 |
| Total extraordinary income | 454 | 315 |
| Extraordinary losses | | |
| Provision of allowance for doubtful accounts | 111 | 92 |
| Loss on tax purpose reduction entry of non-current assets | 10 | 8 |
| Impairment losses | 136 | 8 |
| Loss on retirement of non-current assets | 29 | 7 |
| Loss due to disaster | 7 | 3 |
| Loss on sale of shares of subsidiaries | 89 | - |
| Loss on sale of non-current assets | 77 | - |
| Loss on valuation of investment securities | 29 | - |
| Other | 0 | 6 |
| Total extraordinary losses | 492 | 126 |
| Profit before income taxes | 1,285 | 1,237 |
| Income taxes - current | 314 | 217 |
| Income taxes - deferred | 170 | 106 |
| Total income taxes | 484 | 323 |
| Profit | 800 | 914 |
| Profit (loss) attributable to non-controlling interests | 0 | (0) |
| Profit attributable to owners of parent | 800 | 914 |

Consolidated Statements of Comprehensive Income

(Millions of yen)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|--|---|---|
| Profit | 800 | 914 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 287 | (165) |
| Deferred gains or losses on hedges | 46 | (2) |
| Foreign currency translation adjustment | 177 | 370 |
| Remeasurements of defined benefit plans, net of tax | (40) | 74 |
| Total other comprehensive income | 470 | 275 |
| Comprehensive income | 1,271 | 1,189 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,267 | 1,186 |
| Comprehensive income attributable to non-controlling interests | 4 | 3 |

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2024

(Millions of yen)

| | Shareholders' equity | | | | | Accumulated other comprehensive income | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|---|------------------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges |
| Balance at beginning of period | 11,336 | 896 | 9,155 | (241) | 21,146 | 180 | (15) |
| Changes during period | | | | | | | |
| Issuance of new shares - exercise of share acquisition rights | | | | | - | | |
| Dividends of surplus | | | (584) | | (584) | | |
| Reversal of revaluation reserve for land | | | (116) | | (116) | | |
| Profit attributable to owners of parent | | | 800 | | 800 | | |
| Purchase of treasury shares | | | | (1) | (1) | | |
| Disposal of treasury shares | | | | | - | | |
| Net changes in items other than shareholders' equity | | | | | | 287 | 46 |
| Total changes during period | - | - | 99 | (1) | 97 | 287 | 46 |
| Balance at end of period | 11,336 | 896 | 9,254 | (242) | 21,244 | 468 | 30 |

| | Accumulated other comprehensive income | | | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|--|---|---|--|--------------------------|---------------------------|------------------|
| | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | 13,238 | (1,040) | (171) | 12,191 | - | 19 | 33,357 |
| Changes during period | | | | | | | |
| Issuance of new shares - exercise of share acquisition rights | | | | | | | - |
| Dividends of surplus | | | | | | | (584) |
| Reversal of revaluation reserve for land | | | | | | | (116) |
| Profit attributable to owners of parent | | | | | | | 800 |
| Purchase of treasury shares | | | | | | | (1) |
| Disposal of treasury shares | | | | | | | - |
| Net changes in items other than shareholders' equity | 147 | 175 | (42) | 614 | 6 | 4 | 625 |
| Total changes during period | 147 | 175 | (42) | 614 | 6 | 4 | 723 |
| Balance at end of period | 13,385 | (864) | (213) | 12,806 | 6 | 23 | 34,080 |

