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May 14, 2025

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

Company name: Kyokuto Boeki Kaisha, Ltd.
Listing: Tokyo Stock Exchange
Securities code: 8093
URL: https://www.kbk.co.jp
Representative: Yoshiya Okada, President and Chief Executive Officer
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Scheduled date of annual general meeting of shareholders: June 25, 2025
Scheduled date to commence dividend payments: June 26, 2025
Scheduled date to file annual securities report: June 24, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

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

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

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	52,982	21.4	2,038	83.3	2,525	69.8	3,717	221.4
March 31, 2024	43,660	2.4	1,112	11.2	1,487	(2.4)	1,156	13.7

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥4,976 million [59.6%]
For the fiscal year ended March 31, 2024: ¥3,118 million [84.8%]

	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	%	%	%
March 31, 2025	301.69	-	13.5	4.7	3.8
March 31, 2024	93.86	-	4.7	3.2	2.5

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2025: ¥135 million
For the fiscal year ended March 31, 2024: ¥72 million

(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
March 31, 2025	58,010	29,356	50.6	2,401.99
March 31, 2024	49,646	25,690	51.7	2,083.59

Reference: Equity
As of March 31, 2025: ¥29,356 million
As of March 31, 2024: ¥25,685 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	(798)	245	1,120	8,439
March 31, 2024	(1,010)	353	(498)	7,065

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 March 31, 2024	-	37.50	-	56.00	93.50	1,152	99.6	4.6
Fiscal year ended March 31, 2025	-	35.00	-	35.00	70.00	859	23.2	3.1
Fiscal year ending March 31, 2026 (Forecast)	-	35.00	-	35.00	70.00		53.9	

Reference: Payout ratio (consolidated) for the fiscal year ended March 31, 2025 is 54.6% when excluding the impact of gain on bargain purchase recorded in the fiscal year ended March 31, 2025.

3. Consolidated financial results forecast for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	57,000	7.6	1,800	(11.7)	2,100	(16.8)	1,600	(57.0)	129.85

Reference: The year-on-year change in profit attributable to owners of parent in the consolidated financial results forecast for the fiscal year ending March 31, 2026 is 1.3%, based on the comparison with profit attributable to owners of parent for the fiscal year ended March 31, 2025, excluding the impact of gain on bargain purchase recorded in that year.

*** Notes**

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

Newly included: 7 companies
(Company name) Sanko Shokai Co., Ltd., Wellston Trading Corporation., and five other companies

Excluded: - companies
(Company name) -

(Note) For details, please refer to “2. Status of the Corporate Group” on page 6 and “4. Consolidated Financial Statements and Principal Notes (Business combinations, etc.)” on page 32 of the attachments.

(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: None

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of March 31, 2025	12,471,836 shares
As of March 31, 2024	12,991,836 shares

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

As of March 31, 2025	250,074 shares
As of March 31, 2024	664,352 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	12,321,676 shares
Fiscal year ended March 31, 2024	12,323,151 shares

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 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	%
March 31, 2025	13,201	11.5	383	304.9	1,220	(1.1)	895	(34.6)
March 31, 2024	11,843	15.1	94	-	1,233	38.4	1,369	54.4

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	72.72	-
March 31, 2024	111.16	-

(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
March 31, 2025	42,926	16,399	38.2	1,341.80
March 31, 2024	39,233	16,554	42.2	1,342.87

Reference:	Equity	
	As of March 31, 2025:	¥16,399 million
	As of March 31, 2024:	¥16,554 million

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

* Proper use of earnings forecasts, and other special matters

The forward-looking statements such as the financial results forecast contained in this document are based on information currently available to the Company and certain assumptions that the Company deems reasonable. These statements are not intended as a guarantee of future performance. Actual results may differ significantly from these forecasts due to various factors. For the assumptions underlying the financial results forecasts and notes regarding the use of such forecasts, please refer to “1. Overview of Operating Results, etc. (4) Future Outlook” on page 4 of the [Attachments].

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1. Overview of Operating Results, etc.

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

(Overview of the fiscal year under review)

During the fiscal year ended March 31, 2025, the Japanese economy saw a recovery in capital investment and steady corporate performance. In addition, personal consumption increased due to improvements in the employment and income environment, and economic activity continued on a modest recovery trend. On the other hand, the economic outlook remains uncertain due to factors such as soaring raw material and energy prices, rising prices due to the weak yen, stagnation and slowdown in the Chinese and European economies, the prolonged conflict in Ukraine, geopolitical risks arising from instability in the Middle East, and the impact of U.S. tariff policies.

Under these economic circumstances, the Group, in the fourth year of its five-year medium-term management plan “KBK Plus-One 2025,” which aims to realize a sustainable society and enhance corporate value, worked toward achieving the targets set forth in the plan by making steady progress in optimizing its business portfolio, accelerating investments to new business fields, and carrying out capital policies that contribute to shareholder value. As part of our growth investments, we acquired the engineering plastics and resin materials business in the Industrial Materials Division, and the vessel repair parts sales business in the Mechanical Parts Division in October and November 2024. Through these acquisitions, we aim to strengthen our earnings base and promote the growth of related businesses.

As for the business results for the fiscal year ended March 31, 2025, the Industrial Systems Division performed well overall, led by the business for domestic steel and chemical plants and the seismometer-related equipment business. The Industrial Materials Division also performed well, particularly in the resin business for automobile parts destined for the North American market. In the Mechanical Parts Division, the precision fasteners (screw) business maintained approximately the same level as the previous year, while profitability improved in the special spring-related business.

As a result, for the fiscal year ended March 31, 2025, the Group posted net sales of ¥52,982 million, marking a year-on-year increase of ¥9,321 million, and gross profit of ¥10,931 million, up by ¥1,816 million from the previous fiscal year. Operating profit increased to ¥2,038 million by ¥926 million, despite an increase of ¥889 million in selling, general and administrative expenses due to higher personnel costs and expenses associated with the purchase of shares of subsidiaries. Ordinary profit increased to ¥2,525 million by ¥1,038 million, primarily due to an increase in operating profit, despite the impact of foreign exchange losses. Profit attributable to owners of parent increased to ¥3,717 million by ¥2,560 million primarily due to the recording of gain on bargain purchase as extraordinary income in connection with the purchase of shares of subsidiaries.

(Overview by division)

Business results of each segment are as follows.

(i) Industrial Systems Division

In the industrial infrastructure-related business sector, the business for domestic steel and chemical plants and the seismometers and vibration meters equipment business performed well, and the business for equipment for overseas plants also continued to perform strongly. The aviation and aeronautics and defense-related business remained strong, and in the resource development-related business, drilling and other operations performed well. As a result, this segment posted net sales of ¥14,744 million (up by ¥2,421 million from the previous fiscal year) and segment income of ¥1,038 million (up by ¥826 million from the previous fiscal year).

(ii) Industrial Materials Division

In the lifestyle and environment-related business, although imports of food auxiliary materials remained sluggish due to the impact of foreign exchange rates, the functional materials business, including resins for automobile parts, performed well in the North American market, supported by the strength of the U.S. economy. In addition, the performance of Sanko Shokai Co., Ltd., which was newly consolidated as a subsidiary, also contributed to the segment's results. As a result, this segment posted net sales of ¥19,444 million (up by ¥6,287 million from the previous fiscal year). However, due to the recording of advisory expenses associated with the acquisition of shares in the aforementioned subsidiary, segment income totaled ¥141 million (down by ¥52 million from the previous fiscal year).

(iii) Mechanical Parts Division

In the precision fasteners (screw) business, demand from industrial and construction machinery sectors showed a slight slowdown, but the overall performance remained in line with the previous fiscal year. In the special spring-related business, profitability improved as a result of structural reforms, and the performance of Wellston Trading Corporation., which was newly consolidated as a subsidiary, also contributed to the segment's results. As a result, this segment posted net sales of ¥18,792 million (up by ¥612 million from the previous fiscal year), while recording segment income of ¥858 million (up by ¥153 million from the previous fiscal year).

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

Total assets as of March 31, 2025 were ¥58,010 million, an increase of ¥8,363 million from March 31, 2024. This was primarily due to an increase of ¥4,866 million in notes and accounts receivable - trade, and contract assets and an increase of ¥2,108 million in merchandise and finished goods.

