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July 14, 2025

Consolidated Financial Results for the Nine Months Ended May 31, 2025 (Under Japanese GAAP)

Company name: TRANSACTION CO., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 7818
 URL: <https://www.trans-action.co.jp/e.zy.hp.transer.com/>
 Representative: Satoshi Ishikawa, Chairman and Representative Director
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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 nine months ended May 31, 2025 (from September 1, 2024 to May 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2025	20,773	9.9	4,281	7.5	4,540	9.0	3,041	10.5
May 31, 2024	18,902	7.8	3,984	7.8	4,167	9.6	2,751	9.1

Note: Comprehensive income For the nine months ended May 31, 2025: ¥2,835 million [1.7%]
 For the nine months ended May 31, 2024: ¥2,788 million [16.4%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
May 31, 2025	105.46	—
May 31, 2024	94.45	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
May 31, 2025	23,387	19,859	84.9
August 31, 2024	22,320	18,148	81.3

Reference: Equity
 As of May 31, 2025: ¥19,859 million
 As of August 31, 2024: ¥18,148 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended August 31, 2024	Yen —	Yen 0.00	Yen —	Yen 39.00	Yen 39.00
Fiscal year ending August 31, 2025	—	0.00	—		
Fiscal year ending August 31, 2025 (Forecast)				55.00	55.00

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

3. Consolidated earnings forecasts for the fiscal year ending August 31, 2025 (from September 1, 2024 to August 31, 2025)

(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
Fiscal year ending August 31, 2025	27,900	11.4	5,850	11.8	5,959	5.9	3,915	4.0	67.88

Notes: Revisions to the consolidated earnings forecasts most recently announced: None

The Company plans to conduct a 2-for-1 stock split on September 1, 2025, and calculates (projected) net income per share based on the average number of shares of common stock during the fiscal year, which reflects this stock split.

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Application of special accounting treatments for the preparation of 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: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes to Quarterly Consolidated Financial Statements (Notes on changes in accounting policies)” on page 11 of the Attachments.
- (4) Number of issued shares (common shares)

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

As of May 31, 2025	29,375,400 shares
As of August 31, 2024	29,375,400 shares

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

As of May 31, 2025	536,056 shares
As of August 31, 2024	536,056 shares

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

Nine months ended May 31, 2025	28,839,344 shares
Nine months ended May 31, 2024	29,128,535 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: Yes (voluntary)

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

1. The financial forecast and other forward-looking statements in this material are based on information currently available to the Company and certain preconditions considered to be reasonable. Actual performance, etc. may vary depending on various factors. For the preconditions on which the earnings forecast is based and notes, etc. for using the earnings forecast, please refer to “(3) Explanation of consolidated earnings forecasts and other forward-looking statements” in “1. Qualitative Information on Quarterly Financial Results” on page 6 of the Quarterly Financial Results (attached file).
2. Supplementary materials for financial results are disclosed on TDnet on the same day and posted on the Company’s website.

[Attached Material]

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of operating results

During the first nine months ended May 31, 2025, the Japanese economy was on a gradual recovery path due to improvements in the employment and income environment and growth in inbound demand. However, the outlook remained uncertain due to factors such as the impact of policy trends, including trade policy and monetary policy in the US, in addition to the prolonged Russia–Ukraine crisis, the escalation of conflicts in the Middle East, sharp fluctuations in exchange rates, and higher prices.

In this environment and during the fiscal year ending August 31, 2025, which is the final year of the 4th medium-term management plan, the TRANSACTION Group (the “Group”) has been working to achieve the goals of the plan by promoting its five key strategies of “strengthened e-commerce,” “finished goods demand arising from the promotion of SDGs,” “tangible goods consumption derived from intangible goods consumption,” “demand generated by inbound and outbound finished goods demand,” and “strengthened domestic in-house manufacturing.” While promoting such key strategies and ensuring that changes in the social environment and consumption trends were identified in a timely and appropriate manner, the Group worked on the introduction of new products, the development of client entities, and the strengthening of relationships.

