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



July 14, 2025

Company name: SATORI ELECTRIC CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 7420
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 Scheduled date of annual general meeting of shareholders: August 21, 2025
 Scheduled date of filing annual securities report: August 21, 2025
 Scheduled date of commencing dividend payments: August 5, 2025
 Preparation of supplementary material on financial results: Available
 Holding of financial results briefing: Scheduled (for securities analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

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

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
May 31, 2025	156,242	5.5	3,993	(16.0)	3,052	(16.5)	2,524	17.0
May 31, 2024	148,113	1.2	4,755	25.4	3,653	27.4	2,156	(4.5)

(Note) Comprehensive income: Fiscal year ended May 31, 2025: ¥775 million [(81.9) %]

Fiscal year ended May 31, 2024: ¥4,289 million [44.9%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
May 31, 2025	175.99	—	7.7	3.7	2.6
May 31, 2024	148.86	—	6.4	4.4	3.2

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended May 31, 2025: —

Fiscal year ended May 31, 2024: —

(Note) The Company has finalized the provisional accounting treatment related to business combination during the fiscal year ended May 31, 2025, and the figures for the fiscal year ended May 31, 2024 reflect the details of the finalized provisional accounting treatment.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of May 31, 2025	79,150	33,306	40.8	2,251.59
As of May 31, 2024	83,798	34,969	39.9	2,334.65

(Reference) Equity: As of May 31, 2025: ¥32,319 million

As of May 31, 2024: ¥33,441 million

(Note) The Company has finalized the provisional accounting treatment related to business combination during the fiscal year ended May 31, 2025, and the figures for the fiscal year ended May 31, 2024 reflect the details of the finalized provisional accounting treatment.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
May 31, 2025	1,303	592	(1,905)	8,840
May 31, 2024	5,325	(2,057)	(4,519)	9,243

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	Million yen	%	%
May 31, 2024	—	30.00	—	50.00	80.00	1,186	55.0	3.6
May 31, 2025	—	40.00	—	46.00	86.00	1,278	50.6	3.8
Fiscal year ending May 31, 2026 (Forecast)	—	44.00	—	46.00	90.00		51.4	

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First six months	74,000	(4.9)	2,000	(4.2)	1,600	(3.9)	1,300	13.5	90.57
Full year	160,000	2.4	4,300	7.7	3,500	14.7	2,600	3.0	181.14

* Notes:

(1) Significant changes in the scope of consolidation during the period: No

Newly included: – (Company name)

Excluded: – (Company name)

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

May 31, 2025: 17,946,826 shares

May 31, 2024: 17,946,826 shares

2) Total number of treasury shares at the end of the period:

May 31, 2025: 3,592,935 shares

May 31, 2024: 3,622,815 shares

3) Average number of shares during the period:

Fiscal year ended May 31, 2025: 14,342,419 shares

Fiscal year ended May 31, 2024: 14,488,032 shares

(Note) The total number of treasury shares at the end of the period includes the Company's shares held by a trust in connection with the stock compensation plan (507,300 shares as of May 31, 2025, 505,100 shares as of May 31, 2024). The Company's shares held by the trust have been included in the treasury shares deducted in calculation of the average number of shares during the period (511,354 shares for the fiscal year ended May 31, 2025, 505,100 shares for the fiscal year ended May 31, 2024).

(Reference) Summary of Non-consolidated Financial Results

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

(1) Non-consolidated Operating Results (% indicates changes from the corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
May 31, 2025	47,663	(0.3)	(1)	—	771	(53.1)	1,258	(2.4)
May 31, 2024	47,805	(5.7)	392	84.7	1,644	15.4	1,289	(25.3)

	Basic earnings per share		Diluted earnings per share	
Fiscal year ended	Yen		Yen	
May 31, 2025	87.77		—	
May 31, 2024	89.02		—	

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of May 31, 2025	47,737	21,397	44.8	1,490.74
As of May 31, 2024	47,104	22,147	47.0	1,546.16

(Reference) Equity: As of May 31, 2025: ¥21,397 million

As of May 31, 2024: ¥22,147 million

* These consolidated financial results are outside the scope of audit by certified public accountants or audit firms.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and are not intended to guarantee the achievement of the forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors. For the assumptions of financial results forecast and notes on using financial results forecast, please refer to “(4) Future Outlook” in “1. Overview of Business Results, etc.” on page 4 of the Attachments.

The Company plans to hold a financial results briefing session for securities analysts and institutional investors on July 17, 2025. The video of the financial results briefing session and explanatory materials used in the session will be available on the Company's website promptly following the briefing session.

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1. Overview of Business Results, etc.

