Note2: The corrections and updates identified and released by June 11, 2025, after the release of the original Japanese version, have been incorporated into this translation.

Notice of the 116th Ordinary General Meeting of Shareholders
Matters Excluded from Paper-Based Documents Delivered

For the 116th Fiscal Year
(From April 1, 2024 to March 31, 2025)

Mitsuuroko Group Holdings Co., Ltd.

System for ensuring the adequacy of operations

At the Board of Directors meeting held on September 14, 2015, the Company passed a resolution for a basic policy on building a system that ensures the adequacy of the Company's operations (the "internal control system"), pursuant to the Companies Act and the Regulation for Enforcement of the Companies Act.

(i) Systems to ensure that Directors and employees execute their duties in compliance with laws and regulations and the Articles of Incorporation

The Charter of Corporate Ethics and other rules concerning compliance systems shall constitute a code of conduct to ensure that the Board of Directors and employees comply with laws, regulations, the Articles of Incorporation, and social norms. In addition, to ensure the thorough implementation of these rules, Legal shall supervise compliance efforts across the Company, and it shall also play a central role in making reports to the Board of Directors and the Audit and Supervisory Committee. The Company will also establish and operate a compliance hotline for employees to directly provide information on legally questionable activities, etc. Furthermore, if any violation of laws, regulations, or the Articles of Incorporation is discovered, it shall be reported to the Board of Directors in accordance with the Compliance Rules, and the Company shall subsequently endeavor to address the matter while cooperating with external experts as necessary.

(ii) Systems for preserving and managing information on the execution of duties by Directors

In accordance with the Document Management Regulations, the Company records and preserves information pertaining to the execution of duties by Directors as documents or electromagnetic media (hereinafter, referred to as "documents"). Directors, and Directors who are Audit and Supervisory Committee Members, shall be able to inspect these documents at any time, in accordance with the Document Management Regulations.

(iii) Rules and other systems for managing the risk of loss

With regard to risks related to compliance, disasters and accidents, the environment, quality, information security, and other factors, the respective departments in charge shall establish rules and guidelines, conduct training, prepare and distribute manuals, etc. The Board of Directors shall address newly occurring risks by promptly designating Directors who will act as managers responsible for a response. In addition, the Board of Directors verifies the risks associated with business execution every year and reviews risk management systems as necessary.

(iv) Systems to ensure the efficient execution of duties by Directors

The Company clearly defines the methods by which it makes decisions in the Mitsuuroko Group Rules on Decision-Making Authority and makes decisions according to the significance. In addition, authorities and responsibilities related to the execution of duties are clearly defined in the Regulations on the Division of Duties, the Mitsuuroko Group Rules on Decision-Making Authority, and other internal regulations. In this way, duties are executed efficiently.

In addition, the Internal Auditing audits the status of the execution of these operations to ascertain their status and make improvements.

(v) System for ensuring the appropriateness of the business operations of the corporate group consisting of the Company and its subsidiaries

In addition to appointing Directors responsible for the businesses of each segment in the Group as segment head, and giving them the authority and responsibility to establish legal compliance and risk management systems, Finance & Control promotes and manages these across the Company.

(1) In accordance with the Mitsuuroko Group Rules on Decision-Making Authority and other related regulations, the Company appoints Directors and departments to oversee subsidiaries, and subsidiaries provide reports on the execution of duties and the status of their businesses.

(2) The Company takes steps to establish compliance systems for the Company and subsidiaries and conducts ongoing compliance education and training for officers and employees of the Company and subsidiaries.

(3) The Company and subsidiaries execute business operations according to the internal regulations of each company, and the internal regulations are revised as needed.

(4) Divisions in charge of risk management are established within the Company and each subsidiary with the Company as a direct parent company. Each company also cooperates in the sharing of information.

(5) The Company's Internal Auditing conducts audits of the overall operations of the Company and subsidiaries and provides verification, advice, etc.

(vi) Systems for reporting matters pertaining to the execution of duties by Directors of subsidiary companies, etc., to the Company

In accordance with the Mitsuuroko Group Rules on Decision-Making Authority, the Company clearly defines the matters that require approval by the Company, matters that must be reported to the Company, etc., and monitors the status of the execution thereof, while respecting the autonomy of subsidiaries.

(vii) Rules and other systems for managing the risk of loss at subsidiaries

(1) The Company has established basic policies on risk management for the Group as a whole.

(2) The Company will establish a department to supervise risk management for the Group as a whole and appoint responsible managers.

(3) The segment head of each business segment manages risks for the segment they are in charge of, in accordance with the basic policies on risk management.

(4) Important subsidiaries establish basic policies on risk management and manage risks themselves. Important subsidiaries also provide reports to the Company on the status of risk management, at regular intervals or as necessary.

(5) Subsidiaries under the Company's direct control oversee risk management for their subsidiaries.

(viii) Systems to ensure the efficient execution of duties by Directors of subsidiaries, etc.

(1) The Company reviews the organizational design and business execution systems of subsidiaries at regular intervals, taking into consideration factors such as the business and scale of the subsidiaries, and their position within the Group, and supervises them to ensure that systems are established for the efficient execution of their duties.

(2) With regard to decision-making at subsidiaries, the Company has clarified the authorities and responsibilities of managers who execute business at subsidiaries in accordance with the subsidiaries' Board of Directors Regulations, the Regulations on Operational Authority, and various other regulations. The Company also provides guidance necessary to ensure the systematic and efficient execution of business operations.

(3) The Company's Board of Directors verifies internal control plans for financial reporting reported annually by the Head of Finance & Control and shares this information with Group companies.

(ix) System to ensure that the Directors, etc., and employees of subsidiaries execute their duties in compliance with laws and regulations and the Articles of Incorporation

(1) The Company takes steps to disseminate the Group's Code of Corporate Conduct among the officers and employees of subsidiaries, to ensure that they comply with laws, regulations, the Articles of Incorporation, and internal regulations, and execute business operations honestly and fairly.

(2) The Company has established basic policies on compliance for the Group.

(3) Subsidiaries promote compliance themselves according to the Group Basic Compliance Policy.

(4) Important subsidiaries also provide reports to the Company on compliance status at regular intervals or as necessary.

(5) Subsidiaries promote the establishment of compliance systems suited to the content and scale of their businesses and other circumstances while referring to the Compliance Guidelines established by the Company.

(x) Matters related to employees to assist Audit and Supervisory Committee Members in their duties, in cases when the Audit and Supervisory Committee has requested the assignment of such employees

If Directors who are Audit and Supervisory Committee Members request that employees be assigned to assist them with their duties, the Company will appoint personnel deemed suitably qualified after consulting with Directors who are Audit and Supervisory Committee Members.

(xi) Matters concerning the independence of said employees from Directors

(1) Directors who are Audit and Supervisory Committee Members may provide orders as necessary for audit services to employees providing assistance. If an employee providing assistance receives an order necessary for audit operations from a Director who is an Audit and Supervisory Committee Member, the employee in question will not accept any orders from Directors, the General Manager of the Internal Auditing Office, etc.

(2) The consent of the Audit and Supervisory Committee is required for decisions concerning personnel transfers, personnel evaluations, etc., for employees providing assistance.

(xii) Matters related to ensuring the effectiveness of instructions given by the Audit and Supervisory Committee to Directors and employees assisting them with their operational duties

Directors and employees cooperate in developing an audit environment where employees providing assistance can perform their operational duties without issue.

(xiii) Systems for Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees to make reports to the Audit and Supervisory Committee

The Company establishes systems to ensure that Directors and employees make prompt reports to the Audit and Supervisory Committee on statutory matters, as well as matters that significantly impact the Company and the Group, the implementation status of internal audits, and the status of reporting via the compliance hotline and the content thereof. The method of making these reports (persons to make reports, persons to receive reports, the timing of reports, etc.) shall be determined through consultation between the Board of Directors and the Audit and Supervisory Committee.

(xiv) Systems for subsidiaries' Directors, Audit & Supervisory Board Members, Executive Officers, employees who execute business operations, other persons equivalent thereto, and employees, as well as persons who have received reports from these persons, to provide reports to the Audit and Supervisory Committee

(1) The Company establishes systems in advance with its subsidiaries whereby the Directors, Audit & Supervisory Board Members, employees, etc., of subsidiaries, or persons who have received reports from these persons, may make reports to Directors, employees, etc., of the Company, either via the Directors or Audit & Supervisory Board Members of the subsidiaries or directly.

(2) The Company establishes a system in which a prompt report to the Audit and Supervisory Committee of the Company will be made when Directors, employees, etc., of the Company, receive reports from Directors, Audit & Supervisory Board Members, employees, etc., of subsidiaries, or persons who have received reports from these persons.

(xv) Systems to ensure that persons who make reports are not treated disadvantageously as a result of making the report

(1) There shall be an attorney at the contact point for the internal reporting system, and if an internal report is made, the attorney shall promptly report the content of the case to the Audit and Supervisory Committee of the Company, excluding any matters that may identify the whistleblower.

(2) The fact that a report was made may not be taken into consideration in any transfers, personnel evaluations, disciplinary actions, etc., related to the whistleblower, and the whistleblower may request the Audit and Supervisory Committee to investigate the reason for the transfer, personnel evaluation, disciplinary action, etc.

(3) The Board of Directors receives regular reports on the status of internal reports and the details of cases and revises the internal reporting system after consulting with the Audit and Supervisory Committee.

