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

May 12, 2025

Company name: Neturen Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 5976
URL: <https://www.k-neturen.co.jp/>
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Telephone: +81-3-3443-5441
Scheduled date of annual general meeting of shareholders: June 26, 2025
Scheduled date to commence dividend payments: June 27, 2025
Scheduled date to file annual securities report: June 27, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

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

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

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	57,563	0.6	1,617	(0.9)	2,321	(7.6)	1,815	17.7
March 31, 2024	57,205	(0.6)	1,632	(31.9)	2,511	(18.7)	1,542	304.4

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥ 4,132 million [(1.2) %]
Fiscal year ended March 31, 2024: ¥ 4,182 million [34.1 %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	51.59	-	3.0	2.8	2.8
March 31, 2024	41.91	-	2.6	3.1	2.9

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2025: ¥ 157 million
Fiscal year ended March 31, 2024: ¥ 140 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	83,760	66,329	71.1	1,736.23
March 31, 2024	80,613	66,471	74.4	1,657.44

(Reference) Equity: As of March 31, 2025: ¥ 59,540 million
As of March 31, 2024: ¥ 60,005 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	4,107	(3,404)	1,713	17,580
March 31, 2024	4,193	(1,647)	(5,080)	14,810

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2024	-	24.00	-	25.00	49.00	1,787	116.9	3.0
March 31, 2025	-	25.00	-	26.00	51.00	1,771	98.8	3.0
Fiscal year ending March 31, 2026 (Forecast)	-	33.00	-	34.00	67.00		176.7	

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	27,000	(6.9)	300	(64.9)	500	(56.7)	300	(51.2)	8.75
Full year	58,000	0.8	1,600	(1.1)	2,100	(9.5)	1,300	(28.4)	37.91

* Notes:

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

None

Newly included: - (Company name:)
Excluded: - (Company name:)

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

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(3) Number of issued shares (common shares)

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

March 31, 2025: 34,495,400 shares
March 31, 2024: 37,138,900 shares

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

March 31, 2025: 202,180 shares
March 31, 2024: 934,883 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2025: 35,197,831 shares
Fiscal Year ended March 31, 2024: 36,812,619 shares

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

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year under review, the Japanese economy continued to recover gradually, with employment growth and income increase driven by improved corporate performance. However, the economic outlook remains uncertain because of remaining high energy and raw material prices, exchange rate fluctuations, slowdown of the Chinese economy, increasing geopolitical risks and concerns for a worldwide economic downturn due to the U.S. policy of raising tariffs.

Under these circumstances, the Group has been trying to achieve the numerical targets of the 16th medium-term management plan “Aggressive Challenge One NETUREN 2026” (a plan covering the three years from April 2024 to March 2027), which is based on four basic strategies:

- 1) Technology development: Create new drivers to grow
- 2) Business: Generate growth engines
- 3) Global: Expand market globally
- 4) Human resources: Develop employees with self-motivation at work

However, the downturn in the construction industry, construction machinery industry, and machine tool industry—our group's major clients—has impacted our performance.

As a result, sales for this consolidated fiscal year were ¥57,563 million (up 0.6% year on year), despite a decline in sales volume due to sluggish market conditions of our operating industry. The reasons of gain were, successful passing on the increased costs to sales prices, and increased sales income in overseas consolidated subsidiaries due to depreciation of Japanese yen.

Operating profit was ¥1,617 million (down 0.9% year on year), due to a decline in production volume at our Group's manufacturing bases which caused an increase in fixed costs, and ordinary profit was ¥2,321 million (down 7.6% year on year).

Profit attributable to owners of parent was ¥1,815 million (up 17.7% year on year), including the recording of a gain by sale of investment securities of ¥1,217 million and an impairment loss on fixed assets of ¥712 million.

The Group will work hard to increase orders to improve profits, as well as proactively engage in sales activities including passing on high costs to sales prices, and to continue with thorough cost reduction activities, thereby striving to improve our corporate value.

