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February 13, 2026

Consolidated Financial Results for the Fiscal Year Ended December 31, 2025 (Under Japanese GAAP)

Company name: KEIWA Incorporated

Listing: Tokyo Stock Exchange

Securities code: 4251

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

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Scheduled date of annual general meeting of shareholders: March 25, 2026

Scheduled date to commence dividend payments: March 26, 2026

Scheduled date to file annual securities report: March 23, 2026

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (For institutional investors and analyst)

President and Representative Director

Director and Operating Officer,

General Manager of Finance Department

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(1) Consolidated Operating Results

(% indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
December 31, 2025	20,473	(3.1)	4,286	(9.6)	4,240	(18.6)	2,268	(18.7)
December 31, 2024	21,130	20.3	4,739	93.0	5,210	89.0	2,790	40.7

(Note) Comprehensive income For the Fiscal year ended December 31, 2025: ¥ 2,526 million [(17.6)%]
For the Fiscal year ended December 31, 2024: ¥ 3,064 million [42.3%]

	Earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2025	122.08	-	9.7	13.5	20.9
December 31, 2024	144.74	-	12.9	17.0	22.4

(Reference) Equity in earnings (losses) of affiliated Companies:

For the Fiscal year ended December 31, 2025: ¥ - million

For the Fiscal year ended December 31, 2024: ¥ - million

(Note) Diluted earnings per share is not shown in the above table, as there are no residual shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
December 31, 2025	30,946	23,864	77.1	1,290.27
December 31, 2024	32,009	22,957	71.7	1,190.51

(Reference) Equity:

As of December 31, 2025: ¥ 23,864 million

As of December 31, 2024: ¥ 22,957 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	Million yen	Million yen	Million yen	Million yen
December 31, 2025	3,549	(3,031)	(2,720)	7,538
December 31, 2024	5,916	(2,719)	(1,352)	9,640

2. Cash Dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2024	-	0.00	-	35.00	35.00	674	24.2	3.1
Fiscal year ended December 31, 2025	-	0.00	-	40.00	40.00	739	32.8	3.2
Fiscal year ending December 31, 2026 (Forecast)	-	0.00	-	50.00	50.00		30.4	

3. Consolidated Financial Result Forecasts for the Fiscal Year Ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(% indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending June 30, 2026	11,188	12.9	2,070	(7.9)	2,072	5.7	1,370	97.6	74.11
Full year	23,229	13.5	4,403	2.7	4,407	4.0	3,052	34.6	165.06

*** Notes**

(1) Significant changes in the scope of consolidation during the Fiscal year ended December 31, 2025: None

Newly included: - companies()

Excluded: - companies()

(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)

As of December 31, 2025	19,285,152 shares
As of December 31, 2024	19,285,152 shares

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

As of December 31, 2025	789,621 shares
As of December 31, 2024	1,424 shares

(iii) Average number of shares outstanding during the period

Fiscal Year ended December 31, 2025	18,585,039 shares
Fiscal Year ended December 31, 2024	19,279,494 shares

[Reference] Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal year Ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(1) Non-consolidated Operating Results

(% indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
December 31, 2025	18,021	(6.6)	2,954	(18.5)	3,080	(40.6)	1,538	(49.6)
December 31, 2024	19,293	23.0	3,624	121.6	5,190	159.9	3,051	103.8

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
December 31, 2025	82.79	-
December 31, 2024	158.25	-

(Note) Diluted earnings per share is not shown in the above table, as there are no residual shares.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of				
December 31, 2025	26,949	20,374	75.6	1,101.57
December 31, 2024	28,877	20,424	70.7	1,059.16

(Reference) Equity:

As of December 31, 2025:	¥	20,374 million
As of December 31, 2024:	¥	20,424 million

(Reason for difference from previous fiscal year's non-consolidated financial results)

There is a difference between the figures for the previous fiscal year and the current fiscal year for the same reason as described in “1. Overview of Business Results, etc. (1) Overview of Business Results for the Current Fiscal Year” on page 2 of the attached document.

* These Consolidated Financial Results are exempt from audit conducted by certified public accountants and audit corporations.

* Proper use of earnings forecasts, and other special matters

The forecasts contained herein are based on future projections and plans, incorporate uncertainties, and are subject to change. Therefore, they do not constitute a promise by the Company to achieve the forecast results. Actual results may differ significantly from the Company's forecasts at present.

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1. Overview of Business Results, Etc.

(1) Overview of Business Results for the Current Fiscal Year

During the Fiscal Year ended December 31, 2025, the Japanese economy showed signs of recovery in exports and capital investment, the outlook remains uncertain due to the significant risk of economic downturn, including sluggish growth in personal consumption affected by continued rising prices and decline of real wages, trend in the Chinese economy and the effect of the normalization of monetary policy in the U.S. and Europe, as well as the impact of the U.S. administration's trade policy and continuing concerns about exchange rate fluctuations.

Regarding the environment surrounding KEIWA Incorporated (the "Company"), although the PC market continued to recover and the demands at automotive market continued to increase, the pace of this recovery was unstable, and the situation remained unpredictable.