(xvi) Matters concerning the procedures for advance payment or reimbursement of expenses incurred in the execution of duties by Audit and Supervisory Committee Members and other policies pertaining to the handling of expenses or obligations incurred in the execution of said duties

When an Audit and Supervisory Committee Member requests the advance payment of expenses incurred in the execution of his or her duties, the reimbursement of expenses paid, etc., or the repayment of obligations borne, the Company complies with the request unless it can be proven that such expenses, etc., did not arise in the execution of his or her duties as Audit and Supervisory Committee Member.

(xvii) Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively

The Company establishes regular meetings to exchange opinions between the Audit and Supervisory Committee and Representative Director and President.

Summary of the implementation status of the system for ensuring adequacy of operations

The Company has Board of Directors, Audit and Supervisory Committee, and Financial Auditor as its corporate governance system. Directors who are Audit and Supervisory Committee Members, having voting rights in Board of Directors meetings, have made audits and supervision more effective, and further strengthened the supervisory function of the Board of Directors.

The main aspects of the implementation status of the system for ensuring adequacy of operations in the current fiscal year are as follows:

(i) Efforts for compliance

- The Company has set "ensuring compliance" as one of its material issues, which are social issues that management intends to address with priority. As part of this, the Company has conducted "IT compliance training," "harassment training," and "human rights training" for all Group employees. In addition, various compliance training is provided (in-person and via e-learning) according to employee attributes during Group employee, "new employees and role-specific training occasions, to facilitate understanding of the basic meaning and importance of compliance, and to raise awareness and knowledge about compliance.
- As part of compliance education, the Group has created a "Compliance Handbook" that summarizes the Code of Conduct that should be followed by Officers and employees by depicting specific examples of duties performed by the Group in comic form. After distributing the handbook to all employees, the Group has repeatedly held reading sessions for each department, which has in turn improved understanding of compliance.
- The Group conducts small group activities at least once a month to discuss topics related to compliance in each department. By giving employees the opportunity to think about compliance on their own, the Group has stimulated each employee's sense of ownership and awareness of issues, and further improved their awareness of compliance.
- For the purpose of promoting compliance and risk management, the Group has set up a "Risk Management Committee" to supervise the risk management of the entire Group, and has appointed an "Internal Control Manager," "Internal Control Promoter," and "Internal Control Promotion Committee Member" for each department to disseminate information related to compliance in each department, and to serve as a consultation contact point for employees on-site.
- The Group has received pledges from all management to not engage in improper accounting, intentional false reporting, and other fraudulent activities, as well as pledges from all employees to not create compliance violations. By building awareness about compliance among administrators and employees, the Group has prevented scandals and other such incidents from occurring.
- For the purpose of preventing and detecting organizational or personal violations of laws and regulations, fraudulent activities, and other such acts early on, the Group has set up a "Compliance Hotline" with responsible managers of Legal and Internal Auditing of the Company, and external law firm as points of contact for consultations. In addition to protecting reporters, such as the Company's employees and business partners who reported/consulted about the violations, Internal Auditing is responsible for investigating facts, while Legal takes corrective actions and recurrence prevention measures as necessary.
- For the purpose of responding promptly and minimizing damage when personal or internal information is lost, the Group has created an "Information Security Card" that all employees carry with them at all times. On the card, the Corporate Ethics Charter and the compliance test that urges for legal compliance are also stated, which works to raise awareness of compliance and prevent fraudulent activities, etc.

(ii) Efforts concerning the storage and management of information related to the execution of duties by Directors

In accordance with the Document Management Regulations, information related to the execution of duties by Directors, such as approval documents and minutes of various important meetings such as Board of Directors meetings, is recorded and stored in written or electronic media ("Documents, etc."). Important minutes such as "minutes of General Meetings of Shareholders" and "minutes of Board of Directors meetings" are kept permanently regardless of the retention period designated by law.

In addition, Directors and Directors who are Audit and Supervisory Committee Members are able to view these Documents, etc. at all times under the Document Management Regulations.

(iii) Efforts for the risk of loss

- A Risk Management Committee has been established under the "Risk Management Rules" provided by the Board of Directors. In the current fiscal year, a Risk Management Committee Meeting was held six times.

  Among the anticipated risks of the Group, the Risk Management Committee provides advice on identifying and responding to significant risks. In order to manage and oversee risks comprehensively, the Risk Management Committee has determined a policy on developing and improving various rules related to risk management.

- For the management of quality-related risks, in order to clearly define the responsibilities for food quality, laws and regulations in particular, two Directors have been appointed as Food Quality Control Managers and are assuming the responsibilities thereof.

  Further, for safety-related risks, the Director in Charge of Risk Management carries out risk management in cooperation with each department.

- For the protection of information, the "Information Management Regulations," "Confidential Document Management Regulations," "Document Management Regulations," "Regulations on Protection of Personal Information" and "Regulations on Protection of Specific Personal Information" have been formulated and implemented with content that complies with revised laws based on "Mitsuuroko Group's Information Security Management Policy." In addition, all employees carry with them at all times an "Information Security Card" that was created for the purpose of providing prompt response and minimizing damage when personal or internal information, etc. is lost.

  The "Privacy Policy" is also posted on the Company website, which makes it possible to check the efforts being made to protect personal information in line with the revisions to laws and the purpose for using personal information.

(iv) Efforts to ensure the adequacy and efficiency of the execution of duties by Directors

- The decision-making method of the Company is clearly stated in the Mitsuuroko Group Rules on Decision-Making Authority, and the Board of Directors makes decisions based on the Internal Approval Regulations and the Rules of the Board of Directors.

  In addition, the Regulations on the Division of Duties, the Mitsuuroko Group Rules on Decision-Making Authority and other internal regulations are also clearly stated in writing, and operations are carried out adequately and efficiently based on these regulations.

- In order to make efficient decisions, the Company delegates some important business execution to the Directors based on the resolution of the Board of Directors. In the current fiscal year, a Board of Directors meeting was held 13 times over a one year span (in addition, there are four written resolutions that are deemed to have been resolved by the Board of Directors pursuant to the provisions of Article 370 of the Companies Act and Article 25, Paragraph (2) of the Company's Articles of Incorporation). At the meetings, Directors discussed matters such as the formulation of a budget, M&A, capital investments, and the establishment and revision of rules based on a management strategy.

(v) Efforts to ensure the adequacy of operations in the Group

- Based on the Group's Rules on Decision-Making Authority, important matters concerning the Group's management are approved by the Board of Directors of the Company.

- In addition to appointing Directors to be responsible for the business in each segment of the Group as segment heads and giving them the authority and responsibility to establish a legal compliance system and a risk management system, Finance & Control also promotes and manages these systems on a lateral basis.

  Each Representative Director of the Group submits a "Monitoring Sheet for the Corporate Governance" to Finance & Control every month. Finance & Control manages the risks related to matters stated in the aforementioned sheet, such as "compliance," "rule adherence and information sharing," "personnel," "financial accounting," and "business." Finance & Control reports to the Board of Directors of the Company on a monthly basis about the risks reported in the aforementioned sheet to prevent problems from occurring. In addition, related departments and Internal Auditing investigate the Group companies as necessary, and take corrective measures and recurrence prevention measures through the Company's Finance & Control.

- Regarding the issues concerning the establishment and implementation of internal controls for financial reporting, the Head of Finance & Control of the Company conducts cross-sectional examinations and adjustments of the Group, and reports to the Board of Directors about the annual plan for internal controls related to financial reporting and the results thereof.
- For the purpose of improving work efficiency, preventing fraudulent activities, and promptly detecting them after they have occurred, Internal Auditing, pursuant to the Basic Internal Audit Plan, which is reported to the Board of Directors by the Head of Internal Auditing every year, conducts business audits on the Company's subsidiaries at least once a year, and additionally conducts unannounced audits of stores of some subsidiaries. By doing so, it gains a comprehensive understanding of the risks and is able to respond to them.

(vi) Efforts to ensure the effectiveness of the execution of duties by Audit and Supervisory Committee Members and audits by the Audit and Supervisory Committee

- The Company has an Audit and Supervisory Committee, and in principle, the Audit and Supervisory Committee meets once a month to resolve, report on, and discuss important matters related to audits.
- Audit and Supervisory Committee Members attend the Company's Board of Directors meetings to confirm the establishment and implementation status of the internal control system.
- Audit and Supervisory Committee Members have a place to exchange information and opinions with the Representative Director and President. In addition, information and opinions are regularly exchanged with members of Internal Auditing and the Financial Auditor, etc. to improve the effectiveness and efficiency of audits.
- One employee has been assigned to serve concurrently as a staff member who assists with the duties of the Audit and Supervisory Committee and its members.
- In relation to the Financial Auditor, while monitoring the independence and adequacy of audits, the report on the audit plan (annual) and report on accounting audit results (each quarterly review and year-end settlement) were received, information and opinions were exchanged, and discussions were held on the election of a Financial Auditor.
- At the beginning of the fiscal year, a budget was secured for various costs related to audits based on the annual activity plan. In addition, there was no budget shortfall when audits were conducted for the current fiscal year.

