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MEMBERSHIP

July 30, 2025

Consolidated Financial Results for the Three Months Ended June 30, 2025 (Under Japanese GAAP)

Company name: AIRMAN CORPORATION
 Listing: Tokyo Stock Exchange
 Securities code: 6364
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 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

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

1. Consolidated financial results for the three months ended June 30, 2025 (from April 1, 2025 to June 30, 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	%
Three months ended June 30, 2025	13,254	0.4	1,614	(5.1)	1,542	(30.8)	1,090	(29.7)
June 30, 2024	13,196	12.1	1,702	8.9	2,230	3.3	1,552	3.4

Note: Comprehensive income For the three months ended June 30, 2025: ¥1,365 million [(30.6)%]
 For the three months ended June 30, 2024: ¥1,968 million [20.0%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2025	39.67	—
June 30, 2024	55.89	—

The figures shown for the three months ended June 30, 2024 have been retrospectively revised to reflect changes in accounting policies.

(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
June 30, 2025	64,055	41,368	64.3	1,497.68
March 31, 2025	64,204	41,040	63.7	1,486.10

Reference: Equity

As of June 30, 2025: ¥41,195 million

As of March 31, 2025: ¥40,867 million

The figures shown for the fiscal year ended March 31, 2025 have been retrospectively revised to reflect changes in accounting policies.

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	—	20.00	—	37.00	57.00
Fiscal year ending March 31, 2026	—				
Fiscal year ending March 31, 2026 (Forecast)		20.00	—	40.00	60.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	28,300	4.2	3,610	1.2	3,650	7.2	2,580	9.3	93.82
Fiscal year ending March 31, 2026	55,000	1.2	6,920	7.1	7,000	2.5	4,870	2.2	177.09

Note: Revisions to the earnings forecasts most recently announced: None

Due to the retrospective application of changes in accounting policies, the percentage changes versus the fiscal year ended March 31, 2025 and the six months ended September 30, 2024 have been calculated using the retrospectively revised figures of those periods.

*** Notes**

- (1) Significant changes in scope of consolidation during the period: None
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements: None
- (3) 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: Yes
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

Note: For details, please refer to “2. Quarterly consolidated financial statements and significant notes thereto, (3) Notes to quarterly consolidated financial statements (Note on changes in accounting policies)” on page 9.

- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2025	30,165,418 shares
As of March 31, 2025	30,165,418 shares

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

As of June 30, 2025	2,659,294 shares
As of March 31, 2025	2,665,894 shares

- (iii) Average number of shares outstanding during the period

Three months ended June 30, 2025	27,503,049 shares
Three months ended June 30, 2024	27,769,720 shares

Note: The number of treasury shares at the end of the period includes the Company’s shares (675,807 shares as of June 30, 2025 and 682,407 shares as of March 31, 2025) held by “Custody Bank of Japan, Ltd. (Trust Account E).” The Company’s shares held by “Custody Bank of Japan, Ltd. (Trust Account E)” are included in treasury shares, which are deducted from the average number of shares outstanding during the period (678,882 shares for the three months ended June 30, 2025 and 492,357 shares for the three months ended June 30, 2024).

- * Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

- * Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements and others)

The forward-looking statements, including earnings forecasts, contained in this material are based on information currently available to AIRMAN CORPORATION (the “Company”) and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Moreover, actual business and other results may differ from the forecast due to various factors going forward. Please refer to “1. Overview of operating results and others, (3) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 4 for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

(How to obtain supplementary material on financial results)

Supplementary material on financial results will be posted on the Company’s website on Wednesday, July 30, 2025.

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1. Overview of operating results and others

(1) Overview of operating results for the period under review

During the three months ended June 30, 2025 (April 1, 2025 to June 30, 2025), the Japanese economy showed a gradual recovery trend mainly due to improvements in the employment and income environment. However, weakness continued to be seen due to increasing concerns over U.S. trade tariffs and continued rising prices. In the global economy, uncertainty persisted due to factors such as the ambivalence of U.S. trade tariffs and escalating tensions in the Middle East, leading to the outlook for the global economy being uncertain overall.

