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Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 <under Japanese GAAP>



April 28, 2025

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 Listing: Tokyo Stock Exchange
 Securities code: 1964
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 Scheduled date of annual general meeting of shareholders: June 18, 2025
 Scheduled date to commence dividend payments: June 19, 2025
 Scheduled date to file annual securities report: June 16, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting: Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the fiscal year Ended March 31, 2025 (From 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		
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
March 31, 2025	36,247	23.8	2,735	85.2	3,003	75.1	2,998	36.5	
March 31, 2024	29,283	4.7	1,477	12.8	1,714	8.9	2,197	78.5	

(Note) Comprehensive income:

For the fiscal year ended March 31, 2025: 1,761 million yen [(61.5%)]
 For the fiscal year ended March 31, 2024: 4,575 million yen [193.7%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	407.61	—	10.7	6.2	7.5
March 31, 2024	293.78	—	8.5	3.8	5.0

(Reference) Share of profit (loss) of entities accounted for using equity method:

For the fiscal year ended March 31, 2025: — million yen
 For the fiscal year ended March 31, 2024: — million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	48,736	28,609	58.1	3,858.93
March 31, 2024	48,863	27,768	56.4	3,709.15

(Reference) Equity:

As of March 31, 2025: 28,328 million yen
 As of March 31, 2024: 27,570 million yen

(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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	(3,696)	654	(2,701)	4,348
March 31, 2024	(891)	550	2,451	10,019

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2024	—	—	—	80.00	80.00	594	27.2	2.3
March 31, 2025	—	—	—	150.00	150.00	1,101	36.8	4.0
Fiscal year ending March 31, 2026 (Forecast)				150.00	150.00		38.7	

2. Consolidated earnings forecasts for the fiscal year ending March 31, 2026 (from 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
Full year	37,500	3.5	3,000	9.7	3,150	4.9	2,800	△6.6	387.92

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations : Yes
 - (ii) Changes in accounting policies due to other reasons : None
 - (iii) Changes in accounting estimates : None
 - (iv) Restatement : None

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)
- (ii) Number of treasury shares at the end of the period
- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

As of March 31, 2025	7,800,000 shares	As of March 31, 2024	7,800,000 shares
As of March 31, 2025	459,009 shares	As of March 31, 2024	336,803 shares
For the fiscal year ended March 31, 2025	7,355,476 shares	For the fiscal year ended March 31, 2024	7,478,824 shares

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2025

(From April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	32,489	20.3	2,255	84.5	2,787	81.1	2,987	55.0
March 31, 2024	27,016	15.2	1,222	68.8	1,538	32.9	1,927	96.1

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	406.19	—
March 31, 2024	257.78	—

(Note) Non-consolidated financial results differences from the previous period:

Due to a large number of backorders carried over from the previous period and a increase in new orders received in this period, sales and profits have increased significantly, improving revenue and profit compared to the previous year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	44,557	26,098	58.6	3,555.15
March 31, 2024	44,363	25,368	57.2	3,412.83

(Reference) Equity:

As of March 31, 2025: 26,098 million yen
As of March 31, 2024: 25,368 million yen

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

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors. Please refer to “(4) Future outlook” in “1. Overview of operating results, etc.” on page 3 of the attached material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

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1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year under review

By leveraging its abundant engineering know-how, the Group actively made technology proposals that contribute to carbon neutrality, such as the application of hydrogen and ammonia fuels to heat treatment processes and the electrification of heat treatment processes. At the same time, we continued to conduct sales activities based on our proprietary technologies related to heat treatment facilities for the manufacturing processes of key parts such as batteries and motors for EVs and HVs, and semiconductor-related functional material heat treatment facilities. Furthermore, in order to respond to the needs of industry for carbon neutrality and digital transformation (DX), we have been making effective use of the Thermal Technology Creation Center, our state-of-the-art facility, to strengthen our R&D capabilities and activate joint development with internal and external partners. This has enabled us to respond promptly to diversifying customer needs and changes in product life cycles.