Consolidated Statement of Changes in Equity

(From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Shared capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2024	7,077	336	80,674	(1,621)	86,467
Cumulative effect due to changes in accounting policies			325		325
Beginning balance reflecting changes in accounting policies	7,077	336	80,999	(1,621)	86,792
Changes during period:					
Dividends of surplus			(2,431)		(2,431)
Profit attributable to owners of parent			10,515		10,515
Purchase of treasury shares				(3,900)	(3,900)
Cancellation of treasury shares		(29)	(4,983)	5,012	–
Net changes in items other than shareholders' equity					–
Total changes during the period	–	(29)	3,100	1,112	4,183
Balance as of March 31, 2025	7,077	307	84,100	(509)	90,976

(Millions of yen)

	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 as of April 1, 2024	10,874	(25)	2,220	(0)	13,068	37	99,573
Cumulative effect due to changes in accounting policies					–		325
Beginning balance reflecting changes in accounting policies	10,874	(25)	2,220	(0)	13,068	37	99,898
Changes during period:							
Dividends of surplus					–		(2,431)
Profit attributable to owners of parent					–		10,515
Purchase of treasury shares					–		(3,900)
Cancellation of treasury shares					–		–
Net changes in items other than shareholders' equity	(5,568)	59	51	(6)	(5,465)	72	(5,392)
Total changes during period	(5,568)	59	51	(6)	(5,465)	72	(1,208)
Balance as of March 31, 2025	5,305	33	2,271	(6)	7,603	109	98,689

Notes on Consolidated Financial Statements

1. Notes on Significant Matters for Preparation of Consolidated Financial Statements

(1) Scope of consolidation

(i) Status of consolidated subsidiaries

• Number of consolidated subsidiaries:	41
• Names of major consolidated subsidiaries:	Mitsuuroko Vessel Co., Ltd. Logitri Holdings Co., Ltd. Mitsuuroko Green Energy Co., Ltd. Mitsuuroko Foods Co., Ltd. MITSUUROKO Co., Ltd. Mitsuuroko Creative Solutions Co., Ltd. TRIFORCE INVESTMENTS PTE. LTD.
• Changes in the scope of consolidation:	Excluded from the scope of consolidation starting from the current fiscal year: - Mutsu High Pressure Gas Co., Ltd. (merged with Mitsuuroko Vessel Tohoku Co., Ltd.) - Sweet Style Co., Ltd. (merged with Mitsuuroko Provisions Co., Ltd.) - Carl's Jr. Japan Inc. (liquidation completed) Added to the scope of consolidation starting from the current fiscal year: - Mitsuuroko EBM Co., Ltd. (newly established) Additionally, from the current fiscal year Motomachi Coffee Co., Ltd. changed its company name to Mitsuuroko Partners Co., Ltd.

(ii) Status of non-consolidated subsidiaries

Not applicable.

(2) Application of equity method

(i) Status of associates to which equity method is applied

• Number of associates to which equity method is applied:	8
• Names of associates:	Niigata Sanrin Co., Ltd. Futtsu Solar Co., Ltd. Suigo-Itako Solar Co., Ltd. IRUMA GAS CO., LTD. Japan Enagic Co., Ltd. Daijyou Energy Co., Ltd. Tanno Shouten Co., Ltd. SunPro Energies Pte. Ltd.
• Changes in the scope of equity method:	Added to the scope of equity method from the current fiscal year: - SunPro Energies Pte. Ltd. (newly invested)

(ii) Status of non-consolidated subsidiaries and associates to which equity method is not applied

• Names of major companies:	Ikaho Gas Co., Ltd. Higashimatsuyama Gas Co., Ltd.
• Reason for not applying equity method:	Even if they are excluded from the scope of the equity method, their impact on the Consolidated Financial Statements is minimal and overall insignificant. This includes aspects such as net income, retained earnings, and other related items(amount corresponding to equity). Therefore these companies are excluded from the application of the equity method.

(3) Fiscal years of consolidated subsidiaries

The fiscal year of all consolidated subsidiaries ends on the day of the Company's fiscal year-end.

(4) Accounting policies

(i) Basis and method for valuation of securities

Associates	The shares of associates to which equity method is not applied are valued at moving average cost method.
Available-for-sale securities	
Securities other than shares that do not have a market value	The fair value method is used. (All valuation differences are directly recorded in net assets, and the cost of sales is calculated using the moving average method.
Shares that do not have a market price	Moving average cost method is used.

(ii) Basis and method for valuation of derivatives

Derivatives	Fair value method is used.

(iii) Basis and method for valuation of inventories

Cost method is used as the basis of valuation. If the profitability of the inventory declines, the amount shown on the balance sheet is adjusted downward to reflect this decrease.

Merchandise	Moving-average method is primarily used.
Finished goods	Moving-average method is primarily used.
Raw materials and supplies	First-in, first-out method is primarily used.

(iv) Depreciation method for non-current assets

Property, plant and equipment (excluding leased assets)	The declining balance method is applied to the Company and its consolidated subsidiaries in Japan, while the straight-line method is applied to the consolidated subsidiaries outside Japan. However, the straight-line method is applied for buildings (excluding facilities) acquired on or after April 1, 1998, and for facilities attached to buildings and for structures acquired on or after April 1, 2016. The straight-line method is also used for the machinery and equipment of some consolidated subsidiaries engaged in the Power & Electricity Business. Further, the useful life and salvage value are mainly determined based on the standards stipulated in the Corporation Tax Act.
Intangible assets (excluding leased assets)	The straight-line method is applied. Goodwill is depreciated by the straight-line method over its period of effect. Software for sale in the market is depreciated in the larger of either the amount calculated based on estimated sales volume or the amount calculated by the straight-line method over the remaining effective life (within three years). Further, the software used in-house is depreciated by the straight-line method over its usable period within the company (five years). For leasehold interests in land, the straight-line method based on the contract period is used. Trademark rights are not amortized as they have indefinite useful lives at overseas consolidated subsidiaries.
Leased assets	The straight-line method is applied using the lease term as service life and a residual value of zero.

(v) Accounting method for deferred assets

Bond issuance costs are fully recognized as expenses when incurred.

(vi) Recognition criteria for provisions

Allowance for doubtful accounts	To make allowances for the non-payment of trade receivables, loans receivable, and other receivables, the historical default rate is used for general receivables, the actual default rates on an individual claim basis are used for receivables designated as potentially irrecoverable, and an allowance is made for the amounts deemed irrecoverable.
Provision for bonuses	A provision is set up to allow for the payment of bonuses for employees, and is recorded by using the required amount to be paid based on corporate rules.
Provision for bonuses for directors (and other officers)	To make provisions for the payment of bonuses for directors (and other officers), some consolidated subsidiaries record the amount based on the estimated amount of payments of the current fiscal year.
Provision for share awards	To make provisions for the share awards to directors, the amount of awards required at the end of the current fiscal year based on internal regulations is recorded.
Provision for retirement benefits for directors (and other officers)	To make provisions for the payment of retirement benefits for directors (and other officers), some consolidated subsidiaries record the amount of payment due as of the fiscal year-end based on internal regulations.

(vii) Recognition criteria for revenue and expenses

Recognition criteria for revenue

A. Energy Solutions Business

The Energy Solutions Business engages in the sales of petroleum products such as LPG, gasoline, diesel fuel, and heating oil, as well as housing equipment, etc.

When control of merchandise and finished goods is transferred, or more specifically, delivered to customers in the transactions of these merchandise and finished goods, excluding LPG, the legal ownership and physical possessory right of the merchandise and finished goods, and the material risks and economic value associated with the possession of the merchandise and finished goods are transferred, and revenues are recognized so as to obtain the right to receive consideration from customers for the merchandise and finished goods. Further, revenues are recognized based on the trading prices stated under agreements with customers, and consideration for transactions is received within one year after the delivery of merchandise and finished goods, and therefore does not include significant financial components.

In the transactions of LPG, obligations are deemed to be performed over a certain period of time in accordance with the terms of an agreement, and revenues are recognized according to the supply of LPG over the agreement period. Also, revenues are recognized as the amount of consideration promised in agreements with customers minus rebates, etc. Consideration for obligations is primarily received within one year of the obligations being performed and does not include significant financial components.

Further, revenues generated by consumers using LPG are recognized based on the meter reading date, but if the meter reading date differs from the end of the fiscal year, the revenues for the period spanning from the meter reading date to the end of the fiscal year are recorded by using a reasonable estimate.

B. Power & Electricity Business

The Power & Electricity Business engages in the wholesale of electricity by generating wind power and the retail of electricity to general consumers, etc.

In the transactions of these services, obligations are deemed to be performed over a certain period of time in accordance with the terms of an agreement, and revenues are recognized according to the supply of electricity over the agreement period. Also, revenues are recognized as the amount of consideration promised in agreements with customers minus rebates, etc. Consideration for obligations is primarily received within one year of the obligations being performed and does not include significant financial components.

Further, revenues generated from consumer electricity usage are recognized based on the meter reading date, but if the meter reading date and the end of the fiscal year are different, the revenues for the period spanning from the meter reading date to the end of the fiscal year are recorded by using a reasonable estimate.

In addition, because the surcharge for the promotion of renewable energy generation is collected on behalf of a third party, such surcharge is not included in the transaction price for revenue recognition, and the corresponding payment is also not included in cost of sales.C. Foods Business

The Foods Business engages in the manufacture and sale of bottled water and beverages, store and restaurant businesses such as in-facility stores and cafeterias, and the operation of fresh bakeries and cafés, etc.

When control of merchandise and finished goods is transferred, or more specifically, delivered to customers in the transactions of these merchandise and finished goods, the legal ownership and physical possessory right of the merchandise and finished goods, and the material risks and economic value associated with the possession of the merchandise and finished goods are transferred, and revenues are recognized so as to obtain the right to receive consideration from customers for the merchandise and finished goods. Further, revenues are recognized based on the trading prices stated under agreements with customers, and consideration for transactions is received within one year after the delivery of merchandise and finished goods, and therefore does not include significant financial components.

D. Living & Wellness Business

The Living & Wellness Business engages in the leasing of real estate such as office buildings and lease apartments, and the operation of establishments for living and wellness such as hot bath facilities.