Total liabilities were ¥28,653 million, an increase of ¥4,697 million from March 31, 2024. This was primarily due to an increase of ¥2,447 million in notes and accounts payable - trade and an increase of ¥2,869 million in short-term borrowings.

Total net assets were ¥29,356 million, an increase of ¥3,666 million from March 31, 2024. This was primarily due to an increase of ¥2,039 million in retained earnings and an increase of ¥1,078 million in foreign currency translation adjustment.

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

Our basic policies are maintaining the liquidity necessary for current and future business activities and maintaining our financial soundness and stability. The management of the Group's funds is centralized in the Company to optimize the capital efficiency of the Group's business operations. The Company considers cash flow involved in operating activities, the cash flow involved in investing activities, and cash and cash equivalents to be its primary sources of internal funding, but also actively procures funds as necessary, primarily in the form of loans from banks.

Cash and cash equivalents as of March 31, 2025 were ¥8,439 million, an increase of ¥1,374 million a year earlier. The primary factors causing the increase or decrease were as follows.

Cash flows from operating activities resulted in a cash outflow of ¥798 million (cash outflow of ¥1,010 million a year earlier). This was primarily due to a decrease in decrease (increase) in trade receivables and a decrease in increase (decrease) in trade payables.

Cash flows from investing activities resulted in a cash inflow of ¥245 million (cash inflow of ¥353 million a year earlier). This was primarily due to proceeds from withdrawal of time deposits and proceeds from sale of investment securities, despite an outflow for the purchase of shares of subsidiaries.

Cash flows from financing activities resulted in a cash inflow of ¥1,120 million (cash outflow of ¥498 million a year earlier). This was primarily due to an increase in net increase (decrease) in short-term borrowings.

(Trends in cash flow-related indicators)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Shareholders' equity ratio (%)	43.0	49.7	52.9	51.7	50.6
Shareholders' equity ratio based on market value (%)	17.8	16.5	41.7	51.3	33.0
Ratio of cash flow to interest-bearing debt (years)	6.4	(8.5)	2.2	(4.1)	(9.3)
Interest coverage ratio	21.8	(25.0)	50.7	(35.7)	(11.9)

(Notes) Shareholders' equity ratio: Shareholders' equity / Total assets
Shareholders' equity ratio based on market value: Market capitalization / Total assets
Ratio of cash flow to interest-bearing debt: Interest-bearing debt / Operating cash flow
Interest coverage ratio: Operating cash flow / Interest payments

* All indicators are calculated based on consolidated financial figures.
* Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year by the number of shares outstanding at the end of the fiscal year, excluding treasury shares.
* Operating cash flow is based on cash flows from operating activities in the consolidated statement of cash flows. Interest-bearing debt includes all liabilities recorded in the consolidated balance sheet that require interest payments. Interest payments are based on the amount of interest paid as stated in the consolidated statement of cash flows.

(4) Future Outlook

The global economy is facing an increase of uncertainty due to rising trade barriers stemming from U.S. tariff policies, as well as geopolitical and policy-related uncertainties. As a result, concerns over a potential economic slowdown have heightened.

Under these economic circumstances, the Group continues to pursue active and agile business investment including M&A, in line with its growth strategy, aiming to enhance profitability and further increase corporate value by optimizing its business portfolio.

For the fiscal year ending March 31, 2026, although it is currently difficult to estimate the impact of U.S. tariff policies on the Group's business performance in detail, there remains a possibility of certain direct and indirect effects. Accordingly, taking into account such possible negative effects as well as other risk factors, the Group forecasts consolidated net sales of ¥57.0 billion, operating profit of ¥1.8 billion, ordinary profit of ¥2.1 billion, and profit attributable to owners of parent of ¥1.6 billion.

<Comparison with the medium-term management plan “KBK Plus-One 2025”>

Targets	Financial results forecast for the fiscal year ending March 31, 2026	Final fiscal year of medium-term management plan
Consolidated ordinary profit	¥2.1 billion	¥1.9 billion
ROE	5.5%	5.4%

(5) Basic Policy on Profit Distribution and Dividends for the Fiscal Year under Review and the Next Fiscal Year

To continuously provide our shareholders with returns from our business activities and sustainably increase our corporate value, our basic policy on profit distribution is to pay dividends by comprehensively considering the prospect of our business development, financial position, and profit trends, along with other factors, under an appropriate capital policy.

Based on the policy above, the year-end dividend for the fiscal year ended March 31, 2025 is scheduled to be ¥35 per share. Combined with the interim dividend of ¥35 per share already paid, the annual dividend will total ¥70 per share. As a result, the dividend payout ratio for the fiscal year will be 23.2%. However, excluding the one-time extraordinary income, gain on bargain purchase, the payout ratio will be 54.6%.

In addition, as part of our shareholder return policy during the fiscal year, we carried out both the purchase of treasury shares and cancellation of treasury shares. The purchase of treasury shares will be conducted with an upper limit of ¥500 million or 350,000 shares, and with the purchase period set at one year from February 14, 2025. Including this purchase of treasury shares, the total shareholder return ratio for the fiscal year ended March 31, 2025 was 86.2%, excluding the one-time extraordinary income, gain on bargain purchase, and reflected a high level of shareholder returns. On the other hand, the cancellation of treasury shares was conducted on March 31, 2025, for 520,000 shares held as treasury shares. In addition, all of the treasury shares purchased up to ¥500 million or 350,000 shares, as described above, are scheduled to be cancelled on March 31, 2026.

With regard to dividends from the next fiscal year onward, the Company will adopt a progressive dividend policy whereby dividends, in principle, will not be reduced and will be maintained or increased. The target dividend payout ratio is 50%. Through this, the Company aims to further enhance the stability of shareholder returns and achieve sustained improvement in shareholder value by providing dividends in line with profit growth. For the fiscal year ending March 31, 2026, the Company plans to pay an interim dividend of ¥35 per share and a year-end dividend of ¥35 per share, resulting in an annual dividend of ¥70 per share.

2. Status of the Corporate Group

The Group comprises the Company (Kyokuto Boeki Kaisha, Ltd.), 28 subsidiaries, and 10 affiliates. It primarily does business through its Industrial Systems Division, Industrial Materials Division, and Mechanical Parts Division in related business sectors.

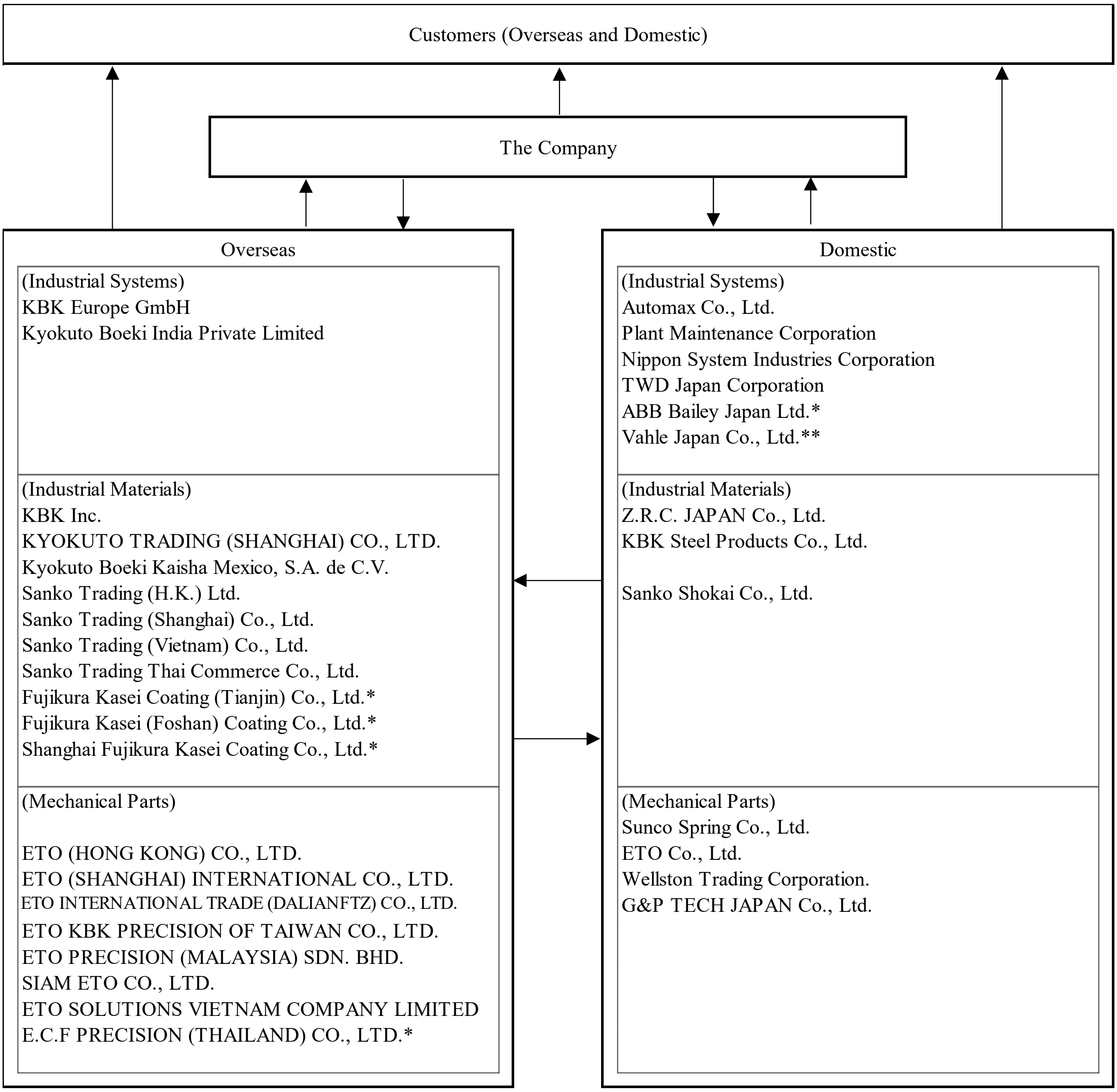
The contents of the Group's business and the positions of the Company and its subsidiaries and affiliates with respect to this business are as shown below.

