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May 14, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)



Company name: Kyokuto Boeki Kaisha, Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 8093
 URL: <https://www.kbk.co.jp>
 Representative: Shinji Sakuma, President and Chief Executive Officer
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 Telephone: +81-3-3244-3558
 Scheduled date of annual general meeting of shareholders: June 23, 2026
 Scheduled date to commence dividend payments: June 24, 2026
 Scheduled date to file annual securities report: June 22, 2026
 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, 2026 (from April 1, 2025 to March 31, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	64,538	21.8	2,583	26.7	2,846	12.7	1,829	(50.8)
March 31, 2025	52,982	21.4	2,038	83.3	2,525	69.8	3,717	221.4

Note: Comprehensive income For the fiscal year ended March 31, 2026: ¥3,595 million [(27.8)%]
 For the fiscal year ended March 31, 2025: ¥4,976 million [59.6%]

Fiscal year ended	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
	Yen	Yen	%	%	%
March 31, 2026	151.69	-	6.0	4.8	4.0
March 31, 2025	301.69	-	13.5	4.7	3.8

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2026: ¥138 million
 For the fiscal year ended March 31, 2025: ¥135 million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2026	59,506	31,822	53.5	2,644.20
March 31, 2025	58,010	29,356	50.6	2,401.99

Reference: Equity
 As of March 31, 2026: ¥31,822 million
 As of March 31, 2025: ¥29,356 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, 2026	5,091	394	(4,337)	9,807
March 31, 2025	(798)	245	1,120	8,439

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			
Fiscal year ended March 31, 2025	Yen -	Yen 35.00	Yen -	Yen 35.00	Yen 70.00	Millions of yen 859	% 23.2	% 3.1
Fiscal year ended March 31, 2026	-	35.00	-	39.00	74.00	890	48.8	2.9
Fiscal year ending March 31, 2027 (Forecast)	-	37.00	-	37.00	74.00		36.4	

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

Payout ratio (consolidated) for the fiscal year ending March 31, 2027, based on adjusted net income, excluding gain on sale of investment securities, is 50.9%.

3. Consolidated financial results forecast for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(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	66,000	2.3	2,300	(11.0)	2,550	(10.4)	2,450	33.9	203.12

* **Notes**

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

Newly included: - companies

(Company name) -

Excluded: 1 company

(Company name) Vahle Japan Co., Ltd.

(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, 2026	12,152,736 shares
As of March 31, 2025	12,471,836 shares

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

As of March 31, 2026	117,797 shares
As of March 31, 2025	250,074 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2026	12,061,613 shares
Fiscal year ended March 31, 2025	12,321,676 shares

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2026	14,066	6.6	565	47.6	3,734	206.1	3,738	317.2
March 31, 2025	13,201	11.5	383	304.9	1,220	(1.1)	895	(34.6)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2026	309.91	-
March 31, 2025	72.72	-

(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, 2026	45,173	20,114	44.5	1,671.30
March 31, 2025	42,926	16,399	38.2	1,341.80

Reference: Equity

As of March 31, 2026: ¥20,114 million

As of March 31, 2025: ¥16,399 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 6 of the [Attachments].

Table of Contents - Attachments

1. Overview of Operating Results, etc.	2
(1) Overview of Operating Results for the Fiscal Year under Review	2
(2) Overview of Financial Position for the Fiscal Year under Review	4
(3) Overview of Cash Flows for the Fiscal Year under Review	4
(4) Future Outlook	6
(5) Basic Policy on Profit Distribution and Dividends for the Fiscal Year under Review and the Next Fiscal Year	8
2. Consolidated Financial Statements and Principal Notes	9
(1) Consolidated Balance Sheet	9
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	11
Consolidated Statement of Income	11
Consolidated Statement of Comprehensive Income	12
(3) Consolidated Statement of Changes in Net Assets	13
(4) Consolidated Statement of Cash Flows	15
(5) Notes to Consolidated Financial Statements	17
(Notes on going concern assumption)	17
(Segment information, etc.)	17
(Per share information)	22
(Business combinations, etc.)	23
(Significant subsequent events)	23

1. Overview of Operating Results, etc.

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

In the final year of the medium-term management plan “KBK Plus-One 2025,” which aims to realize a sustainable society and enhance corporate value, the Group steadily promoted the strengthening of its business foundation by optimizing its business portfolio in line with the strategies set forth in the plan and allocating resources to new business fields. As a result, ordinary profit for the final fiscal year of the plan amounted to ¥2,846 million, significantly exceeding the target of ¥1,900 million. ROE was 6.0%, also exceeding the target of 5.4%. In addition, we executed the acquisitions in the previous fiscal year of Sanko Shokai Co., Ltd., which engages in the commodity plastics and engineering plastics business, and Wellston Trading Corporation, which engages in the vessel repair parts business, carrying out M&A investments totaling ¥5.0 billion as originally planned.