When the benefits of these services are transferred, or more specifically, when the services are provided to customers in the transactions thereof, excluding the leasing of real estate, the material risks and economic value associated with the provision of the services are transferred, and revenues are recognized so as to obtain the right to receive consideration for the services from customers. Further, revenues are recognized based on the trading prices stated under agreements with customers, and consideration for transactions is received within one year after providing the services, and therefore does not include significant financial components.

Revenues from the real estate leasing are recognized for the leasing period.

E. Overseas Business

The Overseas Business engages in self-storage services, warehousing, office lease and so forth in the Asia region.

Revenues from these transactions are recognized for their leasing period.

F. Other Businesses

Other businesses engage in the sales of products and services that are not included in the aforementioned reportable segments.

When control of merchandise is transferred, or more specifically, delivered to customers in the transactions of these services, excluding leasing, the legal ownership and physical possessory right of the merchandise, and the material risks and economic value associated with the possession of the merchandise are transferred, and revenues are recognized so as to obtain the right to receive consideration from customers for the merchandise. Further, revenues are recognized based on the trading prices stated under agreements with customers, and consideration for transactions is received within one year after the delivery of merchandise, and therefore does not include significant financial components.

(viii) Hedge accounting method

Hedge accounting method	In principle, deferred hedge accounting is applied. Also, if the requirements for special treatment are met for interest rate swaps, special treatment is applied.

Hedging instruments and hedged items

Hedging instruments	Hedged items
Interest rate swaps	Interest on borrowings

Hedging policy	Hedging is carried out for the purpose of reducing the possibility of loss due to interest rate fluctuations. Note that hedging transactions are conducted with the approval of the Board of Directors pursuant to the Rules on Managing Market Risk. In addition, the execution of transactions is managed intensively in Finance & Control.
Method of evaluating the effectiveness of hedging	In principle, the cumulative cash flow fluctuations of hedging instruments and hedged items are compared semi-annually, and the effectiveness of hedging is evaluated based on the fluctuation amounts of both, etc. Note that for the interest rate swaps at the end of the current fiscal year, the effectiveness of hedging was extremely high and was therefore omitted from evaluation.

(ix) Other basic policies and important items for the preparation of Consolidated Financial Statements

Basis for recording revenues related to finance lease transactions	Net sales and cost of sales are recorded upon receipt of lease payments.
Accounting treatment related to retirement benefits	To make allowances for the payment of retirement benefits to employees, a provision for retirement benefits is recorded in the amount deemed to be accrued at the end of the current fiscal year, based on the amount of projected liabilities as of the end of the consolidated fiscal year under review. When calculating retirement benefit liabilities, the method for attributing expected benefit payments for the period to the end of the consolidated fiscal year under review is as per the benefit formula basis. Actuarial gains and losses are treated as expenses in the consolidated fiscal year following the fiscal year in which they arise, in an amount proportionally divided using the straight-line method over a fixed number of years (in mainly ten years) that is within the average number of years of remaining service of employees at the time the differences emerge each fiscal year. Unrecognized actuarial gains and losses are adjusted for tax effect, and recorded under net assets as remeasurements of defined benefit plans in accumulated other comprehensive income. Further, in the calculation of retirement benefit liability and retirement benefit expenses, some consolidated subsidiaries apply the simplified method that uses the amount of retirement benefits required for voluntary resignations at the end of the term as retirement benefit liabilities.

2. Notes on Unapplied Accounting Standards

Accounting Standard for Leases, etc.

- Accounting Standard for Leases (Accounting Standards Board of Japan (ASBJ) Statement No. 34, September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024)

(1) Overview

As part of efforts by the ASBJ to align Japanese standards with international standards, a lease accounting standard has been developed that requires lessees to recognize assets and liabilities for all leases. This standard is based on international accounting standards, specifically IFRS 16. However, instead of adopting all provisions of IFRS 16, only the main provisions are incorporated to create a simpler and more convenient standard. This approach aims to ensure that when IFRS 16 provisions are applied to individual financial statements, no significant adjustments are necessary.

For lessee accounting, the method of expense allocation for leases follows the single accounting model of IFRS 16. This model applies to all leases, whether they are finance leases or operating leases, and requires the recognition of depreciation expenses for right-of-use assets and interest expenses on lease liabilities.

(2) Planned Application Date

The Company plans to apply from the beginning of the fiscal year ending March 2028.

(3) Impact of Applying these Accounting Standards

We are assessing the level of impact of application of the Accounting Standard for Leases to the Consolidated Financial Statements.

3. Notes on Accounting Estimates

Important accounting estimates

Accounting estimates are calculated at reasonable amounts based on the information available during the preparation of the Consolidated Financial Statements.

Of the amounts recorded in the Consolidated Financial Statements for the current fiscal year, which are based on accounting estimates, the items that may have a material impact on the Consolidated Financial Statements for the next fiscal year are as follows.

1. Estimated net sales of LPG during the unread meter period from the meter reading date to the end of the fiscal year

(1) Amount recorded in the Consolidated Financial Statements for the current fiscal year

Net sales generated by consumers using LPG were recognized based on the meter reading date, but if the meter reading date differs from the end of the fiscal year, the net sales for the period spanning from the meter reading date to the end of the fiscal year were recorded by using a reasonable estimate. In the current fiscal year, the net sales of LPG were recorded at ¥1,994 million.

(2) Other information that helps users of the Consolidated Financial Statements understand the nature of accounting estimates

The estimated sales volume was calculated by performing a regression analysis using the least-squares method, and the net sales corresponding to the unread meter period spanning from the meter reading date to the end of the fiscal year was calculated, under the assumption that LPG usage correlates with fluctuations in temperature and number of users.

If any of these accounting estimates and the assumptions used in these estimates differ from the actual results, it may affect the net sales calculated in the Consolidated Financial Statements for the next fiscal year.

2. Necessity of recognizing impairment losses of trademark rights and goodwill of overseas self-storage businesses

(1) Amount recorded in the Consolidated Financial Statements for the current fiscal year

Regarding the business combination that took place on December 22, 2021, between TRIFORCE INVESTMENTS PTE. LTD., a consolidated subsidiary of the Company, and General Storage Company Pte. Ltd. and its six subsidiaries, trademark rights and goodwill related to Overseas Business have been recorded. The relevant trademark rights is a brand with a long history that is well known in the market. In addition, based on the fact that the self-storage business is not susceptible to obsolescence due to technological innovation and has high barriers to entry for new businesses, it is classified as an intangible asset with an indefinite useful life. Book values of ¥3,155 million for trademark rights and ¥353 million for goodwill were recorded, and TRIFORCE INVESTMENTS PTE. LTD. conducted an impairment test at least once a year to determine whether an impairment loss should be recorded.

As a result of the test, it was determined that the recoverable amount, value in use, would exceed the book value of the group of cash-generating units, including trademark rights and goodwill, in this respective business t, and therefore no impairment losses were recorded.

(2) Other information that helps users of the Consolidated Financial Statements understand the nature of accounting estimates

The Lock+Store brand of General Storage Company Pte. Ltd. is used in Singapore and Malaysia, and the trademark rights and goodwill arise from the consolidated subsidiaries based in Singapore and Malaysia. Therefore, the consolidated subsidiaries in Singapore and Malaysia are grouped together as one.

For such trademark rights and goodwill, the necessity of recognizing an impairment loss is determined by comparing the total discounted future cash flows obtained from the cash-generating unit group and the book value. If, as a result of the comparison, it is determined that an impairment loss needs to be recognized due to the book value exceeding the total discounted future cash flows, the book value is reduced to the recoverable amount, and the decrease in the book value is recognized as an impairment loss. The discount rate used to calculate discounted future cash flows is the weighted average cost of capital calculated by an external expert.

Estimates of future cash flows for the overseas self-storage business are based on the business plan and the long-term average growth rate after the business plan period. If these assumptions require revision due to future changes in economic or market conditions, impairment losses may be recognized in the next fiscal year or later.

4. Notes on changes in accounting policies

Application of the “Accounting Standard for Current Income Taxes” and other relevant ASBJ regulations

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of the fiscal year ended March 31, 2025.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso of paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; the “Revised Guidance of 2022”). There is no impact of this change in accounting policies on the consolidated financial statements.

Furthermore, regarding the revisions to the treatment in consolidated financial statements where loss (gain) from the sale of shares in subsidiaries within the same consolidation scope are deferred for tax purposes, the Revised Guidance of 2022 has been applied from the beginning of the fiscal year ending March 31, 2025. This change in accounting policies has been applied retrospectively. As a result, with the cumulative amount of impact being reflected in the net assets at the beginning of this consolidated fiscal year, retained earnings and deferred tax assets at the beginning of this fiscal year increased ¥325 million, and ¥124 million respectively, while deferred tax liabilities decreased ¥200 million. This change has no impact on the consolidated statement of income for the fiscal year ended March 31, 2025.

5. Additional Information

Performance-based stock remuneration plan for Directors

The Company has adopted a performance-based stock remuneration plan called “Board Benefit Trust (BBT)” (the “Plan”), for the purpose of raising awareness among its Directors other than those who are Audit and Supervisory Committee Members (excluding External Directors; the “Eligible Directors”) to contribute to improving business performance and increasing corporate value over the medium- to long-term.

(1) Overview of transactions

The Plan is a performance-based stock remuneration plan where the Company uses its funds to acquire its shares through a trust, and according to the Company’s Board Benefit Trust Regulations these shares or their cash equivalent (based on fair market value) are given to the Eligible Directors through the trust. Generally, Eligible Directors receive these benefits when they retire.