Amid such circumstances, and based on a review of our “Medium-Term Vision 2024,” the Group has formulated a new three-year medium-term management plan, “Medium-Term Vision 2027,” covering the period from FY2025 (the fiscal year ending March 2026) to FY2027 (the fiscal year ending March 2028). As a basic policy, we will position this as a period of reform aimed at further advancement. We view the overseas construction machinery route and the domestic industrial machinery route as core growth areas for the future. We will undertake reforms, including organizational restructuring, to establish a framework for further growth in FY2028 and beyond. The Group will promote efforts to improve profits through reviewing selling prices and promoting cost cutting in response to raw material costs that continued to rise even further.

All of which has elicited the following results for the three months ended June 30, 2025. Net sales reached a record high for a first quarter. However, operating profit, ordinary profit, and profit attributable to owners of parent decreased compared to the previous period, when the depreciation of the yen had significantly boosted profits.

	Three months ended June 30, 2024 (Millions of yen)	Three months ended June 30, 2025 (Millions of yen)	Year-on-year changes (%)
Net sales	13,196	13,254	0.4
[Domestic Construction Machinery]	[5,065]	[4,707]	[(7.1)]
[Overseas Construction Machinery]	[5,849]	[6,024]	[3.0]
[Domestic Industrial Machinery]	[2,280]	[2,522]	[10.6]
Operating profit	1,702	1,614	(5.1)
Ordinary profit	2,230	1,542	(30.8)
Profit attributable to owners of parent	1,552	1,090	(29.7)

Group operations are divided into two business segments, the status of each of which is as follows:

(Construction Machinery Business)

The key areas of this segment are engine compressors, engine generators and scissors lifters.

From a sales perspective, although there is ongoing demand in Japan for construction works such as hotels, warehouses, semiconductor manufacturing plants, and civil engineering works under the National Resilience Plan, shipments of scissors lifters and engine compressors struggled to grow due to delays in construction plans caused by labor shortages and soaring material costs.

For overseas sales, there was sluggish growth in shipments of engine generators for North America due to the impact of inventory adjustments by local rental companies. However, shipments for Southeast Asia and the Near and Middle East remained strong, as they did last year, resulting in an increase in sales year on year for overseas overall. However, this was not enough to offset the domestic downturn, resulting in a decrease in sales year on year in this segment overall. From a profit perspective, despite the appreciation of the yen compared to the previous period and an increase in selling, general, and administrative expenses such as personnel expenses and research and development expenses associated

with human capital investment and growth investment, efforts to pass through further increases in raw material prices to selling prices were promoted, and adjustments of unrealized gains in consolidated accounting due to a reduction in inventory contributed to profits, resulting in an increase in profits year on year.

	Three months ended June 30, 2024 (Millions of yen)	Three months ended June 30, 2025 (Millions of yen)	Year-on-year changes (%)
Net sales	10,915	10,732	(1.7)
Segment profit	1,649	1,698	2.9

(Industrial Machinery Business)

The key areas of this segment are motor compressors, emergency generators, components and services.

From a sales perspective, shipments of our mainstay motor compressors were sluggish compared to the previous period as the market struggled to grow due to a decline in Japanese capital investment sentiment. However, shipments of our emergency generators and hand-operated scissors lifters sold directly remained strong, while sales of parts and services also increased, resulting in an increase in sales year on year in this segment overall. From a profit perspective, the increase in sales led to an increase in profits year on year.

	Three months ended June 30, 2024 (Millions of yen)	Three months ended June 30, 2025 (Millions of yen)	Year-on-year changes (%)
Net sales	2,280	2,522	10.6
Segment profit	425	451	6.2

(2) Overview of financial position for the period under review

(Assets, liabilities and net assets)

At the close of the first quarter under review, total assets of ¥64,055 million meant a decrease of ¥149 million compared to the end of the previous fiscal year.

Current assets decreased by ¥930 million compared to the end of the previous fiscal year to ¥46,577 million, mainly due to a decrease in cash and deposits and a decrease in merchandise and finished goods.

Non-current assets increased by ¥780 million compared to the end of the previous fiscal year to ¥17,478 million, mainly due to an increase in investment securities resulting from fair value evaluation of shares held by the Company.