Under these economic conditions, the Company strengthened sales promotion activities at its worldwide locations for high value-added products such as optical products for high-end notebook PCs, tablets, automotive applications, and speciality films for clean energy-related products mainly for vehicles, and to acquire new overseas customers in the polyurethane foam process paper market. In addition, endeavored to enhance productivity and strengthen cost competitiveness, and promote R&D activities for future growth.

As a result, on a consolidated basis, net sales for FY2025 decreased by 3.1% year-on-year to ¥20,473 million. Operating income decreased by 9.6% year-on-year to ¥4,286 million. Ordinary income decreased by 18.6% year-on-year to ¥4,240 million and Profit attributable to owners of parent decreased by 18.7% year-on-year to ¥2,268 million.

The Plaster Tape to Rescue the Earth Segment was discontinued as a business segment from FY2025 1st Quarter due to return to R&D phase in FY2024 4th Quarter. As the result, effective from FY2025 1st Quarter, the Company's reportable segment consists of two business segments: "Optical Products Segment" and "Functional Products Segment." For "the Plaster Tape to Rescue the Earth Segment," The Company decided to withdraw from the business in FY2025 3rd Quarter.

Business results for each segment were as follows.

Optical Products Segment

For notebook PCs and tablets field, sales of OPALUS, the diffusion film for conventional LCDs, continuously increased mainly in tablets due to the market recovery, and the share increased at existing customers, etc. and sales of OPASUKI, the composite diffusion plate for high-performance direct-type mini-LED LCDs, decreased due to the delivery date for some products were postponed to the next fiscal year.

For automotive applications field, sales of OPASUKI and OPLAM increased, and for OPALUS, although the slowdown of EV market in Europe and U.S., the Company continued to provide a stable supply to the existing customers.

For monitors, others field, sales remained flat, reflecting the separate disclosure of automotive applications. Sales of smartphones, which are included in "monitors, others," continued to decline.

As a result, net sales for the segment decreased by 2.2% year-on-year to ¥16,766 million, and segment profit decreased by 15.0% year-on-year to ¥7,085 million.

Functional Products Segment

For clean energy materials, medical & sanitary field, sales of specialty film for clean energy vehicles slightly decreased due to a delay in the recovery of production of the vehicles in which the films are used, but sales of films for medical and sanitary applications increased significantly due to the increase in demand and our market share. For films for medical and sanitary applications, the Company has started full-scale operation of fully automated production facilities to increase production capacity, and strive to strengthen our systems to secure further orders

For Processing papers, corrosion inhibiting papers, and agricultural, others fields, sales remained flat, but for Papers for interior materials field, sales decreased due to a decrease in orders received caused by temporary production problems in customers and the impact of a decrease in the number of renovations and delays in construction schedules due to compliance with the revised Building Standards Act.

The Company is actively promoting A!Prog-UF, the process paper for polyurethane foaming, for which demand is

expected to grow in the future to new customers mainly in Southeast Asia, North America and Australia in anticipation of future demand growth.

As a result, net sales for the segment decreased by 3.2% year-on-year to ¥3,707 million, and segment profit increased by 52.7% year-on-year to ¥295 million.

(Notes)

"OPALUS" and "OPASUKI" are trademarks of KEIWA Incorporated, registered in Japan, the United States of America, People's Republic of China, Taiwan and Korea.

(2) Overview of Financial Position for the Current Fiscal Year

(Assets)

Total assets decreased by ¥1,063 million from the end of the previous fiscal year to ¥30,946 million. This is mainly attributable to increases of ¥1,096 million in Machinery, equipment and vehicles net, and decreases of ¥2,054 million in Cash and deposits, ¥510 million in Construction in progress, ¥177 million in Buildings and structures, net, and ¥81 million in Land.

(Liabilities)

Total liabilities decreased by ¥1,970 million from the end of the previous fiscal year to ¥7,082 million. This is mainly attributable to increase of ¥750 million in Provision for product warranties under Non-current liabilities, and decreases of ¥785 million in Current portion of long-term loans payable, ¥235 million in long-term loans payable, ¥700 million in Income taxes payable and ¥300 million in Electronically recorded obligations - non-operating.

(Net assets)

Total net assets increased by ¥906 million from the end of the previous fiscal year to ¥23,864 million. This is mainly attributable to decreases of ¥674 million due to the payment of dividends from Retained earnings and ¥957 million in Acquisition of own shares, and increase of ¥2,268 million in Profit attributable to owners of parent.

(3) Overview of Cash Flows for the Current Fiscal Year

Cash and cash equivalents at the end of the current consolidated fiscal year increased by ¥2,102 million from the end of the previous consolidated fiscal year to ¥7,538 million.

(Cash flows from operating activities)

Net cash provided by operating activities in the current consolidated fiscal year amounted to ¥3,549 million, compared to ¥5,916 million provided in the previous consolidated fiscal year. Major outflows included payment of Income taxes paid ¥1,559 million. Major inflows included an increase in Income before income taxes of ¥3,224 million and Depreciation of ¥2,102 million.