The following three divisions are identical to the segments indicated in "4. Consolidated Financial Statements and Principal Notes, (5) Notes to Consolidated Financial Statements, (Segment information, etc.)."

Name of segment	Main products and/or contents of services	Main subsidiaries and affiliates	
Industrial Systems Division	This division markets mechanical equipment related to steel, non-ferrous metals, automobiles, chemicals, shipbuilding and plant engineering, etc.; electromechanical equipment; inspection equipment; oil drilling related equipment; and resource development equipment including exploration technology services, etc. for oil and natural gas; electronic devices; electronic components and software; instrumentation control systems; seismometers and vibration meters; image processing equipment; electronic devices installed in aircraft; ground support electronic devices; aircraft equipment; and navigation equipment, etc.	Domestic	Automax Co., Ltd. Plant Maintenance Corporation Nippon System Industries Corporation TWD Japan Corporation ABB Bailey Japan Ltd.* Vahle Japan Co., Ltd. **
		Overseas	KBK Europe GmbH Kyokuto Boeki India Private Limited
Industrial Materials Division	This division markets composite material manufacturing equipment, textile processing machines, meat processing machines, resin processing machines, painting equipment, measuring/analyzing equipment, food auxiliary materials, engineering plastics, resins, paints, thermal spraying materials, construction materials, synthetic composite materials, and cast and forged products, etc.	Domestic	Z.R.C. JAPAN Co., Ltd. KBK Steel Products Co., Ltd. Sanko Shokai Co., Ltd.
		Overseas	KBK Inc. KYOKUTO TRADING (SHANGHAI) CO., LTD. Kyokuto Boeki Kaisha Mexico, S.A. de C.V. Sanko Trading (H.K.) Ltd. Sanko Trading (Shanghai) Co., Ltd. Sanko Trading (Vietnam) Co., Ltd. Sanko Trading Thai Commerce Co., Ltd. Fujikura Kasei Coating (Tianjin) Co., Ltd.* Fujikura Kasei (Foshan) Coating Co., Ltd.* Shanghai Fujikura Kasei Coating Co., Ltd.*
Mechanical Parts Division	This division markets precision fasteners (screws) and related machinery, equipment, and tools, vessel repair parts, constant load springs, spiral springs, and various stainless steel springs, etc.	Domestic	Sunco Spring Co., Ltd. ETO Co., Ltd. Wellston Trading Corporation. G&P TECH JAPAN Co., Ltd.
		Overseas	ETO (HONG KONG) CO., LTD. ETO (SHANGHAI) INTERNATIONAL CO., LTD. ETO INTERNATIONAL TRADE (DALIANFTZ) CO., LTD. SIAM ETO CO., LTD. ETO PRECISION (MALAYSIA) SDN. BHD. ETO KBK PRECISION OF TAIWAN CO., LTD. ETO SOLUTIONS VIETNAM COMPANY LIMITED E.C.F PRECISION (THAILAND) CO., LTD.*

(Note) No symbol: Consolidated subsidiary, *: Equity method affiliate, **: Absorption-type merger effective April 1, 2025

Overseas subsidiaries	These companies handle importing and exporting operations, international transactions, and domestic sales for the three above divisions. Some of the Company's export and import transactions involving North America, Latin America, Europe, and Asia are performed via overseas sites which purchase and sell products to clients in these regions. Product purchasing and sales are handled separately in each country and region.



(Notes) 1. No symbol: Consolidated subsidiary, *: Equity method affiliate, **: Absorption-type merger effective April 1, 2025
2. Entities not accounted for using the equity method are not included in the business organization chart.

3. Basic Policy on Selection of Accounting Standards

The Group has adopted the policy of preparing its consolidated financial statements in accordance with Japanese GAAP for the time being, in light of the fact that it does not raise funds internationally and to ensure comparability with other domestic companies in the same industry.

With regard to the adoption of IFRS, the Group intends to respond appropriately based on both domestic and international developments.

4. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheet

(Unit: Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	8,640	8,834
Notes and accounts receivable - trade, and contract assets	16,025	20,891
Electronically recorded monetary claims - operating	3,629	3,574
Merchandise and finished goods	4,641	6,749
Work in process	63	81
Raw materials and supplies	363	645
Advance payments to suppliers	2,667	1,513
Other	1,383	1,535
Allowance for doubtful accounts	(79)	(137)
Total current assets	37,334	43,688
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,901	1,954
Accumulated depreciation	(1,308)	(1,349)
Buildings and structures, net	593	604
Machinery, equipment and vehicles	854	856
Accumulated depreciation	(676)	(688)
Machinery, equipment and vehicles, net	177	168
Tools, furniture and fixtures	1,179	1,264
Accumulated depreciation	(1,033)	(1,073)
Tools, furniture and fixtures, net	145	190
Right of use assets	263	351
Accumulated depreciation	(142)	(140)
Right of use assets, net	120	211
Leased assets	83	74
Accumulated depreciation	(51)	(52)
Leased assets, net	31	21
Land	1,127	1,301
Construction in progress	21	3
Total property, plant and equipment	2,217	2,501
Intangible assets		
Goodwill	-	240
Other	286	201
Total intangible assets	286	442
Investments and other assets		
Investment securities	7,967	9,405
Long-term loans receivable	0	-
Other	1,853	1,988
Allowance for doubtful accounts	(13)	(15)
Total investments and other assets	9,808	11,377
Total non-current assets	12,311	14,321
Total assets	49,646	58,010

(Unit: Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,193	12,641
Electronically recorded obligations - operating	2,983	2,050
Short-term borrowings	3,707	6,577
Lease liabilities	93	117
Income taxes payable	238	543
Contract liabilities	2,647	1,553
Provision for bonuses	308	380
Other	1,031	937
Total current liabilities	21,204	24,801
Non-current liabilities		
Bonds payable	-	100
Long-term borrowings	400	731
Lease liabilities	64	120
Long-term accounts payable - other	59	65
Deferred tax liabilities	932	1,562
Retirement benefit liability	1,283	1,265
Asset retirement obligations	11	6
Total non-current liabilities	2,752	3,852
Total liabilities	23,956	28,653
Net assets		
Shareholders' equity		
Share capital	5,496	5,496
Capital surplus	7,951	7,935
Retained earnings	8,721	10,760
Treasury shares	(669)	(277)
Total shareholders' equity	21,500	23,914
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,504	2,709
Deferred gains or losses on hedges	18	8
Foreign currency translation adjustment	1,629	2,707
Remeasurements of defined benefit plans	31	16
Total accumulated other comprehensive income	4,184	5,441
Non-controlling interests	5	-
Total net assets	25,690	29,356
Total liabilities and net assets	49,646	58,010

