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May 14, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)



Company name: SHIKIBO LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 3109
 URL: <https://www.shikibo.co.jp/>
 Representative: Suzuki Yoshihito, Representative Director, President
 Inquiries: Itami Hidenori, Senior Executive Officer, Division Manager, Corporate Division
 Telephone: +81-6-6268-5421
 Scheduled date of annual general meeting of shareholders: June 26, 2026
 Scheduled date to commence dividend payments: June 29, 2026
 Scheduled date to file annual securities report: June 24, 2026
 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, 2026 (from April 1, 2025 to March 31, 2026)

(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, 2026	44,554	14.0	974	(27.6)	658	(37.1)	950	4.0
March 31, 2025	39,087	1.0	1,346	(5.8)	1,047	(20.8)	914	14.2

Note: Comprehensive income For the fiscal year ended March 31, 2026: ¥ 1,604 million [34.9%]
 For the fiscal year ended March 31, 2025: ¥ 1,189 million [(6.5)%]

	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
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2026	74.93	-	2.7	0.7	2.2
March 31, 2025	72.75	-	2.6	1.2	3.4

(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, 2026	93,964	36,224	38.5	2,851.27
March 31, 2025	85,611	35,238	41.1	2,777.60

Reference: Equity

As of March 31, 2026: ¥ 36,197 million
 As of March 31, 2025: ¥ 35,211 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 end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2026	907	(4,634)	4,292	6,344
March 31, 2025	2,107	(2,765)	1,073	5,816

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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2025	-	25.00	-	25.00	50.00	634	68.7	1.7
Fiscal year ended March 31, 2026	-	25.00	-	25.00	50.00	636	66.7	1.8
Fiscal year ending March 31, 2027 (Forecast)	-	25.00	-	25.00	50.00		105.8	

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(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, 2026	25,900	30.9	450	(28.5)	100	(80.5)	50	(85.5)	3.94
Full year	55,700	25.0	1,500	53.9	900	36.7	600	(36.9)	47.28

* Notes

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

Yes

Newly included: 1 company(PT. SHIKIBO MERMAID INDONESIA)

(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: None
- (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)

As of March 31, 2026	12,810,829 shares
As of March 31, 2025	12,810,829 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2026	115,799 shares
As of March 31, 2025	133,908 shares

(iii) Average number of shares outstanding during the period

Fiscal Year ended March 31, 2026	12,689,639 shares
Fiscal Year ended March 31, 2025	12,568,337 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	32,281	18.6	614	(19.4)	1,140	(13.8)	1,502	3.8
March 31, 2025	27,213	1.0	762	(21.9)	1,323	40.4	1,446	-

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2026	118.38	-
March 31, 2025	115.09	-

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2026	86,292	30,992	35.9	2,441.29
March 31, 2025	77,704	29,956	38.6	2,363.05

Reference: Equity

As of March 31, 2026: ¥ 30,992 million

As of March 31, 2025: ¥ 29,956 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 and Primary Notes

Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	5,903	6,407
Notes and accounts receivable - trade	7,001	10,659
Electronically recorded monetary claims - operating	2,071	3,112
Merchandise and finished goods	5,658	8,465
Work in process	2,094	2,561
Raw materials and supplies	1,826	2,369
Short-term loans receivable	70	-
Other	1,242	1,234
Allowance for doubtful accounts	(73)	(16)
Total current assets	25,794	34,794
Non-current assets		
Property, plant and equipment		
Buildings and structures	48,308	48,921
Accumulated depreciation and impairment	(35,247)	(36,325)
Buildings and structures, net	13,060	12,595
Machinery, equipment and vehicles	29,376	29,584
Accumulated depreciation and impairment	(25,949)	(26,341)
Machinery, equipment and vehicles, net	3,426	3,243
Tools, furniture and fixtures	1,681	1,791
Accumulated depreciation and impairment	(1,528)	(1,577)
Tools, furniture and fixtures, net	152	214
Land	37,941	37,818
Leased assets	1,643	1,425
Accumulated depreciation	(607)	(516)
Leased assets, net	1,036	909
Construction in progress	84	122
Total property, plant and equipment	55,702	54,904
Intangible assets		
Goodwill	-	178
Other	618	815
Total intangible assets	618	994
Investments and other assets		
Investment securities	1,112	1,247
Long-term loans receivable	200	170
Deferred tax assets	1,844	1,395
Other	534	602
Allowance for doubtful accounts	(196)	(144)
Total investments and other assets	3,494	3,270
Total non-current assets	59,816	59,169
Total assets	85,611	93,964