(Cash flows from investing activities)

Net cash used in investing activities in the current consolidated fiscal year amounted to ¥3,031 million, compared to ¥2,719 million used in the previous consolidated fiscal year. Major outflows included Purchase of property, plant and equipment of ¥2,933 million.

(Cash flows from financing activities)

Net cash used in financing activities in the current consolidated fiscal year amounted to ¥2,720 million, compared to ¥1,352 million used in the previous consolidated fiscal year. Major outflows included Repayments of long-term loans payable of ¥1,621 million and Acquisition of own shares of ¥957 million, and ¥674 million in Dividends paid.

(4) Future Outlook

Based on the Mid-Term Management Plan (formulated in August 2025), which covers the period from 2025 to 2028, the Company will regard changes in the market environment as opportunities, continuously transform our business domains, and achieve sustainable growth. The Company will continue to focus our management resources on areas where we have a competitive advantage in both the Optical Products Segment and the Functional Products Segment, and win the absolute trust of customers by swiftly capturing customers' performance and quality requirements in growth markets and feeding them back to R&D and quality assurance thorough the precise marketing activities utilizing our global network of basis.

The Company will continuously promote the strengthening and optimization of our management base by strengthening the governance necessary to implement these strategies, investing in automation and new technologies in each area, and strengthening our human capital.

Initiatives in each segment are as follows.

Optical Products Segment

The Company has highly competitive products in high performance devices in such areas as notebook PCs, monitors and tablets, and the Company will continue to engage in selective and focused marketing on OPASUKI, the composite diffusion plate for direct-type mini-LED LCDs and OPALUS, the diffusion films by targeting these areas. To respond to "CHINA+1" demands primarily from customers in Europe and USA, the Company will utilize the newly established marketing & service base in Vietnam (Hanoi) and strengthen orders received from local customers in China to respond flexibly to changes in market environment.

By utilizing the newly established marketing bases in Germany (Frankfurt) and USA (Detroit), the Company will expand sales of OPASUKI, the composite diffusion plates for direct-type mini-LED LCDs, targeting the automotive display applications which are expected to grow in the future. The Company will further expand both sales and profits by developing and manufacturing new high-quality and high-performance products, such as various optical films for OLED displays as well, that meet customer's needs, regardless of whether a light source in backlight is required. The Company also will promote the expansion of our production system, including automation and labor saving in the manufacturing process.

Functional Products Segment

The Company will increase the ratio of high value-added products by promoting developing and expanding sales of specialty film products for clean energy vehicles and high-quality, high-performance specialty films for the medical and sanitary fields, which are expected to grow in the future, where our precision processing technology to be the strength to differentiate our products. In addition, the Company will continue to strive to improve profitability for our existing stable product businesses such as corrosion inhibiting papers, papers for interior materials, processing papers, agricultural films and others by launching overseas sales and taking such initiatives.

As a result, regarding the Consolidated Financial Results Forecast for the Fiscal Year ending December 31, 2026, the Company expects Net sales will increase by 13.5% year-on-year to ¥23,229 million, Operating income will increase by 2.7% year-on-year to ¥4,403 million, Ordinary income will increase by 4.0% year-on-year to ¥4,407 million, and Profit attributable to owners of parent will increase by 34.6% year-on-year to ¥3,052 million.

2. Basic Approach in Choosing Accounting Standards

The Company will continue to prepare consolidated financial statements based on Japanese GAAP for the time being, taking into consideration comparability of consolidated financial statements between different periods and companies.

It will take appropriate action regarding the application of the IFRS in the future, in accordance with circumstances in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY2024 (As of December 31, 2024)	FY2025 (As of December 31, 2025)
Assets		
Current assets		
Cash and deposits	9,936,039	7,881,543
Notes and accounts receivable - trade	4,309,823	5,140,427
Securities	1,499,197	1,498,132
Merchandise and finished goods	1,231,390	1,444,953
Raw materials and supplies	687,023	645,721
Other	1,240,135	1,144,537
Allowance for doubtful accounts	(460)	(550)
Total current assets	18,903,150	17,754,766
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,386,668	7,209,337
Machinery, equipment and vehicles, net	2,758,475	3,855,339
Land	844,176	762,270
Construction in progress	582,998	72,572
Other, net	617,883	492,014
Total property, plant and equipment	12,190,202	12,391,534
Intangible assets		
Software	382,888	312,558
Software in progress	352	1,325
Total intangible assets	383,240	313,884
Investments and other assets		
Investment securities	147,869	175,549
Deferred tax assets	317,759	240,214
Other	140,278	145,370
Allowance for doubtful accounts	(72,773)	(74,883)
Total investments and other assets	533,133	486,250
Total non-current assets	13,106,576	13,191,668
Total assets	32,009,727	30,946,434

(Thousands of yen)