■ E-commerce business

In accordance with the key strategy of “strengthened e-commerce,” we continued our initiatives, including hybrid marketing activities, with the target of having those sales account for at least 30% of consolidated net sales in the fiscal year ending August 31, 2025. In the main B2B site “MARKLESS STYLE,” sales grew significantly in each quarter compared to the same period of the previous year as a result of efforts to expand sales of the Group’s products on client entities’ e-commerce sites, including the addition of four sites linked to “MARKLESS Connect” during the current nine-month consolidated financial period and a reinforcement of marketing support, in addition to a focus on shifting transactions made via “MARKLESS STYLE.” In the main D2C* site “HANSOKU-STYLE,” we expanded the content and services provided on the site and updated the system to improve convenience for existing and new customers, and as a result, sales increased year on year. In addition, we worked to expand our customer base and increase sales at “Original Goods Press,” a site specializing in goods for sale and OEM products catering to the entertainment and “Oshikatsu” (various activities to support favorite idols, actors, anime characters, etc.) market, and “ORIGINAL GOODS.com,” which produces goods for sale and commemorative items for companies and shops, by utilizing content marketing and inside sales.

As a result, the shift in sales from “targeting wholesalers” by sales channel to “e-commerce” contributed to an increase in e-commerce sales of 1,504 million yen, or 36.1% year on year, and the sales composition ratio increased by 5.2 percentage points year on year to 27.3%. In the second quarter, sales growth compared to the same period of the previous year slowed down due to a significant fluctuation in the search rankings of the D2C sites operated by the Group, a result of the core algorithm update implemented by Google in December 2024**. Owing to various measures taken since then, sales growth recovered year on year in the third quarter, and the e-commerce sales composition ratio increased by 1.0 percentage point, from 26.1% in the second quarter to 27.1%, showing an improving trend.

* An abbreviation for “Direct to Consumer,” a business model in which a manufacturer plans and manufactures its own commodities and sells them directly to end customers without intermediaries such as wholesalers and stores.

** Google regularly reviews its search algorithm and makes large-scale changes to its search results.

Eco-products

Under the key strategy of “finished goods demand arising from the promotion of SDGs,” we have continued to develop reusable products made from organic cotton, recycled materials, biomass plastics, natural materials, recycled PET and recycled ABS and other materials, as well as upcycled finished goods that have been transformed into more valuable products by adding values such as originality and design to waste resources, endeavoring to expand our environmentally friendly product categories. We

have also developed a new eco-bag made from Ocean Bound Plastic*, and are using the opportunity of exhibits at trade shows to boost sales. These products contribute to the reduction and control of CO₂ emissions by focusing on materials, and have been highly evaluated and supported by client entities that are aware of their efforts to achieve the SDGs. As a result, in the “MARKLESS STYLE” range, sales of mainstay products such as eco bags, bottles, and tumblers continued to be strong, and sales of stationery products made from recycled PET and recycled ABS, which are distributed at exhibitions and other events, as well as umbrellas and rain wear tailored to recent climate trends, grew significantly compared to the previous year. In addition, “MOTTERU,” which is being developed for the retail market, was selected as a product for the “Let’s choose! 3R Campaign 2024” sponsored by the Ministry of the Environment, won the 2024 Good Design Award, and was featured on TV programs, newspapers, and magazines, which contributed to improved brand recognition for “MOTTERU.” We also continued to engage in activities to promote fair trade by participating in the “Fairtrade Million Action Campaign 2025.”

As a result, sales of Eco-products increased by 607 million yen, or 7.5% year on year.

* Plastic waste disposed of inland within about 50 kilometers of the coast

Lifestyle products

Under the key strategies of “tangible goods consumption derived from intangible goods consumption” and “demand generated by inbound and outbound finished goods demand,” we worked to improve quality while also developing products that capture consumer trends, such as the diversifying and expanding “Oshikatsu” consumption and other consumption derived from trends. Sales to the entertainment industry, which drives sales of Lifestyle products, continued to be strong. In the game and animation industry, Japanese animation is popular overseas, and we expect demand to continue to grow in line with the increase in inbound tourism. In addition, demand for items in product sales increased due to sales through e-commerce and at event venues for in-person events in the 2.5D, sporting events, and music industries. In order to meet the demand for a wider variety of high-quality merchandise in the entertainment and “Oshikatsu” areas, we continued to introduce new categories of products and introduced new equipment at our domestic factories to provide products with vivid full-color printing. In sales promotion, sales in the third quarter under review grew significantly compared to the previous year as a result of reinforcing our hybrid-type marketing activities for industries and companies that are performing well to meet the demand of client companies.