	Medium-term management plan final fiscal year target	Full-year results for the fiscal year ended March 31, 2026
Consolidated ordinary profit	¥1,900 million	¥2,846 million
ROE	5.4%	6.0%

Under these circumstances, for the fiscal year ended March 31, 2026 (from April 2025 to March 2026), revenue and profits increased due to significant year on year increases in both net sales and operating profit. This was a result of strong performances in the plant equipment business for overseas clients, resource and measurement device-related business, etc. in addition to contributions to full-year performance from Sanko Shokai Co., Ltd., which became a consolidated subsidiary in the previous fiscal year. Ordinary profit increased because of increased operating profit, but the growth was limited due to an increase in interest expenses amid rising interest rates, the recording of bond issuance costs, and other factors. On the other hand, profit attributable to owners of parent decreased due to the absence of gain on bargain purchase recorded as extraordinary income in the previous fiscal year; however, profit attributable to owners of parent excluding the impact of gain on bargain purchase increased.

Results for the fiscal year ended March 31, 2026 are as follows.

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Increase/decrease
Net sales	¥52,982 million	¥64,538 million	+ ¥11,555 million
Gross profit	¥10,931 million	¥11,855 million	+ ¥924 million
Operating profit	¥2,038 million	¥2,583 million	+ ¥545 million
Ordinary profit	¥2,525 million	¥2,846 million	+ ¥321 million
Profit attributable to owners of parent	¥3,717 million	¥1,829 million	- ¥1,887 million*

* Profit attributable to owners of parent excluding a gain on bargain purchase of ¥2,137 million is ¥1,580 million, an increase of ¥249 million.

(Overview by division)

Business results of each segment are as follows.

Industrial Systems Division

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Increase/decrease
Net sales	¥14,744 million	¥16,475 million	+ ¥1,730 million
Operating profit	¥1,038 million	¥1,185 million	+ ¥146 million

In the industrial infrastructure-related business sector, the business for heavy electric machinery for overseas plants performed strongly. In addition, in the seismometer and vibration meter equipment business, major contracts for seismometers for government agencies, against the backdrop of increasing social awareness regarding disaster prevention and mitigation, contributed to sales. Maintenance and inspection projects in the railway sector also increased steadily, leading to the solid performance of this sector.

The resource and measurement device-related business recorded growth against a backdrop of solid demand for aviation and aeronautics and defense equipment. In addition, we secured contracts for performance upgrades and enhancements related to main components of geophysical exploration systems for marine resource exploration, while steadily accumulating drilling-related projects. Furthermore, in the lithium-ion battery business in Europe, new large-scale orders for outdoor mobility solutions contributed to revenue.

As a result, operating profit increased significantly from the previous period.

Industrial Materials Division

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Increase/decrease
Net sales	¥19,444 million	¥27,993 million	+ ¥8,548 million
Operating profit	¥141 million	¥620 million	+ ¥478 million

In the functional materials-related business, the commodity plastics and engineering plastics business that was consolidated as a subsidiary in the previous fiscal year contributed to the full-year financial results, and performance for parts and materials for automobiles remained strong, particularly for the North American market.

In the lifestyle and environment-related business, performance for adhesives for aircraft interior equipment grew, supported by strong aircraft demand. Anti-corrosion coatings for structures performed well, driven by improved profit margins resulting from price adjustments and orders for seismic isolators for data centers and large logistics facilities.

In addition, the division as a whole achieved a significant increase in profits, due in part to the absence of one-time M&A-related expenses recorded in the previous fiscal year.