	FY2024 (As of December 31, 2024)	FY2025 (As of December 31, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,372,647	1,225,756
Electronically recorded obligations - operating	987,504	869,126
Current portion of long-term loans payable	1,566,074	780,198
Accounts payable - other	1,107,429	990,994
Income taxes payable	916,470	216,301
Provision for product warranties	172,874	109,878
Electronically recorded obligations - non-operating	385,094	85,073
Other	492,905	325,652
Total current liabilities	7,001,000	4,602,981
Non-current liabilities		
Long-term loans payable	1,526,588	1,290,772
Retirement benefit liability	247,156	237,256
Asset retirement obligations	51,896	51,916
Provision for product warranties	-	750,277
Other	225,583	148,842
Total non-current liabilities	2,051,224	2,479,065
Total liabilities	9,052,224	7,082,047
Net assets		
Shareholders' equity		
Capital stock	3,889,768	3,889,768
Capital surplus	3,658,368	3,658,368
Retained earnings	14,514,605	16,107,447
Treasury shares	(803)	(944,435)
Total shareholders' equity	22,061,939	22,711,148
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46,328	55,955
Deferred gains or losses on hedges	(20,489)	497
Foreign currency translation adjustment	855,497	1,070,566
Remeasurements of defined benefit plans	14,226	26,219
Total accumulated other comprehensive income	895,563	1,153,238
Total net assets	22,957,502	23,864,387
Total liabilities and net assets	32,009,727	30,946,434

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY2024 (From January 1, 2024 to December 31, 2024)	FY2025 (From January 1, 2025 to December 31, 2025)
Net sales	21,130,440	20,473,325
Cost of sales	11,245,472	11,692,291
Gross profit	9,884,968	8,781,033
Selling, general and administrative expenses	5,144,986	4,494,365
Operating income	4,739,981	4,286,668
Non-operating income		
Interest income	32,258	22,921
Dividend income	3,275	4,352
Insurance claim income	676	7,007
Compensation income	229	1,954
Subsidy income	49,441	5,485
Electricity sale income	22,847	23,418
Foreign exchange gains	402,755	-
Other	9,789	13,498
Total non-operating income	521,273	78,638
Non-operating expenses		
Interest expenses	27,850	22,944
Electricity sale expenses	9,080	7,980
Compensation expenses	12,133	1,638
Foreign exchange losses	-	85,035
Other	1,509	7,700
Total non-operating expenses	50,572	125,300
Ordinary income	5,210,683	4,240,006
Extraordinary income		
Gain on sale of non-current assets	4,067	455
Gain on sale of investment securities	13	-
Total extraordinary income	4,081	455
Extraordinary losses		
Loss on sale of non-current assets	-	1,675
Loss on retirement of non-current assets	2,012	8,231
Impairment losses	106,000	155,883
Business restructuring expenses	1,179,456	-
Loss on business withdrawal	-	850,584
Total extraordinary losses	1,287,469	1,016,375
Income before income taxes	3,927,295	3,224,085
Income taxes - current	1,329,005	895,954
Income taxes - deferred	(192,416)	59,248
Total income taxes	1,136,589	955,203
Profit	2,790,706	2,268,882
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	2,790,706	2,268,882

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY2024 (From January 1, 2024 to December 31, 2024)	FY2025 (From January 1, 2025 to December 31, 2025)
Profit	2,790,706	2,268,882
Other comprehensive income		
Valuation difference on available-for-sale securities	9,084	9,627
Deferred gains or losses on hedges	(49,371)	20,986
Foreign currency translation adjustment	310,595	215,068
Remeasurements of defined benefit plans, net of tax	3,869	11,993
Total other comprehensive income	274,176	257,675
Comprehensive income	3,064,883	2,526,558
Comprehensive income attributable to		
Owners of parent	3,064,883	2,526,558
Non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

For the fiscal year ended December 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,881,305	3,649,905	12,205,643	(709)	19,736,145
Changes during period					
Issuance of new shares-restricted stock	8,462	8,462			16,924
Dividends of surplus			(481,744)		(481,744)
Profit attributable to owners of parent			2,790,706		2,790,706
Disposal of treasury shares					-
Purchase of treasury shares				(93)	(93)
Transfer of loss on disposal of treasury shares					-
Net changes in items other than shareholders' equity					-
Total changes during period	8,462	8,462	2,308,961	(93)	2,325,793
Balance at end of period	3,889,768	3,658,368	14,514,605	(803)	22,061,939

	Accumulated other comprehensive income					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	37,244	28,882	544,901	10,357	621,386	20,357,532
Changes during period						
Issuance of new shares-restricted stock					-	16,924
Dividends of surplus					-	(481,744)
Profit attributable to owners of parent					-	2,790,706
Disposal of treasury shares					-	-
Purchase of treasury shares					-	(93)
Transfer of loss on disposal of treasury shares					-	-
Net changes in items other than shareholders' equity	9,084	(49,371)	310,595	3,869	274,176	274,176
Total changes during period	9,084	(49,371)	310,595	3,869	274,176	2,599,969
Balance at end of period	46,328	(20,489)	855,497	14,226	895,563	22,957,502

