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October 15, 2025

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

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 Securities code: 7818
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 Scheduled date of annual general meeting of shareholders: November 27, 2025
 Scheduled date to commence dividend payments: November 6, 2025
 Scheduled date to file annual securities report: November 26, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for analysts, institutional investors, and the press)
 (Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended August 31, 2025 (from September 1, 2024 to August 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2025	27,453	9.6	5,706	9.0	6,011	6.9	4,078	8.4
August 31, 2024	25,047	9.1	5,233	12.3	5,625	17.5	3,763	13.9

Note: Comprehensive income For the fiscal year ended August 31, 2025: ¥4,126 million [20.3%]
 For the fiscal year ended August 31, 2024: ¥3,431 million [(4.1)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
August 31, 2025	70.87	—	21.6	26.1	20.8
August 31, 2024	64.70	—	21.9	26.2	20.9

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended August 31, 2025: ¥— million

For the fiscal year ended August 31, 2024: ¥— million

Note: The Company conducted a 2-for-1 stock split of common shares on September 1, 2025. Accordingly, basic earnings per share have been calculated assuming that this stock split had been in effect at the beginning of the previous consolidated fiscal year.

(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
August 31, 2025	23,798	19,663	82.6	348.16
August 31, 2024	22,320	18,148	81.3	314.65

Reference: Equity

As of August 31, 2025: ¥19,663 million

As of August 31, 2024: ¥18,148 million

Note: The Company conducted a 2-for-1 stock split of common shares on September 1, 2025. Accordingly, net assets per share have been calculated assuming that this stock split had been in effect at the beginning of the previous consolidated fiscal year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
August 31, 2025	4,247	(547)	(2,946)	6,611
August 31, 2024	3,022	(1,715)	(1,516)	5,846

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended August 31, 2024	—	0.00	—	39.00	39.00	1,124	30.1	6.6
Fiscal year ended August 31, 2025	—	0.00	—	57.00	57.00	1,609	40.2	8.6
Fiscal year ending August 31, 2026 (Forecast)	—	0.00	—	30.00	30.00		41.1	

Notes: 1. Revisions to the forecasts of cash dividends most recently announced: None

2. The Company conducted a 2-for-1 stock split of common shares on September 1, 2025. For the fiscal years ended August 2024 and August 2025, the amounts of actual dividends before the stock split are presented. For the fiscal year ending August 2026 (forecast), the amounts are presented on a post-stock-split basis.

3. Consolidated earnings forecasts for the fiscal year ending August 31, 2026 (from September 1, 2025 to August 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 February 28, 2026	14,340	6.2	2,873	5.5	2,972	1.8	1,944	(1.1)	34.42
Fiscal year ending August 31, 2026	29,500	7.5	6,100	6.9	6,300	4.8	4,120	1.0	72.95

Note: The Company conducted a 2-for-1 stock split of common shares on September 1, 2025. Accordingly, (forecast) earnings per share have been calculated based on the weighted average number of shares outstanding, reflecting this stock split.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please refer to “4. Consolidated Financial Statements and Major Notes (5) Notes to Consolidated Financial Statements (Notes to changes in accounting policies)” on page 29 of the Attachments.

(3) Number of issued shares (common shares)

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

As of August 31, 2025	57,550,800 shares
As of August 31, 2024	58,750,800 shares

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

As of August 31, 2025	1,072,112 shares
As of August 31, 2024	1,072,112 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended August 31, 2025	57,550,468 shares
Fiscal year ended August 31, 2024	58,170,882 shares

Note: The Company conducted a 2-for-1 stock split of common shares on September 1, 2025. Accordingly, the number of issued shares (common shares) has been presented as if this stock split had been in effect at the beginning of the previous consolidated fiscal year. For the number of shares used as the basis for calculating per share information, please refer to “Per share information” on page 37 of the attached materials.

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended August 31, 2025 (from September 1, 2024 to August 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2025	6,491	154.7	5,755	209.4	6,059	165.8	6,000	182.2
August 31, 2024	2,549	78.5	1,860	137.7	2,279	143.5	2,125	120.4

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
August 31, 2025	104.26	—
August 31, 2024	36.55	—

Note: The Company conducted a 2-for-1 stock split of common shares on September 1, 2025. Accordingly, basic earnings per share have been calculated assuming that this stock split had been in effect at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
August 31, 2025	10,282	9,531	92.7	168.77
August 31, 2024	8,231	6,120	74.3	106.11

Reference: Equity

As of August 31, 2025: ¥9,531 million

As of August 31, 2024: ¥6,120 million

Note: The Company conducted a 2-for-1 stock split of common shares on September 1, 2025. Accordingly, net assets per share have been calculated assuming that this stock split had been in effect at the beginning of the previous fiscal year.

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

* 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 “(4) Future outlook” in “1. Summary of Operating Results, etc.” on page 7 of the Financial Results (attached file).
2. The Company conducted a 2-for-1 common stock split on September 1, 2025.
3. The Company plans to hold a financial results briefing for institutional investors and analysts on October 17, 2025. The material on financial results used for the briefing will be posted on the Company’s website by the same day.
4. 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. Summary of Operating Results, etc.

(1) Summary of operating results during period

During the fiscal year under review, the Japanese economy was on a gradual recovery trend, supported by 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 tariff policy and monetary policy in the US, increased geopolitical risks in Russia and Ukraine and in the Middle East, sharp exchange rate fluctuations, and higher prices.

In this environment and during the fiscal year ended 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 ended 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 five sites linked to “MARKLESS Connect” during the fiscal year under review and the 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 further 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. Consequently, sales increased significantly year on year.

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 2,185 million yen, or 39.1% year on year, and the sales composition ratio increased by 6.0 percentage points year on year to 28.3%. 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 starting in the third quarter, and the e-commerce sales composition ratio improved to 31.5% in the fourth quarter. However, we slightly missed our target of achieving a full-year sales composition ratio of 30% or more due to this impact.

* 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. In addition, we contributed to the mitigation of climate change risks as we expanded our product lineup by enhancing the development of products tailored to specific needs, such as rain umbrellas, sun umbrellas, and multifunctional umbrellas suitable for both, as well as handy fans and ice neck rings. As a result, in the “MARKLESS STYLE” range, sales of mainstay products such as eco bags, bottles, and tumblers continued to be strong. Stationery products made from recycled PET and recycled ABS, which are distributed at exhibitions and other events, also performed well, while products designed to combat extreme summer heat sold strongly this summer as they did the previous summer. For this reason, sales grew significantly year on 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 685 million yen, or 6.5% year on year.

However, in the fourth quarter, delays in the development and launch of new products led to a reduction in product inventory, resulting in opportunity losses, etc. in certain areas. Consequently, growth in consolidated net sales slowed during the quarter and became one of the factors contributing to the gap between the full-year earnings forecast and the actual results.

* 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 the music industry. 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. Some projects originally planned for the entertainment industry in the second quarter were postponed to the third quarter or later. However, deliveries of such delayed projects were completed in the second half of the fiscal year, resulting in a strong increase in year-on-year sales. In sales promotion, we secured multiple large-scale campaign projects as we intensified hybrid-type marketing activities for industries and companies that were performing well and responded to the demand of clients. In travel-related finished goods, sales increased, driven by sales of collaborative products featuring characters that are popular with inbound tourists. 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, in addition to dog wear, dog equipment, and dog beds that can be sold year-round, 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 1,358 million yen, or 10.5% 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 346 million yen, or 27.0%, 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 reduce procurement and management costs and 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 exceeded those recorded for the previous year and reached record highs, even though delays in the development and launch of new products in the fourth quarter led to a reduction in product inventory and resulted in opportunity losses, etc. in certain areas. Net sales increased to 27,453 million yen (up by 2,406 million yen, or 9.6% year on year). Operating profit increased to 5,706 million yen (up by 473 million yen, or 9.0% year on year). This was driven by higher gross profit resulting from increased sales. Temporary expenses increased primarily due to higher personnel expenses driven by improved employee compensation and staff expansion to support initiatives for the next fiscal year and beyond, as well as upgrades to the office environment. However, we made efforts to manage selling, general and administrative expenses in a well-planned manner. Ordinary profit increased to 6,011 million yen (up by 386 million yen, or 6.9% year on year) due to the recording of interest earned on US dollar-denominated bonds held as a financial measure to reduce the impact of exchange rate fluctuations, foreign exchange gains from the partial redemption of those bonds, and other income, which together total 294 million yen. Profit attributable to owners of parent increased to 4,078 million yen (up by 314 million yen, or 8.4% year on year) due to the application of the wage-increase tax system, which reduced our tax burden by 42 million yen for the fiscal year under review as a result of our continued efforts to improve employee compensation.

Actual sales for the fiscal year under review by sales channel and product classification were as follows.