Mechanical Parts Division

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Increase/decrease
Net sales	¥18,792 million	¥20,069 million	+ ¥1,276 million
Operating profit	¥858 million	¥791 million	- ¥67 million

In the precision fasteners (screw)-related business, performance was sluggish due to production adjustments by automobile manufacturers in China and the ASEAN region, a decline in demand for housing equipment in North America due to inflation and high interest rates, and an increase in selling, general and

administrative expenses associated with the full launch of operations of an overseas subsidiary. The vessel repair parts business also saw a slowdown due to sluggish demand. On the other hand, profitability improved in the special spring-related business due to the effects of restructuring.

As a result, profits for the division as a whole decreased.

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

Total assets as of March 31, 2026 were ¥59,506 million, an increase of ¥1,496 million from March 31, 2025. This was primarily due to decreases of ¥1,889 million in notes and accounts receivable - trade, and contract assets and ¥1,054 million in electronically recorded monetary claims – operating, and increases of ¥1,914 million in investment securities, ¥896 million in merchandise and finished goods, and ¥487 million in advance payments to suppliers.

Total liabilities were ¥27,683 million, a decrease of ¥970 million from March 31, 2025. This was primarily due to a decrease of ¥5,103 million in short-term borrowings, and increases of ¥1,030 million in notes and accounts payable – trade, ¥1,600 million in bonds payable, and ¥488 million in long-term borrowings.

Total net assets were ¥31,822 million, an increase of ¥2,466 million from March 31, 2025. This was primarily due to increases of ¥1,355 million in valuation difference on available-for-sale securities and ¥574 million in retained earnings.

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

Cash and cash equivalents as of March 31, 2026 were ¥9,807 million, an increase of ¥1,367 million from March 31, 2025. The primary factors causing the increase or decrease were as follows.

(Cash flows from operating activities)

Cash flows from operating activities resulted in a cash inflow of ¥5,091 million (cash outflow of ¥798 million a year earlier). This was primarily due to recording of ¥3,077 million in profit before income taxes and a decrease of ¥3,002 million in trade receivables.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a cash inflow of ¥394 million (cash inflow of ¥245 million a year earlier). This was primarily due to proceeds from sale of investment securities of ¥395 million.

(Cash flows from financing activities)

Cash flows from financing activities resulted in a cash outflow of ¥4,337 million (cash inflow of ¥1,120 million a year earlier). This was primarily due to repayments of short-term borrowings of ¥5,288 million.

(Trends in cash flow-related indicators)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Shareholders' equity ratio (%)	49.7	52.9	51.7	50.6	53.5
Shareholders' equity ratio based on market value (%)	16.5	41.7	51.3	33.0	37.5
Ratio of cash flow to interest-bearing debt (years)	(8.5)	2.2	(4.1)	(9.3)	0.9
Interest coverage ratio	(25.0)	50.7	(35.7)	(11.9)	48.7

(Notes) Shareholders' equity ratio: $\text{Shareholders' equity} / \text{Total assets}$

Shareholders' equity ratio based on market value: $\text{Market capitalization} / \text{Total assets}$

Ratio of cash flow to interest-bearing debt: $\text{Interest-bearing debt} / \text{Operating cash flow}$

Interest coverage ratio: $\text{Operating cash flow} / \text{Interest payments}$

* 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 Group implemented the business strategies outlined in the medium-term management plan “KBK Plus One 2025,” which aims to realize a sustainable society and enhance corporate value, and continued to improve the performance, producing results steadily over the past five years. Meanwhile, due to major trends such as decarbonization, digitalization, normalization of geopolitical risks, and labor shortages, the business environment is at a structural turning point. We believe a more advanced business model is essential to achieve sustainable growth and improve capital efficiency.

In light of this, we have formulated a new “Medium-Term Management Plan 2028” Beyond NEXUS, covering the three-year period from the fiscal year ending March 31, 2027, based on the concept of “Transform into a solution partner that opens up the future.”

02 MTMP 2028 Beyond NEXUS

KBK's Aims

KBK
Kyokuto Boeki Kaisha, Ltd.

Transform into a solution partner that opens up the future

Corporate Philosophy

“Personnel, Technology, and Confidence”

Mission Statement

“Bridging Market Needs with Technological Capabilities”

“MTMP 2028” Beyond NEXUS

Under our corporate philosophy and mission statement, we aim to transform into a solution partner that both solves social issues and creates customer value.