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,772	5,713
Electronically recorded obligations - operating	1,397	1,116
Short-term borrowings	9,293	14,279
Current portion of bonds payable	860	540
Accrued expenses	608	627
Income taxes payable	181	177
Accrued consumption taxes	199	38
Provision for bonuses	653	725
Other	1,244	1,996
Total current liabilities	17,211	25,213
Non-current liabilities		
Bonds payable	1,140	600
Long-term borrowings	14,380	15,388
Lease liabilities	947	820
Deferred tax liabilities	185	186
Deferred tax liabilities for land revaluation	6,342	6,308
Retirement benefit liability	5,686	4,751
Provision for retirement benefits for directors (and other officers)	73	73
Provision for repairs	110	103
Long-term leasehold and guarantee deposits received	4,142	4,141
Other	150	151
Total non-current liabilities	33,161	32,526
Total liabilities	50,372	57,739
Net assets		
Shareholders' equity		
Share capital	11,820	11,820
Capital surplus	1,381	1,381
Retained earnings	9,274	9,530
Treasury shares	(156)	(133)
Total shareholders' equity	22,320	22,599
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	303	424
Deferred gains or losses on hedges	27	86
Revaluation reserve for land	13,197	13,251
Foreign currency translation adjustment	(498)	(471)
Remeasurements of defined benefit plans	(139)	306
Total accumulated other comprehensive income	12,890	13,597
Non-controlling interests	27	27
Total net assets	35,238	36,224
Total liabilities and net assets	85,611	93,964

Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net sales	39,087	44,554
Cost of sales	31,852	36,908
Gross profit	7,234	7,646
Selling, general and administrative expenses	5,888	6,671
Operating profit	1,346	974
Non-operating income		
Interest income	24	31
Dividend income	30	37
Foreign exchange gains	-	52
Rental income	0	0
Subsidy income	45	63
Miscellaneous income	45	66
Total non-operating income	145	251
Non-operating expenses		
Interest expenses	263	381
Arrangement fee	81	112
Bond issuance costs	15	2
Foreign exchange losses	10	-
Miscellaneous expenses	73	71
Total non-operating expenses	444	567
Ordinary profit	1,047	658
Extraordinary income		
Gain on bargain purchase	-	550
Subsidy income	8	48
Gain on sale of investment securities	305	39
Insurance claim income	-	34
Other	2	28
Total extraordinary income	315	702
Extraordinary losses		
Impairment losses	8	147
Loss on tax purpose reduction entry of non-current assets	8	61
Loss due to disaster	3	20
Loss on retirement of non-current assets	7	17
Provision of allowance for doubtful accounts	92	-
Other	6	-
Total extraordinary losses	126	246
Profit before income taxes	1,237	1,114
Income taxes - current	217	232
Income taxes - deferred	106	(68)
Total income taxes	323	163
Profit	914	950
Loss attributable to non-controlling interests	(0)	(0)
Profit attributable to owners of parent	914	950

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Profit	914	950
Other comprehensive income		
Valuation difference on available-for-sale securities	(165)	121
Deferred gains or losses on hedges	(2)	59
Foreign currency translation adjustment	370	26
Remeasurements of defined benefit plans, net of tax	74	447
Total other comprehensive income	275	653
Comprehensive income	1,189	1,604
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,186	1,604
Comprehensive income attributable to non-controlling interests	3	0

Consolidated Statement of Changes in Equity
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

For the fiscal year ended March 31, 2026

(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	11,820	1,381	9,274	(156)	22,320	303	27
Changes during period							
Issuance of new shares - exercise of share acquisition rights					-		
Dividends of surplus			(634)		(634)		
Reversal of revaluation reserve for land			(53)		(53)		
Profit attributable to owners of parent			950		950		
Purchase of treasury shares				(55)	(55)		
Disposal of treasury shares			(6)	77	70		
Net changes in items other than shareholders' equity						121	59
Total changes during period	-	-	256	22	278	121	59
Balance at end of period	11,820	1,381	9,530	(133)	22,599	424	86