<Actual sales by sales channel>

(Millions of yen)

Sales channel	Net sales		Change	
	Previous fiscal year	Current fiscal year	Change (Amount)	Change (%)
Targeting end-user companies	11,270	12,440	1,170	10.4
Targeting wholesalers	8,184	7,234	(949)	(11.6)
E-commerce	5,591	7,777	2,185	39.1
Total	25,047	27,453	2,406	9.6

<Actual sales by product classification>

(Millions of yen)

Product classification	Net sales		Change	
	Previous fiscal year	Current fiscal year	Change (Amount)	Change (%)
Eco-products	10,503	11,189	685	6.5
Lifestyle products	12,915	14,273	1,358	10.5
Wellness products	1,283	1,630	346	27.0
Design and other	344	359	15	4.5
Total	25,047	27,453	2,406	9.6

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) Summary of financial condition during period

Status of assets, liabilities, and net assets

Current assets

Current assets at the end of the fiscal year under review amounted to 15,731 million yen, an increase of 930 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in cash and deposits by 740 million yen and an increase in notes and accounts receivable – trade, and contract assets by 203 million yen.

Non-current assets

Non-current assets at the end of the fiscal year under review amounted to 8,066 million yen, an increase of 546 million yen compared to the end of the previous fiscal year. This was due mainly to an increase in investments and other assets by 533 million yen and an increase in intangible assets by 20 million yen.

Current liabilities

Current liabilities at the end of the fiscal year under review amounted to 3,475 million yen, an increase of 141 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in accounts payable - trade by 155 million yen, an increase in income taxes payable by 60 million yen, and a decrease in current portion of long-term borrowings by 71 million yen.

Non-current liabilities

Non-current liabilities at the end of the fiscal year under review amounted to 659 million yen, a decrease of 178 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease in long-term borrowings by 262 million yen and an increase in deferred tax liabilities by 38 million yen.

Net assets

Net assets at the end of the fiscal year under review amounted to 19,663 million yen, an increase of 1,514 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in retained earnings by 2,953 million yen, an increase in deferred gains on hedges by 89 million yen, and a decrease in capital surplus by 1,156 million yen due to the cancellation of treasury stock.

(3) Summary of cash flows during period

Cash and cash equivalents at the end of the fiscal year under review amounted to 6,611 million yen (an increase of 764 million yen, or 13.1% year on year). Interest-bearing liabilities at the end of the fiscal year under review amounted to 434 million yen.

Cash flows from operating activities

Net cash provided by operating activities in the fiscal year under review amounted to 4,247 million yen (compared with 3,022 million yen provided by operating activities in the previous fiscal year). This was due mainly to an increase in cash due to profit before income taxes of 6,110 million yen, and a decrease in cash due to income taxes paid of 1,948 million yen.

Cash flows from investing activities

Net cash used in investing activities in the fiscal year under review amounted to 547 million yen (compared with 1,715 million yen used in investing activities in the previous fiscal year). This was due mainly to decreases in cash due to purchase of investment securities of 354 million yen and purchase of property, plant and equipment of 235 million yen.

Cash flows from financing activities

Net cash used in financing activities in the fiscal year under review amounted to 2,946 million yen (compared with 1,516 million yen used in financing activities in the previous fiscal year). This was due mainly to decreases in cash due to purchase of treasury shares of 1,487 million yen and dividends paid of 1,124 million yen.

(Reference) Changes in cash flow-related indicators

	Fiscal year ended Aug. 2021	Fiscal year ended Aug. 2022	Fiscal year ended Aug. 2023	Fiscal year ended Aug. 2024	Fiscal year ended Aug. 2025
Equity-to-asset ratio (%)	78.5	80.2	78.8	81.3	82.6
Equity-to-asset ratio on a market value basis (%)	218.9	186.3	276.7	256.5	293.8
Ratio of interest-bearing liabilities to cash flow (Years)	0.3	2.6	0.2	0.3	0.1
Interest coverage ratio (Times)	782.6	97.5	1,606.0	947.9	1,831.9

Equity-to-asset ratio: Equity capital/Total assets

Equity-to-asset ratio on a market value basis: Market capitalization of equity/Total assets

Ratio of interest-bearing liabilities to cash flow: Interest-bearing liabilities/Cash flow

Interest coverage ratio: Cash flow/Interest payment

Note 1: The above figures are calculated based on figures on a consolidated basis.

Note 2: The market capitalization of equity was obtained by multiplying the closing price at the stock exchange on the final day of the period under review (or the final operating day of the market if the final day was a holiday) by the number of outstanding shares at year end excluding the number of treasury shares.

Note 3: The Company conducted a 2-for-1 stock split of common shares on September 1, 2025. The total number of issued shares at the end of the period has been calculated assuming that this stock split had been in effect at the beginning of the fiscal year ended August 31, 2021.

Note 4: Cash flow refers to cash flows from operating activities.

Note 5: Interest-bearing liabilities refer to all debt on the consolidated balance sheet for which the Company pays interest. Interest payment is based on the amount of interest paid on the consolidated statement of cash flows.

(4) Future outlook

For the fiscal year ending August 31, 2026, improvements in the employment and income environment and the expansion of inbound demand are expected to support a continued, moderate recovery in the Japanese economy. However, the outlook is likely to remain uncertain due to rising geopolitical risks in Russia and Ukraine and in the Middle East, volatile exchange rate fluctuations, price increases, and the effects of policy trends such as US tariff measures and monetary policy, along with the impact of Japan's own monetary policy.

Against this backdrop, the Group released our fifth medium-term management plan (fiscal year ending August 31, 2026, to fiscal year ending August 31, 2030), a five-year plan beginning with the fiscal year ending August 31, 2026, on October 15, 2025. The fifth medium-term management plan positions the first and second years as a period of investment in people, as well as in systems such as those for e-commerce, to strengthen sales and marketing, advance the use of AI to improve operational efficiency, and secure talented personnel, as we seek to achieve the numerical targets for five years from now. Therefore, during the first two years, sales growth is expected to be outpaced by an increase in selling, general and administrative expenses, and operating profit growth is projected to decelerate slightly from prior levels. However, starting in the third year, we plan to accelerate growth in our e-commerce business and the entertainment (IP) business, while also strengthening our lineup of climate change countermeasures and disaster-prevention products in addition to eco-products. We will capture changes in the social environment and consumer behavior in a timely and appropriate manner and steadily implement the measures outlined in the medium-term management plan to achieve operating profit growth exceeding the levels of the first two years.

■ Giving form to various types of consumption

The TRANSACTION Group handles consumer products. But more specifically, it specializes in original items of client entities, offering one-stop, integrated services from product planning and development, through design, production, processing, to sales, marketing, and sales promotions. Even in today's era, which is observed as a time where "physical goods don't sell," TRANSACTION has

continued to grow, believing in the value that a physical item brings to people, discerning such value, and serving customers with proposals that enjoy uninterrupted support from customers. TRANSACTION seeks to give form to diversifying customer desires and to the trends of varied consumption types, and transforming them into physical items consumers can take in hand. In doing so, we create new experiences of exhilaration and value that cannot be provided by mere “things.” We will constantly hone and enhance the five strengths that we have cultivated since our founding, which are the source of the value creation that has driven our growth thus far, and achieve further growth going forward.

Five Strengths of the TRANSACTION Group

- (i) Planning and Development Capabilities Taking Advantage of Penchant for Reading the Times
 - (ii) Hybrid Sales Capabilities Combining In-Person Sales and E-Commerce Sites
 - (iii) Manufacturing Platform Development Capabilities
 - (iv) Diverse and Specialized Sales Channel Development Capabilities
 - (v) Group Management Capabilities for Achieving High Profitability
- <https://www.trans-action.co.jp/business/strengths.html> (in Japanese)

■ Unique business model

The Group’s unique business model is based on the ability to plan and propose products in a short period of time based on unprecedented ideas, such as “things that are convenient to have,” “things that anticipate trends,” and “necessary things that are not in the market (or are lacking),” the ability to produce and procure products in bulk at low cost and in plain form through overseas suppliers and hold them in Japan, and the ability to add high-quality added-value to these plain products through printing and processing, and offer them at low prices and with short delivery times regardless of the quantity. In addition, by improving the efficiency of the entire process through e-commerce, we differentiate ourselves from our competitors and develop our business. By providing this unique business model through the “MARKLESS Connect*” system, which was developed aiming to strengthen the E-commerce business, to client entities, inefficiencies in their order receiving and placing operations is eliminated and the efficiency of business processes is increased. This results in effective growth in the business performance of both the Group and its client entities.

* This is a system that allows us to complete transactions, such as checking the inventory status of our products (stock quantity, out-of-stock items, and next delivery date), order receipt and placement, design submission, and payment, by linking them to e-commerce sites operated by the client entities, thereby improving efficiency without human intervention.

■ E-commerce business

In the e-commerce business, the main B2B site “MARKLESS STYLE” has been selling our own original products, which are categorized into “eco-products,” “lifestyle products,” and “wellness products,” with an emphasis on originality, design, and functionality. However, starting in the next fiscal year, we will begin selling products listed by our partner companies. This will enhance our product categories and broaden our price range, enabling us to further improve our services and attract new customers to expand our customer base, while also increasing sales to existing customers.