Current liabilities decreased by ¥413 million compared to the end of the previous fiscal year to ¥12,287 million, mainly due to a decrease in notes and accounts payable - trade and an increase in provision for bonuses.

Non-current liabilities decreased by ¥63 million compared to the end of the previous fiscal year to ¥10,399 million, mainly due to a decrease in long-term borrowings as a result of transfers to current liabilities.

Net assets increased by ¥327 million compared to the end of the previous fiscal year to ¥41,368 million, mainly due to an increase in retained earnings, an increase in valuation difference on available-for-sale securities resulting from fair value evaluation of shares held by the Company, and a decrease in foreign currency translation adjustment resulting from fluctuations in exchange rates.

Consequently, the equity ratio at the end of the first quarter under review increased by 0.6 points to 64.3% compared to the end of the previous fiscal year.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

Consolidated earnings are largely in line with initial expectations, and therefore the consolidated earnings forecasts for the first six months of the fiscal year and for the full year have not been revised from those announced on May 9, 2025 in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2025.”

The Company will disclose information on any changes in the future in an appropriate manner.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	19,245,867	18,517,940
Notes and accounts receivable - trade, and contract assets	17,613,046	17,551,543
Merchandise and finished goods	7,054,302	6,745,936
Work in process	257,806	290,399
Raw materials and supplies	1,810,221	1,670,630
Other	1,526,348	1,801,092
Allowance for doubtful accounts	(494)	(514)
Total current assets	47,507,097	46,577,029
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,833,580	11,056,828
Accumulated depreciation	(5,295,627)	(5,379,480)
Buildings and structures, net	5,537,953	5,677,347
Machinery, equipment and vehicles	9,463,335	9,526,304
Accumulated depreciation	(7,467,730)	(7,525,021)
Machinery, equipment and vehicles, net	1,995,605	2,001,283
Land	2,210,159	2,210,159
Construction in progress	249,223	140,227
Other	2,241,099	2,245,262
Accumulated depreciation	(1,903,139)	(1,924,201)
Other, net	337,960	321,060
Total property, plant and equipment	10,330,901	10,350,078
Intangible assets	450,475	463,876
Investments and other assets		
Investment securities	3,888,325	4,675,129
Investments in capital of subsidiaries and associates	869,544	874,886
Deferred tax assets	311,997	221,847
Other	850,385	895,698
Allowance for doubtful accounts	(3,757)	(3,257)
Total investments and other assets	5,916,495	6,664,304
Total non-current assets	16,697,873	17,478,259
Total assets	64,204,971	64,055,288

AIRMAN CORPORATION (6364)
Consolidated Financial Results for the Three Months Ended June 30, 2025

(Thousands of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,057,553	5,244,817
Electronically recorded obligations - operating	2,617,179	2,830,018
Short-term borrowings	222,000	222,000
Current portion of bonds payable	93,400	93,400
Income taxes payable	777,914	501,299
Provision for bonuses	820,455	1,252,064
Provision for bonuses for directors (and other officers)	41,400	51,750
Provision for product warranties	22,920	23,490
Other	2,048,163	2,068,339
Total current liabilities	12,700,986	12,287,179
Non-current liabilities		
Bonds payable	106,500	76,500
Long-term borrowings	7,493,547	7,374,085
Deferred tax liabilities	1,233	83,096
Provision for share awards	295,425	303,232
Provision for share awards for directors (and other officers)	162,200	130,240
Retirement benefit liability	2,052,034	2,056,701
Asset retirement obligations	193,640	193,640
Other	159,160	182,479
Total non-current liabilities	10,463,742	10,399,976
Total liabilities	23,164,729	22,687,156
Net assets		
Shareholders' equity		
Share capital	3,416,544	3,416,544
Capital surplus	4,087,514	4,087,514
Retained earnings	33,820,017	33,868,229
Treasury shares	(3,214,591)	(3,205,503)
Total shareholders' equity	38,109,485	38,166,785
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,828,433	2,367,949
Foreign currency translation adjustment	853,211	583,067
Remeasurements of defined benefit plans	75,951	77,694
Total accumulated other comprehensive income	2,757,596	3,028,711
Non-controlling interests	173,160	172,636
Total net assets	41,040,241	41,368,132
Total liabilities and net assets	64,204,971	64,055,288