	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	13,197	(498)	(139)	12,890	-	27	35,238
Changes during period							
Issuance of new shares - exercise of share acquisition rights							-
Dividends of surplus							(634)
Reversal of revaluation reserve for land							(53)
Profit attributable to owners of parent							950
Purchase of treasury shares							(55)
Disposal of treasury shares							70
Net changes in items other than shareholders' equity	53	26	446	707	-	0	707
Total changes during period	53	26	446	707	-	0	985
Balance at end of period	13,251	(471)	306	13,597	-	27	36,224

Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	1,237	1,114
Depreciation	2,021	2,311
Amortization of long-term prepaid expenses	34	29
Amortization of goodwill	-	8
Gain on bargain purchase	-	(550)
Increase (decrease) in retirement benefit liability	(408)	(85)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	7	(0)
Increase (decrease) in provision for repairs	16	(6)
Increase (decrease) in allowance for doubtful accounts	98	(109)
Increase (decrease) in provision for bonuses	36	72
Interest and dividend income	(55)	(69)
Interest expenses	263	381
Foreign exchange losses (gains)	(0)	(9)
Impairment losses	8	147
Subsidy income	(8)	(48)
Insurance claim income	-	(34)
Loss on disaster	3	20
Loss (gain) on sale of non-current assets	(2)	-
Loss on tax purpose reduction entry of non-current assets	8	61
Loss on retirement of non-current assets	7	17
Increase (decrease) in consumption taxes receivable payable	(458)	(161)
Loss (gain) on sale of investment securities	(305)	(39)
Decrease (increase) in trade receivables	(66)	(4,527)
Decrease (increase) in inventories	(183)	(519)
Increase (decrease) in trade payables	222	2,744
Other, net	283	613
Subtotal	2,761	1,356
Interest and dividends received	29	50
Interest paid	(258)	(379)
Income taxes refund (paid)	(427)	(183)
Subsidies received	8	48
Proceeds from insurance income	-	34
Payments associated with disaster loss	(5)	(20)
Net cash provided by (used in) operating activities	2,107	907

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,942)	(1,523)
Proceeds from sale of property, plant and equipment	2	-
Purchase of investment securities	(20)	(72)
Proceeds from sale of investment securities	347	78
Proceeds from collection of short-term loans receivable	-	70
Proceeds from withdrawal of time deposits	59	94
Payments into time deposits	(73)	(69)
Proceeds from collection of long-term loans receivable	-	30
Payments for acquisition of businesses	-	(2,620)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(284)
Other, net	(137)	(337)
Net cash provided by (used in) investing activities	(2,765)	(4,634)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(787)	3,424
Proceeds from long-term borrowings	7,249	9,540
Repayments of long-term borrowings	(3,835)	(6,976)
Proceeds from issuance of bonds	588	-
Redemption of bonds	(2,010)	(860)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	963	-
Purchase of treasury shares	(0)	(55)
Dividends paid	(896)	(633)
Proceeds from sale of treasury shares	-	54
Other, net	(196)	(201)
Net cash provided by (used in) financing activities	1,073	4,292
Effect of exchange rate change on cash and cash equivalents	96	(36)
Net increase (decrease) in cash and cash equivalents	513	528
Cash and cash equivalents at beginning of period	5,303	5,816
Cash and cash equivalents at end of period	5,816	6,344

Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(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 four segments of "Textiles," "Industrial Materials," "Functional 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, etc.
Functional Materials	Food additives, 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, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amount recorded in Consolidated Statements of Income (Note 2)
	Textile	Industrial Materials	Functional Materials	Real Estate Business & Service Industry	Total		
Net sales							
Net sales to external customers	20,211	7,325	6,143	5,406	39,087	–	39,087
Inter-segment net sales or transfers	5	–	15	429	450	(450)	–
Total	20,217	7,325	6,159	5,836	39,537	(450)	39,087
Segment profit (loss)	254	208	(17)	1,968	2,414	(1,068)	1,346
Segment assets	21,155	11,476	9,977	34,791	77,401	8,209	
Other items							
Depreciation	278	405	371	771	1,826	194	2,021
Increase in property, plant and equipment and intangible assets	388	207	2,203	338	3,138	212	3,350