For D2C* sites, such as the main site “HANSOKU-STYLE,” as well as “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, we will continue to implement measures such as the expansion of our registered finished goods and the enhancement of usability to increase membership and improve the repeat rate. Recent consumer behavior has increasingly shifted toward digital-centered consumption, with online shopping and mobile payments becoming mainstream. Since it has become common to collect product information and make purchases through digital platforms, we aim to increase the number of inquiries from websites by enhancing special feature pages and column sections and strengthening information dissemination through social media. We expect an increase in customer unit price through inside sales, as well as the acquisition of new customers. In addition, by launching multiple specialized e-commerce

sites that are less susceptible to the effects of Google’s core algorithm updates**, we aim to maximize the effectiveness of our e-commerce operations and expand sales and profits.

* 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

According to “the Questionnaire on Environmental Problems and the Survival of Humankind” conducted annually by the Asahi Glass Foundation, the 2025 survey shows that the time on “the Environmental Doomsday Clock®*” has advanced by six minutes from the previous year to 9:33. In Japan, it has moved forward by two minutes to 9:39, indicating an “extremely concerned” level. The survey results reflect the growing severity of environmental issues such as climate change and its impact, worsening air pollution, and the loss of biodiversity. Under such conditions, it is crucial for individuals and companies to adopt sustainable practices, raise awareness of environmental problems, and take concrete actions.

Under our original “MARKLESS STYLE” brand, we take responsibility for the planning, manufacturing, and sales of our products by strengthening product development using sustainable materials. These include materials certified with third-party marks such as the FAIRTRADE Mark and the Eco Mark, as well as organic cotton, biomass plastics, and recycled or upcycled resources. In addition, by supplying products that are not disposable but can be used repeatedly, we will continue to promote the offering of environmentally conscious products with added value.

Next fiscal year, we will continue to aim to increase the number of companies selecting eco-products for novelties used for sales promotions and items used for product sales at various events, and to have finished goods from the ethical brand “MOTTERU,” which we are developing for retail, selected by individuals as items for day-to-day use. Furthermore, by focusing on developing products for countering extreme heat, intense heat, and heavy rainfall, whose demand is growing due to the impact of climate change, as well as disaster prevention products for preparing against earthquakes and other natural disasters, we plan to expand sales and profits by providing products that lead corporate and individual customers to take concrete actions regarding environmental issues and by gaining their support.

*Respondents’ sense of crisis regarding human survival amid global environmental deterioration is indicated by clock hands: 0:01–3:00 (“barely concerned”), 3:01–6:00 (“slightly concerned”), 6:01–9:00 (“fairly concerned”), and 9:01–12:00 (“extremely concerned”).

Lifestyle products

In recent years, changes in individual lifestyles have tended to emphasize happiness and self-fulfillment. As lifestyles diversify, differences in consumption behavior across each generation are becoming more pronounced. Among these increasingly diverse markets, one that is undergoing rapid expansion is the “Oshikatsu” market. “Oshi” spans a wide range of genres, from idols, anime, and game characters to VTubers and athletes. Because of this broad genre range, the age demographic is also wide, with people of various backgrounds engaging in activities to support their “Oshi.” In response to these changes in consumer behavior, we are working to develop products and expand services that reflect various types of consumption.

In Lifestyle products, we will continue to focus on providing merchandise through e-commerce and at in-person event venues, targeting industries such as game and anime, which remain in high demand and are trending toward expansion, as well as 2.5D, sporting events, and the music industry, which are closely tied to the consumption of tangible and intangible goods. We will also expand sales of products featuring Japanese anime and game characters, which enjoy strong popularity both in Japan and overseas, through our own e-commerce site and pop-up stores for the domestic market. Furthermore, we will strengthen sales and marketing activities to lay the groundwork for expanding distribution channels in overseas markets. In addition, due to the broad range of genres and the resulting difficulty in identifying what could become “Oshi,” we will strengthen information dissemination and collection

through lectures and other activities at the “Oshikatsu Business Research Laboratory (tentative title).” By discovering and creating the wants of customers, including those of which they are yet to be consciously aware, and by enhancing the development of increasingly diverse products, we will improve customer benefits and satisfaction and aim to expand both sales and profits.

Wellness products

In Wellness products, we plan to deal with a certain level of demand centered on masks and other finished goods and do not expect net sales to increase.

On the production side, the Company will work to secure multiple production bases, flexibly switch between production sites in response to exchange rate fluctuations and surging raw material prices, and optimize distribution channels in order to achieve a stable and continuous supply and strengthen price competitiveness. We will also increase the frequency of visits to overseas suppliers’ factories to improve product quality and reduce product loss rates while strengthening CSR procurement. By continuously developing new overseas and domestic suppliers, we will strive to further strengthen our price competitiveness and improve profit margins. We will also enhance production capacity by expanding existing printing lines, increasing printing speed and output through the introduction of cutting-edge equipment, and improving productivity through digital transformation (DX), aiming to raise the share of printing and processing handled at our domestic factories to improve profitability.

As a result, the consolidated financial forecast for the fiscal year ending August 31, 2026 is net sales of 29,500 million yen, operating profit of 6,100 million yen, ordinary profit of 6,300 million yen, and profit attributable to owners of parent of 4,120 million yen.

(5) Basic policy on profit distribution, and dividends for the fiscal year under review and next fiscal year

<Year-end dividend for fiscal year ended August 31, 2025 (fiscal year under review)>

As announced in the “Notice Concerning Revisions to the Dividend Policy and Year-End Dividend Forecast (Dividend Increase)” released on April 14, 2025, we have changed our dividend policy and revised the year-end dividend forecast for the fiscal year ended August 31, 2025. The dividend policy is as follows.

The Company’s basic policy is to pursue management that is conscious of the cost of capital and stock price, recognizing that providing returns to shareholders is one of its most important management issues, and to continuously implement appropriate profit distribution in line with sustainable performance and corporate value improvement as well as our financial position.

With this policy in mind, we set a policy to strengthen the business infrastructure and improve the dividend payout ratio, taking into consideration capital requirements and financial soundness, including risk management, to pursue business expansion and profit improvement in the future. With regard to dividends per share, we will implement dividends with a target dividend payout ratio of 40% after appropriately judging the balance between investment in growth and profit distribution.

For the year-end dividend for the fiscal year ended August 31, 2025 (fiscal year under review), in accordance with this policy and as announced in the “Notice Concerning Revisions to Full-Year Financial Results Forecast and Dividend Forecast (Dividend Increase)” released on October 8, 2025, we plan to pay 57 yen per share. This represents an increase of 18 yen per share from the actual dividend for the previous fiscal year (fiscal year ended August 31, 2024) and marks the 14th consecutive year of dividend increases since the Company’s listing.

<Year-end dividend for fiscal year ending August 31, 2026 (next fiscal year)>

As announced in the “Notice Concerning Revisions to the Dividend Policy” released today (October 15, 2025), we have revised our dividend policy for the fifth medium-term management plan (fiscal year ending August 31, 2026, to fiscal year ending August 31, 2030). The revised dividend policy is as follows.

The Company’s basic policy is to pursue management that is conscious of the cost of capital and stock price, recognizing that providing returns to shareholders is one of its most important management issues, and to continuously implement appropriate profit distribution in line with sustainable performance and corporate value improvement as well as our financial position.

With this policy in mind, regarding the distribution of profits to shareholders in our fifth medium-term management plan (fiscal year ending August 31, 2026, to fiscal year ending August 31, 2030), we set a policy to strengthen the business infrastructure and to continue to increase dividends, which we have done continuously since our listing, as measured using the dividend payout ratio and dividend on equity (DOE), while taking into consideration capital requirements and financial soundness, including risk management, to pursue business expansion and profit improvement in the future. With regard to dividends per share, we will continue to increase dividends with a target dividend payout ratio of 40% or more after appropriately judging the balance between investment in growth and profit distribution. In determining dividends per share, the lower limit will be dividend on equity (DOE) of 7.0%.

For the year ending August 31, 2026 (next fiscal year), we plan to pay a year-end dividend of 30 yen per share (equivalent to 60 yen before the stock split) in accordance with our revised dividend policy. This represents an increase of 1.50 yen per share (equivalent to 3 yen before the stock split) from the fiscal year under review (fiscal year ended August 31, 2025) and marks the 15th consecutive year of dividend increases since our listing. The dividend payout ratio is expected to be 41.1%, and the dividend on equity (DOE) is projected to be 8.1%.

Note: As announced in the “Notice Concerning Share Split and Accompanying Partial Amendment to the Articles of Incorporation” released on June 30, 2025, the Company conducted a 2-for-1 stock split of common shares with a record date of Sunday, August 31. Therefore, the dividend per share for the next fiscal year (fiscal year ending August 31, 2026) reflects the figure after this stock split.