(2) Quarterly consolidated statements of income and comprehensive income
Quarterly consolidated statement of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales	13,196,088	13,254,275
Cost of sales	9,641,556	9,617,419
Gross profit	3,554,531	3,636,855
Selling, general and administrative expenses		
Packing and transportation costs	239,804	252,303
Provision of allowance for doubtful accounts	(15,645)	(79)
Provision for product warranties	90	570
Remuneration, salaries and allowances for directors (and other officers)	536,900	556,991
Provision for bonuses	196,362	213,046
Provision for bonuses for directors (and other officers)	8,260	10,350
Retirement benefit expenses	31,012	30,558
Provision for share awards	4,479	5,609
Provision for share awards for directors (and other officers)	9,629	12,425
Other	841,458	940,088
Total selling, general and administrative expenses	1,852,351	2,021,863
Operating profit	1,702,180	1,614,991
Non-operating income		
Interest income	3,786	6,682
Dividend income	24,441	21,276
Share of profit of entities accounted for using equity method	33,227	46,391
Foreign exchange gains	464,749	–
Other	7,224	7,456
Total non-operating income	533,429	81,806
Non-operating expenses		
Interest expenses	4,379	26,917
Foreign exchange losses	–	126,273
Other	813	987
Total non-operating expenses	5,193	154,177
Ordinary profit	2,230,416	1,542,620
Extraordinary income		
Gain on disposal of non-current assets	–	354
Total extraordinary income	–	354
Extraordinary losses		
Loss on disposal of non-current assets	1,714	9,152
Total extraordinary losses	1,714	9,152
Profit before income taxes	2,228,702	1,533,822
Income taxes - current	813,883	515,400
Income taxes - deferred	(139,983)	(75,758)
Total income taxes	673,900	439,641
Profit	1,554,801	1,094,180
Profit attributable to non-controlling interests	2,727	3,237
Profit attributable to owners of parent	1,552,074	1,090,943

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Profit	1,554,801	1,094,180
Other comprehensive income		
Valuation difference on available-for-sale securities	174,113	539,516
Foreign currency translation adjustment	204,806	(225,670)
Remeasurements of defined benefit plans, net of tax	4,792	1,742
Share of other comprehensive income of entities accounted for using equity method	29,675	(44,473)
Total other comprehensive income	413,386	271,115
Comprehensive income	1,968,188	1,365,296
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,965,460	1,362,058
Comprehensive income attributable to non-controlling interests	2,727	3,237

(3) Notes to quarterly consolidated financial statements

(Note on changes in accounting policies)

(Change in the method of translating revenue and expenses of foreign subsidiaries, etc.)

Revenue and expenses of foreign subsidiaries, etc. had previously been translated into Japanese yen at the spot exchange rates in effect at the balance sheet date of these companies. However, the Company changed to a method of translating them into Japanese yen at an average exchange rate for the period, starting from the first quarter under review.

This change was made in light of the recent significant fluctuations in exchange rates and the expectation that the importance of sales and profits from foreign subsidiaries, etc. will further increase, particularly in the Group's overseas business centered in the United States, as part of the new medium-term management plan "Medium-Term Vision 2027" that began in FY2025. The change aims to mitigate the impact of temporary exchange rate fluctuations on periodic profits and losses and to more accurately reflect the performance of foreign subsidiaries, etc. in the consolidated financial statements.

This change in accounting policies has been applied retrospectively, and is reflected in the quarterly consolidated financial statements for the three months ended June 30, 2024 and the consolidated financial statements for the previous fiscal year.

As a result, compared to before the retrospective application, the quarterly consolidated statement of income for the three months ended June 30, 2024 shows a decrease in net sales of ¥53,637 thousand, a decrease in operating profit of ¥58,100 thousand, a decrease in ordinary profit of ¥6,718 thousand, a decrease in profit before income taxes of ¥6,718 thousand, and a decrease in profit attributable to owners of parent of ¥5,085 thousand. Additionally, basic earnings per share decreased by 0.18 yen.