Results by business segment are as follows.

1) Specialty Steel and Wire Products Division

Sales of civil engineering and construction-related products continued to be affected by the sluggish construction industry, labor shortages, and delays in the start of construction work due to rising costs of construction materials. However, sales increased compared to the same period last year due to an increase in the number of construction projects in which our high-strength shear reinforcement bars were used and successful passing on the increased costs to all sales prices.

Domestic sales of the high-strength spring steel wire for automobile-related products were deteriorated by a decline of supporting work for some customers in the last quarter of the fiscal year, exports sales were reduced as well. As for overseas sales, because of the economic downturn, major customers' production volumes decreased in China. Meanwhile in the United States and the Czech Republic, successful development of new customers and new applications contributed

to increase sales, and the Group's overall sales of high-strength spring steel wire increased compared to the same period last year.

Sales of automobile and motorcycle related products other than high-strength spring steel wires fell significantly due to the finish or suspension of production of some mass-produced models which our products were installed.

Sales of construction machinery-related products decreased compared to the same period last year due to the continued sluggish construction market in Japan and China.

Regarding profits, a significant decline in sales volume of products related to automobiles and motorcycles other than high-strength spring steel wire and products related to construction machinery caused an increase in fixed costs and resulted in a deterioration in profitability. However, an increase in the number of construction projects in which our high-strength shear reinforcement bars were used and the successful passing on of the increased costs to sales prices brought about an increase in profits compared to the same period of the previous year.

As a result, net sales were ¥36,568 million (down 0.7% year-on-year), and operating profit was ¥180 million (up 45.3% year-on-year).

2) Induction Heating Division

Sales of the induction heat treatment-related services decreased from the final quarter of the fiscal year due to the impact of reduced production of automobile manufacturers that use our group's contract processing products. The production volume of major customers in the construction machinery and machine tool industries also did not increase, and our sales decreased compared to the same period last year.

Sales of the induction heating equipment related products increased compared to the same period last year due to steady capital investment of our customers which made up for the decrease in sales of heat treatment contract processing services.

Profit reduced compared to the same period last year, because the equipment business was unable to fully compensate the increase of fixed costs which happened by reduced production in the automobile-related industry in the final quarter of the fiscal year and reduced production volume due to sluggish demand in the construction machinery and machine tool industries.

As a result, sales were ¥20,851 million (up 3.0% year on year) and operating profit was ¥1,377 million (down 4.9% year on year).

3) Others

This segment covers activities such as real estate leasing business that are not included in the reportable segments.

Rental properties owned by the Company are stably contributing to the Company's business performance, albeit on a small scale.

As a result, sales were ¥143 million (up 1.7% year on year), and operating profit was ¥56 million (up 1.8% year on year).

(2) Overview of Financial Position for the Fiscal Year under Review

Total assets at the end of the current consolidated fiscal year were ¥83,760 million (up 3.9% year on year). This was mainly due to an increase in cash and deposits because of borrowing long-term funds from financial institutions, etc., mainly for the purpose of capital investment, despite a decrease in account receivable.

Total liabilities at the end of the current consolidated fiscal year were ¥17,431 million (up 23.3% year on year), mainly due to a decrease in accounts payable, but an increase in borrowings.

Net assets at the end of the current consolidated fiscal year were ¥66,329 million (down 0.2% year on year). This was mainly due to dividend payments and share buybacks, despite an increase in foreign currency translation adjustments due to the weak Japanese yen.

As a result, the equity ratio as of the end of the fiscal year under review was 71.1%.

(3) Overview of Cash Flows for the Fiscal Year under Review

The balance of cash and cash equivalents (hereinafter, “cash”) at the end of the fiscal year under review was ¥17,580 million (an increase of ¥2,770 million from the end of the previous fiscal year), the breakdown of which is as follows.