(6) Business-related risks etc.

There are risks and fluctuation factors that may affect the Group’s business performance and financial status, etc., as described below. With the presence of these risks in mind, we will continue making efforts to avoid an adverse effect resulting from the occurrence of relevant risks.

- Business opportunity risk

- Risk related to acquisition and reduction of business opportunities, and business closure, etc.

- Operational risk

- Risk related to the inappropriateness of an internal process, personnel, and systems

- External environmental risk

- Risk related to external factors that cannot be controlled by the Group

<Business opportunity risk>

- (i) Risk that adversely affects the business due to market and economic developments

The Group sells miscellaneous goods to companies for their sales promotion purposes. Therefore, if a client entity reduces advertisement and sales promotion expenses or postpones the timing of marketing

depending on the trends in the market to which it belongs, or economic trends, the Group's business performance may be adversely affected. The Group also sells miscellaneous goods to wholesale and retail companies. The business performance of these companies, and a decrease in general consumer purchases due to an economic slowdown that triggers a fall in consumer confidence, may adversely affect the Group's performance and financial condition.

(ii) Risk arising from defects or supply disruption of products

A product or service provided by the Group may become defective for any reason. A product or service that is found to be defective may be subject to discount, reproduction, re-examination, withdrawal, etc. We pay due attention to quality control and production management, etc. to prevent product failure. However, if a product is found to be defective in a deal in which a large order is received, the Group's business performance may be adversely affected.

We subscribe to product liability insurance in preparation for a product defect. However, if compensation is ordered pursuant to the Product Liability Act because of a product defect, and the final amount of compensation is not adequately covered by the insurance, the Group's business performance may be adversely affected.

In addition, the Group handles products of characters and various brands by utilizing manufacturing knowhow of miscellaneous products. We have entered into a license agreement for commercialization with the copyright holders of these products, and believe that we have a good relationship with them. However, if the renewal of the agreement is rejected because the terms and conditions are changed at the time of renewal and the conditions are not met, or the license agreement is cancelled and terminated due to the bankruptcy of the copyright holder or discontinuance of the brand, etc., the Group's business performance may be adversely affected.

(iii) Risk of product supply suspension due to system failures

The Group operates various business functions, including e-commerce platforms, based on its core systems. Consequently, system failures may occur due to unforeseen circumstances such as human error, communication network disruptions, network equipment malfunctions, computer viruses, unauthorized access, natural disasters, or accidents. The Group outsources its core system servers to a data center operated by an external vendor to prevent system failures through regular backups, operational monitoring, and other practices, and to establish alternative operations in the event of a system failure. However, the Group's business performance may be adversely affected in the event of a large-scale system failure or prolonged system outage.

(iv) Risks associated with inability to secure human resources

The Group recognizes that securing, retaining, and developing talented personnel is essential for achieving continuous growth, sustainable business expansion, and enhanced corporate value. To this end, we assign dedicated recruitment and training staff within the human resources department to strengthen recruitment activities such as the hiring of new graduates and mid-career employees and secure outstanding personnel at an early stage. In addition, we conduct various training programs designed to enable employees at each level to systematically acquire the mindset and skills required, build their careers autonomously, and contribute to the enhancement of corporate value. With respect to our evaluation system, we operate it as a series of processes that include goal setting, self-evaluation, and evaluation and feedback by supervisors, and we ensure that evaluation results are reflected in fair and appropriate compensation. However, if the recruitment, retention, and development of personnel do not progress as planned and the necessary human resources cannot be secured, or if unexpected early or large-scale resignations occur, the Group's business performance may be adversely affected.

(v) Risks related to business expansion through M&A and other activities

The Group regards mergers and acquisitions (M&A), as well as capital and business alliances, as among its key strategies for business expansion. Candidates for M&A and other transactions are those that can generate synergies for the Group's operations. We conduct preliminary investigations and reviews regarding the financial condition and legal circumstances of target companies to avoid risks as much as possible. However, if unforeseen events occur after the execution of M&A or other transactions, if changes in the business environment prevent the Group from developing the business as planned, or if the initially anticipated synergies fail to materialize, there is a possibility that such transactions may not contribute to the Group's business performance as initially expected and that

impairment losses may need to be recognized on goodwill or acquired shares. In such cases, the Group's business performance and financial condition may be adversely affected.

<Operational risk>

(i) Risk arising from leakage and loss of personal information and customer information

We pay due attention to prevent the leakage of personal information and customer information held by the Group. Specifically, in line with the Personal Information Management Rules and the Information System Management Rules, etc., we raise employee awareness about information management internally, while entering into a confidentiality agreement with outside business contractors who handle data. However, if confidential information and personal information is leaked due to computer hacking by an unknown party, or negligence by an interested person, etc., resulting in a loss of confidence in the Group, the Company's business performance may be adversely affected.

(ii) Risk arising from the inadequacy of legal compliance

The Group conducts business in compliance with the Product Liability Act, the Act against Unjustifiable Premiums and Misleading Representations, the Food Sanitation Act, and the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (former Pharmaceutical Affairs Act), among others. We conduct business by paying due attention in order to not violate these laws. However, if a violation occurs, the Group's business performance may be adversely affected.

In addition, depending on the details of a proposed plan, the products and services provided by the Group may infringe a third party's intellectual property right (or constitute an act of unfair competition). When making proposals or commencing production, we confirm the presence of intellectual property rights, except in the case of general-purpose goods. Basically, we have a patent attorney confirm this. However, if a dispute occurs unexpectedly after the provision of products and services, the Group's business performance may be adversely affected.

(iii) Risk related to CSR procurement

The Group strictly requests suppliers to whom production is contracted out in China and other countries in Asia to provide workers with a fair and safe working environment in compliance with the Fair Labor Standards Act of the United States and other laws, and to endorse CSR procurement guidelines set forth by the Group using the UN Global Compact as a reference. The Group also requests strict compliance with its CSR procurement rules by implementing regular questionnaires, on-site surveys, and other initiatives. However, if a supplier's plant is in violation of laws or other rules, the Group's business performance may be adversely affected.

<External environmental risk>

(i) Risk concerning the occurrence of a factor that may prevent proper production of products

The Group is a "moving model fabless" (*) company and contracts out production to suppliers in China and other countries in Asia. Therefore, the bankruptcy, etc. of a production contractor may result in a delivery delay or require reproduction, etc., which may affect the Group's performance. In addition, if the country of residence of a supplier to whom production is contracted out experiences political or social unrest, natural disasters, terrorism, conflict, diseases, currency upvaluation, a failure of infrastructure, etc., resulting in trouble caused in material procurement, production and distribution, the Company's business performance may be adversely affected.

The Group also handles many needlework products, including eco bags, and molded products, including design miscellaneous goods, etc. A sharp rise in the prices of raw materials, including cotton and petrochemical products, may affect procurement prices. Taking full advantage of our "moving model fabless" company, we choose affordable production sites in China and other countries in Asia, and implement countermeasures, including review of product prices. However, if the prices of raw materials rise unexpectedly sharply, the Group's business performance may be adversely affected.

* Contracting out production enables us to always choose an optimum production country and sites in order to reduce manufacturing cost.

(ii) Risk related to trade conflict between the United States and China

The Group contracts out the production of products to suppliers in China and other countries in Asia. Taking advantage of our “moving model fabless” company, we continued flexibly supplying products in response to various situations by, for example, contracting out the production of the same products to several suppliers in different regions under the COVID-19 crisis. However, if a problem occurs in the procurement of products due to, among others, a sharp rise in raw material prices resulting from trade restrictions caused by the recent trade frictions between the U.S. and China, or an unexpected event caused by China’s political or legal restrictions, the Group’s business performance may be adversely affected.

(iii) Risk concerning maritime transportation

The Group imports products from China and other countries in Asia mainly by way of maritime transportation. Thus, we are exposed to operational risk caused by worsening security and the state of unrest, etc. resulting from terrorism, regional conflict, deterioration of international relationships, an increase in transportation cost due to rising oil prices, a delay in transportation due to a shortage of containers, and an increase in transportation cost, among other things. We optimize our logistics methods by, for example, reviewing the logistics channel from the production site as needed. However, if an unexpected event occurs, the Group’s business performance may be adversely affected.

(iv) Risk related to financial markets and currency exchanges

As described above, the Group depends heavily on import transactions from China and other countries in Asia. Since payments for the transactions are made mainly in U.S. dollars, currency fluctuations may affect purchase prices. To avoid the risks related to currency fluctuations, we take countermeasures, including entering into forward exchange contracts. However, a significant currency fluctuation may adversely affect the Group’s business performance and financial condition.