In terms of year-on-year comparisons of sales in the second and third quarters, in the previous fiscal period, sales in the second quarter increased compared to a normal quarter due to the impact of a repeat project for the entertainment industry that had been scheduled for the third quarter being brought forward to the second quarter. On the other hand, in the current fiscal period, sales in the second quarter were weak as a result of some projects for the entertainment industry that had been scheduled for the second quarter being delayed to the third quarter or later. However, with the exception of a few delayed projects, deliveries were completed in the third quarter, resulting in growth in the first nine months ended May 31, 2025 equivalent to that of the previous year.

In travel-related finished goods, sales increased, driven by sales of collaborative products featuring characters that are popular with inbound tourists. By leveraging these popular finished goods and rolling them out alongside other finished goods, we worked to expand sales channels and create an environment that catches the attention of foreign visitors to Japan. In addition, “gowell select,” gowell’s first travel goods specialty shop, opened in the international departure area of Kansai International Airport on March 18. According to the Kansai Airport Research Institute, the use of the three Kansai airports is on the rise, and this has led to steady growth in the sales of gowell’s products. In the area of pet wear and related finished goods, we have been selling dog wear as well as dog equipment and beds that can be sold year-round, but we have also been working on the development of cat goods and other products, as well as the development of new products with popular fashion brands and the expansion of sales channels. In designs related to Lifestyle products, we received “the Topawards Asia” award for outstanding packaging design in Asia, as well as the internationally prestigious “iF DESIGN AWARD 2025.”

As a result, sales of Lifestyle products increased by 956 million yen, or 10.0% year on year.

Wellness products

In addition to a certain amount of sales of sanitary products such as masks, sales of humidifiers and cosmetic accessories also contributed to a 290 million yen, or 30.5%, year-on-year increase in sales.

On the production side, the Company worked to secure multiple production bases so that it can flexibly switch between production sites in response to fluctuations in the exchange rate and raw material prices, and optimize distribution channels in order to ensure a stable and continuous supply and strengthen price competitiveness amid a persistently challenging external environment. We also increased personnel at overseas bases to strengthen our production management system, increased the frequency of factory visits to overseas suppliers, promoted CSR procurement, and worked to improve product quality.

At our own domestic factories, we worked to improve productivity with efficient operations, including at the first factory. These measures included the appropriate placement of personnel and introducing a process management system in preparation for improvements in the operation of the second factory, which was completed in June 2024. In addition, we worked to install and increase operating rates for state-of-the-art printing machinery aligned with needs for entertainment and “Oshikatsu” demand.

As a result, sales and each level of profit, including operating profit, for the current nine-month consolidated financial period exceeded those recorded for the same period of the previous year, reaching record highs. Net sales increased to 20,773 million yen (up by 1,870 million yen, or 9.9% year on year), and operating profit increased to 4,281 million yen (up by 297 million yen, or 7.5% year on year) due to an increase in gross profit resulting from the growth in sales and the well-planned expenditure of selling, general and administrative expenses. Ordinary profit increased to 4,540 million yen (up by 373 million yen, or 9.0% year on year) due to the recording of foreign exchange gains in the second quarter from the partial redemption of US dollar-denominated bonds held as a financial measure to reduce the impact of exchange rate fluctuations. Profit attributable to owners of parent increased to 3,041 million yen (up by 290 million yen, or 10.5% year on year).

As for the items disclosed on April 14, 2025, in the “Consolidated Financial Results for the Six Months Ended February 28, 2025 (Under Japanese GAAP)” regarding differences between the forecast and actual results, the status in this third quarter was as follows.

Although some projects for the entertainment industry that had been scheduled for the second quarter were delayed to the third quarter or later, deliveries were completed in the third quarter, with the exception of a few projects. Delivery of these projects is also scheduled for the fourth quarter. In the second quarter, sales growth of the e-commerce sites slowed down due to a decline in the search rankings of the D2C sites operated by the Group, a result of the core algorithm update implemented by Google in December 2024. However, various measures taken since then have kept the impact to a minimum, and in the third quarter under review, sales growth recovered year on year, and the e-commerce sales composition ratio improved, rising by 1.0 percentage point from 26.1% in the second quarter to 27.1%.