As a result, orders received increased from the previous year to 39,477 million yen (101.8% of the previous year) with the conclusion of contracts for energy-saving-type annealing equipment for steel producers in Japan, continuous galvanizing lines, exhaust gas treatment equipment, functional material in-flame treatment equipment, next-generation battery-related manufacturing equipment, and aircraft-related material heat treatment equipment, among others.

In terms of sales, due to the steady progress in the New Energy and Industrial Technology Development Organization (NEDO)'s Green Innovation Fund Project for the Decarbonization of Thermal Processes in Manufacturing, as well as the construction of large decarbonized stainless steel bright annealing equipment for overseas customers, heat treatment furnaces for semiconductors and electronic components for the Japanese market, annealing furnaces for infrastructure maintenance materials, and exhaust gas treatment equipment, net sales increased to 36,247 million yen (123.8% of the previous year).

On the profitability side, while we made progress in the completion of existing orders, we implemented a planned price increase for new orders. Because our products are made to order, they have a high appeal to customers, which consequently enabled us to achieve cost pass-through. Furthermore, by appropriately reviewing suppliers and material types, we were also able to reduce procurement costs. As a result, both operating income and ordinary income increased to 2,735 million yen (185.2% of the previous year) and 3,003 million yen (175.1% of the previous year), respectively. Profit attributable to owners of parent increased to 2,988 million yen (136.5% of the previous year). This is due to a gain on the sale of a portion of the company's stock holdings based on the cross-stockholding policy that stipulates that the number of shares should be reduced if the benefit of holding them is diluted from the viewpoint of capital efficiency.

In addition, the Group continues to take the Action to Implement Management That Is Conscious of Cost of Capital and Stock Price, and the initiatives to increase corporate value, as requested by the Tokyo Stock Exchange, Inc.

Specifically, while striving to strengthen our revenue base by achieving our business plans, we review our shareholder return policy on a regular basis with the aim of increasing shareholder value. At the same time, by promoting financial soundness, we are ensuring management stability and building a foundation for new growth. Furthermore, we are strengthening our corporate governance to improve transparency and reliability, further enhancing our relationships with our stakeholders. In addition, by promoting sustainability management and raising our decarbonization targets, we are fulfilling our responsibility for the environment and contributing to the creation of social value. We will also accelerate the creation of innovative products and services through the promotion of development activities, with the aim of strengthening our competitiveness. Through these initiatives, we will further enhance our corporate value.

An overview of performance by segment is as follows.

(Heat Treatment Business)

Orders received were 18,319 million yen (96.8% of the previous year) as a result of the conclusion of contracts for next-generation battery-related manufacturing equipment and functional material heat treatment furnaces for the Japanese market, aircraft-related material heat treatment equipment, regenerative thermal oxidizers, and heat treatment equipment for aluminum parts for automobiles, among others.

In terms of sales, due to steady progress in the construction of functional material heat treatment furnaces related to semiconductors, heat treatment equipment for automobile components in Japan, Carburizing furnace, etc., net sales increased to 18,590 million yen (133.6% of the previous year).

(Plant Business)

Orders received increased to 18,320 million yen (131.3% of the previous year) with the conclusion of contracts for energy-saving-type continuous annealing equipment for steel producers in Japan, continuous galvanizing lines, exhaust gas treatment equipment, and functional material in-flame treatment equipment, among others.

In terms of sales, due to progress in the construction of large decarbonized stainless steel bright annealing equipment for overseas customers and energy-saving-type reheating furnaces for steel producers in Japan, net sales increased to 11,522 million yen (102.8% of the previous year).

(Development Business)

In terms of orders, although we concluded contracts for testing equipment for achieving carbon neutrality and precision coaters for electronic components, due to the conclusion of a contract for NEDO's Green Innovation Fund Project for the Decarbonization of Thermal Processes in Manufacturing in the previous year, orders received only amounted to 692 million yen (19.6% of the previous year).

In terms of sales, due to the steady progress in construction for the NEDO project, hydrogen gas reheating devices, and precision coaters for next-generation batteries, net sales increased to 2,376 million yen (125.3% of the previous year).