(v) Risk related to infectious diseases

In the event of an outbreak of a new infectious disease on a scale beyond expectations, the Group’s business performance may be adversely affected by a drop in demand and loss of sales opportunities due to a reduction, postponement, or cancellation of various events or stagnation of corporate activities, among others. In addition, in order to prepare for lockdowns in countries and regions where our production bases are located, we have established a system to realize continuous stable supply and maintain price competitiveness by securing multiple production bases and optimizing distribution channel in China and other Asian countries. However, if multiple production sites were locked down at the same time due to the spread of a new type of infectious disease worldwide, the smooth supply of products and purchase prices could be affected, which may adversely impact the Group’s business performance. Based on a business contingency plan (BCP), the Group implements measures to prevent infection and prevent the spread of infections in order to minimize the impact on the health of employees and the Group’s business activities. However, if an employee(s) contracted a new infectious disease and there was an overall or partial suspension of operation for a certain period of time, the Group’s business performance may be adversely affected.

(vi) Risk related to climate change

In order to remain a company that contributes to the realization of a sustainable society, the Group places a high priority on sustainability initiatives and is actively working to address climate change risks. With regard to environmental issues, we are working on product development with the materiality of “contributing to the environment through finished goods” and “promotion of recycling and reduction of CO₂ emissions.” In addition, we have set a goal of 100% renewable energy for electricity used by the Group by 2050, and are working toward achieving 50% by 2025 as an interim target, and we are continuing to take measures to reduce CO₂ emissions by implementing energy-saving activities, investing in machinery and equipment that can save electricity, reorganizing production lines at factories in Japan, and installing solar panels to generate and consume our own electricity.

Since the Group outsources product production to suppliers in China and other Asian countries, in the event of an unforeseen natural disaster caused by climate change in those countries or regions, it may become difficult to maintain a stable product supply due to disruptions in product procurement and logistics, disruption of energy supply, etc., which may adversely affect the Group's business performance. Additionally, in the event that new laws and regulations are introduced or strengthened as a result of global climate change countermeasures, the Group's business performance and financial condition may be adversely affected due to an increase in business costs.

On May 31, 2023, the Group expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

(vii) Risk related to disasters

In the event that our business sites are affected by a large-scale natural disaster, etc., the Group's business activities may be suspended for a long time. Based on a business contingency plan (BCP), the Group implements measures to minimize the impact in the event of the suspension of activities by, for example, storing reserve stock at each business site, establishing backup telecommunication and information systems, and maintaining supplies by securing appropriate inventory. However, a large-scale stagnation of economic activities due to, among others, the occurrence of unexpected disasters, or an accident at a nuclear power plant may adversely affect the Group's business performance and financial condition significantly.

The Earthquake Research Committee of the Headquarters for Earthquake Research Promotion, a special panel under the Ministry of Education, Culture, Sports, Science and Technology, estimated that, as of January 2020, there was approximately a 70% probability of a magnitude 7-class earthquake occurring directly beneath the Tokyo metropolitan area within 30 years. The Group assumes that the majority of its business activities will be suspended for a certain period of time until infrastructure and lifelines are restored. The Group has secured 5,500 million yen in funds that would be required for personnel and other expenses to maintain the livelihoods of employees and their families even during the suspension of business activities, thus enabling the resumption of business thereafter. The Company has not taken into account expenses related to the restoration of facilities, such as returning factories and offices to their previous state, that would not be fully covered by insurance.

2. Status of Corporate Groups

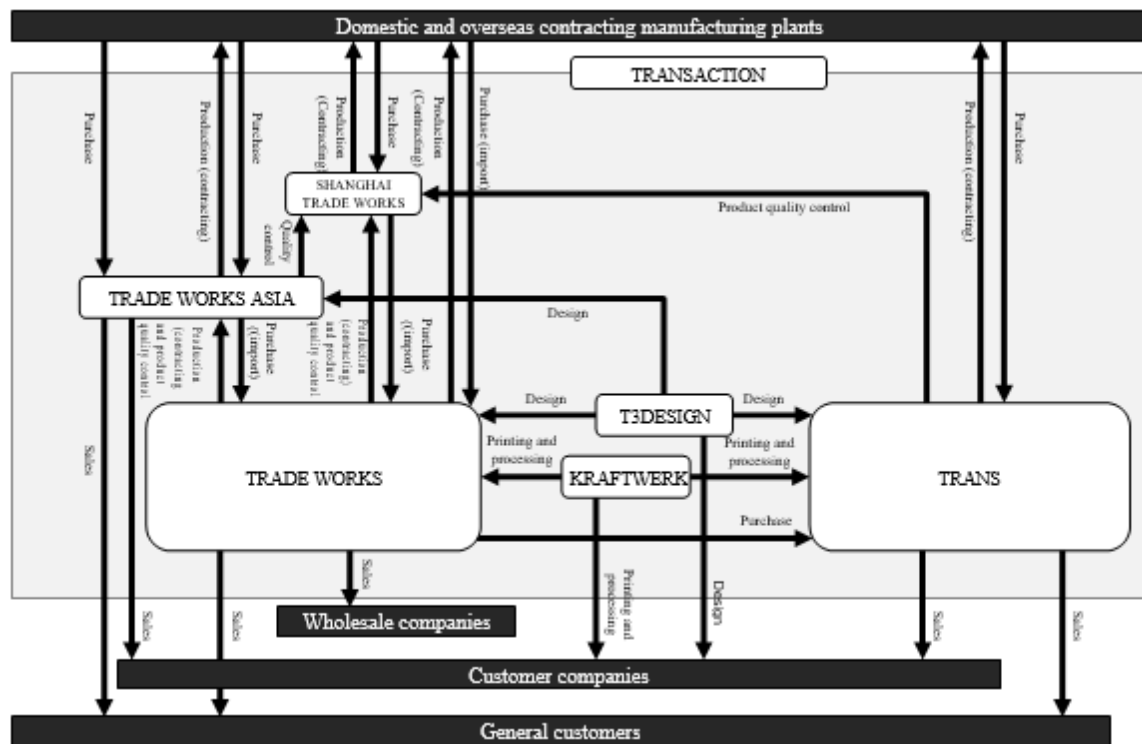
The Group is composed of a pure holding company (the Company) and six consolidated subsidiaries, including TRANS Co., Ltd., TRADE WORKS Co., Ltd., KRAFTWERK Co., Ltd., T3 DESIGN Co., Ltd., TRADE WORKS ASIA LIMITED, and SHANGHAI TRADE WORKS Co., Ltd., and engages in all stages from planning and design to production (contracting), product quality control, and sales of Eco-products, Lifestyle products, and Wellness products. The Group sells custom-made products directly to end-user companies in accordance with the needs of customers and markets, and sells the Group's original semi-custom products to wholesalers. These products are also distributed to end users and wholesalers through EC sites, including our proprietary site.

The Group has adopted a fabless approach in order to get various types of products to the market promptly. This approach allows us to concentrate our business resources on product development, always use the most suitable production plant and respond to a change in market needs. In addition, it constantly contributes to the mobility of management, resulting in hedging country risk in overseas production. The Group is a company with a pure holding company, and is composed of a company that mainly engages in business management at the top and six affiliate companies with different functions. The affiliate companies engage separately in different functional areas, including planning and development, design, production (contracting) and product quality control, assembly/printing/processing, and sales. This produces synergies for these companies and improves the effectiveness and efficiency of their businesses, allowing the Group to provide comprehensive services as a fabless manufacturer specializing in miscellaneous goods. The functions and roles of the Group companies are as follows.

[Functions and roles of the Group companies]

Company name	Function in the Group	Role in the Group
TRANSACTION CO., Ltd.	Pure holding company	Business management of operating subsidiaries
TRANS Co., Ltd.	Planning, taking orders, production (contracting), and sales	A fabless manufacturer that directly sells (including EC distribution) custom-made products mainly to end users in accordance with the needs of individual customers
TRADE WORKS Co., Ltd.	Planning, taking orders, production (contracting), and sales	A fabless manufacturer that sells (including EC distribution) internally-planned make-to-stock products of original brands mainly to wholesale companies, as well as purchases and distributes related products
KRAFTWERK Co., Ltd.	Printing, processing, packaging, examination (domestic), and product management	Printing (silkscreen printing and on-demand printing, etc.), processing, examination, assembly and logistics arrangement for the Group's internal and external products
T3 DESIGN Co., Ltd.	Design	Graphic, products and WEB design, and product development for the Group's internal and external products
TRADE WORKS ASIA LIMITED	Sales, product quality control, trade, and purchase of commodities	Overseas sales, product quality control and trade in Asian countries, and purchase and sales of VAPE and related products
SHANGHAI TRADE WORKS Co., Ltd.	Product quality control	Product quality control in China

[Business chart]



3. Basic Approach to the Selection of Accounting Standards

The Group has adopted a Japanese accounting standard in order for the Group to perform domestic peer analysis.

4. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of August 31, 2024	As of August 31, 2025
Assets		
Current assets		
Cash and deposits	5,818,864	6,558,981
Notes and accounts receivable - trade, and contract assets	*2 3,130,367	*2 3,333,702
Securities	171,143	52,032
Finished goods	5,049,611	5,079,853
Supplies	26,652	61,073
Accounts receivable - other	58,539	51,527
Other	546,217	594,861
Allowance for doubtful accounts	(116)	(117)
Total current assets	14,801,280	15,731,915
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,159,365	1,248,323
Accumulated depreciation	(216,992)	(282,083)
Buildings and structures, net	942,372	966,239
Machinery, equipment and vehicles	470,392	493,604
Accumulated depreciation	(156,687)	(227,078)
Machinery, equipment and vehicles, net	313,704	266,525
Land	452,259	452,259
Other	402,617	444,422
Accumulated depreciation	(335,382)	(361,601)
Other, net	67,234	82,821
Total property, plant and equipment	1,775,570	1,767,846
Intangible assets		
Other	200,648	221,350
Total intangible assets	200,648	221,350
Investments and other assets		
Investment securities	4,150,574	4,652,600
Deferred tax assets	331,763	302,419
Leasehold and guarantee deposits	379,286	401,764
Other	681,528	720,274
Total investments and other assets	5,543,152	6,077,059
Total non-current assets	7,519,370	8,066,255
Total assets	22,320,651	23,798,171

(Thousands of yen)

	As of August 31, 2024	As of August 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	956,043	1,111,409
Current portion of long-term borrowings	333,532	262,106
Income taxes payable	1,032,588	1,092,858
Provision for bonuses	209,726	227,488
Provision for shareholder benefit program	6,951	8,311
Other	*3 795,385	*3 773,228
Total current liabilities	3,334,225	3,475,403
Non-current liabilities		
Long-term borrowings	434,606	172,500
Retirement benefit liability	317,509	353,694
Asset retirement obligations	37,229	45,765
Deferred tax liabilities	48,507	87,452
Total non-current liabilities	837,852	659,413
Total liabilities	4,172,078	4,134,816
Net assets		
Shareholders' equity		
Share capital	93,222	93,222
Capital surplus	3,305,428	2,148,628
Retained earnings	14,889,019	17,842,687
Treasury shares	(703,497)	(1,033,497)
Total shareholders' equity	17,584,173	19,051,041
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	373,082	396,041
Deferred gains or losses on hedges	(26,637)	62,539
Foreign currency translation adjustment	185,320	146,255
Remeasurements of defined benefit plans	32,634	7,477
Total accumulated other comprehensive income	564,399	612,314
Total net assets	18,148,572	19,663,355
Total liabilities and net assets	22,320,651	23,798,171

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

(Thousands of yen)

		Fiscal year ended August 31, 2024		Fiscal year ended August 31, 2025
Net sales	*1	25,047,146	*1	27,453,452
Cost of sales	*2	15,237,508	*2	16,660,804
Gross profit		9,809,637		10,792,648
Selling, general and administrative expenses	*3, *4	4,576,460	*3, *4	5,086,265
Operating profit		5,233,177		5,706,383
Non-operating income				
Interest income		2,972		9,476
Interest on securities		167,289		196,268
Subsidy income		152		–
Foreign exchange gains		231,279		98,114
Other		5,456		4,890
Total non-operating income		407,150		308,750
Non-operating expenses				
Interest expenses		3,006		2,296
Litigation expenses		10,798		–
Commission for purchase of treasury shares		1,154		831
Other		5		170
Total non-operating expenses		14,964		3,298
Ordinary profit		5,625,363		6,011,835
Extraordinary income				
Gain on sale of non-current assets	*5	2,615		–
Insurance claim income		585		–
Gain on receipt of donated non-current assets		–		26,997
Gain on sale of investment securities		–		72,276
Total extraordinary income		3,201		99,273
Extraordinary losses				
Loss on retirement of non-current assets	*6	18	*6	710
Total extraordinary losses		18		710
Profit before income taxes		5,628,546		6,110,398
Income taxes - current		1,833,898		2,009,540
Income taxes - deferred		31,046		22,455
Total income taxes		1,864,944		2,031,995
Profit		3,763,601		4,078,402
Profit attributable to owners of parent		3,763,601		4,078,402

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Fiscal year ended August 31, 2024	Fiscal year ended August 31, 2025
Profit	3,763,601	4,078,402
Other comprehensive income		
Valuation difference on available-for-sale securities	(167,809)	22,959
Deferred gains or losses on hedges	(154,488)	89,176
Foreign currency translation adjustment	(4,453)	(39,064)
Remeasurements of defined benefit plans, net of tax	(5,407)	(25,156)
Total other comprehensive income	* (332,159)	* 47,914
Comprehensive income	3,431,441	4,126,317
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,431,441	4,126,317
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Equity

Fiscal year ended August 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	93,222	3,305,428	12,144,917	(203,471)	15,340,096
Changes during period					
Dividends of surplus			(1,019,498)		(1,019,498)
Profit attributable to owners of parent			3,763,601		3,763,601
Purchase of treasury shares				(500,025)	(500,025)
Cancellation of treasury shares					—
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	2,744,102	(500,025)	2,244,076
Balance at end of period	93,222	3,305,428	14,889,019	(703,497)	17,584,173

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	540,891	127,851	189,773	38,041	896,558	16,236,655
Changes during period						
Dividends of surplus						(1,019,498)
Profit attributable to owners of parent						3,763,601
Purchase of treasury shares						(500,025)
Cancellation of treasury shares						—
Net changes in items other than shareholders' equity	(167,809)	(154,488)	(4,453)	(5,407)	(332,159)	(332,159)
Total changes during period	(167,809)	(154,488)	(4,453)	(5,407)	(332,159)	1,911,917
Balance at end of period	373,082	(26,637)	185,320	32,634	564,399	18,148,572

Fiscal year ended August 31, 2025

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	93,222	3,305,428	14,889,019	(703,497)	17,584,173
Changes during period					
Dividends of surplus			(1,124,734)		(1,124,734)
Profit attributable to owners of parent			4,078,402		4,078,402
Purchase of treasury shares				(1,486,800)	(1,486,800)
Cancellation of treasury shares		(1,156,800)		1,156,800	—
Net changes in items other than shareholders' equity					—
Total changes during period	—	(1,156,800)	2,953,668	(330,000)	1,466,868
Balance at end of period	93,222	2,148,628	17,842,687	(1,033,497)	19,051,041

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	373,082	(26,637)	185,320	32,634	564,399	18,148,572
Changes during period						
Dividends of surplus						(1,124,734)
Profit attributable to owners of parent						4,078,402
Purchase of treasury shares						(1,486,800)
Cancellation of treasury shares						—
Net changes in items other than shareholders' equity	22,959	89,176	(39,064)	(25,156)	47,914	47,914
Total changes during period	22,959	89,176	(39,064)	(25,156)	47,914	1,514,782
Balance at end of period	396,041	62,539	146,255	7,477	612,314	19,663,355

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended August 31, 2024	Fiscal year ended August 31, 2025
Cash flows from operating activities		
Profit before income taxes	5,628,546	6,110,398
Depreciation	177,705	237,895
Increase (decrease) in allowance for doubtful accounts	(7,825)	0
Increase (decrease) in provision for bonuses	(14,100)	17,536
Increase (decrease) in retirement benefit liability	(2,644)	11,028
Increase (decrease) in provision for shareholder benefit program	(386)	1,360
Foreign exchange losses (gains)	(260,263)	(105,451)
Interest and dividend income	(170,262)	(208,145)
Interest expenses	3,006	2,296
Loss (gain) on sale of investment securities	–	(72,276)
Insurance claim income	(585)	–
Loss (gain) on sale and retirement of non-current assets	(2,597)	710
Gain on receipt of donated non-current assets	–	(26,997)
Loss on litigation	10,798	–
Decrease (increase) in accounts receivable - trade, and contract assets	(396,502)	(202,851)
Decrease (increase) in inventories	(306,468)	(64,870)
Increase (decrease) in trade payables	(4,534)	154,699
Decrease (increase) in advance payments to suppliers	(6,341)	19,713
Other, net	88,948	190,292
Subtotal	4,736,494	6,065,338
Interest and dividends received	104,053	133,176
Interest paid	(3,188)	(2,318)
Payments for loss on litigation	(10,798)	–
Income taxes refund	100,408	143
Income taxes paid	(1,904,893)	(1,948,922)
Net cash provided by (used in) operating activities	3,022,077	4,247,416
Cash flows from investing activities		
Purchase of property, plant and equipment	(713,749)	(235,569)
Purchase of intangible assets	(84,835)	(66,631)
Purchase of investment securities	(1,416,138)	(354,158)
Proceeds from sale and redemption of short-term and long-term investment securities	611,272	180,470
Payments of leasehold and guarantee deposits	(68,628)	(24,086)
Proceeds from refund of leasehold and guarantee deposits	578	1,754
Purchase of insurance funds	(48,999)	(48,999)
Other, net	4,537	–
Net cash provided by (used in) investing activities	(1,715,964)	(547,219)
Cash flows from financing activities		
Proceeds from long-term borrowings	400,000	–
Repayments of long-term borrowings	(395,513)	(333,532)
Purchase of treasury shares	(50,179)	(1,487,631)
Dividends paid	(1,019,500)	(1,124,955)
Net cash provided by (used in) financing activities	(1,516,192)	(2,946,118)
Effect of exchange rate change on cash and cash equivalents	(3,512)	10,155
Net increase (decrease) in cash and cash equivalents	(213,592)	764,233
Cash and cash equivalents at beginning of period	6,060,372	5,846,780
Cash and cash equivalents at end of period	* 5,846,780	* 6,611,013

(5) Notes to Consolidated Financial Statements

Notes regarding assumption of a going concern

None.