For the fiscal year ended December 31, 2025

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,889,768	3,658,368	14,514,605	(803)	22,061,939
Changes during period					
Issuance of new shares-restricted stock					-
Dividends of surplus			(674,930)		(674,930)
Profit attributable to owners of parent			2,268,882		2,268,882
Disposal of treasury shares		(1,110)		14,117	13,006
Purchase of treasury shares				(957,749)	(957,749)
Transfer of loss on disposal of treasury shares		1,110	(1,110)		-
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	1,592,841	(943,632)	649,209
Balance at end of period	3,889,768	3,658,368	16,107,447	(944,435)	22,711,148

	Accumulated other comprehensive income					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	46,328	(20,489)	855,497	14,226	895,563	22,957,502
Changes during period						
Issuance of new shares-restricted stock					-	-
Dividends of surplus					-	(674,930)
Profit attributable to owners of parent					-	2,268,882
Disposal of treasury shares					-	13,006
Purchase of treasury shares					-	(957,749)
Transfer of loss on disposal of treasury shares					-	-
Net changes in items other than shareholders' equity	9,627	20,986	215,068	11,993	257,675	257,675
Total changes during period	9,627	20,986	215,068	11,993	257,675	906,885
Balance at end of period	55,955	497	1,070,566	26,219	1,153,238	23,864,387

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY2024 (From January 1, 2024 to December 31, 2024)	FY2025 (From January 1, 2025 to December 31, 2025)
Cash flows from operating activities		
Income before income taxes	3,927,295	3,224,085
Depreciation	1,731,165	2,102,201
Increase (decrease) in allowance for doubtful accounts	(436)	(121)
Increase (decrease) in provision for product warranties	11,444	(104,760)
Increase (decrease) in retirement benefit liability	11,582	7,389
Interest and dividend income	(35,533)	(27,100)
Insurance claim income	(676)	(7,007)
Interest expenses	27,850	22,944
Foreign exchange losses (gains)	(111,915)	16,110
Loss (gain) on sale of non-current assets	(4,067)	1,220
Loss (gain) on sale of investment securities	(13)	-
Loss on retirement of non-current assets	2,000	8,231
Impairment losses	106,000	155,883
Business restructuring expenses	1,179,456	-
Loss on business withdrawal	-	850,584
Decrease (increase) in trade receivables	726,417	(790,147)
Decrease (increase) in inventories	(213,482)	(152,650)
Decrease (increase) in consumption taxes refund receivable	(505,908)	122,437
Increase (decrease) in trade payables	(293,888)	(252,363)
Increase (decrease) in accounts payable - other	79,217	146,239
Other, net	241,719	(225,932)
Subtotal	6,878,226	5,097,247
Interest and dividends received	35,394	27,120
Proceeds from insurance income	676	7,007
Interest paid	(27,824)	(22,571)
Income taxes paid	(963,951)	(1,559,623)
Payment for business restructuring expenses	(6,380)	-
Net cash provided by (used in) operating activities	5,916,141	3,549,179
Cash flows from investing activities		
Decrease (increase) in time deposits	(16,695)	(36,506)
Decrease (increase) in short-term investment securities	(499,197)	1,065
Purchase of investment securities	(3,523)	(12,744)
Proceeds from sale of investment securities	104	-
Purchase of intangible assets	(28,042)	(62,077)
Proceeds from sale of property, plant and equipment	9,320	11,837
Purchase of property, plant and equipment	(2,181,695)	(2,933,458)
Net cash provided by (used in) investing activities	(2,719,730)	(3,031,883)
Cash flows from financing activities		
Proceeds from long-term loans payable	400,000	600,000
Repayments of long-term loans payable	(1,194,429)	(1,621,692)
Purchase of treasury shares	(93)	(957,749)
Proceeds from disposal of treasury shares	-	13,006
Repayments of lease liabilities	(76,398)	(79,243)
Dividends paid	(481,577)	(674,511)
Net cash provided by (used in) financing activities	(1,352,498)	(2,720,189)
Effect of exchange rate change on cash and cash equivalents	412,221	100,753
Net increase (decrease) in cash and cash equivalents	2,256,133	(2,102,140)

(Thousands of yen)

	FY2024 (From January 1,2024 to December 31, 2024)	FY2025 (From January 1,2025 to December 31, 2025)
Cash and cash equivalents at beginning of period	7,384,340	9,640,473
Cash and cash equivalents at end of period	9,640,473	7,538,333

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

(Application of the “Accounting Standard for Current Income Taxes”, etc.)

The Company has applied “Accounting Standard for Current Income Taxes” (ASBJ Guidance No.27, October 28, 2022, hereinafter the “2022 Revised Accounting Standard.”), etc. from the beginning of the current consolidated fiscal year.

Regarding the revision of the classification of corporate income tax (taxation on other comprehensive income), the Company has applied the transitional treatment prescribed in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment prescribed in the proviso to paragraph 65-2 (2) of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No.28, October 28, 2022, hereinafter the “2022 Revised Implementation Guidance.”). There is no impact from this change in accounting policy on the consolidated financial statements of FY2025.