(Others)

Orders received increased to 6,711 million yen (114.6% of the previous year), with contracts concluded by overseas subsidiaries for motor core annealing furnaces and annealing and normalizing furnaces for automobile components for China, etc.

In terms of sales, due to the delivery of motor core annealing furnaces, annealing and normalizing furnaces for automobile components, and vacuum heat treating furnaces for China, net sales increased to 8,173 million yen (149.7% of the previous year).

Orders received, sales revenue, and operating profit by segment are summarized below.

The figures for each segment are before elimination of inter-segment transactions, etc.

	Orders received (Millions of yen)	Year-on-year change rate (%)	Net sales (Millions of yen)	Year-on-year change rate (%)	Operating profit (Millions of yen)	Year-on-year change rate (%)
Heat Treatment Business	18,319	(3.2)	18,590	33.6	1,500	147.3
Plant Business	18,320	31.3	11,522	2.8	963	32.9
Development Business	692	(80.4)	2,376	25.3	(208)	—
Others	6,711	14.6	8,173	49.7	529	183.9

(2) Overview of financial position for the fiscal year under review

Total assets decreased by 127 million yen from the end of the previous fiscal year to 48,736 million yen mainly due to decreases in cash and deposits, investment securities.

Total liabilities decreased by 967 million yen from the end of the previous fiscal year to 20,127 million yen mainly due to a decrease in short-term loans payable.

Net assets totaled 28,609 million yen, a 840 million yen increase from the end of the previous fiscal year, mainly due to increases in retained earnings. The equity-to-asset ratio was 58.1%.

(3) Overview of cash flows for the fiscal year under review

Cash flows from operating activities resulted in a decrease of 3,696 million yen in net cash due to increases in trade receivables and contract assets.

Cash flows from investing activities resulted in an increase of 645 million yen in net cash due to sales of investment securities despite the purchase of property, plant and equipment.

Cash flows from financing activities resulted in a decrease of 2,701 million in net cash due to a decrease in short-term loans payable.

As a result, cash and cash equivalents at the end of the period totaled 4,348 million yen, a decrease of 5,671 million yen.

(4) Future outlook

We will work to evolve thermal technology, which is vital to manufacturing, in response to the needs of society, and engage in technology development using hydrogen and ammonia combustion and offer active proposals with the aim of contributing to carbon neutrality. At the same time, we will enhance maintenance systems according to the lifecycle of delivered equipment.

Furthermore, also from medium- to long-term viewpoints, the social and economic environment surrounding the Group is expected to change rapidly and drastically. Amid such a management environment, to promote the management vision 2026 “Renovate ourselves to develop our future with the technology for carbon neutrality!” under the medium-term management plan announced in May 2022 (“Chugai Ro Break Through (CBT) 2022-2026”), we will implement the plan based on three key strategies: (1) The creation of a new market centering on carbon neutrality; (2) Sales expansion and higher profitability through the development of new applications for existing products; and (3) Building a workplace worth working for.

As a specific action, by making full use of the Thermal Technology Creation Center completed inside the Sakai Works in November 2023, the Group will make investments in equipment and human resources for the research and development sector, with the aim of establishing a foundation that enables the creation of new markets. As an investment in systems that contribute to improving work efficiency, we have introduced a design assist system equipped with a significantly enhanced network, with the aim of reducing working hours and building a workplace more worth working for. As an industrial furnace manufacturer that handles heat technology, we will endeavor to become an advanced company that contributes to carbon neutrality 2050 as its social mission.

Furthermore, based on the principles of the corporate governance code, we will strive to improve the transparency and efficiency of our corporate governance system and management. In an effort to achieve higher corporate value and strengthen the consolidated management foundation, our focus will also be placed on increasing shareholder

return.

(5) Basic policy on profit distribution and dividends for the current and next fiscal years

While our basic dividend policy is continuous, stable dividend policy, we will respond to expectations of our shareholders, taking into comprehensive consideration the consolidated results, as well as our capital needs and financial condition. As announced, we aim to achieve a total return ratio of at least 50%, including share buybacks, and a dividend payout ratio of 60% of net operating profit after tax (NOPAT). Internal reserves are basically used for capital investment and research & development for continuous improvement of corporate value through the promotion of carbon neutrality and other key strategies, as well as for business expansion.