For the fiscal year ended March 31, 2025

(Millions of yen)

| | Shareholders' equity | | | | | Accumulated other comprehensive income | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|---|------------------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges |
| Balance at beginning of period | 11,336 | 896 | 9,254 | (242) | 21,244 | 468 | 30 |
| Changes during period | | | | | | | |
| Issuance of new shares - exercise of share acquisition rights | 484 | 484 | | | 969 | | |
| Dividends of surplus | | | (902) | | (902) | | |
| Reversal of revaluation reserve for land | | | 8 | | 8 | | |
| Profit attributable to owners of parent | | | 914 | | 914 | | |
| Purchase of treasury shares | | | | (0) | (0) | | |
| Disposal of treasury shares | | | (0) | 87 | 87 | | |
| Net changes in items other than shareholders' equity | | | | | | (165) | (2) |
| Total changes during period | 484 | 484 | 20 | 86 | 1,076 | (165) | (2) |
| Balance at end of period | 11,820 | 1,381 | 9,274 | (156) | 22,320 | 303 | 27 |

| | Accumulated other comprehensive income | | | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|--|---|---|--|--------------------------|---------------------------|------------------|
| | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | 13,385 | (864) | (213) | 12,806 | 6 | 23 | 34,080 |
| Changes during period | | | | | | | |
| Issuance of new shares - exercise of share acquisition rights | | | | | | | 969 |
| Dividends of surplus | | | | | | | (902) |
| Reversal of revaluation reserve for land | | | | | | | 8 |
| Profit attributable to owners of parent | | | | | | | 914 |
| Purchase of treasury shares | | | | | | | (0) |
| Disposal of treasury shares | | | | | | | 87 |
| Net changes in items other than shareholders' equity | (187) | 366 | 73 | 84 | (6) | 3 | 81 |
| Total changes during period | (187) | 366 | 73 | 84 | (6) | 3 | 1,157 |
| Balance at end of period | 13,197 | (498) | (139) | 12,890 | - | 27 | 35,238 |

Consolidated Statements of Cash Flows

(Millions of yen)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 1,285 | 1,237 |
| Depreciation | 1,842 | 2,021 |
| Amortization of long-term prepaid expenses | 37 | 34 |
| Increase (decrease) in retirement benefit liability | (118) | (408) |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | 11 | 7 |
| Loss (gain) on sale of businesses | (300) | - |
| Increase (decrease) in provision for repairs | 12 | 16 |
| Increase (decrease) in allowance for doubtful accounts | 99 | 98 |
| Increase (decrease) in provision for bonuses | 31 | 36 |
| Interest and dividend income | (35) | (55) |
| Interest expenses | 219 | 263 |
| Foreign exchange losses (gains) | (24) | (0) |
| Impairment losses | 136 | 8 |
| Insurance claim income | (132) | - |
| Loss on disaster | 7 | 3 |
| Loss (gain) on sale of shares of subsidiaries | 89 | - |
| Loss (gain) on sale of non-current assets | 74 | (2) |
| Loss on tax purpose reduction entry of non-current assets | 10 | 8 |
| Loss on retirement of non-current assets | 29 | 7 |
| Increase (decrease) in consumption taxes receivable payable | 317 | (98) |
| Loss (gain) on sale of investment securities | - | (305) |
| Loss (gain) on valuation of investment securities | 29 | - |
| Decrease (increase) in trade receivables | 126 | (66) |
| Decrease (increase) in inventories | 548 | (183) |
| Increase (decrease) in trade payables | (403) | 222 |
| Other, net | (320) | (75) |
| Subtotal | 3,575 | 2,769 |
| Interest and dividends received | 23 | 29 |
| Interest paid | (218) | (258) |
| Income taxes refund (paid) | 88 | (427) |
| Proceeds from insurance income | 194 | - |
| Payments associated with disaster loss | (5) | (5) |
| Amount payment of loss on fire | (109) | - |
| Net cash provided by (used in) operating activities | 3,549 | 2,107 |