(2) Company shares remaining in the trust

The Company’s shares that remain in the trust are recorded as treasury shares in the net assets, based on their book value in the trust (excluding incidental expenses). At the end of the current fiscal year, the book value and number of treasury shares stood at ¥437 million and 520,300, respectively.

Change in current income tax rate after the end of the consolidated fiscal year

Due to the enactment of the "Act to Partially Amend the Income Tax Act, etc. (Act No. 13 of 2025)" by the National Diet on March 31, 2025, the "Defense Special Corporate Tax" will be imposed starting from the consolidated fiscal year beginning on April 1, 2026.

Consequently, for deferred tax assets and deferred tax liabilities related to temporary differences expected to be resolved in the consolidated fiscal years starting on or after April 1, 2026, the statutory effective tax rate has been changed from 30.6% to 31.5%. The impact of this tax rate change is minor.

6. Notes on the Consolidated Balance Sheet

(1) Pledged assets and collateral-related liabilities

(i) Pledged assets

Buildings and structures	¥721 million
Land	¥520 million
Total	¥1,242 million

(ii) Collateral-related liabilities

Current portion of long-term borrowings	¥33 million
Long-term borrowings	¥168 million
Total	¥202 million

Apart from the above, shares of subsidiaries and associates worth ¥868 million are provided as collateral for liabilities, in accordance with the loan agreements that were concluded between associates to which equity method is applied and financial institutions.

(2) Accumulated depreciation of property, plant and equipment ¥61,537 million

(3) Accumulated tax purpose reduction entry due to receipt of national subsidies pertaining to property, plant and equipment, etc.

The accumulated tax purpose reduction entry due to the receipt of government subsidies pertaining to property, plant and equipment, etc. was ¥152 million for buildings and structures, ¥2,025 million for machinery, equipment and vehicles, and ¥62 million for others, which in total amounted to ¥2,240 million.

7. Notes on the Consolidated Statement of Income

(1) Major items and amounts among selling, general and administrative expenses

Salaries	¥8,832 million
Provision for bonuses	¥1,147 million
Provision for bonuses for directors (and other officers)	¥7 million
Provision for retirement benefits for directors (and other officers)	¥34 million
Provision for share awards	¥51 million
Retirement benefit expenses	¥327 million
Depreciation	¥1,936 million
Provision of allowance for doubtful accounts	¥14 million
Amortization of goodwill	¥72 million
Outsourcing fees	¥4,189 million

(2) Breakdown of gain on sale of non-current assets

Machinery, equipment and vehicles	¥1 million
Other	¥13 million
Total	¥15 million

(3) Breakdown of loss on sale of non-current assets

Machinery, equipment and vehicles	¥1 million
Land	¥0 million
Other	¥1 million
Total	¥3 million

(4) Breakdown of loss on retirement of non-current assets

Buildings and structures	¥44 million
Machinery, equipment and vehicles	¥35 million
Other	¥295 million
Removal expenses, etc. associated with retirement	¥24 million
Total	¥398 million

(5) Impairment losses

In the current fiscal year, the Group recorded impairment losses for the following asset groups.

Company	Use	Type	Location	Impairment losses (Millions of yen)
Mitsuuroko Group Holdings Co., Ltd.	Business assets	Land, buildings, etc.	Kokubunji-shi, Tokyo, etc.	466
MITSUUROKO Co., Ltd.	Business assets	Copyrights	Chiyoda-ku, Tokyo	5
Mitsuuroko Drive Co., Ltd.	Business assets	Buildings, etc.	Noda-shi, Chiba, etc.	30
Mitsuuroko Provisions Co., Ltd.	Business assets	Buildings, etc.	Mito-shi, Ibaraki, etc.	9
Hama Estate Co., Ltd.	Business assets	Land, buildings, etc.	Yokohama-shi,Kanagawa	8

In recognizing impairment losses, the Group organizes: assets in the Energy Solutions Business and Other Businesses mainly by branch group, which is a unit used for investment decision-making; idle assets, and assets in the Power & Electricity Business, Foods Business, Living & Wellness Business, and Overseas Business by property. In addition, the headquarters and welfare facilities of the Company are treated as shared assets since they do not generate independent cash flow.

As for business assets, the investment amount was projected to be unrecoverable due to a decline in profitability. Therefore, the book values were reduced to their recoverable amounts and the decrease was recorded as an impairment loss. The main breakdown thereof is as follows: ¥221 million for buildings and structures, ¥276 million for land, ¥16 million for property, plant and equipment and others, ¥5 million for intangible assets and others.

Further, the recoverable amount of asset group was measured in terms of its net selling value or value in use. Net selling value is estimated based on real estate appraisal standards for highly significant assets. Some assets have negative future cash flows, and the entire book value of the assets is recognized as an impairment loss.

(6) Gain on sale of investment securities

This is related to the sales of cross-shareholdings.

(7) Loss on store closings

This is the loss on disposal of inventories, loss on retirement of non-current assets, and costs of removing closed stores, etc., associated with the closings of stores in the consolidated subsidiaries.

8. Notes on Consolidated Statement of Changes in Equity

(1) Matters concerning class and total number of issued shares

(Thousands of shares)

Class of shares	Number of shares at beginning of current fiscal year	Number of shares increased in current fiscal year	Number of shares decreased in current fiscal year	Number of shares at end of current fiscal year
Common shares	60,134	–	3,073	57,061

(2) Matters concerning class and number of treasury shares

(Thousands of shares)

Class of shares	Number of shares at beginning of current fiscal year	Number of shares increased in current fiscal year	Number of shares decreased in current fiscal year	Number of shares at end of current fiscal year
Common shares	1,435	2,263	3,073	625

Notes: 1. The decrease in the numbers of issued and treasury shares was due to the cancellation of treasury shares of 3,073 thousand shares

2. The breakdown of the increase of 2,263 thousand Common shares in the number of treasury shares is as follows: Increase of 0 thousand shares due to purchase of fractional shares and increase of 2,263 thousand shares due to acquisition of treasury shares by the resolution of a Board of Directors meeting.

3. The number of shares at the end of the current fiscal year includes 520 thousand shares of the Company owned by Custody Bank of Japan, Ltd. (Trust E account) in relation to the Board Benefit Trust (BBT).

(3) Matters concerning dividends of surplus

(i) Dividend payment amounts

Matters concerning dividends determined by the resolution of the Board of Directors meeting held on May 9, 2024

• Matters concerning dividends of common shares

Total amount of dividends	¥2,431 million
Dividend per share	¥41
Record date	March 31, 2024
Effective date	June 19, 2024

Note: The total dividends include the ¥21 million dividends for the shares of the Company owned by Custody Bank of Japan, Ltd. (Trust E account).

(ii) Among dividends with a record date that falls under the consolidated fiscal year, for those with an effective date in the subsequent period

At the Board of Directors meeting held on May 9, 2025, a resolution was made as follows:

• Matters concerning dividends of common shares

Total amount of dividends	¥3,194 million
Dividend per share	¥56
Record date	March 31, 2025
Effective date	June 18, 2025

Note: The total dividends include the ¥29 million dividends for the shares of the Company owned by Custody Bank of Japan, Ltd. (Trust E account).

9. Notes on Financial Instruments

(1) Matters concerning the status of financial instruments

(i) Policy on dealing with financial instruments

The Group secures necessary funds (mainly bank loans) in accordance with its capital investment plans. Temporary surplus funds are managed in highly secure financial assets, and short-term working capital needs are met through bank loans. Derivative transactions are mainly used to deter the risk of interest rate fluctuations for loans and the risk of price fluctuations for petroleum products, etc.

(ii) Details of financial instruments and risk management system

Notes and accounts receivable, lease receivables and investments in leases, which are all trade receivables, are exposed to the credit risk of customers. With regard to this risk, the Sales Representative manages the settlement dates and balances of each trade partner on a monthly basis, in accordance with the "Group Accounting Rules."

Shares, which are investment securities, are exposed to the risk of fluctuations in market prices. However, these are primarily the shares of companies with which the Group has a business relationship, and are reported to the Board of Directors at their fair values, which are analyzed periodically.

Payment terms of notes and accounts payable, which are trade payables, are primarily no longer than one month.

Among borrowings and bonds payable, short-term borrowings primarily represent the financing relating to business transactions and long-term borrowings mainly concern the funding relating to capital investment. Bonds payable primarily represent the financing relating to acquisition of leased real estate. Borrowings with variable interest rates are exposed to the risk of cash flow fluctuations, but are hedged through derivative transactions (interest rate swaps) for each individual contract.

In addition to interest rate swaps, other derivative transactions such as commodity futures trading are carried out, for the purpose of avoiding the risk of price fluctuations in petroleum products, etc. Based on the "Rules on Managing Market Risk," derivative transactions are executed and managed in accordance with the approval of the Board of Directors of the Company. Interest rate swaps are principally performed and managed at the Company's Finance & Control, while commodity futures trading and other derivative transactions are principally performed at consolidated subsidiaries, and managed at Finance & Control and consolidated subsidiaries.

In addition, trade payables, borrowings, bonds payable, and lease liabilities are exposed to liquidity risk, but in the Group, each company manages them through means such as creating a cash flow plan on a monthly basis.

(iii) Supplementary explanation on matters concerning the fair values of financial instruments, etc.

The fair values of financial instruments are measured based on market prices or prices calculated by other rational valuation methodologies if market prices are not available. Since the calculation of said prices incorporates variable factors, they may fluctuate when different preconditions, etc. are adopted. Further, in "(2) Matters concerning the fair values of financial instruments," the contract amount, etc. with respect to derivative transactions do not indicate the market risk that is exposed to derivative transactions.