(Cash Flows from Operating Activities)

Net cash inflows by operating activities amounted to ¥4,107 million (¥4,193 million in net cash inflows in the previous fiscal year).

This was mainly due to the recording of profit before income taxes of ¥2,818 million and a decrease in trade payables of ¥1,973 million.

(Cash Flows from Investing Activities)

Net cash outflows in investing activities were ¥3,404 million (¥1,647 million in net cash outflows in the previous fiscal year).

This was mainly due to the purchase of property, plant and equipment of ¥2,653 million and purchase of long-term prepaid expenses of ¥143 million.

(Cash Flows from Financing Activities)

Net cash inflows by financing activities were ¥1,713 million (¥5,080 million in net cash outflows in the previous fiscal year).

This was mainly due to inflows by long-term borrowings of ¥6,050 million in spite of a purchase of treasury shares of ¥2,000 million and dividends paid of ¥1,785 million.

(Reference) Trends in cash flow-related indicators

	Fiscal years ended March 31				
	2021	2022	2023	2024	2025
Equity ratio	74.4	72.7	74.3	74.4	71.1
Equity ratio based on market value	32.1	28.8	32.8	50.3	39.6
Interest-bearing debt to cash flow ratio	0.7	0.3	0.4	0.2	1.7
Interest coverage ratio	107.4	145.4	65.6	73.4	58.7

(Notes) 1. Calculation method of each indicator

- 1) Equity ratio: Equity / total assets
 - 2) Equity ratio based on market value: Total market value of shares (closing price of stock × total number of issued and outstanding shares) / total assets
 - 3) Interest-bearing debt to cash flow ratio: Interest-bearing debt / cash flow from operating activities
 - 4) Interest coverage ratio: Cash flow from operating activities / interest payments
2. Total market value of shares is calculated based on the number of issued and outstanding shares excluding treasury shares. Cash flow from operating activities is net cash provided by (used in) operating activities on the Consolidated Statements of Cash Flows. Interest-bearing debt refers to borrowings recorded on the Consolidated Balance Sheets. The amount of interest payments is the amount of interest expenses recorded on the Consolidated Statements of Income and Comprehensive Income.

(4) Future Outlook

In Japan, prices may be continuing to rise and labor shortages becoming more severe, too. In overseas, there are concerns affecting to the global economy like a downturn in the Chinese economy, growing geopolitical risks due to an unstable regional situations such as the protracted conflict in Ukraine and the U.S. policy of raising tariffs. Thus, we expect the outlook for the future to remain uncertain.

The Group will be in the second year of our 16th medium-term management plan, "Aggressive Challenge One NETUREN 2026". The Group will proactively implement the various measures outlined in the plan and will continue to promote proactive sales activities and cost reduction activities, including passing on the increased production costs to sales prices.

For the fiscal year ending March 2026, we forecast consolidated net sales of ¥58,000 million, operating profit of ¥1,600 million, ordinary profit of ¥2,100 million, and net profit attributable to parent company shareholders of ¥1,300 million.

These forecasts are based on information presently available and include many uncertain factors. Actual results may differ from these forecasts due to changes in business conditions and other factors.

(5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

Dividends for the fiscal year ended March 31, 2025

The Company has a basic policy to maintain stable dividends for shareholders while making strategic investments for growth and conducting stable business operations.

Note that “stable dividends” meant dividends on equity (DOE) rate of 3.0% or more.

Regarding the year-end dividend (ordinary dividend) for the fiscal year ended March 31, 2025, we proposed a year-end dividend of ¥26 per share, placing importance on shareholder returns and taking into comprehensive consideration its business performance, financial conditions, and other factors.

As a result, the total annual dividend, including the interim dividend of ¥25, will be ¥51 per share.

Dividends for the fiscal year ending March 31, 2026

Based on the previous basic policy, we have decided to change the dividend on equity (DOE) ratio, which we have set as a "stable dividend," from 3.0% or more to 4.0% or more to achieve our target balance sheet, ROE of 8.0% and PBR of 1.0 or more as soon as possible.