Basis for preparation of consolidated financial statements

1. Matters related to the scope of consolidation

All the subsidiaries are included in the scope of consolidation.

The number of consolidated subsidiaries: Seven

Names of major consolidated subsidiaries:

TRANS Co., Ltd.

TRADE WORKS Co., Ltd.

KRAFTWERK Co., Ltd.

T3 DESIGN Co., Ltd.

TRADE WORKS ASIA LIMITED

SHANGHAI TRADE WORKS Co., Ltd.

2. Matters related to the application of the equity method

None.

3. Matters related to the fiscal year of the consolidated subsidiaries

The fiscal year of SHANGHAI TRADE WORKS Co., Ltd. ends on December 31. The consolidated financial statements were prepared using the financial statements based on the preliminary financial settlement on the consolidated balance sheet date.

4. Summary of significant accounting policies

(1) Valuation standard and method for major assets

(i) Valuation method for securities

Available-for-sale securities

Securities other than stocks, etc. without fair value

Securities other than stocks, etc. without fair value are valued using the fair value method (valuation differences are directly charged or credited to net assets, and the cost of securities sold is determined by the moving-average method).

Among available-for-sale securities other than stocks, etc. without fair value, when the difference between the acquisition cost and the amount of debt securities is considered to constitute an adjustment of interest rates, they are carried at amortized cost.

Securities, etc. without fair value

Securities, etc. without fair value are valued at cost determined by the moving-average method.

(ii) Valuation method for claims and debts arising from derivatives contracts

Claims and debts arising from derivatives contracts are valued at fair value.

(iii) Inventories

Inventories held for normal sales purposes

Inventories are stated at cost with the book value written down to the net realizable value.

Finished goods

The moving-average method

Supplies

The moving-average method

(2) Depreciation and amortization

(i) Property, plant and equipment

Property, plant and equipment are depreciated using the declining balance method.

However, buildings, facilities attached to buildings, and structures acquired on or after April 1, 2016 are valued using the straight-line method.

The useful lives are as follows.

Buildings and structures 3 to 50 years

Machinery, equipment and vehicles 2 to 10 years

(ii) Intangible assets

Internal use software is amortized using the straight-line method over an estimated useful life, generally 5 years.

(3) Provisions

(i) Allowance for doubtful accounts

Allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on collection. It consists of an amount calculated using the actual historical rate of losses with respect to general receivables and the estimated uncollectible amount with respect to certain identified doubtful receivables.

(ii) Provision for bonuses

Provision for bonuses for employees is provided at the amount calculated and provided for based on the estimated amounts of future payments attributable to the services that have been rendered by employees up to the date of the balance sheet.

(iii) Provision for shareholder benefit program

Provision for shareholder benefit program is provided at the end of the current fiscal year at the amount calculated and provided for based on the estimated amounts of future payments for the shareholder benefit program that are expected to arise in the following fiscal year.

(4) Accounting method for retirement benefits

(i) Allocation method of estimated total retirement benefits

When calculating retirement benefit obligations, the benefit formula basis is used to allocate estimated total retirement benefits to the period up to the fiscal year-end.

(ii) Amortization method of the actuarial difference and past service cost

The amount of actuarial differences is amortized on a straight-line basis over a period of 5 years from the year following the year in which they arise, which is within the average remaining years of service of the eligible employees.

Past service cost is amortized on a straight-line basis over a period of 10 years within the average remaining years of service of the eligible employees when incurred.

(5) Basis for recording significant income and expenses

The Group manufactures and sells miscellaneous goods to companies and individuals for their sales promotion purposes.

For such sales, the performance obligation is considered to be satisfied at the time of delivery, when control of the product is considered to have been transferred to the customer, and therefore revenue is recognized at that point in time.

For the point system operated by the Group, the points granted are identified as performance obligation, and the transaction price is allocated based on standalone sales price calculated by taking into account such factors as the expected future expiration of the points.

The Group's obligation to refund customers in the event of returns on sales is identified as a performance obligation at the time of sale, and the transaction price is allocated based on standalone sales price calculated by taking into account historical rates and other factors.

The promised consideration arising from these sales is generally collected within approximately two months from the time the performance obligation is satisfied, and the amount of consideration does not include a significant financing component.

(6) Foreign currency translation of significant assets and liabilities adopted for the preparation of consolidated subsidiaries' financial statements that constitute the basis for the preparation of consolidated financial statements

All monetary receivables and payables of the Company and its domestic consolidated subsidiaries that are denominated in foreign currencies are translated into Japanese yen at the exchange rate in effect as at the consolidated balance sheet date. Translation gains or losses are included in the accompanying consolidated statements of income. All assets and liabilities of foreign subsidiaries are translated into Japanese yen at the exchange rate in effect on the consolidated balance sheet date. All income and expenses are translated at the average exchange rate for the period. The resulting translation adjustments are included in the accompanying consolidated balance sheets under "Foreign currency translation adjustment."

(7) Important hedge accounting

(i) Hedge accounting

The deferred hedge accounting method is applied. Designation (*furiate-shori*) is applied to forward exchange contracts that qualify for such designation.

(ii) Hedging instrument and hedged item

The hedging instrument and hedged item to which hedging accounting is applied are as follows.

(Hedging instrument)

(Hedged item)

Forward exchange contracts

Transactions in foreign currency scheduled to be executed

(iii) Hedging policies

The Company uses forward exchange contracts to avoid foreign exchange fluctuation risks and enters into forward exchange contracts within the necessary scope based on contracts for business transactions denominated in foreign currencies, and does not enter into foreign exchange contracts for speculative trading purposes.

(iv) Assessing hedge effectiveness

The Company enters into forward exchange contracts with the same maturities and same amounts in foreign currency at the closing of forward exchange contracts, in accordance with the hedging policy. We believe that the correlation with subsequent changes in the exchange rates is completely ensured, and therefore, an assessment of hedge effectiveness on the balance sheet date is omitted.

(8) Cash and cash equivalents on the consolidated statement of cash flows

Cash and cash equivalents in the accompanying consolidated statements of cash flows consist of cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition, that are liquid, readily convertible into cash and are subject to minimum risk of price fluctuation.

Notes to 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 fiscal year under review.

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 consolidated financial statements for the fiscal year under review.

Notes to changes in presentation method

Consolidated statement of income

In the previous fiscal year, “Commission for purchase of treasury shares” was included under “Other” within “Non-operating expenses.” Due to its increased financial significance, it is presented separately starting from the fiscal year under review. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, the 1,159 thousand yen previously presented under “Other” within “Non-operating expenses” in the consolidated statement of income for the previous fiscal year has been reclassified as 1,154 thousand yen under “Commission for purchase of treasury shares” and 5 thousand yen under “Other.”

Notes to consolidated balance sheet

1. Overdraft contracts

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

The unused lines of credit of the overdraft contracts, etc. at the end of the fiscal year are as follows.

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

*2. Among notes and accounts receivable - trade, and contract assets, the amount of receivables and contract assets arising from contracts with customers is as follows.

	(Thousands of yen)	
	As of August 31, 2024	As of August 31, 2025
Notes receivable - trade	210,698	237,069
Accounts receivable - trade	2,911,389	3,091,258
Contract assets	8,279	5,374

*3. Among other, the amount of contract liabilities is as follows.

	(Thousands of yen)	
	As of August 31, 2024	As of August 31, 2025
Contract liabilities	33,178	29,075

Notes to consolidated statement of income

*1. Revenue from contracts with customers

In the presentation of net sales, revenue from contracts with customers is not distinguished from other revenues.

*2. The book value devaluation of inventories held for normal sales purposes based on a decline in profitability

	(Thousands of yen)	
	Fiscal year ended August 31, 2024	Fiscal year ended August 31, 2025
Cost of sales	41,332	13,166

*3. The selling, general and administrative expenses account includes the following major items and amounts.

	(Thousands of yen)	
	Fiscal year ended August 31, 2024	Fiscal year ended August 31, 2025
Provision of allowance for doubtful accounts	(7,502)	0
Bonuses and allowances	1,391,541	1,510,872
Rent expenses on land and buildings	317,231	403,573
Provision for bonuses	173,978	189,755
Retirement benefit expenses	29,195	33,212
Provision for shareholder benefit program	6,951	8,311
Freight costs	692,888	741,339

*4. Research and development expenses included in the selling, general and administrative expenses account are as follows.