(2) Matters concerning the fair values of financial instruments

The carrying amounts, the fair values, and the differences between them as of March 31, 2025 (the consolidated account closing date of the fiscal year) are as follows. Note that shares that do not have market prices are not included in the following table (Refer to "(Note) 1."). Also, for cash the notes are omitted, and for deposits, notes receivable - trade, accounts receivable - trade, notes and accounts payable - trade, and short-term borrowings, because the fair values approach the book values since they are settled in the short term, the notes are omitted.

(Millions of yen)

	Carrying amount	Fair value	Difference
(i) Lease receivables and investments in leases	3,588	3,588	(0)
(ii) Investment securities			
Other securities	24,005	24,005	—
Total assets	27,594	27,594	(0)
(i) Long-term borrowings	15,899	15,483	△416
(ii) Bonds payable	6,007	5,815	△191
(iii) Lease liabilities	3,153	2,959	△194
Total liabilities	25,060	24,258	(802)
Derivative transactions (*)			
(i) Those to which hedge accounting was not applied	2	2	—
(ii) Those to which hedge accounting was applied	13	13	—
Total derivative transactions	16	16	

(*) The receivables and payables that arose from derivative transactions on a net basis are shown in net amounts, and items that when totaled are payables on a net basis are shown in parentheses ( ).

Note 1. Shares, etc. without a market price

(Millions of yen)

Classification	Amount recorded on Consolidated Balance Sheet
Investment securities	
Unlisted shares, etc. (*1)	1,003
Shares of subsidiaries and associates	
Unlisted shares, etc. (*2)	4,131

(*1) Among investment securities, unlisted shares, etc. are not included in "(ii) Investment securities" as their market prices are not available.

(*2) The shares of subsidiaries and associates are not included in the above table as their market prices are not available.

Note 2. Derivative transactions

(i) Those to which hedge accounting was not applied

(Millions of yen)

Type	Contract amount, etc.	Contract amount over 1 year	Fair value	Valuation profit or loss
Market transactions Commodity futures trading Petroleum products Long positions Short positions	 – 69	 – –	 – 2	 – 2
Total	69	–	2	2

(ii) Those to which hedge accounting was applied

With regard to derivative transactions to which hedge accounting was applied, the contract amount, amount equivalent to the principal provided in the contract, etc. as of the consolidated settlement date for each hedge accounting method are as follows.

(Millions of yen)

Classification	Derivative transaction type, etc.	Main hedged item	Contract amount, etc.		Fair value	Method of calculating the relevant fair value
				Over 1 year		
Special treatment for interest rate swaps	Interest rate swaps Paid/fixed and received/floating	Long-term borrowings	992	761	13	It is based on the price, etc. offered by the counterparty financial institution.
Total			992	761	13	

Note 3. Amount of monetary claims and securities with maturity dates to be redeemed after the consolidated settlement date

(Millions of yen)

Classification	1 year or below	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Lease receivables and investments in leases	1,007	865	721	504	286	203
Total	1,007	865	721	504	286	203

Note 4. Amount of long-term borrowings, bonds payable, lease liabilities and other interest-bearing liabilities to be repaid after the consolidated settlement date

(Millions of yen)

Classification	1 year or below	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Long-term borrowings	2,590	2,324	4,964	1,317	2,580	2,121
Bonds payable	1,001	1,001	1,001	601	601	1,800
Lease liabilities	1,204	907	545	169	93	233
Total	4,796	4,232	6,511	2,088	3,276	4,154

(3) Matters concerning the breakdown of financial instruments by fair value level, etc.

The fair values of financial instruments are categorized into the following three levels in accordance with the observability and importance of the inputs used in the fair value calculation.

Level 1 fair value: Fair value calculated using the (unadjusted) market price in an active market for an identical asset or liability.

Level 2 fair value: Fair value calculated using inputs that are directly or indirectly observable, other than the Level 1 inputs.

Level 3 fair value: Fair value calculated using important inputs that cannot be observed.

When multiple inputs that have a significant influence on the calculation of fair value are used, the fair value is classified into the level in which the inputs have the lowest priority in the calculation of fair value, among the levels to which said inputs belong.

(i) Financial assets and liabilities that are recorded on the Consolidated Balance Sheet by their fair value

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	23,913	–	–	23,913
Other	–	92	–	92
Derivative transactions				
Interest rate-related	–	13	–	13
Merchandise-related	–	2	–	2
Total assets	23,913	108	–	24,022

(ii) Financial assets and liabilities that are not recorded on the Consolidated Balance Sheet by their fair value

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Lease receivables and investments in leases	–	3,588	–	3,588
Total assets	–	3,588	–	3,588
Long-term borrowings	–	15,465	–	15,465
Bonds payable		5,815		5,815
Lease liabilities	–	2,959	–	2,959
Total liabilities	–	24,241	–	24,241

Note: Explanation of valuation methodologies and inputs used to calculate fair value

Lease receivables and investments in leases

The fair values of lease receivables and investments in leases are calculated at present value determined by discounting the sum of principle and interest at a presumable interest rate used for similar new lease transactions, and are classified as level 2 fair values.

Investment securities

Since listed shares are traded in active markets, their fair value is classified as a level 1 fair value. As for investment trusts, since they have no trading price in the market and no major restrictions on contract cancellations, etc., the base price offered by a counterparty financial institution is used as their fair value, and this is classified as a level 2 fair value.

Derivative transactions

The fair values of futures trading and interest rate swaps are calculated on the basis of the closing prices at the futures trading market, etc. and of the market prices offered by the client financial institutions, which are classified as level 2 fair values.

Lease liabilities

The fair value of lease liabilities is calculated with the present value discounted at a presumable interest rate used for similar new transactions, and is classified as a level 2 fair value.

Long-term borrowings

For long-term borrowings with fixed interest rates, the fair value adopted is the present value discounted at a presumable interest rate used for similar new loans. For long-term borrowings with variable interest rates, the fair value adopted is the book value as it is deemed to approximate the book value due to the fact that the variable interest rates reflect the market prices over a short term and the Group's credit standing has not changed significantly since implementing the loans. These are classified as level 2 fair values.

Bonds payable

The fair value of bonds payable is calculated with the present value discounted at a presumable interest rate used for similar new transactions, and is classified as a level 2 fair value.

10. Notes on Investment and Lease Property

The Company and some consolidated subsidiaries have health and sports establishments such as hot bath facilities and properties for rent, such as lease apartments and self-storage (including land) in Kanagawa Prefecture and other regions in Japan and overseas (mainly Singapore). In the current fiscal year, the rent income from the real estate for rent, etc. amounted to ¥2,013 million (rent income is recorded in net sales, and main rent expenses are recorded in cost of sales, as well as selling, general and administrative expenses).

In addition, with regards to the real estate for rent, etc., the amount recorded on the Consolidated Balance Sheet, the increase/decrease in the current fiscal year, and the fair value are as follows.

(Millions of yen)

Amount recorded on Consolidated Balance Sheet			Fair value at end of current fiscal year
Balance at beginning of current fiscal year	Increase/decrease in the current fiscal year	Balance at end of current fiscal year	
26,319	(1,698)	24,620	36,248

Notes: 1. The carrying amount is the amount of the acquisition cost minus the accumulated depreciation and the accumulated impairment losses.

2. The main decrease in the current fiscal year was due to the effects of domestic real estate impairment loss and depreciation of overseas real estates.

3. The fair value at the end of the current fiscal year was attributed to the following.

(1) For domestic real estate, it was the amount based mainly on the "Real Estate Appraisal Standards."

(2) For overseas real estate, it was the appraisal value given by a local appraiser.

11. Asset Retirement Obligations Recorded on the Consolidated Balance Sheet

(1) Outline of the relevant asset retirement obligations

These are asbestos removal costs, restoration costs of leased offices, etc., restoration costs of leased land, soil restoration costs, etc.

(2) Method of calculating the relevant asset retirement obligations

The asset retirement obligations are calculated by estimating the expected usage period as the depreciation period of the relevant buildings (mainly 17 to 43 years), and using the yields of the national government bonds, which correspond to the said depreciation period, as the discount rate (mainly 0.6% to 2.6%).

(3) Total increase/decrease in the relevant asset retirement obligations in the current fiscal year

The changes in the balance of asset retirement obligations are as follows.

Balance at beginning of term	¥3,428 million
Increase due to acquisition of property, plant and equipment	¥80 million
Adjustment due to passage of time	¥6 million
Increase/decrease due to change in estimate	¥133 million
Decrease due to fulfillment of asset retirement obligations	(¥299 million)
Other increases (decreases)	(¥16 million)
Balance at end of term	¥3,333 million

(4) Method of estimating the relevant asset retirement obligations

Regarding the asset retirement obligations recorded for the demolition costs of buildings on leased land, the Company has revised the estimates upon new information obtained about the restoration costs due to the closure of factories and filling stations. As a result of this revision, we have recorded ¥84 million as asset retirement obligations. Consequently, operating profit, ordinary profit, and profit before income taxes for the current consolidated fiscal year have decreased by ¥59 million.