Regarding dividend payment for the fiscal year under review, based on the above policy, we plan to repurchase our own shares and submit a proposal of setting 150 yen per share at the ordinary general meeting of shareholders in June 2025.

For the fiscal year ending March 2025, we plan to pay dividends of 150 yen per share.

2. Basic policy regarding selection of accounting standards

The Company employs Japanese GAAP.

As for the application of IFRS, appropriate action will be taken in consideration of the condition of the application of systems, etc. in Japan.

3. Consolidated financial statements and significant notes thereto**(1) Consolidated balance sheet**

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	10,061	4,392
Notes and accounts receivable–trade, and contract assets	21,960	29,720
Costs on construction contracts in progress	2,105	1,731
Other	125	137
Allowance for doubtful accounts	(0)	(0)
Total current assets	34,252	35,982
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,053	6,062
Accumulated depreciation	(4,227)	(4,321)
Buildings and structures, net	1,826	1,741
Machinery, equipment and vehicles	2,466	2,502
Accumulated depreciation	(1,841)	(1,987)
Machinery, equipment and vehicles, net	625	514
Land	1,912	2,156
Construction in progress	106	228
Other	1,474	1,522
Accumulated depreciation	(1,100)	(1,109)
Other, net	374	413
Total property, plant and equipment	4,845	5,053
Intangible assets		
Software	255	207
Others	0	0
Total intangible assets	256	208
Investments and other assets		
Investment securities	8,648	6,533
Retirement benefit asset	593	713
Deferred tax assets	21	17
Other	262	248
Allowance for doubtful accounts	(17)	(20)
Total investments and other assets	9,509	7,492
Total non-current assets	14,611	12,754
Total assets	48,863	48,736

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Electronically recorded obligations-operating	1,433	899
Accounts payable-trade	6,791	7,441
Short-term loans borrowings	6,100	2,569
Income taxes payable	810	750
Contract liabilities	1,255	1,889
Provision for bonuses	116	166
Provision for loss on construction contracts	0	0
Other	999	1,516
Total current liabilities	17,517	15,233
Non-current liabilities		
Long-term borrowings	1,188	2,938
Deferred tax liabilities	2,126	1,600
Retirement benefit liability	154	141
Other	107	213
Total non-current liabilities	3,577	4,893
Total liabilities	21,094	20,127
Net assets		
Shareholders' equity		
Share capital	6,176	6,176
Capital surplus	1,544	1,544
Retained earnings	15,441	17,845
Treasury shares	(711)	(1,023)
Total shareholders' equity	22,451	24,542
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,676	3,350
Deferred gains or losses on hedges	31	7
Foreign currency translation adjustment	181	217
Remeasurements of defined benefit plans	228	209
Total accumulated other comprehensive income	5,119	3,785
Non-controlling interests	198	280
Total net assets	27,768	28,609
Total liabilities and net assets	48,863	48,736

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Net sales	29,283	36,247
Cost of sales	23,166	28,656
Gross profit	6,117	7,590
Selling, general and administrative expenses	4,639	4,854
Operating profit	1,477	2,735
Non-operating income		
Interest income	2	2
Dividend income	228	243
Rental income	61	54
Miscellaneous income	29	48
Total non-operating income	321	348
Non-operating expenses		
Interest expenses	56	58
Foreign exchange losses	14	16
Miscellaneous loss	12	5
Total non-operating expenses	84	80
Ordinary profit	1,714	3,003
Extraordinary income		
Gain on sale of investment securities	1,162	1,183
Gain on sale of non-current assets	199	—
Gain on transfer of business	60	—
Subsidy income	—	50
Total extraordinary income	1,421	1,233
Extraordinary losses		
Impairment Loss	—	14
Loss on retirement of non-current assets	6	—
Total extraordinary losses	6	14
Profit before income taxes	3,129	4,222
Income taxes - current	918	1,137
Income taxes - deferred	(5)	12
Total income taxes	912	1,150
Profit	2,216	3,072
Profit attributable to non-controlling interests	19	74
Profit attributable to owners of parent	2,197	2,998