The Company has finalized the provisional accounting treatment related to business combination during the fiscal year ended May 31, 2025. Comparisons and analyses with the previous consolidated fiscal year have been adjusted to reflect the finalized accounting treatment.

(1) Overview of Business Results for the Period Under Review

The Japanese economy during the fiscal year under review was affected by the prolonged stagnation of the Chinese economy and the outlook remained unclear, despite signs of gradual recovery driven by the recovery of personal consumption resulting from wage hikes and the increase in demand from inbound tourists.

Amid this environment, regarding the financial results for the current fiscal year, net sales amounted to ¥156,242 million (an increase of 5.5% year on year), mainly attributed to the positive factors including the increased sales of semiconductors for India market, the automotive applications market in Japan and electronic components for personal computers and servers as well as the effects of yen depreciation, despite the decreased sales in the Procurement Management Division. Operating profit amounted to ¥3,993 million (a decrease of 16.0% year on year) mainly attributed to the impacts of exchange rates and human capital investment, etc. Ordinary profit amounted to ¥3,052 million (a decrease of 16.5% year on year). Profit attributable to owners of parent amounted to ¥2,524 million (an increase of 17.0% year on year), due to the recording of gain on sale of investment securities and a decrease in income taxes.

The financial results of the segments are as follows.

1) Industrial Infrastructure business

Net sales amounted to ¥28,932 million (a decrease of 3.6% year on year), due to declining demand for personal computers for business purposes and other factors. Segment profit amounted to ¥1,352 million (a decrease of 15.2% year on year), due in part to the impacts of human capital investment, etc., in addition to the decrease of sales.

2) Enterprise business

Net sales amounted to ¥45,599 million (a decrease of 7.3% year on year) due to decreased sales in the Procurement Management Division and other factors. Segment profit amounted to ¥1,206 million (a decrease of 41.6% year on year), due to a decrease in net sales as well as the impact of foreign exchange rates and human capital investment, etc.

3) Mobility business

Net sales amounted to ¥40,043 million (an increase of 25.1% year on year), driven by the strong performance of SM Electronic Technologies Pvt. Ltd. as well as strong sales of semiconductors for the automotive applications market in Japan. Segment profit amounted to ¥1,504 million (a decrease of 17.5% year on year), due to increased goodwill amortization and other factors.

4) Global business

Net sales amounted to ¥49,066 million (an increase of 11.6% year on year), and segment profit amounted to ¥991 million (an increase of 71.0% year on year). This is mainly attributable to increased sales of unit products for office equipment and electronic components for personal computers and servers, among other factors.

(2) Overview of Financial Position for the Period Under Review

(Assets)

Total assets at the end of the current fiscal year were ¥79,150 million, a decrease of ¥4,647 million compared with ¥83,798 million at the end of the previous fiscal year. This is mainly attributable to a decrease of ¥3,975 million in merchandise and finished goods and a decrease of ¥1,137 million in investment securities.

(Liabilities)

Liabilities at the end of the current fiscal year were ¥45,844 million, a decrease of ¥2,984 million compared with ¥48,828 million at the end of the previous fiscal year. This is mainly attributable to a decrease of ¥3,810 million in deposits received.

(Net assets)

Net assets at the end of the current fiscal year were ¥33,306 million, a decrease of ¥1,663 million compared with ¥34,969 million at the end of the previous fiscal year. This is mainly attributable to a decrease of ¥709 million in valuation difference on available-for-sale securities and a decrease of ¥1,172 million in foreign currency translation adjustment. Equity ratio changed to 40.8% from 39.9% at the end of the previous fiscal year.

(3) Overview of Cash Flows for the Period Under Review

Cash and cash equivalents (hereinafter referred to as “Capital”) for the current fiscal year were ¥8,840 million, a decrease of ¥403 million (compared with ¥9,243 million at the end of the previous fiscal year).

(Cash flows from operating activities)

Capital provided by operating activities during the current fiscal year amounted to ¥1,303 million (compared with ¥5,325 million provided in the previous fiscal year).

This is mainly attributable to an increase in Capital caused by recording of profit before income taxes, a decrease in inventories and an increase in trade payables, despite a decrease in Capital due to an increase in trade receivables and a decrease in deposits received.

(Cash flows from investing activities)

Capital provided by investing activities during the current fiscal year amounted to ¥592 million (compared with ¥2,057 million used in the previous fiscal year).

This is mainly attributable to an increase in Capital due to sale of businesses.

(Cash flows from financing activities)

Capital used in financing activities during the current fiscal year amounted to ¥1,905 million (compared with ¥4,519 million used during the previous fiscal year).