Although the gross profit margin in the third quarter declined by 0.8 percentage points compared to the same period of the previous year, this was a temporary factor due to the gross profit margin for large-scale sales promotion projects in the third quarter being lower than that of normal projects.

Actual sales by sales channel and product classification for the nine months ended May 31, 2025 were as follows.

<Actual sales by sales channel>

(Millions of yen)

Sales channel	Net sales		Change	
	Nine months ended May 31, 2024	Nine months ended May 31, 2025	Change (Amount)	Change (%)
Targeting end-user companies	8,698	9,591	893	10.3
Targeting wholesalers	6,033	5,506	(527)	(8.7)
E-commerce	4,170	5,675	1,504	36.1
Total	18,902	20,773	1,870	9.9

<Actual sales by product classification>

(Millions of yen)

Product classification	Net sales		Change	
	Nine months ended May 31, 2024	Nine months ended May 31, 2025	Change (Amount)	Change (%)
Eco-products	8,138	8,745	607	7.5
Lifestyle products	9,573	10,529	956	10.0
Wellness products	951	1,242	290	30.5
Design and other	239	255	16	6.8
Total	18,902	20,773	1,870	9.9

Note: Design and other refers to those not falling under miscellaneous goods, including commissioned graphic, products and WEB design operations, as well as printing operations.

(2) Explanation of financial position

Status of assets, liabilities, and net assets

Current assets

Current assets at the end of the third quarter under review amounted to 15,679 million yen, an increase of 877 million yen compared to the end of the previous fiscal year. This was due mainly to an increase in notes and accounts receivable - trade, and contract assets by 856 million yen.

Non-current assets

Non-current assets at the end of the third quarter under review amounted to 7,708 million yen, an increase of 188 million yen compared to the end of the previous fiscal year. This was due mainly to an increase in investments and other assets by 146 million yen.

Current liabilities

Current liabilities at the end of the third quarter under review amounted to 2,933 million yen, a decrease of 400 million yen compared to the end of the previous fiscal year. This was due mainly to a decrease in income taxes payable by 477 million yen.

Non-current liabilities

Non-current liabilities at the end of the third quarter under review amounted to 594 million yen, a decrease of 243 million yen compared to the end of the previous fiscal year. This was due mainly to a decrease in long-term borrowings by 209 million yen.

Net assets

Net assets at the end of the third quarter under review amounted to 19,859 million yen, an increase of 1,710 million yen compared to the end of the previous fiscal year. This was due mainly to an increase in retained earnings by 1,916 million yen and a decrease in valuation difference on available-for-sale securities by 187 million yen.

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

There are no changes to the full-year earnings forecast for the fiscal year ending August 31, 2025 from the figures announced on October 15, 2024. Regarding the year-end dividend for the fiscal year ending August 31, 2025, as announced in the “Notice Concerning Revisions to the Dividend Policy and the Year-End Dividend Forecast (Dividend Increase),” released on April 14, 2025, the year-end dividend for the fiscal year ending August 31, 2025 has been revised upward by 14 yen from the previous forecast of 41 yen, as announced on October 15, 2024, which would have marked the 14th consecutive year of dividend increases since the company’s listing, to 55 yen. This was based on the revised dividend policy that targets a dividend payout ratio of 40%.

The earnings forecasts are based on information available as of the date of disclosure of this report. Going forward, actual performance may vary from forecast figures depending on various factors.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of August 31, 2024	As of May 31, 2025
Assets		
Current assets		
Cash and deposits	5,818,864	6,126,773
Notes and accounts receivable - trade, and contract assets	3,130,367	3,986,646
Securities	171,143	6,816
Finished goods	5,049,611	4,990,079
Other	631,410	568,844
Allowance for doubtful accounts	(116)	(118)
Total current assets	14,801,280	15,679,043
Non-current assets		
Property, plant and equipment	1,775,570	1,815,001
Intangible assets		
Other	200,648	203,296
Total intangible assets	200,648	203,296
Investments and other assets		
Investment securities	4,150,574	4,313,899
Other	1,392,577	1,375,996
Total investments and other assets	5,543,152	5,689,896
Total non-current assets	7,519,370	7,708,194
Total assets	22,320,651	23,387,237

(Thousands of yen)