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Profit	2,216	3,072
Other comprehensive income		
Valuation difference on available-for-sale securities	2,012	(1,326)
Deferred gains or losses on hedges	30	(24)
Foreign currency translation adjustment	69	57
Remeasurements of defined benefit plans, net of tax	247	(18)
Total other comprehensive income	2,359	(1,311)
Comprehensive income	4,575	1,761
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,543	1,664
Comprehensive income attributable to non-controlling interests	32	96

(3) Consolidated statement of changes in equity**Fiscal year ended March 31, 2024(From April 1, 2023 to March 31, 2024)**

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,176	1,544	13,775	(408)	21,087
Changes during period					
Dividends of surplus			(530)		(530)
Profit attributable to owners of parent			2,197		2,197
Purchase of treasury shares				(302)	(302)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,666	(302)	1,363
Balance at end of period	6,176	1,544	15,441	(711)	22,451

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,664	1	125	(18)	2,772	181	24,041
Changes during period							
Dividends of surplus							(530)
Profit attributable to owners of parent							2,197
Purchase of treasury shares							(302)
Net changes in items other than shareholders' equity	2,012	30	56	247	2,346	16	2,363
Total changes during period	2,012	30	56	247	2,346	16	3,726
Balance at end of period	4,676	31	181	228	5,119	198	27,768

Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,176	1,544	15,441	(711)	22,451
Changes during period					
Dividends of surplus			(594)		(594)
Profit attributable to owners of parent			2,998		2,998
Purchase of treasury shares				(312)	(312)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	2,403	(312)	2,090
Balance at end of period	6,176	1,544	17,845	(1,023)	24,542

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,676	31	181	228	5,119	198	27,768
Changes during period							
Dividends of surplus							(594)
Profit attributable to owners of parent							2,998
Purchase of treasury shares							(312)
Net changes in items other than shareholders' equity	(1,326)	(24)	35	(18)	(1,333)	82	(1,250)
Total changes during period	(1,326)	(24)	35	(18)	(1,333)	82	840
Balance at end of period	3,350	7	217	209	3,785	280	28,609

(4) Consolidated statement of cash flows

	(Millions of yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Cash flows from operating activities		
Profit before income taxes	3,129	4,222
Depreciation	474	552
Impairment Loss	—	14
Increase (decrease) in allowance for doubtful accounts	(3)	3
Increase (decrease) in retirement benefit liability and asset	(16)	(107)
Increase (decrease) in provision for loss on construction contracts	0	(0)
Interest and dividend income	(231)	(245)
Interest expenses	56	58
Loss (gain) on sales of investment securities	(1,162)	(1,183)
Loss (gain) on sales of property, plant and equipment	(199)	—
Decrease (increase) in trade receivables and contract assets	(1,193)	(7,663)
Decrease (increase) in costs on construction contracts in progress	(491)	453
Increase (decrease) in trade payables	(1,220)	8
Increase (decrease) in contract liabilities	510	545
Other, net	(290)	664
Subtotal	(637)	(2,677)
Interest and dividend income received	231	245
Interest paid	(52)	(59)
Income taxes paid	(431)	(1,204)
Net cash provided by (used in) operating activities	(891)	(3,696)
Cash flows from investing activities		
Proceeds from sales of property, plant and equipment	389	—
Purchase of property, plant and equipment	(1,270)	(723)
Purchase of intangible assets	(65)	(75)
Proceeds from sale of investment securities	1,500	1,460
Purchase of investment securities	(5)	(6)
Other, net	2	(1)
Net cash provided by (used in) investing activities	550	654
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,300	(3,780)
Proceeds from long-term borrowings	400	2,400
Repayments of long-term borrowings	(400)	(400)
Dividends paid	(530)	(594)
Dividends paid to non-controlling interests	(15)	(13)
Purchase of treasury shares	(302)	(312)
Net cash provided by (used in) financing activities	2,451	(2,701)
Effect of exchange rate change on cash and cash equivalents	63	72
Net increase (decrease) in cash and cash equivalents	2,174	(5,671)
Cash and cash equivalents at beginning of period	7,845	10,019
Cash and cash equivalents at end of period	10,019	4,348

(5) Notes to consolidated financial statements**Notes on premise of going concern**

No items to report

Changes in Accounting Policy

[Application of Accounting Standard for Current Income Taxes, etc.]