This is mainly attributable to a decrease in Capital due to dividends paid and acquisition of additional shares of SM Electronic Technologies Pvt. Ltd., despite an increase in Capital due to a net increase in short-term borrowings.

(Reference) Changes in indicators related to cash flows

	79th FY ended May 31, 2021	80th FY ended May 31, 2022	81st FY ended May 31, 2023	82nd FY ended May 31, 2024	83rd FY ended May 31, 2025
Equity ratio (%)	47.8	43.3	41.4	39.9	40.8
Equity ratio based on fair value (%)	20.2	25.1	32.3	35.2	29.3
Years of debt redemption (Years)	2.2	—	—	4.6	16.0
Interest coverage ratio	59.9	—	—	10.6	2.9

(Notes) Equity ratio:	Shareholders' equity / Total assets
Equity ratio based on fair value:	Market capitalization / Total assets
Years of debt redemption:	Interest-bearing debt / Cash flows
Interest coverage ratio:	Cash flows / Interest paid

* The indicators were calculated using consolidated financial figures.

* The market capitalization was calculated by multiplying the closing price of the closing date by the total number of issued shares (less the treasury shares) on the day.

- * Cash flows represent net cash provided by (used in) operating activities recorded in the Consolidated Statements of Cash Flows. Interest-bearing debt includes all debts recorded in the Consolidated Balance Sheets for which interest is paid. Interest paid is the amount shown in the Consolidated Statements of Cash Flows.
- * The years of debt redemption and the interest coverage ratio appear as a dash (–) when cash flows from operating activities are negative.

(4) Future Outlook

The electronics industry, to which the Group belongs, to experience growth in the semiconductor market driven by sustained demand for artificial intelligence. On the other hand, however, the business environment is fraught with uncertainty, including rising geopolitical risks such as tariff issues and export restrictions.

Regarding the consolidated financial results forecast for the fiscal year ending May 31, 2026, projections are net sales of ¥160.0 billion (an increase of 2.4% from the previous fiscal year), operating profit of ¥4.3 billion (an increase of 7.7% from the previous fiscal year), ordinary profit of ¥3.5 billion (an increase of 14.7% from the previous fiscal year), and profit attributable to owners of parent of ¥2.6 billion (an increase of 3.0% from the previous fiscal year).

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

Net sales	¥160.0 billion (up 2.4% from the previous fiscal year)
Operating profit	¥4.3 billion (up 7.7% from the previous fiscal year)
Ordinary profit	¥3.5 billion (up 14.7% from the previous fiscal year)
Profit attributable to owners of parent	¥2.6 billion (up 3.0% from the previous fiscal year)

2. Basic Stance Concerning Choice of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Group prepares its consolidated financial statements using Japanese GAAP for the time being.

Regarding the application of International Financial Reporting Standards (IFRS), the Group's policy is to respond appropriately based on consideration of the situation in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of May 31, 2024	As of May 31, 2025
Assets		
Current assets		
Cash and deposits	9,246	9,128
Notes and accounts receivable - trade	35,689	36,945
Electronically recorded monetary claims - operating	5,753	5,742
Merchandise and finished goods	16,034	12,059
Work in process	300	294
Raw materials and supplies	489	1
Other	5,270	5,852
Allowance for doubtful accounts	(91)	(70)
Total current assets	72,692	69,954
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,298	2,105
Accumulated depreciation	(988)	(831)
Buildings and structures, net	1,310	1,274
Land	787	695
Other	2,319	2,060
Accumulated depreciation	(1,345)	(1,283)
Other, net	973	776
Total property, plant and equipment	3,071	2,747
Intangible assets		
Goodwill	1,951	1,605
Customer-related intangible assets	433	375
Technology-related intangible assets	308	237
Other	240	309
Total intangible assets	2,933	2,528
Investments and other assets		
Investment securities	4,344	3,207
Deferred tax assets	423	393
Other	971	916
Allowance for doubtful accounts	(639)	(597)
Total investments and other assets	5,100	3,920
Total non-current assets	11,105	9,196
Total assets	83,798	79,150

(Million yen)