For details, please refer to the "Notice of Change in Dividend Policy" announced today (May 12, 2025).

Regarding dividends for the next fiscal year, although the business environment is uncertain, we plan to pay an interim dividend of 33 yen per share, a final dividend of 34 yen, and an annual dividend of 67 yen per share, based on the revised basic policy of the dividend policy.

2. Basic Policy on Selection of Accounting Standards

The Group's policy for the time being is to prepare consolidated financial statements in accordance with accounting principles generally accepted in Japan (Japanese GAAP), taking into consideration the comparability of consolidated financial statements from period to period and from company to company.

Regarding the adoption of International Financial Reporting Standards (IFRS), the Group's policy is to respond appropriately in consideration of various domestic and international circumstances.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	15,904	19,143
Notes and accounts receivable - trade, and contract assets	12,707	11,640
Electronically recorded monetary claims - operating	4,124	3,605
Securities	276	269
Merchandise and finished goods	1,159	1,541
Work in process	2,845	1,967
Raw materials and supplies	3,471	3,623
Other	1,430	3,227
Allowance for doubtful accounts	(166)	(234)
Total current assets	41,753	44,785
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,865	23,812
Accumulated depreciation	(15,095)	(15,778)
Buildings and structures, net	7,769	8,034
Machinery, equipment and vehicles	52,117	53,162
Accumulated depreciation	(46,229)	(47,282)
Machinery, equipment and vehicles, net	5,888	5,879
Land	9,940	9,909
Leased assets	576	588
Accumulated depreciation	(238)	(285)
Leased assets, net	338	303
Construction in progress	1,767	1,783
Other	2,916	2,985
Accumulated depreciation	(2,552)	(2,598)
Other, net	363	387
Total property, plant and equipment	26,067	26,297
Intangible assets		
Leasehold interests in land	925	982
Other	102	85
Total intangible assets	1,027	1,067
Investments and other assets		
Investment securities	9,984	9,857
Long-term loans receivable	18	20
Retirement benefit asset	0	244
Deferred tax assets	92	86
Other	1,747	1,478
Allowance for doubtful accounts	(78)	(77)
Total investments and other assets	11,765	11,610
Total non-current assets	38,860	38,975
Total assets	80,613	83,760

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,958	3,337
Electronically recorded obligations - operating	4,149	2,125
Short-term borrowings	670	1,947
Lease liabilities	107	81
Income taxes payable	542	389
Provision for bonuses	685	646
Provision for bonuses for directors (and other officers)	13	17
Provision for share awards for directors (and other officers)	17	7
Other	2,648	2,652
Total current liabilities	12,794	11,205
Non-current liabilities		
Long-term borrowings	16	4,846
Lease liabilities	379	358
Deferred tax liabilities	626	769
Provision for share awards for directors (and other officers)	8	8
Retirement benefit liability	36	80
Other	280	163
Total non-current liabilities	1,348	6,225
Total liabilities	14,142	17,431
Net assets		
Shareholders' equity		
Share capital	6,418	6,418
Capital surplus	1,725	1,714
Retained earnings	46,397	43,850
Treasury shares	(816)	(197)
Total shareholders' equity	53,724	51,785
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,392	2,528
Foreign currency translation adjustment	3,547	4,815
Remeasurements of defined benefit plans	341	411
Total accumulated other comprehensive income	6,281	7,755
Non-controlling interests	6,465	6,788
Total net assets	66,471	66,329
Total liabilities and net assets	80,613	83,760

Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	57,205	57,563
Cost of sales	47,354	47,217
Gross profit	9,850	10,346
Selling, general and administrative expenses		
Selling expenses	2,774	3,085
General and administrative expenses	5,443	5,642
Total selling, general and administrative expenses	8,218	8,728
Operating profit	1,632	1,617
Non-operating income		
Interest income	140	125
Dividend income	186	188
Subsidy income	1	-
Subsidy income	3	3
Insurance claim and dividend income	83	14
Share of profit of entities accounted for using equity method	140	157
Gain on sale of scraps	165	129
Foreign exchange gains	138	13
Other	90	179
Total non-operating income	951	811
Non-operating expenses		
Interest expenses	57	69
Depreciation of inactive non-current assets	4	23
Other	11	14
Total non-operating expenses	72	108
Ordinary profit	2,511	2,321
Extraordinary income		
Gain on sale of non-current assets	14	11
Gain on sale of investment securities	285	1,217
Insurance claim income	8	12
Subsidy income	13	20
Other	2	1
Total extraordinary income	324	1,263
Extraordinary losses		
Loss on sale of non-current assets	-	3
Loss on retirement of non-current assets	17	46
Impairment losses	-	712
Loss on sale of investment securities	77	0
Compensation for damage	90	-
Other	4	4
Total extraordinary losses	189	766

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit before income taxes	2,645	2,818
Income taxes - current	696	572
Income taxes - deferred	(105)	29
Total income taxes	590	602
Profit	2,055	2,216
Profit attributable to		
Profit attributable to owners of parent	1,542	1,815
Profit attributable to non-controlling interests	512	400
Other comprehensive income		
Valuation difference on available-for-sale securities	488	117
Foreign currency translation adjustment	1,202	1,718
Remeasurements of defined benefit plans, net of tax	174	70
Share of other comprehensive income of entities accounted for using equity method	261	10
Total other comprehensive income	2,127	1,916
Comprehensive income	4,182	4,132
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,427	3,289
Comprehensive income attributable to non-controlling interests	755	842

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,418	1,627	47,639	(688)	54,997
Changes during period					
Dividends of surplus			(1,447)		(1,447)
Profit attributable to owners of parent			1,542		1,542
Purchase of treasury shares				(1,500)	(1,500)
Disposal of treasury shares		6		28	34
Cancellation of treasury shares		(1,344)		1,344	-
Transfer from retained earnings to capital surplus		1,337	(1,337)		-
Change in ownership interest of parent due to transactions with non-controlling interests		98			98
Capital increase of consolidated subsidiaries					-
Net changes in items other than shareholders' equity					
Total changes during period	-	98	(1,242)	(127)	(1,272)
Balance at end of period	6,418	1,725	46,397	(816)	53,724

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,868	2,361	167	4,397	7,155	66,549
Changes during period						
Dividends of surplus						(1,447)
Profit attributable to owners of parent						1,542
Purchase of treasury shares						(1,500)
Disposal of treasury shares						34
Cancellation of treasury shares						-
Transfer from retained earnings to capital surplus						-
Change in ownership interest of parent due to transactions with non-controlling						98

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
interests						
Capital increase of consolidated subsidiaries						-
Net changes in items other than shareholders' equity	524	1,185	174	1,884	(690)	1,194
Total changes during period	524	1,185	174	1,884	(690)	(78)
Balance at end of period	2,392	3,547	341	6,281	6,465	66,471

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,418	1,725	46,397	(816)	53,724
Changes during period					
Dividends of surplus			(1,785)		(1,785)
Profit attributable to owners of parent			1,815		1,815
Purchase of treasury shares				(2,000)	(2,000)
Disposal of treasury shares		5		36	41
Cancellation of treasury shares		(2,582)		2,582	-
Transfer from retained earnings to capital surplus		2,577	(2,577)		-
Change in ownership interest of parent due to transactions with non-controlling interests					-
Capital increase of consolidated subsidiaries		(10)			(10)
Net changes in items other than shareholders' equity					
Total changes during period	-	(10)	(2,546)	618	(1,938)
Balance at end of period	6,418	1,714	43,850	(197)	51,785