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

Consolidated Statement of Income

(Unit: Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	43,660	52,982
Cost of sales	34,545	42,050
Gross profit	9,115	10,931
Selling, general and administrative expenses		
Remuneration, salaries and allowances for directors (and other officers)	3,296	3,530
Employees' bonuses	295	329
Bad debt expenses	7	0
Provision for bonuses	229	291
Retirement benefit expenses	223	185
Depreciation	247	232
Provision of allowance for doubtful accounts	2	64
Other	3,700	4,258
Total selling, general and administrative expenses	8,002	8,892
Operating profit	1,112	2,038
Non-operating income		
Interest income	61	83
Dividend income	269	342
Share of profit of entities accounted for using equity method	72	135
Other	44	151
Total non-operating income	449	712
Non-operating expenses		
Interest expenses	28	66
Foreign exchange losses	24	79
Commission expenses	-	17
Other	21	62
Total non-operating expenses	74	226
Ordinary profit	1,487	2,525
Extraordinary income		
Gain on sale of investment securities	145	246
Gain on bargain purchase	-	2,137
Gain on liquidation of subsidiaries	19	-
Total extraordinary income	164	2,384
Extraordinary losses		
Impairment losses	-	259
Loss on sale of investment securities	0	70
Branch closure loss	15	-
Restoration cost	13	-
Restructuring charges	35	-
Total extraordinary losses	64	329
Profit before income taxes	1,587	4,580
Income taxes - current	590	870
Income taxes - deferred	(151)	(9)
Total income taxes	439	860
Profit	1,147	3,719
Profit (loss) attributable to non-controlling interests	(8)	2
Profit attributable to owners of parent	1,156	3,717

Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit	1,147	3,719
Other comprehensive income		
Valuation difference on available-for-sale securities	1,044	204
Deferred gains or losses on hedges	16	(10)
Foreign currency translation adjustment	646	1,005
Remeasurements of defined benefit plans, net of tax	221	(15)
Share of other comprehensive income of entities accounted for using equity method	41	72
Total other comprehensive income	1,970	1,257
Comprehensive income	3,118	4,976
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,127	4,974
Comprehensive income attributable to non-controlling interests	(8)	2

(3) Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,496	7,946	8,569	(680)	21,331
Changes during period					
Dividends of surplus			(1,004)		(1,004)
Profit attributable to owners of parent			1,156		1,156
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		8		11	19
Cancellation of treasury shares					-
Change in ownership interest of parent due to transactions with non-controlling interests					-
Capital increase of consolidated subsidiaries		(2)			(2)
Net changes in items other than shareholders' equity					
Total changes during period	-	5	152	11	169
Balance at end of period	5,496	7,951	8,721	(669)	21,500

	Accumulated other comprehensive income					Non-controlling interests	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	1,460	1	941	(189)	2,214	7	23,553
Changes during period							
Dividends of surplus							(1,004)
Profit attributable to owners of parent							1,156
Purchase of treasury shares							(0)
Disposal of treasury shares							19
Cancellation of treasury shares							-
Change in ownership interest of parent due to transactions with non-controlling interests							-
Capital increase of consolidated subsidiaries							(2)
Net changes in items other than shareholders' equity	1,044	16	687	221	1,970	(2)	1,968
Total changes during period	1,044	16	687	221	1,970	(2)	2,137
Balance at end of period	2,504	18	1,629	31	4,184	5	25,690

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,496	7,951	8,721	(669)	21,500
Changes during period					
Dividends of surplus			(1,122)		(1,122)
Profit attributable to owners of parent			3,717		3,717
Purchase of treasury shares				(198)	(198)
Disposal of treasury shares		9		12	22
Cancellation of treasury shares		(21)	(555)	577	-
Change in ownership interest of parent due to transactions with non-controlling interests		(4)			(4)
Capital increase of consolidated subsidiaries					-
Net changes in items other than shareholders' equity					
Total changes during period	-	(16)	2,039	391	2,413
Balance at end of period	5,496	7,935	10,760	(277)	23,914

	Accumulated other comprehensive income					Non-controlling interests	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	2,504	18	1,629	31	4,184	5	25,690
Changes during period							
Dividends of surplus							(1,122)
Profit attributable to owners of parent							3,717
Purchase of treasury shares							(198)
Disposal of treasury shares							22
Cancellation of treasury shares							-
Change in ownership interest of parent due to transactions with non-controlling interests							(4)
Capital increase of consolidated subsidiaries							-
Net changes in items other than shareholders' equity	204	(10)	1,078	(15)	1,257	(5)	1,252
Total changes during period	204	(10)	1,078	(15)	1,257	(5)	3,666
Balance at end of period	2,709	8	2,707	16	5,441	-	29,356

(4) Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	1,587	4,580
Depreciation	365	349
Impairment losses	-	259
Restoration cost	13	-
Branch closure loss	15	-
Amortization of goodwill	-	21
Gain on bargain purchase	-	(2,137)
Loss (gain) on liquidation of subsidiaries	(19)	-
Increase (decrease) in allowance for doubtful accounts	1	29
Increase (decrease) in provision for bonuses	2	60
Interest and dividend income	(331)	(425)
Share of loss (profit) of entities accounted for using equity method	(72)	(135)
Interest expenses	28	66
Loss (gain) on sale of investment securities	(145)	(176)
Decrease (increase) in trade receivables	(3,037)	(578)
Decrease (increase) in inventories	(27)	(809)
Decrease (increase) in advance payments to suppliers	(1,099)	1,167
Decrease (increase) in accounts receivable - other	(54)	298
Increase (decrease) in retirement benefit liability	4	(71)
Decrease (increase) in other current assets	0	(139)
Increase (decrease) in trade payables	761	(1,483)
Increase (decrease) in accounts payable - other	(102)	(6)
Increase (decrease) in contract liabilities	1,043	(1,111)
Increase (decrease) in other current liabilities	241	(228)
Other, net	(4)	68
Subtotal	(829)	(403)
Interest and dividends received	457	421
Interest paid	(28)	(66)
Income taxes paid	(609)	(750)
Net cash provided by (used in) operating activities	(1,010)	(798)
Cash flows from investing activities		
Payments into time deposits	(1,641)	(472)
Proceeds from withdrawal of time deposits	1,940	1,746
Purchase of investment securities	(24)	(4)
Proceeds from sale of investment securities	272	649
Purchase of non-current assets	(252)	(243)
Proceeds from sale of non-current assets	1	22
Decrease (increase) in guarantee deposits	20	20
Proceeds from liquidation of subsidiaries	98	10
Proceeds from redemption of securities	-	100
Purchase of shares of subsidiaries	-	(1,866)
Other, net	(60)	283
Net cash provided by (used in) investing activities	353	245

(Unit: Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	559	2,761
Proceeds from long-term borrowings	600	700
Repayments of long-term borrowings	(536)	(918)
Proceeds from share issuance to non-controlling shareholders	4	-
Purchase of treasury shares	(0)	(198)
Dividends paid	(1,002)	(1,116)
Other, net	(121)	(107)
Net cash provided by (used in) financing activities	(498)	1,120
Effect of exchange rate change on cash and cash equivalents	421	806
Net increase (decrease) in cash and cash equivalents	(733)	1,374
Cash and cash equivalents at beginning of period	7,810	7,065
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(11)	-
Cash and cash equivalents at end of period	7,065	8,439

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Significant matters that form the basis for preparing consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 28

The names of consolidated subsidiaries are omitted as they are stated in “2. Status of the Corporate Group.”

Names of newly consolidated subsidiaries:

Sanko Shokai Co., Ltd.
Sanko Trading (H.K.) Ltd.
Sanko Trading (Shanghai) Co., Ltd.
Sanko Trading (Vietnam) Co., Ltd.
Sanko Trading Thai Commerce Co., Ltd.
Wellston Trading Corporation.
G&P TECH JAPAN Co., Ltd.

(2) Number of non-consolidated subsidiaries: -

Not applicable.