	As of May 31, 2024	As of May 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,072	16,535
Electronically recorded obligations - operating	3,386	4,247
Short-term borrowings	15,103	15,454
Current portion of long-term borrowings	1,008	23
Deposits received	4,734	923
Income taxes payable	793	403
Accrued expenses	1,211	974
Provision for losses on business transfer	–	127
Other	2,160	1,110
Total current liabilities	43,470	39,800
Non-current liabilities		
Bonds payable	1,400	1,400
Long-term borrowings	1,815	2,844
Provision for share awards for directors (and other officers)	–	99
Deferred tax liabilities	346	142
Deferred tax liabilities for land revaluation	9	10
Retirement benefit liability	1,467	1,337
Other	318	210
Total non-current liabilities	5,358	6,044
Total liabilities	48,828	45,844
Net assets		
Shareholders' equity		
Share capital	2,611	2,611
Capital surplus	3,447	2,988
Retained earnings	27,288	28,465
Treasury shares	(4,940)	(4,927)
Total shareholders' equity	28,407	29,138
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,795	1,085
Deferred gains or losses on hedges	(23)	6
Revaluation reserve for land	22	21
Foreign currency translation adjustment	3,239	2,067
Total accumulated other comprehensive income	5,034	3,181
Non-controlling interests	1,527	987
Total net assets	34,969	33,306
Total liabilities and net assets	83,798	79,150

(2) Consolidated Statements of Operations and Comprehensive Income
Consolidated Statements of Operations

	(Million yen)	
	For the fiscal year ended May 31, 2024	For the fiscal year ended May 31, 2025
Net sales	148,113	156,242
Cost of sales	132,365	140,689
Gross profit	15,748	15,552
Selling, general and administrative expenses		
Packing and transportation costs	854	635
Travel and transportation expenses	486	543
Provision of allowance for doubtful accounts	17	(5)
Provision for share awards for directors (and other officers)	—	134
Salaries and allowance	5,628	5,893
Retirement benefit expenses	257	306
Rent expenses	349	329
Commission expenses	1,499	1,578
Depreciation	454	527
Other	1,445	1,615
Total selling, general and administrative expenses	10,992	11,559
Operating profit	4,755	3,993
Non-operating income		
Interest income	95	79
Dividend income	82	84
Purchase discounts	40	20
Compensation income	102	11
Subsidy income	40	30
Other	25	50
Total non-operating income	386	277
Non-operating expenses		
Interest expenses	498	458
Foreign exchange losses	288	389
Loss on sale of receivables	589	345
Other	111	26
Total non-operating expenses	1,488	1,219
Ordinary profit	3,653	3,052
Extraordinary income		
Gain on sale of non-current assets	73	—
Gain on sale of investment securities	1	353
Gain on redemption of membership	—	5
Gain on sale of businesses	—	19
Total extraordinary income	74	378
Extraordinary losses		
Loss on retirement of non-current assets	54	1
Impairment losses	177	19
Total extraordinary losses	232	20
Profit before income taxes	3,496	3,410
Income taxes - current	1,082	637
Income taxes - deferred	85	83
Total income taxes	1,167	720
Profit	2,329	2,689
Profit attributable to non-controlling interests	172	165
Profit attributable to owners of parent	2,156	2,524

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended May 31, 2024	For the fiscal year ended May 31, 2025
Profit	2,329	2,689
Other comprehensive income		
Valuation difference on available-for-sale securities	639	(709)
Deferred gains or losses on hedges	25	34
Revaluation reserve for land	—	(0)
Foreign currency translation adjustment	1,296	(1,238)
Total other comprehensive income	1,960	(1,913)
Comprehensive income	4,289	775
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,034	670
Comprehensive income attributable to non-controlling interests	254	104

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended May 31, 2024 (from June 1, 2023 to May 31, 2024)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,611	3,447	26,322	(1,761)	30,620
Changes during period					
Dividends of surplus			(1,191)		(1,191)
Profit attributable to owners of parent			2,156		2,156
Purchase of treasury shares				(3,178)	(3,178)
Disposal of treasury shares					—
Change in ownership interest of parent due to transactions with non-controlling interests					—
Other					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	965	(3,178)	(2,213)
Balance at end of period	2,611	3,447	27,288	(4,940)	28,407

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	1,157	(44)	22	2,021	3,156	1,169	34,945
Changes during period							
Dividends of surplus							(1,191)
Profit attributable to owners of parent							2,156
Purchase of treasury shares							(3,178)
Disposal of treasury shares							—
Change in ownership interest of parent due to transactions with non-controlling interests							—
Other							—
Net changes in items other than shareholders' equity	637	21	—	1,218	1,878	358	2,236
Total changes during period	637	21	—	1,218	1,878	358	23
Balance at end of period	1,795	(23)	22	3,239	5,034	1,527	34,969

For the fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,611	3,447	27,288	(4,940)	28,407
Changes during period					
Dividends of surplus			(1,335)		(1,335)
Profit attributable to owners of parent			2,524		2,524
Purchase of treasury shares				(67)	(67)
Disposal of treasury shares		23		80	104
Change in ownership interest of parent due to transactions with non-controlling interests		(482)	(11)		(493)
Other			(0)		(0)
Net changes in items other than shareholders' equity					
Total changes during period	—	(458)	1,176	13	730
Balance at end of period	2,611	2,988	28,465	(4,927)	29,138