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02 MTMP 2028 Beyond NEXUS

Positioning of the "MTMP 2028"

KBK
Kyokuto Boeki Kaisha, Ltd.

Phase 3 of the long-term management strategy toward achieving our "Ideal Vision"

- Enhancing corporate value by prioritizing profitability and capital efficiency
- Defined an 'Ideal Vision' and five strategic themes to maximize social and corporate value

ROE 8% or more

Our 10-Year Vision

A value-creating company through "Technology Trading Company × Manufacturer Functions"

An autonomous professional group where diverse talents thrive

Intelligence-driven management that builds competitive advantage through data-driven approaches

Net Sales: 150Billion JPY

ROE: 12% or more

KBK Plus One 2025 **MTMP 2028**

Phase I: Transformation Period
Responding to changing conditions, solidifying the foundation for our company's development

Phase II: Development Period
Development utilizing the established growth foundation

Phase III: Leap Period
Establishing competitive advantage through "Group Human Resources × DX Transformation Capabilities"

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We have identified five key areas: disaster prevention, defense, energy, transportation equipment, and semiconductors. These areas are in line with the government's growth strategy, and we will concentrate our management resources on them. In addition, we have established a budget of over ¥5.0 billion for M&A and other investments over three years, aiming to achieve non-linear growth. The quantitative targets for the fiscal year ending March 31, 2029, the final fiscal year for the Medium-Term Management Plan, are as follows. We will continue to pursue enhanced corporate value in the medium- to long- term.

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Outline of the "MTMP 2028"

Advancing our business model and transforming our profit structure

Name & Period	"MTMP 2028" Beyond NEXUS (3 years from FY2026 to 2028)																			
Policy	Promote concentrated investment in the Priority Business Domains (Disaster Prevention, Defense & Security, Energy, Transportation Systems, Semiconductors) and group-wide collaboration																			
Management Strategic Themes	<ol style="list-style-type: none"> 1 A balanced business portfolio strategy for profitability and growth 2 M&A strategy for non-continuous growth 3 Regional & Alliance Strategy to strengthen global competitiveness. 	<ol style="list-style-type: none"> 4 Talent & Organizational Strategy to enhance vitality and competitiveness 5 DX Strategy to realize data-driven management. 																		
Quantitative Targets	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #0056b3; color: white;">Item</th> <th style="background-color: #0056b3; color: white;">FY2025 Result</th> </tr> </thead> <tbody> <tr> <td>Operating Profit</td> <td>2.6Billion JPY</td> </tr> <tr> <td>ROE</td> <td>6.0%</td> </tr> <tr> <td>ROIC</td> <td>4.7%</td> </tr> <tr> <td>M&A etc. Investment</td> <td>6.5Billion JPY (5 years) M&A:5.0Billion JPY</td> </tr> <tr> <td>Division Policy</td> <td>74JPY per share</td> </tr> </tbody> </table>	Item	FY2025 Result	Operating Profit	2.6Billion JPY	ROE	6.0%	ROIC	4.7%	M&A etc. Investment	6.5Billion JPY (5 years) M&A:5.0Billion JPY	Division Policy	74JPY per share	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #0056b3; color: white;">FY2028 Target</th> </tr> </thead> <tbody> <tr> <td>3.5Billion JPY</td> </tr> <tr> <td>8% or more</td> </tr> <tr> <td>7% or more</td> </tr> <tr> <td>5.0Billion JPY or more</td> </tr> <tr> <td>Progressive Dividend</td> </tr> </tbody> </table>	FY2028 Target	3.5Billion JPY	8% or more	7% or more	5.0Billion JPY or more	Progressive Dividend
Item	FY2025 Result																			
Operating Profit	2.6Billion JPY																			
ROE	6.0%																			
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Progressive Dividend																				

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Cash Allocation

Generated cash flow will be prioritized for growth investments (5.0–8.0Billion JPY)

3-Year Cumulative (FY2026~2028)

Optimization of B/S 1.0B JPY	<div style="border-left: 1px dashed gray; border-right: 1px dashed gray; height: 100px; position: relative;"> <div style="position: absolute; top: 0; left: 0; right: 0; border-bottom: 1px dashed gray; height: 20px;"></div> <div style="position: absolute; bottom: 0; left: 0; right: 0; border-top: 1px dashed gray; height: 20px;"></div> </div>
Sale of Investment Securities 4.0B JPY	
Core Operating CF 7.0B JPY	
Cash In	