	As of August 31, 2024	As of May 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	956,043	1,206,071
Current portion of long-term borrowings	333,532	306,590
Income taxes payable	1,032,588	555,189
Provision for bonuses	209,726	114,405
Provision for shareholder benefit program	6,951	—
Other	795,385	751,075
Total current liabilities	3,334,225	2,933,332
Non-current liabilities		
Long-term borrowings	434,606	225,099
Retirement benefit liability	317,509	323,737
Asset retirement obligations	37,229	45,732
Other	48,507	—
Total non-current liabilities	837,852	594,568
Total liabilities	4,172,078	3,527,900
Net assets		
Shareholders' equity		
Share capital	93,222	93,222
Capital surplus	3,305,428	3,305,428
Retained earnings	14,889,019	16,805,670
Treasury shares	(703,497)	(703,497)
Total shareholders' equity	17,584,173	19,500,824
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	373,082	185,192
Deferred gains or losses on hedges	(26,637)	12,459
Foreign currency translation adjustment	185,320	134,473
Remeasurements of defined benefit plans	32,634	26,387
Total accumulated other comprehensive income	564,399	358,512
Total net assets	18,148,572	19,859,337
Total liabilities and net assets	22,320,651	23,387,237

(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Quarterly Consolidated Statement of Income (Cumulative)

(Thousands of yen)

	Nine months ended May 31, 2024	Nine months ended May 31, 2025
Net sales	18,902,653	20,773,105
Cost of sales	11,542,979	12,727,967
Gross profit	7,359,674	8,045,137
Selling, general and administrative expenses		
Salaries and allowances	1,030,320	1,124,450
Provision for bonuses	90,868	97,765
Retirement benefit expenses	21,618	24,189
Provision of allowance for doubtful accounts	(7,598)	1
Other	2,240,344	2,517,381
Total selling, general and administrative expenses	3,375,553	3,763,787
Operating profit	3,984,120	4,281,349
Non-operating income		
Interest income	1,704	3,315
Interest on securities	122,422	144,983
Dividend income	–	2,400
Foreign exchange gains	69,098	108,722
Other	2,945	2,317
Total non-operating income	196,170	261,738
Non-operating expenses		
Interest expenses	2,343	1,876
Litigation expenses	10,798	–
Other	5	350
Total non-operating expenses	13,147	2,227
Ordinary profit	4,167,143	4,540,860
Extraordinary income		
Gain on receipt of donated non-current assets	–	26,997
Gain on sale of investment securities	–	45,391
Total extraordinary income	–	72,388
Extraordinary losses		
Loss on retirement of non-current assets	18	710
Total extraordinary losses	18	710
Profit before income taxes	4,167,125	4,612,538
Income taxes - current	1,306,062	1,462,771
Income taxes - deferred	109,810	108,382
Total income taxes	1,415,872	1,571,153
Profit	2,751,252	3,041,385
Profit attributable to owners of parent	2,751,252	3,041,385

Quarterly Consolidated Statement of Comprehensive Income (Cumulative)

(Thousands of yen)

	Nine months ended May 31, 2024	Nine months ended May 31, 2025
Profit	2,751,252	3,041,385
Other comprehensive income		
Valuation difference on available-for-sale securities	69,238	(187,889)
Deferred gains or losses on hedges	(72,927)	39,096
Foreign currency translation adjustment	48,562	(50,846)
Remeasurements of defined benefit plans, net of tax	(7,370)	(6,246)
Total other comprehensive income	37,501	(205,886)
Comprehensive income	2,788,754	2,835,498
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,788,754	2,835,498
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

Notes on changes in accounting policies

Application of the “Accounting Standard for Current Income Taxes,” Etc.

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”), etc. from the beginning of the first quarter of the fiscal year ending August 31, 2025.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022). This change in accounting policies has no impact on the quarterly consolidated financial statements for the first nine months ended May 31, 2025.

Notes regarding assumption of a going concern

None.

Notes on significant changes in the amount of shareholders’ equity

None.

Notes to quarterly consolidated balance sheet

Overdraft contracts

The Company has entered into overdraft contracts with its four major banks to finance working capital efficiently.

The unused lines of credit, etc. at the end of the third quarter under review are as follows.