2. Application of the equity method

(1) Number of companies accounted for using equity method: 5

The names of affiliates accounted for using equity method are omitted as they are stated in “2. Status of the Corporate Group.”

(2) Number of non-consolidated subsidiaries and affiliates not accounted for using equity method: 5

Names of affiliates not accounted for using equity-method:

Xinchang Yuefeng Stainless Steel Casting Co., Ltd.
Sokie Corp.
M’s Production Inc.
Environment Business Consultants Co., Ltd.
MES TECHNOSERVICE A.S.

(Reason for not applying the equity method)

These companies are excluded from the scope of the equity method because they have a slight effect on profit and retained earnings, and they as a whole do not have a significant effect.

3. Closing dates of consolidated subsidiaries

The closing dates of the following consolidated subsidiaries are different from the reporting date for consolidation.

Name of consolidated subsidiary	Closing date
KBK Inc.	January 31
KYOKUTO TRADING (SHANGHAI) CO., LTD.	December 31
KBK Europe GmbH	December 31
Kyokuto Boeki Kaisha Mexico, S.A. de C.V.	December 31
ETO (HONG KONG) CO., LTD.	December 31
ETO (SHANGHAI) INTERNATIONAL CO., LTD.	December 31
ETO INTERNATIONAL TRADE (DALIANFTZ) CO., LTD.	December 31
SIAM ETO CO., LTD.	December 31
ETO PRECISION (MALAYSIA) SDN. BHD.	December 31
ETO KBK PRECISION OF TAIWAN CO., LTD.	December 31
ETO SOLUTIONS VIETNAM COMPANY LIMITED	December 31
Sanko Trading (H.K.) Ltd.	December 31
Sanko Trading (Shanghai) Co., Ltd.	December 31
Sanko Trading Thai Commerce Co., Ltd.	December 31

For preparation of the consolidated financial statements, the closing dates of the consolidated subsidiaries were used because they are within three months from the reporting date for consolidation.

As for Sanko Trading (Vietnam) Co., Ltd., whose closing date is currently March 31, a tentative closing was conducted as of December 31, as the company plans to change its closing date to December 31. The financial statements as of that date were used.

However, the necessary adjustments were made for consolidation with respect to significant transactions occurring between said closing date and the reporting date for consolidation.

4. Accounting policies

(1) Valuation standards and methods for important assets

1) Investment securities

Available-for-sale securities

Securities other than shares without market prices

Available-for-sale securities with fair market values are stated at fair market value based on the market value, etc., of the closing date (unrealized gains and losses are booked directly to net assets, and cost of sales is computed by the moving-average method).

Shares, etc. without market prices

Shares, etc. without market prices are stated at cost using the moving-average method.

2) Derivative transactions

Derivatives are stated at fair value.

3) Inventories

The Company and its domestic consolidated subsidiaries primarily adopt the cost method based on the weighted average cost method (the amounts on the balance sheet are calculated using the inventory write-down method based on decreased profitability). Some subsidiaries adopt the moving-average method. However, for some products made to order for individuals, the cost method based on the specific identification method is adopted (the amounts on the balance sheet are calculated using the inventory write-down method based on decreased profitability). The Company’s overseas consolidated subsidiaries adopt lower of cost or net selling value based on FIFO.

(2) Depreciation and amortization methods for important depreciable assets

1) Property, plant and equipment (excluding leased assets and right of use assets)

The Company and its domestic consolidated subsidiaries adopt the declining balance method, and useful lives and residual values are in accordance with a method equivalent to the method stipulated in the Corporation Tax Law. However, buildings (excluding building fixtures) acquired on or after April 1, 1998 and building fixtures and structures acquired on or after April 1, 2016 are depreciated under the straight-line method. The Company's overseas subsidiaries primarily adopt the straight-line method based on estimated useful lives.

2) Intangible assets (excluding leased assets)

Intangible assets (excluding leased assets) are primarily depreciated under the straight-line method. Software for internal use is depreciated under the straight-line method based on its usage term (five years).

3) Leased assets

Leased assets are depreciated over lease terms by the straight-line method without residual value.

4) Right of use assets

Overseas consolidated subsidiaries prepare financial statements in accordance with the International Financial Reporting Standards, and have adopted International Financial Reporting Standards No. 16 "Lease" (hereinafter, referred to as "IFRS 16"). Under IFRS 16, all leases are in principle recorded as assets and liabilities on the balance sheet, and capitalized right of use assets are depreciated using the straight-line method with the lease terms as the useful lives.

(3) Accounting standards for significant provisions

1) Allowance for doubtful accounts

In order to prepare for probable losses on collection, the Company and its consolidated subsidiaries record estimated loss on ordinary receivables based on the historical write-off ratio for doubtful accounts and other specific receivables based on individual recoverability.

2) Provision for bonuses

In order to prepare to provide for payment of bonuses to employees, the Company and its consolidated subsidiaries record estimated amounts of payment.

(4) Accounting method for retirement benefits

1) Periodic allocation of projected retirement benefits

In calculating projected benefits obligations, periodic allocation of projected retirement benefits up to the end of the current period is based mainly on the benefit formula basis.

2) Method of amortizing actuarial differences

Actuarial differences are accounted for as expenses over a certain number of years within the average remaining years of service of the corresponding employees (eight years) using the straight-line method, commencing with the consolidated fiscal year following the one in which they were incurred.

3) Adoption of simplified method in small companies

Some of the consolidated subsidiaries adopt a simplified method for the purpose of calculating retirement benefit liability and retirement benefit expenses.

(5) Accounting standards for significant revenue and expenses

1) Revenue from sales, etc. of goods

Revenue from sales, etc. of goods includes revenue from sales of mechanical equipment, mechanical facilities, devices, parts, or materials in the basic industries-related, industrial materials-related, and mechanical parts-related businesses in connection with wholesaling, retailing, manufacturing, or processing operations.

The Group recognizes revenue when it satisfies performance obligations by transferring promised goods to its customers, more specifically, at the time of delivery, shipment, or acceptance inspection of the products or another timing, according to the terms of individual contracts.

For a long-term construction contract for installation, if certain conditions are met, revenue and costs are recognized over time as portions of the corresponding performance obligation are satisfied for certain lengths of time. Progress towards complete satisfaction of a performance obligation is measured by reference to either of the following: the proportion of construction costs incurred to date relative to the estimated total construction costs necessary for a construction contract, etc.; or the proportion of a construction portion subjected to acceptance inspection at the customer side. If circumstances arise that may change the original estimates of revenue or extent of the progress toward completion, estimates are revised. Revenue arising from construction contracts is immaterial and is presented under "Revenue from sales, etc. of goods."

2) Revenue from services, etc.

Revenue from services, etc. includes commissions on brokerage transactions and revenue from services related to repair, adjustment, regular inspection, maintenance, preservation, etc.

As to commissions on brokerage transactions and revenue from the repair, adjustment and regular inspection services, revenue is recognized upon completion of the services that is determined based on contracts, related legislation, legal precedents, customary business practices, etc., to be when the Group obtains the right to receive consideration from customers.

The Group determines that maintenance and preservation services are routine or recurring and that performance obligations for such services are satisfied over time while the services are provided based on contracts. Accordingly, for each contract of such services, it recognizes revenue by allocating a promised amount in proportional amounts over a period for which the service is provided.

3) Determination between principal and agent

To determine whether the Group acts as a principal or an agent in transactions, we determine by whether the Group has the control of goods, etc., before providing them to customers. For this determination, consideration is given to points including the following: whether the Group is primarily responsible for fulfilling the promise to provide the good or service to a customer; whether it has inventory risk; and whether it has the discretion in establishing the price for the good or service.

For a transaction where the Group acts as a principal, it recognizes revenue at the gross amount of consideration received from the customer. In contrast, for a transaction where it acts as an agent, it recognizes revenue at the net amount, which is the gross amount of consideration less any cost that is paid to another entity from which the product or service is purchased.

(6) Standard for translation of significant foreign currency denominated assets or liabilities into yen

Foreign currency denominated monetary receivables and payables are translated into yen at the year-end spot exchange rate, and translation adjustments are accounted for as profit or loss.

The assets and liabilities of overseas subsidiaries and affiliates are translated into yen at the year-end spot exchange rate, and the income and expenses of overseas subsidiaries and affiliates are translated into yen at average exchange rate during the period. Translation adjustments are included in foreign currency translation adjustments in net assets.