The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter, “Revised Accounting Standard 2022”), etc. has been applied since the beginning of the consolidated fiscal year under review. Revisions concerning the categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth 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, “Revised Guidance 2022”). This has no impact on the consolidated financial statements under review. With regard to revisions related to the review of the accounting treatment for consolidated financial statements when gains/losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated companies are deferred for tax purposes, the Company has applied the Revised Guidance 2022 since the beginning of the consolidated fiscal year under review. The change in the accounting policy has been applied retrospectively, and the consolidated financial statements for the previous consolidated fiscal year reflect this retrospective application. This has no impact on the consolidated financial statements for the previous consolidated fiscal year.

Revenue Recognition**1.Information on disaggregated revenue from contracts with customers**

Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Segment				Adjustment	Total
	Heat Treatment Business	Plant Business	Development Business	Others		
Domestic	12,960	9,089	1,660	2,341	(1,668)	24,383
Overseas	951	2,118	236	3,116	(1,522)	4,899
Revenue from contracts with customers	13,912	11,207	1,896	5,458	(3,191)	29,283
Others profit	—	—	—	—	—	—
Net Sales	13,912	11,207	1,896	5,458	(3,191)	29,283

Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Segment				Adjustment	Total
	Heat Treatment Business	Plant Business	Development Business	Others		
Domestic	17,685	6,798	2,126	2,527	(2,306)	26,831
Overseas	905	4,723	250	5,645	(2,109)	9,415
Revenue from contracts with customers	18,590	11,522	2,376	8,173	(4,415)	36,247
Others profit	—	—	—	—	—	—
Net Sales	18,590	11,522	2,376	8,173	(4,415)	36,247

2.Information that is the basis for understanding revenue from contracts with customers

The main performance obligations in the Group’s business are the construction, production, and delivery of products and the provision of services contracted with customers. For long-term construction contracts, performance obligations are deemed to be satisfied over a certain period of time, and revenue is recognized based on the progress of satisfaction of the performance obligations. The progress is measured based on the ratio of construction costs incurred until the end of each reporting period to the total expected construction costs. For construction contracts and product sales contracts where the period from the start date of the contract to the time when performance obligations are expected to be fully satisfied is very short, revenue is not recognized over a certain period of time, but is recognized when the performance obligations are fully satisfied. The payment terms for our transactions are usually due within a short period of time, and the contracts do not include any significant financing component.

Segment information, etc.

[Segment information]

1. Overview of reportable segments

The reportable segments of the CHUGAI RO Group are those units for which separate financial information can be obtained among the constituent units of the Group and for which the Board of Directors of the Company regularly carries out examinations to determine the allocation of management resources and assess the business performance.

Chugai Ro Co., Ltd. has established business divisions and conducts business activities in the three segments of Heat Treatment Business (mainly related to automobiles and battery production), Plant Business (mainly related to steel and non-ferrous metals), and Development Business (mainly related to decarbonization, precision coating and drying equipment, air pollution control, waste treatment and recycling). The business of subsidiaries is included in Other.

2. Information on net sales and profit (loss) by reportable segment

Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable Segment				Others	Total	Adjustment	Reported in consolidated financial statements
	Heat Treatment Business	Plant Business	Development Business	Total				
Net sales								
Sales to external customers	13,158	11,094	1,884	26,138	3,145	29,283	—	29,283
Intersegment sales or transfers	753	112	12	877	2,313	3,191	(3,191)	—
Total	13,912	11,207	1,896	27,016	5,458	32,475	(3,191)	29,283
Segment profit (loss)	606	725	(108)	1,222	186	1,409	68	1,477

Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable Segment				Others	Total	Adjustment	Reported in consolidated financial statements
	Heat Treatment Business	Plant Business	Development Business	Total				
Net sales								
Sales to external customers	17,995	11,274	2,375	31,645	4,601	36,247	—	36,247
Intersegment sales or transfers	595	247	1	844	3,571	4,415	(4,415)	—
Total	18,590	11,522	2,376	32,489	8,173	40,662	(4,415)	36,247
Segment profit (loss)	1,500	963	(208)	2,255	529	2,784	(49)	2,735

Per share information

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Net assets per share	3,709.15 yen	3,858.93 yen
Basic earnings per share	293.78 yen	407.61 yen

(Notes) 1. Diluted earnings per share is not presented since no potential shares exist.