(Millions of yen)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|---|---|---|
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (2,794) | (2,942) |
| Proceeds from sale of property, plant and equipment | 7 | 2 |
| Purchase of investment securities | (94) | (20) |
| Proceeds from sale of investment securities | - | 347 |
| Short-term loan advances | (70) | - |
| Long-term loan advances | (200) | - |
| Proceeds from withdrawal of time deposits | 67 | 59 |
| Payments into time deposits | (62) | (73) |
| Proceeds from sale of businesses | 300 | - |
| Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation | 324 | - |
| Other, net | (180) | (137) |
| Net cash provided by (used in) investing activities | (2,703) | (2,765) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 1,283 | (787) |
| Proceeds from long-term borrowings | 3,840 | 7,249 |
| Repayments of long-term borrowings | (4,450) | (3,835) |
| Proceeds from issuance of bonds | 784 | 588 |
| Redemption of bonds | (1,190) | (2,010) |
| Proceeds from issuance of share acquisition rights | 6 | - |
| Proceeds from issuance of shares resulting from exercise of share acquisition rights | - | 963 |
| Purchase of treasury shares | (1) | (0) |
| Dividends paid | (580) | (896) |
| Other, net | (201) | (196) |
| Net cash provided by (used in) financing activities | (509) | 1,073 |
| Effect of exchange rate change on cash and cash equivalents | 44 | 96 |
| Net increase (decrease) in cash and cash equivalents | 381 | 513 |
| Cash and cash equivalents at beginning of period | 4,922 | 5,303 |
| Cash and cash equivalents at end of period | 5,303 | 5,816 |

Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

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

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022, hereinafter “2022 Revised Accounting Standard”) and other standards from the beginning of the fiscal year ended March 31, 2025.

Revisions to the classification of income taxes, etc. (taxation on other comprehensive income) are in accordance with the transitional treatment provided for in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment provided for in the proviso to Paragraph 65-2(2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022, hereinafter “2022 Revised Guidance”). The change in accounting policies has no impact on the consolidated financial statements for the fiscal year ended March 31, 2025.

Regarding the revisions related to the revision of the treatment in consolidated financial statements in cases where sales gains or losses arising from the sale of shares of subsidiaries, etc. among consolidated companies are deferred for tax purposes, the 2022 Revised Guidance has been applied from the beginning of the fiscal year under review. The change in accounting policies has been applied retrospectively, and the consolidated financial statements for the fiscal year ended March 31, 2024 have been prepared on a retrospective basis. The change in accounting policies have no impact on the consolidated financial statements for the fiscal year ended March 31, 2024.

(Notes on segment information, etc.)

[Segment information]

1 Overview of reportable segments

The Company’s reportable segments are components of the Company on which separate financial information is available and which are examined regularly by the Board of Directors to decide allocation of managerial resources and assess business performance.

The Company has established a division by product/service. These divisions formulate domestic and overseas comprehensive strategies for products and services that they handle and conduct business activities.

Accordingly, the Company consists of segments classified by product/service based on divisions, and three segments of “Textiles,” “Industrial Materials,” and “Real Estate Business and Service Industry,” are reportable segments.

The description of major products that belong to each reportable segment is as follows

| Reportable segment | Major products |
|---|---|
| Textile | Yarn, textile, knit and secondary products, etc. |
| Industrial Materials | Dryer canvas, filter cloths, chemical and composite materials, etc. |
| Real Estate Business and Service Industry | Rental, linen supply and distribution, etc. |

2 Method of calculating the amounts of sales, profit or loss, assets and other items by reportable segment

The method of accounting for reported operating segments is basically the same as the method of accounting treatment employed to prepare the consolidated financial statements.

Profit of reportable segments represents figures based on operating profit. Intersegment revenue and transfers are based on prevailing market prices.