	(Thousands of yen)	
	As of August 31, 2024	As of May 31, 2025
Credit line of overdrafts	1,300,000	1,300,000
Borrowing balance of those contracts	—	—
Difference	1,300,000	1,300,000

Notes to quarterly consolidated statement of cash flows

The Company has not prepared quarterly consolidated statement of cash flows for the first nine months ended May 31, 2025. In addition, the amounts of depreciation (including amortization related to intangible assets) for the first nine months of the current and previous fiscal years are as stated below.

	(Thousands of yen)	
	Nine months ended May 31, 2024	Nine months ended May 31, 2025
Depreciation	119,657	172,279

Segment information

[Segment information]

Nine months ended May 31, 2024

Information is omitted as the business of the Company and its consolidated subsidiaries is comprised of a single reportable segment engaged in the miscellaneous goods business and its accompanying operations.

Nine months ended May 31, 2025

Information is omitted as the business of the Company and its consolidated subsidiaries is comprised of a single reportable segment engaged in the miscellaneous goods business and its accompanying operations.

Subsequent events

Share split and accompanying partial amendment to the Articles of Incorporation

At a meeting of the Board of Directors held on June 30, 2025, the Company resolved to conduct a share split and make a partial amendment to the Articles of Incorporation as described below.

1. Share split

(1) Purpose of share split

Thanks to the continued support of our shareholders, the Company's share price reached a new high of 2,740 yen on April 22, 2025, taking our market capitalization to over 80 billion yen. This share price is about 2.7 times higher than on March 1, 2017, the effective date of the previous share split. Given this situation, the purpose of the share split is to reduce the amount required to purchase an investment unit of the Company's shares, create a more favorable environment for investors to invest in the Company's shares, further enhance the liquidity of the Company's shares, and expand our investor base.

In addition, Tokyo Stock Exchange, Inc. has asked listed companies to reduce the amount required to purchase an investment unit of 100 shares (minimum investment amount), in order to create a more favorable environment for individuals to invest, and another purpose of this share split is to respond to this request.

(2) Overview of share split

(i) Method of share split

The Company shall conduct a share split at a ratio of 2 shares for every 1 ordinary share held by shareholders recorded on the final shareholder register on the record date of August 31, 2025 (Sunday).

Note that the record date of August 31, 2025 (Sunday), is effectively August 29, 2025 (Friday), because the Company's shareholder register administrator will be closed on the former date.

(ii) Number of shares to be increased by share split

Total number of issued shares before the share split	29,375,400 shares
Number of shares to be increased by this share split	29,375,400 shares
Total number of issued shares after the share split	58,750,800 shares
Total number of shares authorized to be issued after the share split	160,000,000 shares

(3) Timetable of share split

Date of Board of Directors resolution	June 30, 2025 (Monday)
Date of public notice of the record date	August 8, 2025 (Friday)

Record date
Effective date

August 31, 2025 (Sunday)
September 1, 2025 (Monday)

2. Partial amendment to the Articles of Incorporation in conjunction with the share split

(1) Purpose of amendment to the Articles of Incorporation

In conjunction with this share split, and pursuant to the provisions of Article 184, Paragraph (2) of the Companies Act, the total number of shares authorized to be issued as specified in Article 6 of the Articles of Incorporation of the Company will be changed on September 1, 2025 (Monday), following a resolution by the Board of Directors held on June 30, 2025.

(2) Details of amendment to the Articles of Incorporation

(The change is underlined.)

Current Articles of Incorporation	Amended Articles of Incorporation
Article 6 (Total number of shares authorized to be issued) The total number of shares authorized to be issued by the Company shall be <u>80,000,000</u> shares.	Article 6 (Total number of shares authorized to be issued) The total number of shares authorized to be issued by the Company shall be <u>160,000,000</u> shares.

(3) Timetable of amendment

Date of Board of Directors resolution
Effective date

June 30, 2025 (Monday)
September 1, 2025 (Monday)

3. Other

(1) Dividends

Since the effective date of this share split is September 1, 2025 (Monday), the year-end dividend for the fiscal year ending August 31, 2025, for which the record date is August 31, 2025 (Sunday), will be applied to the shares before the share split.

(2) Shareholder benefits

Since the effective date of this share split is September 1, 2025 (Monday), shareholder benefits with a record date of August 31, 2025 (Sunday), will be applied to the shares before the share split.

Regarding shareholder benefits with a record date of February 28, 2026, we are planning to make changes to the shareholder benefits program, and we will announce these changes by mid-December 2025.