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	1,795	(23)	22	3,239	5,034	1,527	34,969
Changes during period							
Dividends of surplus							(1,335)
Profit attributable to owners of parent							2,524
Purchase of treasury shares							(67)
Disposal of treasury shares							104
Change in ownership interest of parent due to transactions with non-controlling interests							(493)
Other							(0)
Net changes in items other than shareholders' equity	(709)	29	(0)	(1,172)	(1,853)	(540)	(2,393)
Total changes during period	(709)	29	(0)	(1,172)	(1,853)	(540)	(1,663)
Balance at end of period	1,085	6	21	2,067	3,181	987	33,306

(4) Consolidated Statements of Cash Flows

	(Million yen)	
	For the fiscal year ended May 31, 2024	For the fiscal year ended May 31, 2025
Cash flows from operating activities		
Profit before income taxes	3,496	3,410
Depreciation	562	581
Increase (decrease) in allowance for doubtful accounts	(10)	(7)
Increase (decrease) in retirement benefit liability	30	(42)
Interest and dividend income	(177)	(164)
Interest expenses	498	458
Loss (gain) on sale of investment securities	(1)	(353)
Decrease (increase) in trade receivables	(2,155)	(3,286)
Decrease (increase) in inventories	5,770	2,248
Increase (decrease) in trade payables	(1,369)	4,194
Increase (decrease) in accrued consumption taxes	892	(380)
Increase (decrease) in deposits received	(1,679)	(3,810)
Impairment losses	177	19
Loss on retirement of non-current assets	54	1
Loss (gain) on sale of property, plant and equipment	(73)	–
Increase (decrease) in provision for share awards for directors (and other officers)	–	99
Other, net	685	(475)
Subtotal	6,700	2,490
Interest and dividends received	178	163
Interest paid	(502)	(446)
Income taxes refund (paid)	(1,051)	(903)
Net cash provided by (used in) operating activities	5,325	1,303
Cash flows from investing activities		
Purchase of investment securities	(133)	(47)
Proceeds from sale of investment securities	31	556
Purchase of property, plant and equipment	(305)	(141)
Proceeds from sale of property, plant and equipment	116	–
Purchase of intangible assets	(250)	(150)
Proceeds from sale of intangible assets	375	–
Payments into time deposits	–	(316)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,955)	–
Proceeds from sale of businesses	–	706
Other, net	64	(13)
Net cash provided by (used in) investing activities	(2,057)	592
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(38)	847
Proceeds from long-term borrowings	–	42
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(1,085)
Purchase of treasury shares	(3,178)	(67)
Proceeds from disposal of treasury shares	–	67
Dividends paid	(1,215)	(1,370)
Other, net	(87)	(339)
Net cash provided by (used in) financing activities	(4,519)	(1,905)
Effect of exchange rate change on cash and cash equivalents	471	(394)
Net increase (decrease) in cash and cash equivalents	(779)	(403)
Cash and cash equivalents at beginning of period	10,023	9,243
Cash and cash equivalents at end of period	9,243	8,840

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Changes in accounting policies)

A. Application of the 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 referred to as the “Revised Accounting Standard 2022”), etc. from the beginning of the fiscal year ended May 31, 2025.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Guidance 2022”). This change in accounting policies has no impact on the consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries, etc. resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Guidance 2022 has been applied from the beginning of the fiscal year ended May 31, 2025. This change in accounting policies is applied retrospectively, and the consolidated financial statements for the previous fiscal year are those after retrospective application. This change in accounting policies has no impact on the consolidated financial statements for the previous fiscal year.

B. Application of the Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules, etc.

The Company has also applied the Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules, etc. (Practical Solution No. 46, March 22, 2024) from the beginning of the fiscal year under review. This change in accounting policies has immaterial impact on the consolidated financial statements.

(Business combination)

A. Finalization of provisional accounting treatment for business combination

For the business combination with MAGnetIC Holding B.V., a Dutch company engaged in semiconductor design business, which took place on May 1, 2024 (deemed acquisition date: May 31, 2024), the Company applied provisional accounting treatment in the previous fiscal year, but has finalized it during the fiscal year under review.

As a result of the finalization of the provisional accounting treatment, significant revisions have been reflected in the initial allocation of the acquisition cost. Accordingly, the amount of goodwill of ¥1,964 million provisionally calculated in the consolidated financial statements as of the end of the previous fiscal year has decreased by ¥448 million due to the finalization of the accounting treatment, resulting in a goodwill amount of ¥1,516 million. The decrease in the amount of goodwill is attributable to increases of ¥433 million in customer-related intangible assets, ¥308 million in technology-related intangible assets, ¥9 million in other under intangible assets, ¥191 million in deferred tax liabilities, and ¥112 million in non-controlling interests.