Growth Investment (Expansion & M&A) 5.0B JPY	<div style="border-left: 1px dashed gray; border-right: 1px dashed gray; height: 100px; position: relative;"> <div style="position: absolute; top: 0; left: 0; right: 0; border-bottom: 1px dashed gray; height: 20px;"></div> <div style="position: absolute; bottom: 0; left: 0; right: 0; border-top: 1px dashed gray; height: 20px;"></div> </div>
M&A or Shareholder Returns 3.0B JPY	
Share Buyback 1.0B JPY	
Shareholder Returns (Dividends) 3.0B JPY	
Cash Out	

Maximum 8.0 Billion JPY

Maximum 4.0 Billion JPY

- Growth Investment**
M&A, capital expenditure, R&D, human capital investment, etc. Plan for 5.0–8.0Billion JPY.
- Shareholder Returns**
Progressive dividend starting from 74JPY per share. A total of 4.0–7.0Billion JPY will be returned through dividends and share buybacks.
- Equity Ratio**
45% or higher.

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Please refer to the “Medium-Term Management Plan 2028” Beyond NEXUS released today for more details.

Regarding the consolidated financial results for the fiscal year ending March 31, 2027, we expect ¥66,000 million in net sales, ¥2,300 million in operating profit, ¥2,550 million in ordinary profit, and ¥2,450 million in profit attributable to owners of parent.

(Note) The financial results forecasts are based on information currently available to the Company as of the date of the release of this document. Actual results may differ from these forecasts due to various factors.

(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.

- Policy on profit distribution and dividends for the fiscal year ended March 31, 2026

With regard to dividends for the fiscal year under review, the Company adopted 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%.

Based on the policy above, the year-end dividend for the fiscal year ended March 31, 2026, is scheduled to be ¥39 per share. Combined with the interim dividend of ¥35 per share already paid, the annual dividend will total ¥74 per share. As a result, the dividend payout ratio for the fiscal year will be 48.8%.

- Policy on profit distribution and dividends for the fiscal year ending March 31, 2027

With regard to dividends from the next fiscal year onward, the Company will continue its “progressive dividend” policy whereby dividends, in principle, will not be reduced and will be maintained or increased. The target dividend payout ratio is 50%, calculated based on adjusted net income excluding non-recurring gains and losses (such as gain on sale of investment securities and gain on bargain purchase). 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.

Based on this policy above, for the fiscal year ending March 31, 2027, the Company plans to pay an annual dividend of ¥74 per share (an interim dividend of ¥37 per share and a year-end dividend of ¥37 per share). As a result, the dividend payout ratio for the fiscal year will be 36.4% based on net income (forecast), or 50.9% based on adjusted net income excluding gain on sale of investment securities (forecast).

- Repurchase and cancellation of treasury shares

As part of our capital strategy supporting medium-and long-term growth, we make business investments and implement capital policy flexibly to contribute to enhancing our corporate value, while paying attention to capital costs.

During the fiscal year under review, we repurchased treasury shares from February 14, 2025 through July 15, 2025, with a maximum repurchase amount of ¥500 million and a maximum number of 350,000 shares. Of the repurchased treasury shares, we retired 319,100 shares on September 30, 2025.

As announced today in the “Notice Concerning Repurchase of Shares of our Common Stock,” we will make further repurchases of treasury shares next fiscal year, from May 15, 2026 through February 28, 2027, with a maximum repurchase amount of ¥1,000 million and a maximum number of 600,000 shares.