(Notes) 1. The ¥(1,068) 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 ¥8,209 million adjustment for segment assets includes an elimination for inter-segment transactions of ¥(45) million and corporate assets of ¥8,255 million

For the fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amount recorded in Consolidated Statements of Income (Note 2)
	Textile	Industrial Materials	Functional Materials	Real Estate Business & Service Industry	Total		
Net sales							
Net sales to external customers	24,644	7,529	6,888	5,492	44,554	–	44,554
Inter-segment net sales or transfers	7	–	9	440	456	(456)	–
Total	24,651	7,529	6,898	5,932	45,011	(456)	44,554
Segment profit (loss)	474	199	(150)	1,896	2,420	(1,445)	974
Segment assets	29,354	11,062	9,619	34,459	84,495	9,468	93,964
Other items							
Depreciation	312	373	617	814	2,118	192	2,311
Increase in property, plant and equipment and intangible assets	529	136	338	423	1,427	498	1,926

(Notes) 1. The ¥(1,445) 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. Corporate expenses include ¥237 million of costs incurred in connection with the acquisition of UNITIKA Group.

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

3. The ¥9,468 million adjustment for segment assets includes an elimination for inter-segment transactions of ¥(64) million and corporate assets of ¥9,533 million

4 Matters regarding changes, etc., to reportable segment

From the current fiscal year, the “Functional Materials Business,” which was previously included in the “Industrial Materials” segment, has been reclassified as the “Functional Materials” segment.

The “Functional Materials Business” was positioned as a new core business in a growth area by the medium-term management plan “TG25-27,” and as its financial importance is expected to increase, it has been designated as a new

reportable segment in order to clearly present information related to this business.

In addition, certain affiliated companies in the “Real Estate Business and Service Industry” segment have been changed to the “Textile” segment due to changes in the department in charge.

Segment information for the previous fiscal year is presented based on the revised classification.

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

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	Functional Materials	Real Estate Business and Service Industry	Total		
Impairment loss	—	—	—	8	8	—	8

For the fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segment					Corporate / Eliminations	Total
	Textile	Industrial Materials	Functional Materials	Real Estate Business and Service Industry	Total		
Impairment loss	109	—	—	37	147	—	147

[Information on amortization of goodwill and unamortized balance of goodwill by reportable segment]

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

Not applicable.

For the fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segment					Corporate / Eliminations	Total
	Textile	Industrial Materials	Functional Materials	Real Estate Business and Service Industry	Total		
Amortization for current period	8	—	—	—	8	—	8
Balance at end of period	178	—	—	—	178	—	178

[Information on gain on negative goodwill by reportable segment]

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

Not applicable.

For the fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

During the fiscal year under review, the Company recorded a gain on negative goodwill of ¥550 million in the Textile segment due to the acquisition of part of the apparel fiber business of UNITIKA TRADING CO., LTD. and SHIKIBO (SHANGHAI) CO., LTD.’s acquisition of the business of UNITIKA (BEIJING) TRADING CO., LTD. In the third quarter of the fiscal year under review, the provisional accounting treatment had been applied to the amount of negative goodwill gain as the allocation of the acquisition cost had not been completed. However, the allocation of the acquisition cost was completed as of the end of the fiscal year under review. In addition, the gain on negative goodwill is not included in the above segment profit as it is an extraordinary income item.

(Business combinations, etc.)