B. Transfer of business related to the development, design, manufacture, and sale of trigger switches for power tools and gardening equipment

As of August 30, 2024, the Company transferred the business related to the development, design, manufacture, and sales of trigger switches for power tools and gardening equipment (hereinafter, “Target Business”) of the Group to SHIBA Co., Ltd. (hereinafter, “SHIBA”), a newly established company formed through a company split, and the Company also transferred all of the issued shares of SHIBA to OTAX Co., Ltd. (hereinafter, “OTAX”).

1. Overview of the business separation

(1) Name of company to which business was separated and name of company to which shares were transferred

1) Name of company to which business was separated

SHIBA Co., Ltd.

2) Name of company to which shares were transferred

OTAX Co., Ltd.

(2) Description of the separated business

Business related to the development, design, manufacture, and sales of trigger switches for power tools and gardening equipment of the Company

(3) Reasons for the business separation

At the consolidated financial results briefing for the 2nd quarter of the fiscal year ended May 2024 held on January 16, 2024, the Company announced that it would promote business portfolio management as part of its initiatives to maximize corporate value. The company has been reviewing its business portfolio, with the aim of enhancing sales growth and capital profitability for the entire group over the medium to long term. In this process, with the intention of leveraging the strengths of Target Business, such as its technological capabilities and robust customer relationships, the Company has decided to transfer the operation of Target Business to OTAX. OTAX, renowned for its strengths as a manufacturer and distributor of industrial switches, aligns well with its objectives, and the Company anticipate that this transfer will further enhance the growth of Target Business. Under these circumstances, we have reached the agreement.

(4) Date of the business separation

August 30, 2024

(5) Matters concerning the outline of other transactions, including legal forms

Transfer with consideration to be received in cash or other property only

2. Summary of accounting procedures implemented

(1) Amount of gain or loss on transfer

Gain on sale of businesses	¥19 million
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(2) Appropriate book value of assets and liabilities related to the transferred business and a breakdown of the main items

Current assets	¥1,725 million
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Non-current assets	¥167 million
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Total assets	¥1,893 million
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Non-current liabilities	¥102 million
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Total liabilities	¥102 million
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(3) Accounting treatment

The Company has accounted for this transaction in accordance with the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

3. Name of the reportable segment that included the separated business

Enterprise business

4. Estimated amount of profit/loss related to the Target Business recorded in the consolidated income statement

Net sales	¥959 million
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Operating profit (loss)	¥(90) million
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C. Transactions under common control, etc.

The Company has acquired additional shares of SM Electronic Technologies Pvt. Ltd. (hereinafter referred to as “SM Electronic”), a consolidated subsidiary.

1. Summary of transaction

(1) Name and business of combined company

Name: SM Electronic (consolidated subsidiary of the Company)

Business description: Wholesale of electronic components

(2) Date of business combination

October 1, 2024 (deemed acquisition date)

(3) Legal form of business combination

Acquisition of shares from non-controlling interests

(4) Company name after business combination

There was no change to the company name.

(5) Other matters related to the summary of transaction

The Company acquired additional shares representing 25.0% of the voting rights, which has resulted in the Company holding 75.1% of the voting rights of SM Electronic. The acquisition of additional shares aims to improve the Group’s corporate value by conquering the growing Indian market and expanding business, as well as to further strengthen governance over the entire Group.

2. Summary of accounting treatment implemented

Based on the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019), the transaction has been treated as a transaction with non-controlling interests under transactions under common control, etc.

3. Matters stated after additional acquisition of subsidiary shares

Acquisition costs of the acquired company and breakdown thereof

Consideration for acquisition	Cash	¥1,085 million
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Acquisition cost	¥1,085 million
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4. Matters related to change in ownership interest of the Company due to the transaction with non-controlling interests

(1) Main factors for change in capital surplus

Additional acquisition of subsidiary shares

(2) Amount of capital surplus decreased due to the transaction with non-controlling interests

¥632 million

(Segment information, etc.)

A. Segment information

1. Description of reportable segments

(1) Matters related to changes in reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's chief decision-making body is being performed in order to decide how management resources are allocated among the Group.

The Group promotes management by market segments.

(2) Types of products and services belonging to each reportable segment

The details of each reportable segment are as follows.

1) Industrial Infrastructure business

The Industrial Infrastructure business is mainly engaged in the development and sales of system solutions, and the sales of communications components and electronic equipment, for industrial and social infrastructures.