12. Notes on Revenue Recognition

(1) Information that breaks-down revenue generated from contracts with customers

(Millions of yen)

	Reportable segments						Other Businesses (Note) 1	Total
	Energy Solutions Business	Power & Electricity Business	Foods Business	Living & Wellness Business	Overseas Business	Subtotal		
Gas	59,490	–	–	–	–	59,490	–	59,490
Petroleum	80,686	–	–	–	–	80,686	–	80,686
Electricity	–	155,342	–	–	–	155,342	–	155,342
Piped gas	368	1,630	–	–	–	1,998	–	1,998
Other	12,918	–	21,161	689	–	34,770	1,298	36,068
Revenue recognized from contracts with customers	153,464	156,972	21,161	689	–	332,288	1,298	333,586
Revenue recognized from other sources (Note) 4	–	–	–	2,044	2,908	4,953	1,116	6,070
Net sales to external customers	153,464	156,972	21,161	2,734	2,908	337,241	2,414	339,656

Notes: 1. The "Other Businesses" category is a business segment that is not included in the reportable segments and includes Leasing Business, Insurance Agency Business and sales of other services.

2. The amount obtained after deducting internal transactions between Group companies is displayed.

3. Revenue recognized from contracts with customers in the Power & Electricity Business includes subsidies of ¥5,566 million received through the "Operation to Mitigate Sudden Fluctuations in Electricity and Gas Prices," "Emergency Assistance for Overcoming Extreme Heat" and "Operation to Mitigate the Burdeen in Electricity and Gas Prices" implemented based on the "Comprehensive Economic Measures to Overcome Rising Prices and Realize Economic Revival."
4. Revenue recognized from other sources includes real estate rent income, lease payment income, income from self-storage business etc.

(2) Information that serves as the basis for understanding revenue generated from contracts with customers

The details of the main obligations in major businesses and the usual times where revenues are recognized are as follows.

(i) Energy Solutions Business

The Energy Solutions Business engages in the sales of petroleum products such as LPG, gasoline, diesel fuel, and heating oil, as well as housing equipment, etc.

When control of merchandise and finished goods is transferred, or more specifically, delivered to customers in the transactions of these merchandise and finished goods, excluding LPG, the legal ownership and physical possessory right of the merchandise and finished goods, and the material risks and economic value associated with the possession of the merchandise and finished goods are transferred, and revenues are recognized so as to obtain the right to receive consideration from customers for the merchandise and finished goods. Further, revenues are recognized based on the trading prices stated under agreements with customers, and consideration for transactions is received within one year after the delivery of merchandise and finished goods, and therefore does not include significant financial components.

In the transactions of LPG, obligations are deemed to be performed over a certain period of time in accordance with the terms of an agreement, and revenues are recognized according to the supply of LPG over the agreement period. Also, revenues are recognized as the amount of consideration promised in agreements with customers minus rebates, etc. Consideration for obligations is primarily received within one year of the obligations being performed and does not include significant financial components.

Further, revenues generated by consumers using LPG are recognized based on the meter reading date, but if the meter reading date differs from the end of the fiscal year are different, the revenues for the period spanning from the meter reading date to the end of the fiscal year are recorded by using a reasonable estimate.

(ii) Power & Electricity Business

The Power & Electricity Business engages in the wholesale of electricity by generating wind power and the retail of electricity to general consumers, etc.

In the transactions of these services, obligations are deemed to be performed over a certain period of time in accordance with the terms of an agreement, and revenues are recognized according to the supply of electricity over the agreement period. Also, revenues are recognized as the amount of consideration promised in agreements with customers minus rebates, etc. Consideration for obligations is primarily received within one year of the obligations being performed and does not include significant financial components.

Further, revenues generated by consumers using electricity are recognized based on the meter reading date, but if the meter reading date differs from the end of the fiscal year, the revenues for the period spanning from the meter reading date to the end of the fiscal year are recorded by using a reasonable estimate.

In addition, as the surcharge for the promotion of renewable energy generation corresponds to the amount to be collected on behalf of a third party, neither the said price is included in the transaction price in revenue recognition nor the corresponding payment is included in the cost of sales.

(iii) Foods Business

The Foods Business engages in the manufacture and sale of bottled water and beverages, store and restaurant businesses such as in-facility stalls and cafeterias, and the operation of fresh bakeries and cafés, etc.

When control of merchandise and finished goods is transferred, or more specifically, delivered to customers in the transactions of these merchandise and finished goods, the legal ownership and physical possessory right of the merchandise and finished goods, and the material risks and economic value associated with the possession of the merchandise and finished goods are transferred, and revenues are recognized so as to obtain the right to receive consideration from customers for the merchandise and finished goods. Further, revenues are recognized based on the trading prices stated under agreements with customers, and consideration for transactions is received within one year after the delivery of merchandise and finished goods, and therefore does not include significant financial components.

(iv) Living & Wellness Business

The Living & Wellness Business engages in the leasing of real estate such as office buildings and lease apartments, and the operation of establishments for living and wellness such as hot bath facilities.

When the benefits of these services are transferred, or more specifically, when the services are provided to customers in the transactions thereof, excluding the leasing of real estate, the material risks and economic value associated with the provision of the services are transferred, and revenues are recognized so as to obtain the right to receive consideration for the services from customers. Further, revenues are recognized based on the trading prices stated under agreements with customers, and consideration for transactions is received within one year after providing the services, and therefore does not include significant financial components.

(v) Other Businesses

Other businesses engage in the sales of products and services that are not included in the aforementioned reportable segments.

When control of merchandise is transferred, or more specifically, delivered to customers in the transactions of these services, excluding leasing, the legal ownership and physical possessory right of the merchandise, and the material risks and economic value associated with the possession of the merchandise are transferred, and revenues are recognized so as to obtain the right to receive consideration from customers for the merchandise. Further, revenues are recognized based on the trading prices stated under agreements with customers, and consideration for transactions is received within one year after the delivery of merchandise, and therefore does not include significant financial components.

(3) Information that aids understanding of the revenues for the current fiscal year, the following fiscal year and beyond

(i) Balance of contractual assets and contractual liabilities, etc.

(Millions of yen)

Receivables arising from contracts with customers (balance at beginning of term)	31,064
Receivables arising from contracts with customers (balance at end of term)	33,460
Contractual assets (balance at beginning of term)	–
Contractual assets (balance at end of term)	–
Contractual liabilities (balance at beginning of term)	256
Contractual liabilities (balance at end of term)	214

Contractual liabilities relate to advances received from customers based on individual payment terms agreed to in sales contracts with customers, primarily in the Energy Solutions Business, where revenue is recognized upon delivery of goods and products, and are reversed upon recognition of revenue.

(ii) Recognized revenue included in the balance of contractual liabilities at the beginning of the term and revenue recognized from obligations fulfilled in the past period

The balance of contractual liabilities as of the beginning of the current fiscal year was generally recognized as the revenue for the current fiscal year, and the amount carried forward was insignificant. In addition, in the current fiscal year, the revenue recognized from obligations fulfilled in the past period was insignificant.

(iii) Trading prices allocated to the remaining obligations

Since there were no important transactions with a contract period exceeding one year, information on the remaining obligations was omitted.

13. Notes on Per Share Information

(1) Net assets per share	¥1,746.77
(2) Basic earnings per share	¥182.05

The shares of the Company owned by Custody Bank of Japan, Ltd. (Trust E account) in relation to the Board Benefit Trust (BBT) were included in the treasury shares deducted from the total number of issued shares at the end of the fiscal year, in the calculation of net assets per share (520,300 shares at the end of the current fiscal year). In addition, the said shares were also included in the treasury shares deducted in calculating the average number of shares during the current fiscal year, in the calculation of basic earnings per share in said fiscal year (520,300 shares in the current fiscal year).

14. Notes on Significant Subsequent Events

Not applicable.

Note: The amounts stated in the Consolidated Financial Statements are rounded down to the nearest unit presented, and the ratios are rounded to the nearest unit presented.

Statement of Changes in Equity

(From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity										
		Capital surplus			Retained earnings						
						Other retained earnings					
	Shared capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2024	7,077	366	29	396	1,411	2,655	37,742	11,586	53,394	△1,566	59,302
Changes during period:											
Reversal of reserve for tax purpose reduction entry of non-current assets				—		△71		71	—		—
Dividends of surplus				—				△2,431	△2,431		△2,431
Profit				—				6,151	6,151		6,151
Purchase of treasury shares				—					—	△3,900	△3,900
Cancellation of treasury shares			△29	△29				△4,983	△4,983	5,012	—
Net changes in items other than shareholders' equity				—					—	—	—
Total changes during period	—	—	△29	△29	—	△71	—	△1,192	△1,263	1,112	△180
Balance as of March 31, 2025	7,077	366	—	366	1,411	2,584	37,742	10,393	52,131	△453	59,121

(Millions of yen)

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2024	10,722	10,722	70,024
Changes during period:			
Reversal of reserve for tax purpose reduction entry of non-current assets		—	—
Dividends of surplus		—	△2,431
Profit		—	6,151
Purchase of treasury shares		—	△3,900
Cancellation of treasury shares		—	—
Net changes in items other than shareholders' equity	△5,713	△5,713	△5,713
Total changes during period	△5,713	△5,713	△5,893
Balance as of March 31, 2025	5,009	5,009	64,130

Notes on Non-consolidated Financial Statements

1. Notes on Significant Accounting Policies

(1) Basis and method for valuation of securities

Subsidiaries and associates	Moving average cost method is used.
Available-for-sale securities	
Securities other than shares that do not have a market value	Fair value method (with the entire amount of valuation differences inserted directly into net assets, and the cost of sales calculated using the moving average method) is used.
Shares that do not have a market value	Moving average cost method is used.

(2) Basis and method for valuation of derivatives

Derivatives	Fair value method is used.