Regarding the revision related to the review of the treatment in the consolidated financial statements of the deferral for tax purposes of gains or losses on the sale of shares of subsidiaries and affiliates between consolidated companies, the Company has applied the 2022 Revised Implementation Guidance from the beginning of the current consolidated fiscal year. There is no impact from this change in accounting policy on the consolidated financial statements for FY2024.

(Notes to Consolidated Statement of Income)

* 1 Impairment losses

FY2024 (From January 1,2024 to December 31,2024)

The Company decided on March 25, 2024 to discontinue construction of a portion of its production facilities in the optical products segment and recorded an impairment losses on fixed assets of 106,000 thousand yen.

FY2025 (From January 1, 2025 to December 31, 2025)

Location	Use	Types of fixed assets	Impairment losses (Thousand yen)
AWAJI BASE (Hyogo Prefecture) Shiga Advanced Techno Center (Shiga Prefecture)	R&D facilities	Buildings and structures Machinery, equipment and vehicles Property, plant and equipment Other	23,939
AWAJI BASE (Hyogo Prefecture)	Business assets in use	Buildings and structures Land	155,883

In principle, the Company classifies business assets by segment and idle assets by individual asset.

In the Nine months of FY2025, the R&D facilities for KYŌZIN Re-Roof, which are difficult to repurpose for other uses by withdraw from that business, the Company reduced the book value to their recoverable value, and recorded the difference between the book value and the recoverable value as impairment losses of 23,939 thousand yen in extraordinary losses, which consist of Buildings and structures of 5,320 thousand yen, Machinery, equipment and vehicles of 18,242 thousand yen, and Other (Tools, furniture and fixtures) of 375 thousand yen. The impairment loss is presented as Loss on business withdrawal. The Company determined that there is no real value and recorded the recoverable amount as a memorandum value.

In the third quarter of FY2025, in light of the decision to withdraw from the Plaster Tape to Rescue the Earth business, the Company reviewed the future utilization and the possibility of sale of the land and buildings at

AWAJI BASE, and as a result, the Company reduced the book value to their recoverable value, and recorded the difference between the book value and the recoverable value as impairment loss of 155,883 thousand yen, which consist of Building and structures of 73,976 thousand yen and Land of 81,906 thousand yen. The Company measured the recoverable value based on the net selling value and calculated in consideration of the possibility of sale.

* 2 Business restructuring expenses

The Company recorded expenses for business restructuring of the Plaster Tape to Rescue the Earth Segment, which consist of impairment losses relating to Non-current assets of 852,670 thousand yen and loss on valuation of inventories of 320,405 thousand yen, etc.

* 3 Loss on business withdrawal

The Company recorded expenses for a loss on business withdrawal of the Plaster Tape to Rescue the Earth Segment, which was under restructuring, consist of provision for product warranty of 792,041 thousand yen.

(Notes to Consolidated Statement of Cash Flow)

* Reconciliation of cash and cash equivalents at end of period to the accounts reported in the consolidated balance sheets.

	(Thousand yen)	
	FY 2024 (From January 1, 2024 to December 31, 2024)	FY 2025 (From January 1, 2025 to December 31, 2025)
Cash and deposits	9,936,039	7,881,543
Time deposits with a deposit term exceeding three months	(295,566)	(343,210)
Cash and cash equivalents	9,640,473	7,538,333

(Revenue Recognition)

1. Information of Breakdown of Revenue from Contracts with Customers

The Company's revenues are mainly recognized from contracts with customers, and breakdown of revenue from contracts with customers of the Company's reportable segments by major products is as follows. Revenue recognized from other sources is not material.

(Thousand yen)

	FY2024 (From January 1, 2024 to December 31, 2024)	FY2025 (From January 1, 2025 to December 31, 2025)
Optical Products Segment		
Notebook PCs / Tablets	13,565,188	12,958,370
Automotives	3,073,612	3,301,186
Monitors, others	507,874	506,505
Subtotal	17,146,675	16,766,062
Functional Products Segment		
Clean Energy Materials, Medical & Sanitary	639,808	731,156
Processing papers	453,972	464,677
Papers for interior materials	866,187	667,451
Corrosion inhibiting papers	1,517,945	1,528,409
Agricultural Films, others	352,034	315,567
Subtotal	3,829,947	3,707,263
The Plaster Tape to Rescue the Earth Segment		
Roof Repair Materials, others	153,817	—
Subtotal	153,817	—
Amount recorded in Consolidated Statements of Income	21,130,440	20,473,325

Notes: 1. The Plaster Tape to Rescue the Earth Segment was discontinued as a business segment from FY2025 1st Quarter due to return to R&D phase in FY2024 4th Quarter. For the Plaster Tape to Rescue the Earth Segment, The Company decided to withdraw from the business in FY2025 3rd Quarter.

2. Previously, the information of breakdown of revenue from contracts with customers in the Optical Products Segment was divided into “Notebook PCs/ Tablets,” “Smartphones,” and “Monitors, others/ Advanced Functional Films.” The Company reviewed management classification in the Optical Products Segment based on quantitative and qualitative materiality, and changed these categories to “Notebook PCs/ Tablets,” “Automotive,” and “Monitors, others.” For the previous consolidated fiscal year, figures are presented based on the new classification.