3 Information on the amounts of sales, profit or loss, assets and other items by reportable segment

For the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Reportable segment | | | | Adjustment (Notes 1 and 3) | Amount recorded in Quarterly Consolidated Statements of Income (Note 2) |
|---|--------------------|-------------------------|--|--------|----------------------------------|--|
| | Textile | Industrial Materials | Real Estate Business and Service Industry | Total | | |
| Net sales | | | | | | |
| Net sales to external customers | 19,892 | 13,500 | 5,288 | 38,681 | — | 38,681 |
| Inter-segment net sales or transfers | 7 | — | 607 | 615 | (615) | — |
| Total | 19,899 | 13,500 | 5,896 | 39,296 | (615) | 38,681 |
| Segment profit (loss) | (277) | 555 | 1,978 | 2,256 | (827) | 1,428 |
| Segment assets | 20,519 | 19,170 | 35,150 | 74,840 | 8,459 | 83,299 |
| Other items | | | | | | |
| Depreciation | 237 | 734 | 750 | 1,722 | 120 | 1,842 |
| Increase in property, plant and equipment and intangible assets | 308 | 2,338 | 1,098 | 3,745 | 200 | 3,945 |

(Notes) 1. The ¥(827) million adjustment for segment profit (loss) consists of corporate expenses not allocated to any reportable segment. Corporate expenses mostly consist of selling, general and administrative expenses not attributable to any reportable segment.

2. Segment profit (loss) is adjusted with operating profit in the Consolidated Statements of Income.

3. The ¥8,459 million adjustment for segment assets includes an elimination for inter-segment transactions of ¥(70) million and corporate assets of ¥8,530 million

For the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

| | Reportable segment | | | | Adjustment (Notes 1 and 3) | Amount recorded in Quarterly Consolidated Statements of Income (Note 2) |
|---|--------------------|-------------------------|--|--------|----------------------------------|--|
| | Textile | Industrial Materials | Real Estate Business and Service Industry | Total | | |
| Net sales | | | | | | |
| Net sales to external customers | 20,179 | 13,468 | 5,439 | 39,087 | — | 39,087 |
| Inter-segment net sales or transfers | 5 | — | 661 | 667 | (667) | — |
| Total | 20,184 | 13,468 | 6,100 | 39,754 | (667) | 39,087 |
| Segment profit (loss) | 242 | 189 | 1,980 | 2,413 | (1,066) | 1,346 |
| Segment assets | 21,088 | 21,452 | 34,885 | 77,427 | 8,184 | 85,611 |
| Other items | | | | | | |
| Depreciation | 278 | 777 | 771 | 1,826 | 194 | 2,021 |
| Increase in property, plant and equipment and intangible assets | 388 | 2,410 | 338 | 3,138 | 212 | 3,350 |

(Notes) 1. The ¥(1,066) million adjustment for segment profit (loss) consists of corporate expenses not allocated to any reportable segment. Corporate expenses mostly consist of selling, general and administrative expenses not attributable to any reportable segment.

2. Segment profit (loss) is adjusted with operating profit in the Consolidated Statements of Income.

3. The ¥8,184 million adjustment for segment assets includes an elimination for inter-segment transactions of ¥(71) million and corporate assets of ¥8,255 million

[Information on impairment loss on non-current assets by reportable segment]

For the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Reportable segment | | | | Corporate / Eliminations | Total |
|-----------------|--------------------|-------------------------|---|-------|-----------------------------|-------|
| | Textile | Industrial Materials | Real Estate Business and Service Industry | Total | | |
| Impairment loss | — | 136 | — | 136 | — | 136 |

For the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

| | Reportable segment | | | | Corporate / Eliminations | Total |
|-----------------|--------------------|-------------------------|---|-------|-----------------------------|-------|
| | Textile | Industrial Materials | Real Estate Business and Service Industry | Total | | |
| Impairment loss | — | — | 8 | 8 | — | 8 |

(Per share information)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|----------------------------|---|---|
| Net assets per share | 2,937.74yen | 2,777.60yen |
| Basic earnings per share | 69.06yen | 72.75yen |
| Diluted earnings per share | 68.55yen | — |

(Notes) 1. Diluted earnings per share for the fiscal year ended March 31, 2025 is not shown as there are no dilutive shares.