2. Consolidated Financial Statements and Principal Notes
(1) Consolidated Balance Sheet

(Unit: Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	8,834	9,909
Notes and accounts receivable - trade, and contract assets	20,891	19,002
Electronically recorded monetary claims - operating	3,574	2,520
Merchandise and finished goods	6,749	7,646
Work in process	81	98
Raw materials and supplies	645	618
Advance payments to suppliers	1,513	2,000
Other	1,535	1,885
Allowance for doubtful accounts	(137)	(176)
Total current assets	43,688	43,505
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,954	1,997
Accumulated depreciation	(1,349)	(1,400)
Buildings and structures, net	604	597
Machinery, equipment and vehicles	856	862
Accumulated depreciation	(688)	(741)
Machinery, equipment and vehicles, net	168	120
Tools, furniture and fixtures	1,264	1,289
Accumulated depreciation	(1,073)	(1,099)
Tools, furniture and fixtures, net	190	189
Right of use assets	351	385
Accumulated depreciation	(140)	(205)
Right of use assets, net	211	179
Leased assets	74	74
Accumulated depreciation	(52)	(58)
Leased assets, net	21	15
Land	1,301	1,292
Construction in progress	3	49
Total property, plant and equipment	2,501	2,445
Intangible assets		
Goodwill	240	187
Other	201	212
Total intangible assets	442	399
Investments and other assets		
Investment securities	9,405	11,319
Other	1,988	1,850
Allowance for doubtful accounts	(15)	(13)
Total investments and other assets	11,377	13,155
Total non-current assets	14,321	16,000
Total assets	58,010	59,506

(Unit: Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,641	13,671
Electronically recorded obligations - operating	2,050	1,345
Short-term borrowings	6,577	1,473
Lease liabilities	117	133
Income taxes payable	543	761
Contract liabilities	1,553	2,274
Provision for bonuses	380	390
Other	937	1,070
Total current liabilities	24,801	21,121
Non-current liabilities		
Bonds payable	100	1,700
Long-term borrowings	731	1,220
Lease liabilities	120	64
Long-term accounts payable - other	65	67
Deferred tax liabilities	1,562	2,382
Retirement benefit liability	1,265	1,121
Asset retirement obligations	6	6
Total non-current liabilities	3,852	6,561
Total liabilities	28,653	27,683
Net assets		
Shareholders' equity		
Share capital	5,496	5,496
Capital surplus	7,935	7,935
Retained earnings	10,760	11,335
Treasury shares	(277)	(151)
Total shareholders' equity	23,914	24,615
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,709	4,065
Deferred gains or losses on hedges	8	39
Foreign currency translation adjustment	2,707	2,963
Remeasurements of defined benefit plans	16	138
Total accumulated other comprehensive income	5,441	7,207
Total net assets	29,356	31,822
Total liabilities and net assets	58,010	59,506

(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, 2025	For the fiscal year ended March 31, 2026
Net sales	52,982	64,538
Cost of sales	42,050	52,682
Gross profit	10,931	11,855
Selling, general and administrative expenses		
Remuneration, salaries and allowances for directors (and other officers)	3,530	3,792
Employees' bonuses	329	369
Bad debt expenses	0	5
Provision for bonuses	291	305
Retirement benefit expenses	185	178
Depreciation	232	268
Provision of allowance for doubtful accounts	64	37
Other	4,258	4,313
Total selling, general and administrative expenses	8,892	9,271
Operating profit	2,038	2,583
Non-operating income		
Interest income	83	55
Dividend income	342	239
Share of profit of entities accounted for using equity method	135	138
Other	151	58
Total non-operating income	712	492
Non-operating expenses		
Interest expenses	66	104
Bond issuance costs	-	40
Foreign exchange losses	79	48
Commission expenses	17	-
Other	62	36
Total non-operating expenses	226	230
Ordinary profit	2,525	2,846
Extraordinary income		
Gain on sale of investment securities	246	270
Gain on bargain purchase	2,137	-
Total extraordinary income	2,384	270
Extraordinary losses		
Impairment losses	259	40
Loss on sale of investment securities	70	-
Total extraordinary losses	329	40
Profit before income taxes	4,580	3,077
Income taxes - current	870	1,126
Income taxes - deferred	(9)	120
Total income taxes	860	1,247
Profit	3,719	1,829
Profit attributable to non-controlling interests	2	-
Profit attributable to owners of parent	3,717	1,829

Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Profit	3,719	1,829
Other comprehensive income		
Valuation difference on available-for-sale securities	204	1,355
Deferred gains or losses on hedges	(10)	31
Foreign currency translation adjustment	1,005	233
Remeasurements of defined benefit plans, net of tax	(15)	121
Share of other comprehensive income of entities accounted for using equity method	72	22
Total other comprehensive income	1,257	1,765
Comprehensive income	4,976	3,595
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,974	3,595
Comprehensive income attributable to non-controlling interests	2	-

(3) Consolidated Statement of Changes in Net Assets

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)
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)
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

Fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,496	7,935	10,760	(277)	23,914
Changes during period					
Dividends of surplus			(848)		(848)
Profit attributable to owners of parent			1,829		1,829
Purchase of treasury shares				(302)	(302)
Disposal of treasury shares		3		428	432
Cancellation of treasury shares		(3)	(406)		(409)
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	574	126	700
Balance at end of period	5,496	7,935	11,335	(151)	24,615

	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	2,709	8	2,707	16	5,441	-	29,356
Changes during period							
Dividends of surplus							(848)
Profit attributable to owners of parent							1,829
Purchase of treasury shares							(302)
Disposal of treasury shares							432
Cancellation of treasury shares							(409)
Change in ownership interest of parent due to transactions with non-controlling interests							-
Net changes in items other than shareholders' equity	1,355	31	256	121	1,765	-	1,765
Total changes during period	1,355	31	256	121	1,765	-	2,466
Balance at end of period	4,065	39	2,963	138	7,207	-	31,822

(4) Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	4,580	3,077
Depreciation	349	398
Impairment losses	259	40
Amortization of goodwill	21	53
Gain on bargain purchase	(2,137)	-
Increase (decrease) in allowance for doubtful accounts	29	35
Increase (decrease) in provision for bonuses	60	9
Interest and dividend income	(425)	(295)
Share of loss (profit) of entities accounted for using equity method	(135)	(138)
Interest expenses	66	104
Loss (gain) on sale of investment securities	(176)	(270)
Decrease (increase) in trade receivables	(578)	3,002
Decrease (increase) in inventories	(809)	(742)
Decrease (increase) in advance payments to suppliers	1,167	(521)
Decrease (increase) in accounts receivable - other	298	(285)
Increase (decrease) in retirement benefit liability	(71)	(27)
Decrease (increase) in other current assets	(139)	59
Increase (decrease) in trade payables	(1,483)	193
Increase (decrease) in accounts payable - other	(6)	32
Increase (decrease) in contract liabilities	(1,111)	726
Increase (decrease) in other current liabilities	(228)	109
Other, net	68	99
Subtotal	(403)	5,660
Interest and dividends received	421	448
Interest paid	(66)	(104)
Income taxes paid	(750)	(912)
Net cash provided by (used in) operating activities	(798)	5,091
Cash flows from investing activities		
Payments into time deposits	(472)	(97)
Proceeds from withdrawal of time deposits	1,746	392
Purchase of investment securities	(4)	(18)
Proceeds from sale of investment securities	649	395
Purchase of non-current assets	(243)	(314)
Proceeds from sale of non-current assets	22	4
Decrease (increase) in guarantee deposits	20	0
Proceeds from liquidation of subsidiaries	10	-
Proceeds from redemption of securities	100	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,866)	-
Other, net	283	33
Net cash provided by (used in) investing activities	245	394

(Unit: Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,761	(5,288)
Proceeds from long-term borrowings	700	1,100
Repayments of long-term borrowings	(918)	(430)
Proceeds from issuance of bonds	-	1,559
Purchase of treasury shares	(198)	(302)
Dividends paid	(1,116)	(850)
Other, net	(107)	(125)
Net cash provided by (used in) financing activities	1,120	(4,337)
Effect of exchange rate change on cash and cash equivalents	806	218
Net increase (decrease) in cash and cash equivalents	1,374	1,367
Cash and cash equivalents at beginning of period	7,065	8,439
Cash and cash equivalents at end of period	8,439	9,807

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(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 the method used for the preparation of the 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, 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						
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 profit	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 profit 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 profit figures, plus the adjustment corresponds to the operating profit on the consolidated statement of income.

For the fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(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						
Sales to external customers	16,475	27,993	20,069	64,538	-	64,538
Inter-segment sales or transfers	43	593	737	1,374	(1,374)	-
Total	16,519	28,587	20,806	65,913	(1,374)	64,538
Operating profit	1,185	620	791	2,596	(12)	2,583
Assets	15,259	18,230	15,124	48,614	10,891	59,506
Other items						
Depreciation and amortization	97	59	241	398	-	398
Goodwill amortization expense	-	-	53	53	-	53
Impairment losses	-	-	40	40		40
Increase in tangible/intangible fixed assets	58	95	166	320	37	357

(Notes) 1. Figures are adjusted as follows:

- (1) ¥(12) million of the adjustment for operating profit 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 profit 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, food 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, 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		China	Other		
31,473	6,064	2,593	313	5,171	6,994	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.