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,392	3,547	341	6,281	6,465	66,471
Changes during period						
Dividends of surplus						(1,785)
Profit attributable to owners of parent						1,815
Purchase of treasury shares						(2,000)
Disposal of treasury shares						41
Cancellation of treasury shares						-
Transfer from retained earnings to capital surplus						-
Change in ownership interest of parent due to transactions with non-controlling interests						-

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Capital increase of consolidated subsidiaries					10	-
Net changes in items other than shareholders' equity	135	1,267	70	1,473	312	1,785
Total changes during period	135	1,267	70	1,473	323	(141)
Balance at end of period	2,528	4,815	411	7,755	6,788	66,329

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	2,645	2,818
Depreciation	2,377	2,334
Impairment losses	-	712
Increase (decrease) in allowance for doubtful accounts	(94)	54
Increase (decrease) in provision for bonuses	127	(39)
Decrease (increase) in retirement benefit asset	2	(244)
Increase (decrease) in retirement benefit liability	(75)	153
Interest and dividend income	(327)	(313)
Interest expenses	57	69
Foreign exchange losses (gains)	(85)	0
Share of loss (profit) of entities accounted for using equity method	(140)	(157)
Loss (gain) on sale of property, plant and equipment	(14)	(8)
Loss (gain) on disposal of property, plant and equipment	17	46
Loss (gain) on sale of investment securities	(208)	(1,217)
Decrease (increase) in trade receivables	(1,617)	1,973
Decrease (increase) in inventories	(392)	640
Increase (decrease) in trade payables	745	(2,771)
Decrease (increase) in advance payments to suppliers	644	47
Increase (decrease) in accrued consumption taxes	(69)	130
Other, net	333	220
Subtotal	3,927	4,454
Interest and dividends received	383	379
Interest paid	(58)	(67)
Income taxes refund (paid)	(59)	(658)
Net cash provided by (used in) operating activities	4,193	4,107
Cash flows from investing activities		
Payments into time deposits	(1,646)	(2,004)
Proceeds from withdrawal of time deposits	1,641	1,564
Purchase of property, plant and equipment	(2,285)	(2,653)
Proceeds from sale of property, plant and equipment	16	34
Purchase of intangible assets	(244)	(28)
Purchase of investment securities	(4)	(4)
Proceeds from sale and redemption of investment securities	1,048	0
Loan advances	(17)	(47)
Proceeds from collection of loans receivable	16	12
Purchase of long-term prepaid expenses	(144)	(143)
Other, net	(27)	(134)
Net cash provided by (used in) investing activities	(1,647)	(3,404)

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from financing activities		
Proceeds from short-term borrowings	1,160	1,670
Repayments of short-term borrowings	(1,806)	(1,600)
Proceeds from long-term borrowings	-	6,050
Repayments of long-term borrowings	(109)	(13)
Purchase of treasury shares	(1,500)	(2,000)
Dividends paid	(1,447)	(1,785)
Dividends paid to non-controlling interests	(548)	(530)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(799)	-
Other, net	(28)	(77)
Net cash provided by (used in) financing activities	(5,080)	1,713
Effect of exchange rate change on cash and cash equivalents	433	353
Net increase (decrease) in cash and cash equivalents	(2,100)	2,770
Cash and cash equivalents at beginning of period	16,911	14,810
Cash and cash equivalents at end of period	14,810	17,580

Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Segment information)

1 Overview of reportable segments

The Company's reportable segments are components within the Company for which discrete financial information is available and are regularly reviewed by the Company's Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

The Company adopted a business division system centered on two business divisions, the "Specialty Steel and Wire Products Division" and "Induction Heating Division." Each business division cooperates with organizations such as the Corporate Planning Office, the Administrative Headquarters, and the Business Planning and Development Headquarters and formulates comprehensive strategies for domestic and overseas businesses in relation to the products and services it handles and carries out business activities accordingly. In addition, our affiliated companies operate their businesses under each business division.