Furthermore, due to the reflection of the cumulative effect amount on net assets at the beginning of the previous fiscal year, the beginning balance of retained earnings after retrospective application for the previous fiscal year decreased by ¥32,385 thousand, while the beginning balance of foreign currency translation adjustment after retrospective application increased by the same amount.

For the impact on segment information, please refer to the section "Notes on segment information, etc."

(Notes on segment information, etc.)

Three months ended June 30, 2024

i) Information on net sales and profit or loss by reportable segment and breakdown of revenue

(Thousands of yen)

	Construction Machinery Business	Industrial Machinery Business	Total
Net sales			
Finished goods	10,388,997	1,616,834	12,005,832
Components	297,197	321,073	618,271
Services	229,145	342,839	571,984
Revenue from contracts with customers	10,915,340	2,280,747	13,196,088
Other revenue	—	—	—
Sales to external customers	10,915,340	2,280,747	13,196,088
Transactions with other segments	—	—	—
Total	10,915,340	2,280,747	13,196,088
Segment profit	1,649,812	425,350	2,075,162

ii) Differences between the total amount of profit or loss in reportable segments and the amount recorded on the quarterly consolidated statement of income, and details thereof (Reconciliation)

(Thousands of yen)

Profit	Amount
Total for reportable segments	2,075,162
Corporate expenses (Note)	(372,982)
Operating profit on the quarterly consolidated statement of income	1,702,180

Note: Corporate expenses mainly comprise general and administrative expenses and R&D expenses outside the scope of the reportable segments.

iii) Information on impairment loss of non-current assets and goodwill by reportable segments

Not applicable.

Three months ended June 30, 2025

i) Information on net sales and profit or loss by reportable segment and breakdown of revenue

(Thousands of yen)

	Construction Machinery Business	Industrial Machinery Business	Total
Net sales			
Finished goods	10,358,245	1,807,934	12,166,179
Components	190,322	352,172	542,495
Services	183,686	361,913	545,599
Revenue from contracts with customers	10,732,254	2,522,020	13,254,275
Other revenue	—	—	—
Sales to external customers	10,732,254	2,522,020	13,254,275
Transactions with other segments	—	—	—
Total	10,732,254	2,522,020	13,254,275
Segment profit	1,698,287	451,544	2,149,832

ii) Differences between the total amount of profit or loss in reportable segments and the amount recorded on the quarterly consolidated statement of income, and details thereof (Reconciliation)

(Thousands of yen)

Profit	Amount
Total for reportable segments	2,149,832
Corporate expenses (Note)	(534,840)
Operating profit on the quarterly consolidated statement of income	1,614,991

Note: Corporate expenses mainly comprise general and administrative expenses and R&D expenses outside the scope of the reportable segments.

iii) Information on impairment loss of non-current assets and goodwill by reportable segments

Not applicable.

iv) Notes on changes in reportable segments, etc.

As stated in the section “Notes on changes in accounting policies,” the revenue and expenses of foreign subsidiaries, etc. were previously translated into Japanese yen using the spot exchange rate on the balance sheet date of these companies. However, starting from the first quarter under review, we have changed the method to translate these amounts using the average exchange rate during the period. Therefore, figures for the three months ended June 30, 2024, reflect the retrospective application of this change in accounting policy.

As a result, compared to before the retrospective application, sales to external customers for the three months ended June 30, 2024 decreased by ¥53,637 thousand in the construction machinery business. Additionally, segment profit in the construction machinery business decreased by ¥58,100 thousand.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Notes on the going-concern assumption)

Not applicable.