For the fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

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		China	Other		
37,330	6,350	2,625	1,049	8,801	7,462	917	64,538

(Changes in method of presentation)

Net sales in China, which were included in “Asia” in the previous fiscal year, is presented separately in the fiscal year under review as they exceeded 10% of the total net sales in the Consolidated Statement of Income. To reflect this change in the method of presentation, “2. Information by geographical area (1) Net sales” of the previous fiscal year have been reclassified. As a result, the ¥12,165 million reported as “Asia” in the previous fiscal year has been reclassified and presented as ¥5,171 million of “China” and ¥6,994 million of “Other.”

(2) Property, plant and equipment

(Millions of yen)

Japan	Americas	Europe	Asia	Other	Total
2,199	16	14	215	-	2,445

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, 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.

For the fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

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

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

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.

For the fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(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		
Balance at end of period	-	-	187	187	-	187

(Note) The description regarding amortization of goodwill is omitted, as similar information is disclosed in Segment information.

[Information on gain on negative goodwill by reportable segment]

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.

For the fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

There is no relevant information.

(Per share information)

	For the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	For the fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Net assets per share	2,401.99 (Yen)	2,644.20 (Yen)
Basic earnings per share	301.69 (Yen)	151.69 (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, 2025 (April 1, 2024 to March 31, 2025)	For the fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	3,717	1,829
Amount not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent relating to common stock (Millions of yen)	3,717	1,829
Average number of shares of common stock outstanding during each fiscal year (Thousand shares)	12,321	12,061

(Business combinations, etc.)

(Finalization of provisional accounting treatment concerning business combinations)

The provisional accounting treatment implemented in the previous fiscal year for the business combination with Sanko Shokai Co., Ltd., which was conducted on October 1, 2024, was finalized during the fiscal year under review. There were no changes to the amount of negative goodwill provisionally calculated in the previous fiscal year.

The provisional accounting treatment implemented in the previous fiscal year for the business combination with Wellston Trading Corporation, which was conducted on November 1, 2024, was finalized during the fiscal year under review. There were no changes to the amount of goodwill provisionally calculated in the previous fiscal year.

(Significant subsequent events)

(Repurchase of treasury shares)

At the Board of Directors meeting held on May 14, 2026, it was resolved to repurchase shares of its common stock pursuant to Article 156 of the Companies Act of Japan (the “Companies Act”), as applied pursuant to Paragraph 3, Article 165 of the Companies Act, as follows.

1. Reason for Repurchase of Shares

As part of our capital strategy supporting medium- to long-term growth, we make business investments and implement capital policy flexibly to contribute to enhancing our corporate value, while paying attention to capital costs. We aim to enhance shareholder returns and improve capital efficiency through this repurchase of shares.

2. Details of Repurchase

(1) Class of shares to be repurchased	Common stock of the Company
(2) Total number of shares to be repurchased	600,000 shares (maximum)
(This represents 4.99% of the total number of issued shares (excluding treasury shares))	
(3) Total purchase price	1,000,000,000 yen (maximum)
(4) Period of repurchase	From May 15, 2026 to February 28, 2027

(Sale of investment securities)

At the Board of Directors meeting held on May 14, 2026, it was resolved to sell a portion of the investment securities held by the Company.

1. Reason for sale of investment securities

To secure investment funding for growth and further enhance capital efficiency and shareholder returns

(*) Please refer to the “Medium-Term Management Plan 2028” Beyond NEXUS and the “Notice Concerning Action to Implement Management That is Conscious of Cost of Capital and Stock Price” released on the same day for more details, including the Company’s policy on sustained improvement in capital efficiency.

2. Details of sale of investment securities (planned)

- (1) Securities to be sold
Shares of several listed companies held by the Company and its consolidated subsidiaries
- (2) Timing of recognition of gain on sale of investment securities
From May 2026 to March 2027
- (3) Gain on sale of investment securities
Approximately 1.0 billion yen

3. Future Outlook

The above-mentioned gain on sale of investment securities is incorporated into earnings forecasts for the fiscal year ending March 31, 2027, which were announced today.