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

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|---|---|---|
| Basic earnings per share | | |
| Profit attributable to owners of parent (Millions of yen) | 800 | 914 |
| Amount not attributable to common shareholders (Millions of yen) | — | — |
| Profit attributable to owners of parent related to common shares (Millions of yen) | 800 | 914 |
| Average number of common shares outstanding during the period (Shares) | 11,591,496 | 12,568,337 |
| | | |
| Diluted earnings per share | | |
| Increase in common shares (Shares) | 86,483 | — |
| (Of which, stock acquisition rights (Shares)) | (86,483) | (—) |
| Summary of residual shares not included in calculation of diluted earnings per share because of no dilutive effect | — | — |

(Significant subsequent events)

Not applicable.

Reference information

1 Changes in the capital investment and depreciation (on construction basis)

(Millions of yen)

| | Consolidated | | | Non-consolidated | | |
|--------------------|--------------|--------|--------|------------------|--------|--------|
| | FY2022 | FY2023 | FY2024 | FY2022 | FY2023 | FY2024 |
| Capital investment | 1,427 | 3,258 | 3,085 | 623 | 580 | 578 |
| Depreciation | 1,820 | 1,842 | 2,021 | 1,370 | 1,318 | 1,351 |

2 Changes in the balance of interest-bearing debt

(Millions of yen)

| | Consolidated | | | Non-consolidated | | |
|-----------------|--------------|--------|--------|------------------|--------|--------|
| | FY2022 | FY2023 | FY2024 | FY2022 | FY2023 | FY2024 |
| Borrowings | 20,279 | 20,961 | 23,674 | 19,897 | 20,738 | 23,452 |
| Corporate bonds | 3,800 | 3,410 | 2,000 | 3,800 | 3,410 | 2,000 |
| Total | 24,079 | 24,371 | 25,674 | 23,697 | 24,148 | 25,452 |

3 Changes in the number of employees

(People)

| | FY2022 | | | FY2023 | | | FY2024 | | |
|------------------|--------|--------|-------|--------|--------|-------|--------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Consolidated | 1,332 | 863 | 2,195 | 1,323 | 875 | 2,198 | 1,313 | 862 | 2,175 |
| Non-consolidated | 304 | 228 | 532 | 315 | 239 | 554 | 317 | 255 | 572 |

4 Consolidated financial results forecast for the fiscal year ending March 31, 2026

(Six months ending September 30, 2025)

(Millions of yen)

| | Reportable segment | | | | Corporate / Eliminations | Total |
|---|--------------------|----------------------|----------------------|---|--------------------------|--------|
| | Textile | Industrial Materials | Functional Materials | Real Estate Business and Service Industry | | |
| Net sales | 10,400 | 3,600 | 3,450 | 3,000 | (250) | 20,200 |
| Operating profit | 150 | 50 | 0 | 950 | (550) | 600 |
| Ordinary profit | | | | | | 400 |
| Profit attributable to owners of parent | | | | | | 250 |

(Fiscal year ending March 31, 2026)

(Millions of yen)

| | Reportable segment | | | | Corporate / Eliminations | Total |
|--|--------------------|-------------------------|-------------------------|--|-----------------------------|--------|
| | Textile | Industrial Materials | Functional Materials | Real Estate Business and Service Industry | | |
| Net sales | 21,000 | 7,400 | 7,200 | 5,900 | (500) | 41,000 |
| Operating profit | 350 | 200 | 0 | 1,900 | (1,150) | 1,300 |
| Ordinary profit | | | | | | 1,000 |
| Profit attributable to owners of parent | | | | | | 700 |

(Note) Under the medium-term management plan "TG25-27," launched on April 1, 2025, the Industrial Materials Business and the Functional Materials Business — which has now been designated as a new core business — both of which had previously been classified under the "Industrial Materials" segment, have been separated into two distinct segments: the "Industrial Materials" segment and the "Functional Materials" segment.