3. Previously, the information of breakdown of revenue from contract with customers in the Functional Products Segment was divided into “Packaging Materials,” “Processing papers/ Papers for interior materials,” “Clean Energy Materials,” and “Agricultural Films, others.” The Company reviewed management classification in the Functional Products Segment based on quantitative and qualitative materiality, and changed these categories to “Clean Energy Materials, Medical & Sanitary,” “Processing Papers,” “Papers for interior materials,” “Corrosion inhibiting materials/paper,” and “Agricultural Films, others.” For the previous consolidated fiscal year, figures are presented based on the new classification.

2. Basic Information for Understanding Revenue arising from contracts with customers

In the Optical Products Segment, the Company manufactures and sells OPALUS, the diffusion film for small to medium-sized LCDs, and OPASUKI, the composite diffusion plates for direct-type mini-LED LCDs. In the Functional Products Segment, the Company manufactures and sells packaging materials, processing papers, papers for interior materials, as well as films for clean energy automobiles and medical and sanitary. In the Plaster Tape

to Rescue the Earth Segment, the Company manufactures and sells KYŌZIN Re-Roof, repairing sheets for roofs, and other products, but the Company returned the segment to R&D phase in FY2024 4th Quarter, and decided to withdraw from the business in FY2025 3rd Quarter.

For these sales, the Company recognizes revenue principally upon delivery of the goods and products to the customer, at which time legal title, physical possession, significant risks associated with ownership of the goods and products, and reward are transferred to the customer and the right to receive payment is established. For domestic sales, the Company recognizes revenue from such sales at the time of shipment because the period from shipment to transfer of control of products to the customer is normal.

For export sales, the Company recognizes revenue when the risk is transferred to the customer based on the terms and conditions of trade, which are mainly defined by Incoterms. In sales contracts, the Company sells the product with a discount based on the customer's sales performance the variable portion, so the variable portion of the consideration for a transaction is estimated and included in the transaction price. The consideration for the transaction is generally received within approximately one year of satisfaction of the performance obligation and does not include a significant financial component.

3. Information to understand the amount of revenue in the current fiscal year and subsequent fiscal years

(1) Balance of contract assets and contract liabilities, etc.

Information on the Company's contract assets and contract liabilities is omitted because the balances are immaterial, and no significant changes have occurred. In addition, revenue recognized in the current period from performance obligations that were satisfied (or partially satisfied) in prior periods is not material.

(2) Transaction prices allocated to residual performance obligations

The Company applies the practical expedients in noting transaction prices allocated to residual performance obligations and has omitted this information because there are no material contracts with an initial expected contract period exceeding one year. There are no material amounts of consideration arising from contracts with customers that are not included in the transaction price.

(Segment Information, Etc.)

[Segment Information]

1. Summary of the reportable segments

(1) Method of determining reportable segments

The Company's reportable segments are the business units for which the Company is able to obtain separate financial information, and regarding which the Board of Directors engages in regular consideration to determine the allocation of management resources and evaluate financial results.

The Company is composed of two reportable segments – the Optical Products Segment and the Functional Products – differentiated according to products and services, on the basis of business departments. The Plaster Tape to Rescue the Earth Segment was discontinued as a business segment from FY2025 1st Quarter due to return to R&D phase in FY2024, and the Company decided to withdraw from the business in FY2025 3rd Quarter.

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

In the Optical Products Segment, the Company manufactures and sells OPALUS, the diffusion film for small to medium-sized LCDs, and OPASUKI, the composite diffusion plates for direct-type mini-LED LCDs. In the Functional Products Segment, the Company manufactures and sells packaging materials, processing papers, papers for interior materials, as well as films for clean energy automobiles and medical and sanitary. In the Plaster Tape to Rescue the Earth Segment, the Company had manufactured and sold KYŌZIN Re-Roof, repairing sheets for roofs, and other products.

2. Method of calculating the amounts of net sales, profit or loss, assets, and other items for each of the reportable segments

The method of accounting treatment for the reportable business segments is generally the same as in “Significant Matters that Serve as the Basis for Preparing Consolidated Financial Statements.”

Profit figures for the reportable segments are based on operating profit.