2. The basis for calculation of basic earnings per share

Item	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Profit attributable to owners of parent (millions of yen)	2,197	2,998
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent related to common shares (millions of yen)	2,197	2,998
Average number of common shares outstanding during the period (thousands of shares)	7,478	7,355

Significant subsequent events

Chugai Ro Co., Ltd. (hereinafter, the “Company”) hereby announces that at a meeting of its Board of Directors held on April 28, 2025, the Company resolved to acquire treasury shares pursuant to Article 156 of the Companies Act, as applied by replacing the terms pursuant to the provisions of Article 165, Paragraph 3 of the Act.

1. Reasoning Behind the Acquisition of Treasury Shares

The Company will repurchase its own shares in order to facilitate the implementation of flexible capital policies in response to changes in the business environment.

2. Details of the Matters Pertaining to the Acquisition

(1) Type of shares to be acquired	Common shares of the Company
(2) Total number of shares to be repurchased	150,000 shares (maximum)
(3) Total value of shares repurchased	400 million yen (maximum)
(4) Period of acquisition	April 30, 2025 to July 31, 2025
(5) Method of acquisition	Market purchase using trust method

4. Others**(1) Status of orders received and sales****(i) Net sales**

(Millions of yen)

Segment	Fiscal year ended March 31, 2024 April 1 2023 to March 31, 2024		Fiscal year ending March 31, 2025 April 1 2024 to March 31, 2025		Increase (decrease)
	Amount	%	Amount	%	Amount
Heat Treatment Business	13,912	47.5	18,590	51.3	4,678
Plant Business	11,207	38.3	11,522	31.8	314
Development Business	1,896	6.5	2,376	6.6	480
Others	5,458	18.6	8,173	22.5	2,714
Intersegment elimination	(3,191)	(10.9)	(4,415)	(12.2)	(1,223)
Total	29,283	100.0	36,247	100.0	6,964
[Overseas]	[4,899]	[16.7]	[9,415]	[26.0]	[(4,515)]

(ii) Orders received

(Millions of yen)

Segment	Fiscal year ended March 31, 2024 April 1 2023 to March 31, 2024		Fiscal year ending March 31, 2025 April 1 2024 to March 31, 2025		Increase (decrease)
	Amount	%	Amount	%	Amount
Heat Treatment Business	18,922	48.8	18,319	46.4	(603)
Plant Business	13,949	36.0	18,320	46.4	4,371
Development Business	3,527	9.1	692	1.8	(2,835)
Others	5,857	15.1	6,711	17.0	854
Intersegment elimination	(3,466)	(9.0)	(4,567)	(11.6)	(1,100)
Total	38,790	100.0	39,477	100.0	687
[Overseas]	[13,777]	[35.5]	[6,088]	[15.4]	[(7,688)]

(iii) Backorder

(Millions of yen)

Segment	Fiscal year ended March 31, 2024 April 1 2023 to March 31, 2024		Fiscal year ending March 31, 2025 April 1 2024 to March 31, 2025		Increase (decrease)
	Amount	%	Amount	%	Amount
Heat Treatment Business	14,707	42.9	14,435	38.2	(271)
Plant Business	12,624	36.8	19,423	51.4	6,798
Development Business	3,239	9.4	1,554	4.1	(1,684)
Others	4,740	13.8	3,612	9.6	(1,127)
Intersegment elimination	(998)	(2.9)	(1,202)	(3.2)	(204)
Total	34,313	100.0	37,824	100.0	3,510
[Overseas]	[14,242]	[41.5]	[11,196]	[29.6]	[(3,046)]