(7) Significant hedge accounting

1) Hedge accounting

Deferred hedging is applied. However, designated hedge accounting treatments are applied to foreign exchange contracts that satisfy the relevant requirements for designated hedge accounting.

In addition, special accounting treatments are applied to foreign exchange contracts that satisfy the relevant requirements for special accounting for interest rate swaps.

2) Hedging instruments and hedge items

Hedging instruments: foreign exchange contracts and interest rate swaps

Hedge items: foreign currency denominated monetary receivables and payables, anticipated transactions denominated in foreign currency, and borrowings

3) Hedging policy

The risks of fluctuations in foreign exchange rates and interest rates are hedged primarily in accordance with the internal management system, by managing contracts at the Company's accounting division and subsidiaries' management department.

4) Evaluation of hedge effectiveness

For foreign exchange contracts, hedge effectiveness is evaluated by confirming currency type, expiry date, and consistency of monetary amount of hedge items. Evaluation of effectiveness is omitted for interest rate swaps using special accounting since they are approximately the same as borrowings as hedge items in terms of notional principal amounts, payment and receipt terms of interest rates, and contract periods.

(8) Method and period for amortization of goodwill

Goodwill is amortized on a straight-line basis over five years.

(9) Capital covered by the consolidated statement of cash flows

Capital (cash and cash equivalents) as used in the consolidated statement of cash flows comprises cash on hand, deposits available for withdrawal as needed, and time deposits due for redemption within three months from the date of acquisition.

(Significant accounting estimates)

1. Recoverability of deferred tax assets

Deferred tax assets of ¥259 million were recognized to the extent that it is highly probable that sufficient taxable profits, etc. would be available for use of the deductible temporary differences, etc.

Recoverability of such deferred tax assets was based on the expectation that taxable profits, etc. would be available in the future, including the timing of the expected reversal of the deductible temporary differences. The estimates of future taxable profits incorporated external factors such as the budgets of the consolidated companies, taking into account the status of orders received.

Future taxable profits, etc. were estimated based on the budgets of the consolidated companies, etc. However, actual results may differ from these estimates due to the business results of the consolidated companies and changes in the economic environment.

(Consolidated balance sheet)

1. Non-current assets and others in non-consolidated subsidiaries and affiliates are as follows:

	Previous fiscal year (As of March 31, 2024)		Current fiscal year (As of March 31, 2025)	
Non-current assets				
Investment securities (shares)	1,302	(Millions of yen)	1,461	(Millions of yen)
Other (capital)	688		711	

2. Assets pledged as collateral and secured liabilities are as follows:

	Previous fiscal year (As of March 31, 2024)		Current fiscal year (As of March 31, 2025)	
Land and buildings	-	(Millions of yen)	110	(Millions of yen)
Shares	-		686	
Guarantees	-		18	
Total	-		815	

	Previous fiscal year (As of March 31, 2024)		Current fiscal year (As of March 31, 2025)	
Accounts payable- trade	-	(Millions of yen)	430	(Millions of yen)
Electronically recorded obligations - operating	-		191	
Total	-		621	

3. The Group has a contract for overdraft agreement and a contract for loan commitment with correspondent banks in order to efficiently raise working capital. The balance of unused borrowings under these contracts is as follows:

	Previous fiscal year (As of March 31, 2024)		Current fiscal year (As of March 31, 2025)	
Total of maximum amount of the overdraft and loan commitment	14,268	(Millions of yen)	20,752	(Millions of yen)
Balance of used borrowings	3,251		6,624	
Net amount	11,017		14,128	

4. In "Notes and accounts receivable - trade, and contract assets," the amounts of monetary claims and contract assets from contracts with customers are provided in "4. Consolidated Financial Statements and Principal Notes, (5) Notes to Consolidated Financial Statements, (Revenue recognition), 3. Information on relationships between satisfaction of performance obligations for contracts with customers and cashflows from the contracts and on the amounts and the timings of revenue expected to be recognized in the fiscal years following the fiscal year ended March 31, 2025 from contracts that the Group had with customers as of March 31, 2025, (1) Monetary claims, contract assets and contract liabilities from contracts with customers."

(Consolidated statement of income)

1. Research and development expenses included in cost of sales and selling, general and administrative expenses are as follows:

For the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	For the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
30 (Millions of yen)	105 (Millions of yen)

(Consolidated statement of changes in net assets)

For the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

1. Type and total number of shares issued and treasury shares

	Number of shares at beginning of period (Thousand shares)	Increase during the period (Thousand shares)	Decrease during the period (Thousand shares)	Number of shares at end of period (Thousand shares)
Shares issued				
Common stock	12,991	-	-	12,991
Total	12,991	-	-	12,991
Treasury shares				
Common stock	675	0	11	664
Total	675	0	11	664

(Reasons of changes)

1. The increase of 0 thousand shares in number of treasury shares is due to the decision of the Board of Directors to purchase fractional shares.
2. The decrease of 11 thousand shares in number of treasury shares is due to the disposal by stock compensation for directors and executive officers.

2. Dividends

(1) Cash dividends paid

(Resolution)	Type of shares	Total cash dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 22, 2023	Common stock	541	44.00	March 31, 2023	June 23, 2023
Board of Directors Meeting held on November 9, 2023	Common stock	462	37.50	September 30, 2023	December 4, 2023

(2) Dividends for which the record date falls in the current fiscal year, but the effective date falls in the following fiscal year

(Resolution)	Type of shares	Total cash dividends (Millions of yen)	Dividend resource	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 19, 2024	Common stock	690	Retained earnings	56.00	March 31, 2024	June 20, 2024

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

1. Type and total number of shares issued and treasury shares

	Number of shares at beginning of period (Thousand shares)	Increase during the period (Thousand shares)	Decrease during the period (Thousand shares)	Number of shares at end of period (Thousand shares)
Shares issued				
Common stock	12,991	-	520	12,471
Total	12,991	-	520	12,471
Treasury shares				
Common stock	664	118	532	250
Total	664	118	532	250

(Reasons of changes)

1. The decrease of 520 thousand shares in number of shares issued is due to the cancellation of treasury shares resolved at the Board of Directors meeting held on February 13, 2025.
2. The increase of 118 thousand shares in number of treasury shares is due to the purchase of 117 thousand shares of treasury shares resolved at the Board of Directors meeting held on February 13, 2025, and the purchase of 0 thousand shares of fractional shares.
3. The decrease of 532 thousand shares in number of treasury shares is due to the cancellation of 520 thousand shares of treasury shares resolved at the Board of Directors meeting held on February 13, 2025, and the disposal of 12 thousand shares by stock compensation for directors and executive officers.

2. Dividends

(1) Cash dividends paid

(Resolution)	Type of shares	Total cash dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 19, 2024	Common stock	690	56.00	March 31, 2024	June 20, 2024
Board of Directors Meeting held on November 8, 2024	Common stock	431	35.00	September 30, 2024	December 9, 2024

(2) Dividends for which the record date falls in the current fiscal year, but the effective date falls in the following fiscal year

(Resolution)	Type of shares	Total cash dividends (Millions of yen)	Dividend resource	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 25, 2025	Common stock	427	Retained earnings	35.00	March 31, 2025	June 26, 2025

(Consolidated statement of cash flows)

1. Relationship between cash and cash equivalents at year-end and account items listed in the consolidated balance sheet

	For the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	For the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Cash and deposits	8,640 (Millions of yen)	8,834 (Millions of yen)
Time deposits with deposit terms of more than three months	(1,574)	(395)
Cash and cash equivalents	7,065	8,439

(Revenue recognition)

1. Information on the breakdown of revenue from contracts with customers

For details of the information on the breakdown of revenue from contracts with customers, please refer to "4. Consolidated Financial Statements and Principal Notes, (5) Notes to Consolidated Financial Statements, (Segment information, etc.)."

2. Basic information to understand revenue from contracts with customers

For details of basic information to understand revenue from contracts with customers, please refer to "4. Consolidated Financial Statements and Principal Notes, (5) Notes to Consolidated Financial Statements, (Segment information, etc.)."