2) Enterprise business

The Enterprise business is mainly engaged in the sales of semiconductors and electronic components, procurement management services, the development and sales of switching devices, and the provision of solutions, for domestic customers.

3) Mobility business

The Mobility business is mainly engaged in the sales of semiconductors and electronic equipment and the provision of solutions, for automotive applications.

4) Global business

The Global business is mainly engaged in the sales of semiconductors and electronic components, and the provision of solutions, for overseas customers.

5) Corporate Items and Eliminations

Corporate Items and Eliminations segment mainly involves business development and corporate staff functions.

2. Measurement method of net sales, profit or loss, assets and other items for each reportable segment

The methods of accounting in the reportable segments are based on amounts in accordance with the accounting standards that are used for preparing the consolidated financial statements.

Segment profit is based on operating profit.

Inter-segment net sales are based on the arm's length price.

3. Information on net sales, profit or loss, assets and other items by reportable segment and information on the disaggregation of revenue

For the fiscal year ended May 31, 2024 (from June 1, 2023 to May 31, 2024)

(Million yen)

	Reportable segment					Reconciliation (Note) 1 (Note) 3	Amount recorded in Consolidated Financial Statements (Note) 2
	Industrial Infrastruct ure business	Enterprise business	Mobility business	Global business	Total		
Net sales							
Revenue from contracts with customers	29,676	43,313	31,207	43,915	148,113	–	148,113
Net sales to outside customers	29,676	43,313	31,207	43,915	148,113	–	148,113
Inter-segment net sales or transfers	344	5,868	795	50	7,059	(7,059)	–
Total	30,021	49,181	32,003	43,966	155,172	(7,059)	148,113
Segment profit	1,594	2,065	1,824	579	6,063	(1,308)	4,755
Segment assets	16,863	22,518	19,035	20,182	78,600	5,197	83,798
Other items: Depreciation and amortization	133	183	80	136	533	28	562

- (Notes) 1. The reconciliation of segment profit in an amount of ¥(1,308) million includes elimination of inter-segment transactions.
2. Segment profit is reconciled with “Operating profit” in the Consolidated Statements of Operations.
3. The ¥5,197 million adjustment to segment assets is mainly corporate assets that do not belong to any reportable segment.
4. The Company has finalized the provisional accounting treatment related to business combination during the fiscal year under review. Accordingly, the segment information for the previous fiscal year reflects the revised amounts resulting from a significant review of the initial allocation of acquisition costs following the finalization of the provisional accounting treatment.

For the fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)

(Million yen)

	Reportable segment					Reconciliation (Note) 1 (Note) 3	Amount recorded in Consolidated Financial Statements (Note) 2
	Industrial Infrastruct ure business	Enterprise business	Mobility business	Global business	Total		
Net sales							
Revenue from contracts with customers	28,663	39,125	39,452	49,001	156,242	–	156,242
Net sales to outside customers	28,663	39,125	39,452	49,001	156,242	–	156,242
Inter-segment net sales or transfers	268	6,474	590	65	7,399	(7,399)	–
Total	28,932	45,599	40,043	49,066	163,642	(7,399)	156,242
Segment profit	1,352	1,206	1,504	991	5,055	(1,061)	3,993
Segment assets	13,919	19,365	19,403	20,918	73,607	5,543	79,150
Other items: Depreciation and amortization	117	97	208	115	537	44	581

- (Notes) 1. The reconciliation of segment profit in an amount of ¥(1,061) million includes elimination of inter-segment transactions.
2. Segment profit is reconciled with “Operating profit” in the Consolidated Statements of Operations.
3. The ¥5,543 million adjustment to segment assets is mainly corporate assets that do not belong to any reportable segment.

B. Related information

For the fiscal year ended May 31, 2024 (from June 1, 2023 to May 31, 2024)

1. Information about product and service lines

(Million yen)

	Semi-conductors	General electronic components	Electronic equipment	Products	Total
Net sales to outside customers	55,747	59,965	27,646	4,753	148,113

2. Information by region

(1) Net sales

(Million yen)

Japan	Overseas						Total
	China	India	Thailand	Other Asia	Other	Subtotal	
64,276	34,171	18,426	12,764	12,686	5,788	83,836	148,113

(Notes) 1. Net sales are distributed to each country or region based on the actual destinations of the products.

2. In the table above, the region “China” includes Hong Kong.

(2) Property, plant and equipment

(Million yen)

Japan	Other	Total
2,219	851	3,071

3. Information by major customer

Omitted because any customer who constitutes net sales to outside customers does not account for 10% or more of net sales on the Consolidated Statements of Operations.