(Notes on additional information)

(Transactions of delivering the Company's own shares to employees, etc. through trusts)

(Stock Benefit Trust (Japanese-style Employee Stock Ownership Plan, or "J-ESOP"))

The Company has introduced the Stock Benefit Trust (Japanese-style Employee Stock Ownership Plan, or "J-ESOP") for the purpose of increasing employees' willingness and motivation to increase the share price and enhance performance.

i) Transaction overview

The Company issues points to its employees based on their individual contributions and other factors, and when they acquire entitlements under certain conditions, they will receive shares in the Company equivalent to the points thus granted. The shares to be provided to employees are acquired ahead of time using money set up in advance in a trust, then segregated and managed as trust assets.

ii) Company shares remaining in trust

The Company's shares remaining in the trust are recorded as treasury shares under net assets at their book value in the trust (excluding the incidental expenses incurred). The book value and number of such treasury shares were ¥418,949 thousand and 325,200 shares for the previous fiscal year and ¥416,501 thousand and 323,300 shares in the first quarter under review.

(Stock Benefit Trust (Employee Shareholding Association Purchase-type))

The Company has introduced the Stock Benefit Trust (Employee Shareholding Association Purchase-type) (hereinafter referred to as the "Plan") for the purpose of enhancing employee benefits and providing incentives to enhance the Company's corporate value.

i) Transaction overview

The Plan is an incentive plan for returning the benefits of increases to the Company's share price to all employees who are enrolled in the AIRMAN Employee Shareholding Association (hereinafter referred to as the "Shareholding Association").

The trust bank that is the trustee for the Plan will collectively obtain in advance shares of the Company equivalent to the number of shares expected to be purchased by the Shareholding Association over the five years after the establishment of the trust, and following this, periodically sell the Company's shares when the Shareholding Association purchases shares. If gains equivalent to capital gains on sales of shares are accumulated within the trust assets of the trust until the termination of the trust through the sale of the Company's shares to the Shareholding Association by the trust bank, the amount is distributed as residual assets to persons enrolled in the Shareholding Association (employees), etc. who satisfy the qualifying conditions for beneficiaries.

Moreover, as the Company guarantees borrowings for the trust bank to acquire the Company's shares, if there are any remaining borrowings equivalent to losses on sales of shares upon termination of the trust due to a downturn in the price of the Company's shares, the Company is to repay any such remaining borrowings in accordance with the guarantee agreement.

ii) Company shares remaining in trust

The Company's shares remaining in the trust are recorded as treasury shares under net assets at their book value in the trust (excluding the incidental expenses incurred). The book value and number of such treasury shares were ¥179,567 thousand and 127,100 shares for the previous fiscal year and ¥172,927 thousand and 122,400 shares in the first quarter under review.

iii) Book value of borrowings recorded using the gross method

Previous fiscal year: ¥159,547 thousand
First quarter under review: ¥151,085 thousand

(Stock Benefit Trust (Board Benefit Trust, or "BBT"))

The Company has introduced the Stock Benefit Trust (Board Benefit Trust, or "BBT") for the purpose of providing incentives to directors (excluding those appointed as audit committee members and outside directors), executive officers and directors appointed as audit committee members (excluding outside directors) (hereinafter referred to as "Officers").

i) Transaction overview

Pursuant to its officer stock benefit regulations, the Company will grant points to the Officers in accordance with their responsibilities, the level of achievement of performance (consolidated net sales, consolidated operating profit, ratio of consolidated operating profit to net sales, consolidated ROE), etc. (internal directors appointed as audit committee members will be granted points in accordance with their responsibilities, etc.), and will provide the Company's shares, etc. equivalent to the accumulated points at the time the Officer retires. The shares to be provided to the Officers are acquired ahead of time using money set up in advance in a trust, then segregated and managed as trust assets.

ii) Company shares remaining in trust

The Company's shares remaining in the trust are recorded as treasury shares under net assets at their book value in the trust (excluding the incidental expenses incurred). The book value and number of such treasury shares were ¥365,447 thousand and 230,107 shares for the previous fiscal year and ¥365,447 thousand and 230,107 shares in the first quarter under review.

(Notes on quarterly consolidated statement of cash flows)

Quarterly consolidated statement of cash flows for the three months ended June 30, 2025 is not prepared. Depreciation (including amortization related to intangible assets) for the three months ended June 30, 2024 and 2025 is as follows.

	(Thousands of yen)	
	Three months ended June 30, 2024	Three months ended June 30, 2025
Depreciation	257,082	263,699

Note: Figures for the three months ended June 30, 2024, reflect the retrospective application due to the changes in accounting policies.