3. Information on relationships between satisfaction of performance obligations for contracts with customers and cashflows from the contracts and on the amounts and the timings of revenue expected to be recognized in the fiscal years following the fiscal year ended March 31, 2025 from contracts that the Group had with customers as of March 31, 2025

(1) Monetary claims, contract assets and contract liabilities from contracts with customers

Contract assets mainly relate to consideration for work for which revenue has been recognized but the consideration has not been claimed in contracts for which performance obligations are satisfied over time. In the Group, such an asset mainly relates to the Group's right to a portion of the consideration for a part of a construction contract for installation when the portion is unclaimed as of a reporting date although the part has been completed as of the reporting date. A monetary claim is recorded for the contract asset at the time point when the Group's right to the portion of the consideration becomes unconditional. This is usually when an invoice is issued to the customer.

Contract liabilities mainly relate to consideration received in advance from a customer for construction contracts for installation. The amount of consideration received in advance for such a construction contract for installation is recognized as revenue upon completion of work for the contract.

The amounts of monetary claims and contract assets from contracts with customers, out of "notes and accounts receivable - trade, and contract assets," are as follows:

(Millions of yen)

	As of the end of the previous fiscal year (As of March 31, 2024)	As of the end of the current fiscal year (As of March 31, 2025)
Beginning balance of monetary claims from contracts with customers		
Notes receivable - trade	341	269
Accounts receivable - trade	13,046	15,408
	13,387	15,677
Ending balance of monetary claims from contracts with customers		
Notes receivable - trade	269	531
Accounts receivable - trade	15,408	19,666
	15,677	20,197
Beginning balance of contract assets	368	347
Ending balance of contract assets	347	694
Beginning balance of contract liabilities	1,596	2,647
Ending balance of contract liabilities	2,647	1,553

(2) The amount of revenue recognized in the fiscal year under review and included in the contract liability balance at the beginning of the fiscal year under review; and revenue recognized in the fiscal year under review from performance obligations satisfied in previous years

The amount of revenue recognized in the fiscal year under review that was included in the contract liability balance at the beginning of the fiscal year under review, and the amount of revenue recognized in the fiscal year under review from performance obligations satisfied in previous years are as follows:

(Millions of yen)

	For the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	For the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Amount included in the contract liability balance as of the beginning	1,254	1,649
Amount of revenue recognized from performance obligations satisfied in previous years	3	12

(3) Transaction price allocated to the remaining performance obligations

In the amount of transaction price allocated to the remaining performance obligations that had not been satisfied as of the end of the fiscal year under review, amounts of revenue expected to be recognized in different future periods are as follows (a practical expedient is applied to contracts whose original expected remaining performance obligations were due within one year, and these contracts are not included in the said disclosure).

(Millions of yen)

	Previous fiscal year (As of March 31, 2024)	Current fiscal year (As of March 31, 2025)
Due within 1 year	1,079	1,152
Due after 1 year through 2 years	113	158
Due after 2 years through 3 years	-	-
Due after 3 years	-	-
Total	1,192	1,311

(Segment information, etc.)

[Segment information]

1. Description of reportable segments

Reportable segments of the Group are determined as segments whose separate financial information is accessible from among the constituent units of the Group and are regularly used by the management to determine the allocation of management resources and to evaluate achievements.

The Group establishes business divisions classified based on product and service in the headquarters, each of which formulates its own comprehensive strategies for both domestic and overseas markets with respect to its products and services, and operates its business activities.

Accordingly, the Group is organized into business segments based on its business divisions by product and service type, and is composed of three business segments, namely, the Industrial Systems Division, the Industrial Materials Division, and the Mechanical Parts Division.

The Industrial Systems Division markets products related to heavy electric machinery facilities, iron and steel manufacturing facilities, resource development equipment, and other products. The Industrial Materials Division markets products related to resins and coatings, composite materials and foodstuffs, and thermal spraying materials. The Mechanical Parts Division markets precision fasteners (screws) and related machinery, equipment, and tools, as well as vessel repair parts, and manufactures and markets constant load springs, etc.

2. Method of measurement for the amounts of net sales and income (loss), assets, liabilities, and other items for each reportable segment

The accounting method used for reporting business segments is generally the same as stated in “Significant matters that form the basis for preparing consolidated financial statements.”

Reporting segment income figures are based on operating profit.

Inter-segment sales or transfers are mainly based on market prices.

3. Information on net sales and income (loss), assets, liabilities and other items by reportable segment and the breakdown of revenue

For the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reported segment				(Adjustment) (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Industrial Systems Division	Industrial Materials Division	Mechanical Parts Division	Total		
Net sales						
Revenue from sales, etc. of goods	10,099	12,551	18,177	40,828	-	40,828
Revenue from services, etc.						
Commissions on brokerage transactions	686	501	2	1,190	-	1,190
Revenue from other services	1,537	104	-	1,641	-	1,641
Revenue from contracts with customers	12,323	13,157	18,180	43,660	-	43,660
Other revenue	-	-	-	-	-	-
Sales to external customers	12,323	13,157	18,180	43,660	-	43,660
Inter-segment sales or transfers	72	164	671	909	(909)	-
Total	12,395	13,321	18,852	44,569	(909)	43,660
Operating income	212	194	705	1,111	0	1,112
Assets	14,120	7,350	16,798	38,268	11,378	49,646
Other items						
Depreciation and amortization	95	51	218	365	-	365
Increase in tangible/intangible fixed assets	49	14	170	234	38	273

(Notes) 1. Figures are adjusted as follows:

(1) ¥0 million of the adjustment for operating income is due to the adjustment in inventories.

(2) The adjustment of assets includes companywide assets, mainly investment securities not attributable to reportable segments.

2. The total of the segment operating income figures, plus the adjustment corresponds to the operating profit on the consolidated statement of income.

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

(Millions of yen)

	Reported segment				(Adjustment) (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Industrial Systems Division	Industrial Materials Division	Mechanical Parts Division	Total		
Net sales						
Revenue from sales, etc. of goods	12,300	18,802	18,787	49,890	-	49,890
Revenue from services, etc.						
Commissions on brokerage transactions	888	560	5	1,454	-	1,454
Revenue from other services	1,555	82	-	1,637	-	1,637
Revenue from contracts with customers	14,744	19,444	18,792	52,982	-	52,982
Other revenue	-	-	-	-	-	-
Sales to external customers	14,744	19,444	18,792	52,982	-	52,982
Inter-segment sales or transfers	125	256	677	1,060	(1,060)	-
Total	14,870	19,701	19,470	54,042	(1,060)	52,982
Operating income	1,038	141	858	2,039	(0)	2,038
Assets	14,426	16,410	16,236	47,072	10,937	58,010
Other items						
Depreciation and amortization	87	50	211	349	-	349
Goodwill amortization expense	-	-	21	21	-	21
Impairment losses	6	-	5	11	248	259
Increase in tangible/intangible fixed assets	120	56	140	317	4	321

(Notes) 1. Figures are adjusted as follows:

(1) ¥(0) million of the adjustment for operating income is due to the adjustment in inventories.

(2) The adjustment of assets includes companywide assets, mainly investment securities not attributable to reportable segments.

2. The total of the segment operating income figures, plus the adjustment corresponds to the operating profit on the consolidated statement of income.

Main lineup of products or services of each reportable segment is as follows:

Name of segment	Main products and/or contents of services
Industrial Systems Division	Sales of mechanical equipment related to steel, non-ferrous metals, automobiles, chemicals, shipbuilding and plant engineering, etc., electromechanical equipment, inspection equipment, oil drilling-related equipment, and resource development equipment including exploration technology services, etc. for oil and natural gas, electronic devices, electronic components and software, instrumentation control systems, seismometers and vibration meters, image processing equipment, electronic devices installed in aircraft, ground support electronic devices, aircraft equipment, and navigation equipment, etc.
Industrial Materials Division	Sales of composite material manufacturing equipment, textile processing machines, meat processing machines, resin processing machines, painting equipment, measuring/analyzing equipment, food auxiliary materials, engineering plastics, resins, paints, thermal spraying materials, construction materials, synthetic composite materials, and cast and forged products, etc.
Mechanical Parts Division	Sales of precision fasteners (screws) and related machinery, equipment, and tools, vessel repair parts, constant load springs, spiral springs, and various stainless steel springs, etc.