Therefore, the Group is comprised of segments that are classified according to products and services based on its business divisions. The reportable segments of the Group are "Specialty Steel and Wire Products Division" and "Induction Heating Division."

"Specialty Steel and Wire Products Division" manufactures PC steel bars, deformed PC steel bars and shear reinforcement for civil engineering and construction, high-strength spring steel wire (ITW) mainly used for suspension springs for automobiles and two-wheeled vehicles, and automotive parts and construction machine parts, etc. "Induction Heating Division" is not only engaged in induction heat treatment service of critical safety parts for automobiles and machining equipment, etc., but also manufactures induction heating equipment for each industrial field.

2 Calculation methods of net sales, profit (loss), assets, liabilities and other items by reportable segment

Reportable segment profit consists of figures based on operating income (after amortization of goodwill). Inter-segment net sales and transfers are based on market price.

3 Information on the amount of net sales, profit (loss), assets, liabilities and other items by reportable segment
For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment			Other (Note)	Total
	Specialty Steel and Wire Products Division	Induction Heating Division	Total		
Net Sales					
Net sales to external customers	36,822	20,241	57,064	140	57,205
Inter-segment net sales or transfers	—	23	23	—	23
Total	36,822	20,265	57,087	140	57,228
Segment profit	123	1,448	1,572	55	1,628
Segment assets	33,362	25,944	59,307	1,819	61,127
Other items					
Depreciation	1,182	1,181	2,364	13	2,377
Increase in property, plant and equipment and intangible assets	1,245	1,041	2,287	279	2,566

(Note) The “Other” category represents business segments that are not included in the reportable segments, and covers activities such as real estate leasing business.

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

(Millions of yen)

	Reportable segment			Other (Note)	Total
	Specialty Steel and Wire Products Division	Induction Heating Division	Total		
Net Sales					
Net sales to external customers	36,568	20,851	57,420	143	57,563
Inter-segment net sales or transfers	—	44	44	—	44
Total	36,568	20,896	57,465	143	57,608
Segment profit	180	1,377	1,557	56	1,613
Segment assets	32,611	26,483	59,095	1,751	60,847
Other items					
Depreciation	1,200	1,100	2,301	13	2,314
Increase in property, plant and equipment and intangible assets	1,049	1,545	2,594	71	2,666

(Note) The “Other” category represents business segments that are not included in the reportable segments, and covers activities such as real estate leasing business.

4 Difference between the total amount of reportable segments and the amount recorded in the consolidated financial statements as well as main components of the differences (items in relation to adjustment of differences)

(Millions of yen)

Net Sales	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Total amount of reportable segment	57,087	57,465
Net sales in “Other” category	140	143
Elimination of intersegment transactions	(23)	(44)
Net sales in consolidated financial statements	57,205	57,563

(Millions of yen)

Profit	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Total amount of reportable segment	1,572	1,557
Profit in “Other” category	55	56
Elimination of intersegment transactions	4	3
Operating income in consolidated financial statements	1,632	1,617

(Millions of yen)

Assets	As of March 31, 2024	As of March 31, 2025
Total amount of reportable segment	59,307	59,095
Assets in “Other” category	1,819	1,751
Corporate assets (Note)	19,507	22,925
Elimination of intersegment transactions	(21)	(12)
Total assets in consolidated financial statements	80,613	83,760

(Note) Corporate assets mainly consist of cash and deposits of the parent company, long-term investment funds (investment securities), and assets related to the administrative departments of the Company, all of which do not belong to the reportable segments.

(Millions of yen)

Other items	Total amount of reportable segment		Other		Adjustment		Amount recorded in consolidated financial statements	
	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Depreciation	2,364	2,301	13	13	0	20	2,377	2,334
Increase in property, plant and equipment and intangible assets	2,287	2,594	279	71	59	50	2,626	2,716

(Note) The adjustment amounts for increase in property, plant and equipment and intangible assets mainly consist of the amount of capital expenditure related to the administrative departments that do not belong to the reportable segments.