3. Information on the amounts of net sales, profit or loss for each of the reportable segments

FY2024 (From January 1,2024 to December 31,2024)

(Thousand yen)

	Reportable segment				Adjustments (Note 1)	Amount recorded in Consolidated Statements of Income (Note 2)
	Optical Products	Functional Products	The Plaster Tape to Rescue the Earth (Note 3)	Total		
Net sales						
Net sales to external customers	17,146,675	3,829,947	153,817	21,130,440	—	21,130,440
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	17,146,675	3,829,947	153,817	21,130,440	—	21,130,440
Segment profit (loss)	8,340,708	193,242	(365,862)	8,168,088	(3,428,106)	4,739,981
Segment assets	18,041,841	2,419,898	—	20,461,739	11,547,987	32,009,727
Other items						
Depreciation	1,019,652	89,105	138,235	1,246,992	484,172	1,731,165
Increase in property, plant and equipment and intangible assets	1,582,440	40,732	—	1,623,172	1,214,872	2,838,045

Notes: 1. The adjustment for each item has been calculated as follows:

- (1) The adjustment for Segment loss of (3,428,106) thousand yen mainly includes general and administrative expenses not allocated to the Reportable segment, and research and development expenses.
 - (2) The adjustment for Segment assets of 11,547,987 thousand yen mainly includes surplus working capital funds (cash and deposits, Securities), long-term investment funds (investment securities), deferred tax assets and assets associated with research and development which cannot be apportioned to the Reportable segments.
 - (3) The adjustment for Depreciation of 484,172 thousand yen mainly includes depreciation for assets associated with research and development not allocated to the Reportable segments.
 - (4) The adjustment for Increase in property, plant and equipment and intangible assets of 1,214,872 thousand yen mainly includes assets associated with research and development not allocated to the Reportable segments.
2. Segment profit (loss) is identical to operating income in the Consolidated Statements of Income.
3. The Company returned The Plaster Tape to Rescue the Earth Segment to R&D phase in Q4, FY2024. As a result, there is no recording of other items (Increase in property, plant and equipment and intangible assets) or Segment assets.

FY2025 (From January 1,2025 to December 31,2025)

(Thousand yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in Consolidated Statements of Income (Note 2)
	Optical Products	Functional Products	Total		
Net sales					
Net sales to external customers	16,766,062	3,707,263	20,473,325	—	20,473,325
Inter-segment net sales or transfers	—	—	—	—	—
Total	16,766,062	3,707,263	20,473,325	—	20,473,325
Segment profit (loss)	7,085,520	295,026	7,380,547	(3,093,878)	4,286,668
Segment assets	19,193,175	2,191,387	21,384,563	9,561,871	30,946,434
Other items					
Depreciation	1,234,033	83,933	1,317,967	784,233	2,102,201
Increase in property, plant and equipment and intangible assets	1,428,462	47,625	1,476,087	966,504	2,442,592

Notes: 1. The adjustment for each item has been calculated as follows:

- (1) The adjustment for Segment loss of (3,093,878) thousand yen mainly includes general and administrative expenses not allocated to the Reportable segment, and research and development expenses.
- (2) The adjustment for Segment assets of 9,561,871 thousand yen mainly includes surplus working capital funds (cash and deposits, Securities), long-term investment funds (investment securities), deferred tax assets and assets associated with research and development which cannot be apportioned to the Reportable segments.
- (3) The adjustment for Depreciation of 784,233 thousand yen mainly includes depreciation for assets associated with research and development not allocated to the Reportable segments.
- (4) The adjustment for Increase in property, plant and equipment and intangible assets of 966,504 thousand yen mainly includes assets associated with research and development not allocated to the Reportable segments.

2. Segment profit (loss) is identical to operating income in the Consolidated Statements of Income.

4. Information on Impairment Loss on Fixed Assets and Goodwill by Reportable Segment

FY2024 (From January 1,2024 to December 1,2024)

In the reportable segment “Optical Products,” the book value of business assets for which recovery of the investment amount can no longer be expected was reduced to the recoverable amount, and an Impairment loss of 106,000 thousand yen was recorded.

In the reportable segment “The Plaster Tape to Rescue the Earth,” the book value of business assets for which recovery of the investment amount can no longer be expected was reduced to the recoverable amount, and a Business restructuring expenses (impairment loss) of 852,670 thousand yen was recorded.

FY2025 (From January 1,2025 to December 1,2025)

The book value of R&D facilities not allocated to any reportable segment, for which the recovery of the investment amount can no longer be expected, was reduced to the recoverable amount, and a Loss on business withdrawal (impairment loss) of 23,939 thousand yen was recorded.

The book value of Business assets in use not allocated to any reportable segment, for which recovery of the investment amount can no longer be expected that not allocated to the Reportable segment, was reduced to the recoverable amount, and an impairment loss of 155,883 thousand yen was recorded.

(Per Share Information)

(Yen)

	FY2024 (From January 1, 2024 to December 31, 2024)	FY2025 (From January 1, 2025 to December 31, 2025)
Net assets per share	1,190.51	1,290.27
Earnings per share	144.74	122.08

Notes: 1. Diluted earnings per share is not shown in the above table, as there are no residual shares.

2. The basis for calculation of earnings per share is as follows:

	FY2024 (From January 1, 2024 to December 31, 2024)	FY2025 (From January 1, 2025 to December 31, 2025)
Earnings per share		
Profit attributable to owners of parent (thousand yen)	2,790,706	2,268,882
Amount not attributable to common shareholders (thousand yen)	-	-
Profit attributable to owners of parent associated with common shares (thousand yen)	2,790,706	2,268,882
Average number of common shares during the fiscal year (shares)	19,279,494	18,585,039