(Business combination through acquisition)

I. Overview

1. Business combination overview

(1) Name of the business transfer's counterparty company or the acquired company, and description of the business

Name of the business transfer's counterparty company or the acquired company	Details of the business acquired through business transfer or share acquisition	The company that received the transfer or the company that acquired the shares	Legal form of business integration
UNITIKA TRADING CO., LTD.	Within the apparel and textile business, the uniform business, bedding business, print business, shirt business, innerwear business, sportswear business, and other businesses.	SHIKIBO LTD.	Business transfer for cash consideration
UNITIKA (BEIJING) TRADING CO., LTD.	Part of the apparel fiber business and the industrial materials business	SHIKIBO (SHANGHAI) CO., LTD.	Business transfer for cash consideration
UNITIKA TRADING VIETNAM CO., LTD.	Manufacture, import and export, and sale of textile products; import and export, and sale of industrial materials	SHIKIBO VIETNAM CO., LTD.	Business transfer for cash consideration
PT. UNITIKA TRADING INDONESIA	Import and export of textile products and domestic sales in Indonesia	SHIKIBO LTD., SHINNAIGAI TEXTILE LTD.	Cash-for-shares acquisition

(2) Reason for the business combination

Since its founding in 1892, the Shikibo Group has proposed new materials and new functions as a comprehensive textile manufacturer. Based on our Corporate Philosophy, “We at the Shikibo Group create new value based on our manufacturing technology and culture,” in each of our business segments—Textiles, Industrial Materials, Functional Materials, and Real Estate / Services—we pursue product development by leveraging unique capabilities and technological prowess that other companies cannot replicate. We are committed to enhancing proposals and services in line with customer needs.

The strategy for the Textile Business under “TG25-27,” the medium-term business plan newly launched this fiscal year, focuses on the following five key priorities:

1. Expanding sales of sustainable products
2. Expanding sales globally
3. Growing sales to new customers and in new markets
4. Collaboration and streamlining among overseas and domestic production sites
5. Capital investment to strengthen production facilities

We began business collaboration with UNITIKA TRADING CO., LTD. in April 2021, creating new value from both sales and technologies. We believe that this business transfer and other measures will serve to achieve further growth in our Textile Business, and leveraging the strengths of the mainstay materials created through the integration of technologies cultivated over many years by both companies, it will enable us to further grow the uniform and bedding businesses, areas in which we excel.

In addition, the Company currently operates factories in Indonesia (Surabaya) and China (Huzhou) as overseas production bases, and maintains sales offices in Vietnam (Ho Chi Minh City), China (Shanghai), Taiwan (Taipei), and Thailand (Bangkok). By adding these locations to UNITIKA TRADING CO., LTD.'s bases in Indonesia (Jakarta), China (Beijing), and Vietnam (Hanoi), and strengthening both production and sales systems, we aim to cultivate new markets and grow global sales.

(3) Date of the business combination

December 30, 2025 (Business transfer and share acquisition date)

December 31, 2025 (Deemed acquisition date)

(4) Legal form of the business combination

Please refer to the above (Business combination through acquisition) I. Overview 1. Business combination overview,

(1) Name of the business transfer's counterparty company or the acquired company, and description of the business.

2. Details and amounts of major acquisition-related expenses

Advisory expenses, etc. ¥237 million

II. Business combination through transfer of business

1. Business combination overview

(1) Name of the business transfer's counterparty company and business description

Please refer to the above (Business combination through acquisition) I. Overview 1. Business combination overview

(1) Name of the business transfer's counterparty company or the acquired company, and description of the business.

(2) Reason for the business combination

Please refer to the above (Business combination through acquisition) I. Overview 1. Business combination overview

(2) Reason for the business combination.

(3) Date of the business combination

Please refer to the above (Business combination through acquisition) I. Overview 1. Business combination overview,

(3) Date of the business combination.

(4) Legal form of business combination

Please refer to the above (Business combination through acquisition) I. Overview 1. Business combination overview

(4) Legal form of the business combination.

2. Period for which the acquired business's results are included in the consolidated financial statements

From January 1, 2026 to March 31, 2026

The fiscal year-end dates for SHIKIBO (SHANGHAI) CO., LTD. and SHIKIBO VIETNAM CO., LTD. differ from the consolidated fiscal year-end date. For the fiscal year under review, the financial statements for the fiscal year ended December 31, 2025 for these companies have been consolidated. Therefore, the business results for UNITIKA (BEIJING) TRADING CO., LTD. and UNITIKA TRADING VIETNAM CO., LTD. are not included in the consolidated statement of income.

3. Breakdown of the acquired cost and type of consideration for the business transfer's counterparty company

(1) UNITIKA TRADING CO., LTD.