[Related information]
For the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

1. Information by product and service

The description is omitted, as similar information is disclosed in Segment information.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	Americas		Europe	Asia	Other	Total
	U.S.	Other				
23,052	6,226	3,034	1,543	9,591	211	43,660

(2) Property, plant and equipment

The description is omitted, as the amount of property and equipment located in Japan exceeds 90% of the amount of property and equipment on the consolidated balance sheet.

3. Information by main customer

There is no description, as there is no external customer that accounts for 10% or more of the sales on the consolidated statement of income.

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

1. Information by product and service

The description is omitted, as similar information is disclosed in Segment information.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	Americas		Europe	Asia	Other	Total
	U.S.	Other				
31,473	6,064	2,593	313	12,165	373	52,982

(2) Property, plant and equipment

(Millions of yen)

Japan	Americas	Europe	Asia	Other	Total
2,223	13	18	246	-	2,501

3. Information by main customer

There is no description, as there is no external customer that accounts for 10% or more of the sales on the consolidated statement of income.

[Information on impairment loss of fixed assets by reportable segment]

For the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

There is no relevant information.

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

The Company recorded impairment losses as extraordinary losses in the fiscal year ended March 31, 2025 for the recreational facility and investments in autonomous driving development, both of which are included in companywide assets not allocated to any reportable segments.

With respect to the recreational facility, the book value was reduced to its recoverable amount, and an impairment loss of ¥79 million was recorded as extraordinary losses due to the decision to sell the facility and a significant decline in its market value. As for the investments in autonomous driving development, an impairment loss of ¥168 million was recorded as extraordinary losses due to the expectation that it would take longer than initially anticipated to recover the investment.

[Information concerning amortization and unamortized balance of goodwill by reportable segment]

For the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

There is no relevant information.

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

Goodwill of ¥262 million was recognized in the Mechanical Parts Division. This resulted from the acquisition of Wellston Trading Corporation., a consolidated subsidiary.

[Information on gain on negative goodwill by reportable segment]
For the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
There is no relevant information.

For the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Gain on bargain purchase of ¥2,137 million was recognized in the Industrial Materials Division. This resulted from the acquisition of Sanko Shokai Co., Ltd., a consolidated subsidiary.

(Per share information)

	For the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	For the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Net assets per share	2,083.59 (Yen)	2,401.99 (Yen)
Basic earnings per share	93.86 (Yen)	301.69 (Yen)

(Notes) There is no description for diluted earnings per share, as there is no potential common stock.
The basis for the calculation of basic earnings per share is as follows:

	For the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	For the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	1,156	3,717
Amount not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent relating to common stock (Millions of yen)	1,156	3,717
Average number of shares of common stock outstanding during each fiscal year (Thousand shares)	12,323	12,321

(Business combinations, etc.)

(Business combination through acquisition)

1. At the Board of Directors meeting held on August 30, 2024, the Company resolved to acquire all shares of Sanko Shokai Co., Ltd. and make it a subsidiary. A share transfer agreement was executed on the same date, and the share acquisition was completed on October 1, 2024.

(1) Outline of the business combination

1) Name of the acquired company and description of its business

Name of the acquired company:	Sanko Shokai Co., Ltd. and four other companies
Description of business:	Domestic sales and export of general-purpose plastics, engineering plastics, thermal spraying materials, and related molding machines, as well as high-frequency and ultrasonic equipment

2) Reason for the business combination

Sanko Shokai Co., Ltd. is a specialized trading company based in the Chukyo region, engaged in the handling of general-purpose plastics, engineering plastics, and thermal spraying materials (*). The company contributes to the resin materials supply chain across a wide range of industries, including automobile parts, consumer electronics, and semiconductors. To support the overseas operations of its clients, it has established bases in China and Southeast Asia, where it extensively operates its materials supply business.

Having the company join the Group will enable us to leverage each other's domestic and international networks, share a variety of management resources, such as personnel with technical expertise and experience, as well as a strong customer base built over many years, and promote the expansion of product lines and sales areas. In addition, we aim to establish new business channels and create synergies.

*Thermal spraying materials are metals, ceramics, and cermets used in surface modification technologies known as thermal spraying, which are widely applied across various industrial sectors.

3) Date of business combination

October 1, 2024 (date of share acquisition)

4) Legal form of business combination

Acquisition of shares for cash consideration

5) Name of the company after the business combination

No change

6) Percentage of voting rights acquired

100%

7) Basis for determining the acquiring company

The Company was determined to be the acquiring company as it acquired the shares in exchange for cash consideration.

(2) Period of the acquired company's financial results included in the consolidated financial statements

From October 1, 2024 to March 31, 2025

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration:	Cash	¥3,700 million
Acquisition cost:		¥3,700 million

(4) Description and amount of major costs related to acquisition

Advisory expenses, etc.:	¥213 million

(5) Amount and cause of negative goodwill recognized

1) Amount of negative goodwill

¥2,137 million

This amount has been provisionally calculated, as the allocation of the acquisition cost has not yet been completed during the fiscal year ended March 31, 2025.

2) Cause of recognition

As the fair value of the net assets of the acquired company at the time of the business combination exceeded the acquisition cost, the difference was recognized as gain on bargain purchase.

(6) Amount of assets accepted and liabilities assumed on the date of the business combination, and major components thereof

Current assets	7,244	(Millions of yen)
Non-current assets	2,140	
Total assets	9,384	
Current liabilities	2,890	
Non-current liabilities	656	
Total liabilities	3,546	

2. At the Board of Directors meeting held on August 30, 2024, the Company resolved that ETO Co., Ltd., a consolidated subsidiary of the Company, would acquire all shares of Wellston Trading Corporation. and make it a subsidiary (a second-tier subsidiary of the Company). A share transfer agreement was executed on the same date, and the share acquisition was completed on November 1, 2024.

(1) Outline of the business combination

1) Name of the acquired company and description of its business

Name of the acquired company: Wellston Trading Corporation. and one other company

Description of business: Export, domestic sales, and maintenance services for vessel repair parts, land-based power generation engine components, food packaging machinery, printing machinery, and machine tools

2) Reason for the business combination

ETO Co., Ltd., a consolidated subsidiary of the Company, is a specialized trading company primarily engaged in the sale of industrial precision fasteners (screws) and related machinery, equipment, and tools. In order to provide strong support to both domestic and international customers, the company has leveraged its accumulated experience to enhance its quality assurance systems, technical expertise, and supply chain, and has developed a broad overseas business expansion in China, the ASEAN region, and North America.

Wellston Trading Corporation., whose shares were recently acquired, is a specialized trading company mainly engaged in export and domestic wholesale of vessel repair parts. With over 20 years of industry experience since its establishment, the company has cultivated an extensive supplier network and a large customer base, particularly in Southeast Asia. It continues to expand its global business by capturing the rising demand for vessel maintenance.

By making Wellston Trading Corporation. its subsidiary, ETO Co., Ltd. aims to diversify its business by entering the new market of vessel repair parts and to strengthen its earnings base by generating opportunities to develop new product lines.

3) Date of business combination

November 1, 2024 (date of share acquisition)

4) Legal form of business combination
Acquisition of shares for cash consideration

5) Name of the company after the business combination
No change

6) Percentage of voting rights acquired
100%

7) Basis for determining the acquiring company
ETO Co., Ltd. was determined to be the acquiring company as it acquired the shares in exchange for cash consideration.

(2) Period of the acquired company's financial results included in the consolidated financial statements
From November 1, 2024 to March 31, 2025

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration:	Cash	¥1,030 million
Acquisition cost:		¥1,030 million

(4) Description and amount of major costs related to acquisition

Advisory expenses, etc.:	¥15 million

(5) Amount and cause of goodwill recognized, as well as amortization method and period

1) Amount of goodwill
¥262 million
This amount has been provisionally calculated, as the allocation of the acquisition cost has not yet been completed during the fiscal year ended March 31, 2025.

2) Cause of recognition
Goodwill was recognized based on the expectation of future economic benefits exceeding the fair value of net assets, reflecting the company's potential for growth.

3) Amortization method and period
Straight-line amortization method over five years

(6) Amount of assets accepted and liabilities assumed on the date of the business combination, and major components thereof

Current assets	1,548	(Millions of yen)
Non-current assets	66	
Total assets	1,614	
Current liabilities	847	
Non-current liabilities	-	
Total liabilities	847	

(Significant subsequent events)

Not applicable.