	(Thousands of yen)	
	Fiscal year ended August 31, 2024	Fiscal year ended August 31, 2025
	36,994	38,074

*5. The breakdown of gain on sale of non-current assets is as follows.

	(Thousands of yen)	
	Fiscal year ended August 31, 2024	Fiscal year ended August 31, 2025
Vehicles	2,615	—

*6. The breakdown of loss on retirement of non-current assets is as follows.

	(Thousands of yen)	
	Fiscal year ended August 31, 2024	Fiscal year ended August 31, 2025
Machinery, equipment and vehicles	0	—
Other (tools, furniture and fixtures)	18	710
Total	18	710

Notes to consolidated statement of comprehensive income

- * The components of other comprehensive income, including reclassification adjustments and tax effects

	(Thousands of yen)	
	Fiscal year ended August 31, 2024	Fiscal year ended August 31, 2025
Valuation difference on available-for-sale securities, net of tax:		
Amount arising during the fiscal year	(18,048)	178,941
Reclassification adjustments	(238,411)	(123,750)
Before income taxes and tax effect adjustments	(256,459)	55,191
Income taxes and tax effect amounts	88,649	(32,232)
Subtotal	(167,809)	22,959
Deferred gains or losses on hedges, net of tax:		
Amount arising during the fiscal year	(23,137)	176,726
Adjustments to acquisition cost of assets	(213,082)	(40,371)
Before income taxes and tax effect adjustments	(236,220)	136,355
Income taxes and tax effect amounts	81,732	(47,178)
Subtotal	(154,488)	89,176
Foreign currency translation adjustment:		
Amount arising during the fiscal year	(4,453)	(39,064)
Before income taxes and tax effect adjustments	(4,453)	(39,064)
Income taxes and tax effect amounts	—	—
Subtotal	(4,453)	(39,064)
Remeasurements of defined benefit plans, net of tax:		
Amount arising during the fiscal year	6,758	(27,093)
Reclassification adjustments	(15,027)	(11,372)
Before income taxes and tax effect adjustments	(8,268)	(38,465)
Income taxes and tax effect amounts	2,860	13,309
Subtotal	(5,407)	(25,156)
Total other comprehensive income	(332,159)	47,914

Notes to consolidated statement of changes in equity

Fiscal year ended August 31, 2024

1. Matters related to outstanding shares

Type	Beginning of the fiscal year (shares)	Increase (shares)	Decrease (shares)	End of the fiscal year (shares)
Ordinary shares	29,375,400	—	—	29,375,400

2. Matters related to treasury shares

Type	Beginning of the fiscal year (shares)	Increase (shares)	Decrease (shares)	End of the fiscal year (shares)
Ordinary shares	246,865	289,191	—	536,056

(Major cause of movement)

The breakdown of the increase is as follows.

Purchase of treasury shares 289,100 shares

Purchases of shares less than one unit from
shareholders upon request 91 shares

3. Matters related to subscription rights to shares

None.

4. Matters related to dividends

(1) Dividend payments

Resolution	Type	Total amount of cash dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting held on October 25, 2023	Ordinary shares	1,019,498	35	August 31, 2023	November 8, 2023

(2) Dividends whose effective date falls in the fiscal year following the fiscal year of the record date

Resolution	Type	Funds for dividends	Total amount of cash dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting held on October 24, 2024	Ordinary shares	Retained earnings	1,124,734	39	August 31, 2024	November 7, 2024

Fiscal year ended August 31, 2025

1. Matters related to outstanding shares

Type	Beginning of the fiscal year (shares)	Increase (shares)	Decrease (shares)	End of the fiscal year (shares)
Ordinary shares	29,375,400	—	600,000	28,775,400

(Major cause of movement)

The breakdown of the decrease is as follows.

Cancellation of treasury shares 600,000 shares

Note: The Company conducted a 2-for-1 stock split of common shares on September 1, 2025.

However, the number of issued shares is based on the number of shares prior to the stock split.

2. Matters related to treasury shares

Type	Beginning of the fiscal year (shares)	Increase (shares)	Decrease (shares)	End of the fiscal year (shares)
Ordinary shares	536,056	600,000	600,000	536,056

(Major cause of movement)

The breakdown of the increase is as follows.

Purchase of treasury shares 600,000 shares

The breakdown of the decrease is as follows.

Cancellation of treasury shares 600,000 shares

Note: The Company conducted a 2-for-1 stock split of common shares on September 1, 2025.

However, the number of treasury shares is based on the number of shares prior to the stock split.

3. Matters related to subscription rights to shares

None.

4. Matters related to dividends

(1) Dividend payments

Resolution	Type	Total amount of cash dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting held on October 24, 2024	Ordinary shares	1,124,734	39	August 31, 2024	November 7, 2024

(2) Dividends whose effective date falls in the fiscal year following the fiscal year of the record date

Resolution	Type	Funds for dividends	Total amount of cash dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting held on October 23, 2025	Ordinary shares	Retained earnings	1,609,642	57	August 31, 2025	November 6, 2025

Note: The Company conducted a 2-for-1 stock split of common shares on September 1, 2025. However, the per share dividend is based on the number of shares prior to the stock split.

Notes to consolidated statement of cash flows

* The reconciliation of cash and cash equivalents of the consolidated statements of cash flows and account balances of the consolidated balance sheets is as follows.

	(Thousands of yen)	
	Fiscal year ended August 31, 2024	Fiscal year ended August 31, 2025
Cash and deposits	5,818,864	6,558,981
Securities (MMF)	27,915	52,032
Cash and cash equivalents	5,846,780	6,611,013

Segment information

[Segment information]

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.

[Related information]

Fiscal year ended August 31, 2024

1. Information on products and services

	(Thousands of yen)				
	Eco-products	Lifestyle products	Wellness products	Design and other	Total
Net sales for external customers	10,503,914	12,915,196	1,283,865	344,170	25,047,146

2. Information by region

(1) Net sales

Information is omitted because net sales for external customers in Japan constitute more than 90% of the net sales on the consolidated statements of income.

(2) Property, plant and equipment

Information is omitted because property, plant and equipment located in Japan constitute more than 90% of the property, plant and equipment on the consolidated balance sheets.

3. Information about major customers

Information is omitted because there is no customer accounting for 10% or more of the net sales on the consolidated statements of income.

Fiscal year ended August 31, 2025

1. Information on products and services

(Thousands of yen)					
	Eco-products	Lifestyle products	Wellness products	Design and other	Total
Net sales for external customers	11,189,901	14,273,488	1,630,522	359,540	27,453,452

2. Information by region

(1) Net sales

Information is omitted because net sales for external customers in Japan constitute more than 90% of the net sales on the consolidated statements of income.

(2) Property, plant and equipment

Information is omitted because property, plant and equipment located in Japan constitute more than 90% of the property, plant and equipment on the consolidated balance sheets.

3. Information about major customers

Information is omitted because there is no customer accounting for 10% or more of the net sales on the consolidated statements of income.

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

Fiscal year ended August 31, 2024

None.

Fiscal year ended August 31, 2025

None.

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

None.

[Information regarding gain on bargain purchase by reportable segment]

None.

Per share information

(Yen)

	Fiscal year ended August 31, 2024	Fiscal year ended August 31, 2025
Net assets per share	314.65	348.16
Earnings per share	64.70	70.87

Notes: 1. Basis for calculation of diluted earnings per share is omitted because no potentially dilutive shares exist.

2. The Company conducted a 2-for-1 stock split of common shares on September 1, 2025. Accordingly, net assets per share and basic earnings per share have been calculated assuming that this stock split had been in effect at the beginning of the previous consolidated fiscal year.

3. Basis for calculation of earnings per share is as follows.

(Thousands of yen)

	Fiscal year ended August 31, 2024	Fiscal year ended August 31, 2025
Earnings per share		
Profit attributable to owners of parent	3,763,601	4,078,402
Amount not attributable to owners of ordinary shares	—	—
Profit attributable to owners of ordinary shares of parent	3,763,601	4,078,402
Weighted-average number of ordinary shares outstanding for the period (shares)	58,170,882	57,550,468

4. Basis for calculation of net assets per share is as follows.

(Thousands of yen)

	As of August 31, 2024	As of August 31, 2025
Total net assets	18,148,572	19,663,355
Amount subtracted from total net assets	—	—
Net assets for ordinary shares at the end of the period	18,148,572	19,663,355
Number of ordinary shares at the end of the period used for calculating the amount of net assets per share (shares)	57,678,688	56,478,688

Number of ordinary shares at the end of the period used for calculating the amount of net assets per share is calculated by subtracting the number of shares owned in the name of the Company.

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	August 31, 2025 (Sunday)
Effective date	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 ended 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.