Consideration for acquisition Cash	¥2,520 million
Acquisition cost	¥2,520 million

(2) UNITIKA (BEIJING)TRADING CO., LTD.

Consideration for acquisition Cash	¥70 million
Acquisition cost	¥70 million

(3) UNITIKA TRADING VIETNAM CO., LTD.

Consideration for acquisition Cash	¥30 million
Acquisition cost	¥30 million

4. Details and amount of major acquisition-related expenses

Included in above (Business combination through acquisition) I. Overview 2. Details and amounts of major acquisition-related expenses

5. Amount and cause of gain on goodwill

(1) Amount of goodwill

UNITIKA TRADING VIETNAM CO., LTD.

¥26 million

The allocation of the acquisition cost for the goodwill amount was completed during the fiscal year under review.

(2) Cause of occurrence

This is on account of the excess earnings expected from future business activities.

(3) Amortization method and amortization period

The straight-line method over an eight-year period

6. Amount and cause of gain on negative goodwill

(1) Amount of negative goodwill

1. UNITIKA TRADING CO., LTD.

¥430 million

In the third quarter of the fiscal year under review, provisional accounting treatment had been applied to the amount of negative goodwill gain as the allocation of the acquisition cost had not been completed. However, the allocation of the acquisition cost was completed during the fiscal year under review. With the finalization of this provisional accounting treatment, the amount of negative goodwill gain decreased by ¥181 million.

2. UNITIKA (BEIJING) TRADING CO., LTD.

¥120 million

The allocation of the acquisition cost for the amount of negative goodwill gain was completed during the fiscal year under review.

(2) Cause of occurrence

With regard to the business transfer with UNITIKA TRADING CO., LTD. and UNITIKA (BEIJING) TRADING CO., LTD., the fair values of the net assets of the acquired companies at the time of the business acquisition exceeded the acquisition cost, and therefore the differences have been recognized as gain on negative goodwill.

7. Amount of assets acquired and liabilities assumed as of the date of the business combination, and their main components

(1) UNITIKA TRADING CO., LTD.

Current assets	¥3,148 million
Total assets	¥3,148 million

(2) UNITIKA (BEIJING)TRADING CO., LTD.

Current assets	¥184 million
Total assets	¥184 million

(3) UNITIKA TRADING VIETNAM CO., LTD.

Current assets	¥3 million
Total assets	¥3 million

8. Estimated amount of impact on consolidated statement of income for the fiscal year under review on the assumption that the business combination was completed on the first day of the fiscal year, and the calculation method

(1) UNITIKA TRADING CO., LTD.

Net sales ¥9,517 million

Operating profit ¥239 million

(2) UNITIKA (BEIJING) TRADING CO., LTD.

Net sales ¥2,222 million

Operating profit ¥5 million

(3) UNITIKA TRADING VIETNAM CO., LTD.

Net sales ¥1,723 million

Operating profit ¥83 million

(Method for estimated amount calculation)

The estimated amounts of impact represent the differences between the net sales and profit/loss information calculated on the assumption that the business combination was completed on the first day of the fiscal year, and their corresponding amounts on the acquiring company's consolidated statement of income. This note has not been audited.

III. Business combination through share acquisition

1. Business combination overview

(1) Name of the acquired company and business details

Please refer to the above (Business combination through acquisition) I. Overview 1. Business combination overview

(1) Name of the business transfer's counterparty company or the acquired company, and description of the business.

(2) Reason for business combination

Please refer to the above (Business combination through acquisition) I. Overview 1. Business combination overview

(2) Reason for the business combination.

(3) Date of business combination

Please refer to the above (Business combination through acquisition) I. Overview 1. Business combination overview

(3) Date of the business combination.

(4) Legal form of business combination

Please refer to the above (Business combination through acquisition) I. Overview 1. Business combination overview

(4) Legal form of the business combination.

(5) Business name after integration

PT. SHIKIBO MERMAID INDONESIA

(6) Ratio of acquired voting rights

SHIKIBO LTD. 99.76%

SHINNAIGAI TEXTILE LTD. 0.24%

(7) Main grounds leading to determination of the acquiring companies

Due to the Company and SHINNAIGAI TEXTILE LTD. having acquired shares in exchange for cash.