For the fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)

1. Information about product and service lines

(Million yen)

	Semi-conductors	General electronic components	Electronic equipment	Products	Total
Net sales to outside customers	55,457	67,234	29,777	3,773	156,242

2. Information by region

(1) Net sales

(Million yen)

Japan	Overseas						Total
	China	India	Thailand	Other Asia	Other	Subtotal	
60,241	33,858	24,604	15,464	16,957	5,115	96,000	156,242

(Notes) 1. Net sales are distributed to each country or region based on the actual destinations of the products.

2. In the table above, the region “China” includes Hong Kong.

(2) Property, plant and equipment

(Million yen)

Japan	Other	Total
2,061	685	2,747

3. Information by major customer

Omitted because any customer who constitutes net sales to outside customers does not account for 10% or more of net sales on the Consolidated Statements of Operations.

C. Information about impairment losses on non-current assets by reportable segment

For the fiscal year ended May 31, 2024 (from June 1, 2023 to May 31, 2024)

In the Enterprise business, the Company transferred the power tool and gardening equipment trigger switch businesses to a newly established company through a company split, with an effective date of August 30, 2024, and all of the issued shares of the newly established company were transferred. Accordingly, the Company wrote off the carrying amounts of assets held subject to division and succession to their recoverable amounts and recorded the difference as impairment losses. The impairment losses amounted to ¥177 million.

For the fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)

Regarding corporate assets that do not belong to any reportable segment, the Company wrote off the carrying amount of land to its recoverable amount and recorded the difference as impairment losses. The impairment losses amounted to ¥19 million.

D. Information about amortization amount and unamortized balance of goodwill by reportable segment

For the fiscal year ended May 31, 2024 (from June 1, 2023 to May 31, 2024)

(Million yen)

	Reportable segment					Corporate Items and Eliminations	Total
	Industrial Infrastructure business	Enterprise business	Mobility business	Global business	Subtotal		
Amortization amount	—	—	108	—	108	—	108
Unamortized balance	—	—	1,951	—	1,951	—	1,951

For the fiscal year ended May 31, 2025 (from June 1, 2024 to May 31, 2025)

(Million yen)

	Reportable segment					Corporate Items and Eliminations	Total
	Industrial Infrastructure business	Enterprise business	Mobility business	Global business	Subtotal		
Amortization amount	—	—	255	—	255	—	255
Unamortized balance	—	—	1,605	—	1,605	—	1,605

(Note) As described in the “Note (Business combination),” the Company has finalized, during the fiscal year under review, the provisional accounting treatment related to a business combination, and the information regarding the amortization amount and unamortized balance of goodwill for each reportable segment in the previous fiscal year reflects the details of the finalized provisional accounting treatment.

E. Information about gain on bargain purchase by reportable segment

There is no relevant information.

(Per share information)

	For the fiscal year ended May 31, 2024	For the fiscal year ended May 31, 2025
Net assets per share	¥2,334.65	¥2,251.59
Basic earnings per share	¥148.86	¥175.99

(Notes) 1. Information about diluted earnings per share is omitted because dilutive shares do not exist.

2. In the calculation of net assets per share, the Company's shares held by the trust in connection to the stock compensation plan are included in treasury shares deducted from the total number of shares issued at the end of the fiscal year (505,100 shares for the previous fiscal year, 507,300 shares for the current fiscal year). In addition, with the calculation of basic earnings per share, the Company's shares held by the trust in connection with the stock compensation plan are included in the treasury shares deducted in the calculation of the average number of shares during the period (505,100 shares for the previous fiscal year, 511,354 shares for the current fiscal year).
3. The Company has finalized the provisional accounting treatment related to business combination in the fiscal year under review, and the figures for the previous fiscal year have been adjusted to reflect the results of the finalized provisional accounting treatment.
4. The underlying items for calculating basic earnings per share are as follows:

	For the fiscal year ended May 31, 2024	For the fiscal year ended May 31, 2025
Profit attributable to owners of parent (Million yen)	2,156	2,524
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent relating to common shares (Million yen)	2,156	2,524
Average number of shares during the period (Thousand shares)	14,488	14,342

(Significant subsequent events)

A. Cancellation of treasury shares

At the meeting of the Board of Directors held on July 14, 2025, the Company resolved to cancel treasury shares in accordance with the provisions of Article 178 of the Companies Act.

1. Details of the resolution by the Board of Directors on the cancellation of treasury shares
 - (1) Type of shares to be cancelled
Common shares of the Company
 - (2) Total number of shares to be cancelled
3,000,000 shares
 - (3) Scheduled date of cancellation
July 22, 2025
 - (4) Total number of issued shares following cancellation
14,946,826 shares