2. Period of the acquired company's results to be included in the quarterly consolidated statement of income

The acquired company's fiscal year-end date differs from the consolidated fiscal year-end date. For the fiscal year under review, the financial statements for the fiscal year ended December 31, 2025 have been consolidated. Therefore, the consolidated statement of income does not include the acquired company's business results.

3. Breakdown of the acquired company's acquisition cost and type of consideration

Consideration for acquisition Cash	¥380 million
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Acquisition cost	¥380 million
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4. Details and amounts of major acquisition-related expenses

Included in above (Business combination through acquisition) I. Overview 2. Details and amounts of major acquisition-related expenses

5. Amount and cause of goodwill

(1) Amount of goodwill

¥160 million

In the third quarter of the fiscal year under review, provisional accounting treatment had been applied to the amount of goodwill as the allocation of the acquisition cost had not been completed. However, the allocation of the acquisition cost was completed during the fiscal year under review. Despite the finalization of the provisional accounting treatment, the amount of goodwill remains unchanged.

(2) Cause of occurrence

This is on account of the excess earnings expected from future business activities.

(3) Amortization method and amortization period

The straight-line method over an five-year period

6. Amount of assets acquired and liabilities assumed as of the date of the business combination, and their main components

Current assets	¥323 million
Total assets	¥323 million
Current liabilities	¥103 million
Total liabilities	¥103 million

7. Estimated amount of impact on consolidated statement of income for the fiscal year under review on the assumption that the business combination was completed on the first day of the fiscal year, and the calculation method

Net sales	¥762 million
Operating profit	¥31 million

(Method for estimated amount calculation)

The estimated amounts of impact represent the differences between the net sales and profit/loss information calculated on the assumption that the business combination was completed on the first day of the fiscal year, and their corresponding amounts on the acquiring company's consolidated statement of income. This note has not been audited.

(Per share information)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net assets per share	2,777.60yen	2,851.27yen
Basic earnings per share	72.75yen	74.93yen
Diluted earnings per share	—	—

(Notes) 1. Diluted earnings per share 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, 2025	For the fiscal year ended March 31, 2026
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	914	950
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to common shares (Millions of yen)	914	950
Average number of common shares outstanding during the period (Shares)	12,568,337	12,689,639
Diluted earnings per share		
Increase in common shares (Shares)	—	—
(Of which, stock acquisition rights (Shares))	(—)	(—)
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		
	FY2023	FY2024	FY2025	FY2023	FY2024	FY2025
Capital investment	3,258	3,085	1,869	580	578	1,041
Depreciation	1,842	2,021	2,311	1,318	1,351	1,348

2 Changes in the balance of interest-bearing debt

(Millions of yen)

	Consolidated			Non-consolidated		
	FY2023	FY2024	FY2025	FY2023	FY2024	FY2025
Borrowings	20,961	23,674	29,667	20,738	23,452	29,510
Corporate bonds	3,410	2,000	1,140	3,410	2,000	1,140
Total	24,371	25,674	30,807	24,148	25,452	30,650

3 Changes in the number of employees

(People)

	FY2023			FY2024			FY2025		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Consolidated	1,323	875	2,198	1,313	862	2,175	1,379	927	2,306
Non-consolidated	315	239	554	317	255	572	385	289	674

4 Consolidated financial results forecast for the fiscal year ending March 31, 2027

(Six months ending September 30, 2026)

(Millions of yen)

	Reportable segment				Corporate / Eliminations	Total
	Textile	Industrial Materials	Functional Materials	Real Estate Business and Service Industry		
Net sales	15,600	3,700	3,800	2,900	(100)	25,900
Operating profit	100	100	(50)	950	(650)	450
Ordinary profit						100
Profit attributable to owners of parent						50

(Fiscal year ending March 31, 2027)

(Millions of yen)

	Reportable segment				Corporate / Eliminations	Total
	Textile	Industrial Materials	Functional Materials	Real Estate Business and Service Industry		
Net sales	34,700	7,700	7,800	5,700	(200)	55,700
Operating profit	800	200	(50)	1,850	(1,300)	1,500
Ordinary profit						900
Profit attributable to owners of parent						600