(3) Depreciation method for non-current assets

Property, plant and equipment (excluding leased assets)	The declining balance method is applied. However, the straight-line method is applied for buildings (excluding facilities) acquired on or after April 1, 1998, and for facilities attached to buildings and for structures acquired on or after April 1, 2016. Further, the useful life and salvage value are mainly determined based on the standards stipulated in the Corporation Tax Act.
Intangible assets (excluding leased assets)	The straight-line method is applied. For software used in-house, the straight-line method based on the usable period (five years) within the company is used, and for leasehold interests in land, the straight-line method based on the contract period is used.
Leased assets	The straight-line method is applied using the lease term as service life and a residual value of zero.

(4) Accounting method for deferred assets

Bond issuance costs are fully recognized as expenses when incurred.

(5) Recognition criteria for provisions

Allowance for doubtful accounts	To make allowances for the non-payment of trade receivables, loans receivable, and other receivables, the historical default rate is used for general receivables, the actual default rates on an individual claim basis are used for receivables designated as potentially irrecoverable, and an allowance is made for the amounts deemed irrecoverable.
Provision for bonuses	A provision is set up to allow for the payment of bonuses for employees, and is recorded by using the required amount to be paid based on corporate rules.
Provision for share awards	To make provisions for the share awards to officers, the amount of awards required at the end of the current fiscal year based on internal regulations is recorded.
Provision for retirement benefits	To make provisions for the payment of retirement benefits for employees, the amount deemed to be accrued at the end of the current fiscal year is recorded based on the estimated amount of retirement benefit obligations as of that date. In addition, actuarial gains and losses are amortized by the straight-line method over a certain period within the average remaining service years for employees (14 years) at the time of recognition, and are allocated proportionally from the fiscal year following the respective fiscal year of recognition.
Provision for loss on guarantees	To make provisions for loss on guarantees for subsidiaries and associates, the estimated amount of losses to be incurred is recorded, taking into consideration the financial position of the guaranteed parties and other factors.

(6) Recognition criteria for revenues and expenses

The income of the Company comprises of the Group operating income, etc., real estate rent income, and dividend income of subsidiaries and associates. For the Group operating income, etc. and real estate rent income, it is the Company's obligation to provide entrusted services according to the details of its contracts with subsidiaries, and this obligation is fulfilled when the services are carried out. Therefore, revenues and expenses were recognized during the performance of entrusted services. Also, the dividend income of subsidiaries and associates was recognized on the effective date of dividends.

(7) Hedge accounting method

Hedge accounting method	In principle, deferred hedge accounting is applied. Also, if the requirements for special treatment are met for interest rate swaps, special treatment is applied.

Hedging instruments and hedged items

Hedging instruments	Hedged items
Interest rate swaps	Interest on borrowings

Hedging policy	Hedging is carried out for the purpose of reducing the possibility of loss due to interest rate fluctuations. Note that hedging transactions are conducted with the approval of the Board of Directors pursuant to the Rules on Managing Market Risk. In addition, the execution of transactions is managed intensively in Finance & Control.
Method of evaluating the effectiveness of hedging	In principle, the cumulative cash flow fluctuations of hedging instruments and hedged items are compared semi-annually, and the effectiveness of hedging is evaluated based on the fluctuation amounts of both, etc. Note that for the interest rate swaps at the end of the current fiscal year, the effectiveness of hedging was extremely high and was therefore omitted from evaluation.

(8) Other basic policies and important items for the preparation of Non-Consolidated Financial Statements

Accounting for retirement benefits

The method of accounting for unrecognized actuarial gains and losses related to retirement benefits is different from the method of accounting used for Consolidated Financial Statements.

2. Notes on Accounting Estimates

Important accounting estimates

Accounting estimates are calculated at reasonable amounts based on the information available during the preparation of the Non-consolidated Financial Statements. Of the amounts recorded in the Non-consolidated Financial Statements for the current fiscal year, which are based on accounting estimates, the items that may have a material impact on the Non-consolidated Financial Statements for the next fiscal year are as follows.

Valuation of Shares of Subsidiaries and Associates

(1) Amount recorded in the Non-consolidated Financial Statements for the current fiscal year

Shares of subsidiaries and associates amounted to ¥32,123 million at the end of the current fiscal year and include an investment of ¥7,340 million in TRIFORCE INVESTMENTS PTE. LTD.

(2) Other information about the details of accounting estimates that aids the understanding of those who use the Non-consolidated Financial Statements

Shares of subsidiaries and associates with no quoted market prices are impaired when their real value declines significantly, unless the recoverability of such shares is supported by sufficient evidence. Significant estimates in the valuation of shares of TRIFORCE INVESTMENTS PTE. LTD. are excess earning power, etc. based on the issuing company's business plan, etc. The key assumptions are described in "Notes on Accounting Estimates (Important accounting estimates), 2. Necessity of recognizing impairment losses of trademark rights and goodwill of overseas self-storage businesses" in the Consolidated Financial Statements.

3. Additional Information

Performance-based stock remuneration plan for Directors

The Company has adopted a performance-based stock remuneration plan called "Board Benefit Trust (BBT)" (the "Plan"), for the purpose of raising awareness among its Directors, other than those who are Audit and Supervisory Committee Members (excluding External Directors; the "Eligible Directors"), to contribute to improving business performance and increasing corporate value over the medium- to long-term.

(1) Overview of transactions

The Plan is a performance-based stock remuneration plan where the Company's shares are first acquired through a trust by using the money contributed by the Company as the source of funds, then in accordance with the Board Benefit Trust Regulations established by the Company, the Company's shares and the money equivalent to the amount obtained by converting the Company's shares at the fair value are paid to the Eligible Directors of the Company through the trust. Also, as a general rule, the Company's Target Directors receive the benefits of Company shares during their resignation.

(2) Company shares remaining in the trust

The Company's shares that remain in the trust are recorded as treasury shares in the net assets, based on the book value in the trust (excluding the amount of incidental expenses). At the end of the current fiscal year, the book value and number of treasury shares stood at ¥437 million and 520,300, respectively.

4. Notes on Non-consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment ¥23,802 million

(2) Guarantee obligations

The Company provides debt guarantees worth ¥308 million for loans received from the financial institutions of its subsidiaries and associates.

(3) Monetary claims and obligations to subsidiaries and associates (excluding items presented separately)

(i) Short-term monetary claims	¥135 million
(ii) Short-term monetary obligations	¥84 million
(iii) Long-term monetary obligations	¥210 million

5. Notes on Non-consolidated Statement of Income

(1) Amount of transactions with subsidiaries and associates

(i) Operating revenue	¥6,946 million
(ii) Operating expenses	¥628 million
(iii) Amount other than operating transactions	¥112 million

(2) Breakdown of operating revenue

(i) Group operating income, etc.	¥2,439 million
(ii) Real estate rent income	¥2,822 million
(iii) Dividend income from subsidiaries and associates	¥1,757 million

(3) Breakdown of operating expenses

(i) Real estate rent expenses	¥1,816 million
(ii) General administrative costs	¥3,251 million

(4) Breakdown of loss on sale of non-current assets

Land	¥0 million
Total	¥0 million

(5) Breakdown of loss on retirement of non-current assets

Buildings	¥15 million
Structures	¥0 million
Machinery and equipment	¥0 million
Tools, furniture and fixtures	¥4 million
Software construction in progress	¥88 million
Removal expenses, etc. associated with retirement	¥15 million
Total	¥124 million

(6) Impairment losses

In the current fiscal year, the Company recorded impairment losses for the following asset groups.

Use	Type	Location	Impairment losses (Millions of yen)
Business assets	Land, buildings, etc.	Kokubunji-shi, Tokyo, etc.	645

In recognizing impairment losses, the Group organizes assets in the Energy Solutions Business mainly by branch group, which is a unit used for investment decision-making; idle assets, and assets in the Living Business by property. In addition, the headquarters and welfare facilities of the Company are treated as shared assets since they do not generate independent cash flow.

As for business assets above, the investment amount was projected to be unrecoverable due to a decline in profitability. Therefore, the book values were reduced to their recoverable amounts and the decrease was recorded as an impairment loss.

The recoverable amount of asset group was measured in terms of its net selling value. Net selling value is estimated based on real estate appraisal standards for highly significant assets.

(7) Gain on sale of investment securities

This is related to the sales of cross-shareholdings.

(8) Gain from liquidation of subsidiary

This is related to the liquidation of subsidiary Carl's Jr. Japan Inc.

6. Notes on Non-consolidated Statement of Changes in Equity

Matters concerning class and number of treasury shares

(Thousands of shares)

Class of shares	Number of shares at beginning of current fiscal year	Number of shares increased in current fiscal year	Number of shares decreased in current fiscal year	Number of shares at end of current fiscal year
Common shares	1,339	2,263	3,073	530

Notes: 1. The breakdown of the increase of 2,263 thousand shares in the number of treasury shares of common shares is as follows: Increase of 0 thousand shares due to purchase of fractional shares and increase of 2,263 thousand shares due to acquisition of treasury shares by the resolution of a Board of Directors meeting.

2. The decrease in the number of treasury shares of common shares is due to the cancellation of treasury shares of 3,073 thousand shares.

3. The number of shares at the end of the current fiscal year includes 520 thousand shares of the Company owned by Custody Bank of Japan, Ltd. (Trust E account) in relation to the Board Benefit Trust (BBT).

7. Notes on Tax Effect Accounting

Breakdown of deferred tax assets and liabilities by main causes

	(Millions of yen)
Deferred tax assets	
Shares of subsidiaries	1,881
Loss on valuation of shares of subsidiaries	689
Loss on valuation of investment securities	308
Asset retirement obligations	136
Impairment losses	321
Allowance for doubtful accounts	15
Accrued enterprise tax	75
Provision for share awards	101
Other	84
Subtotal of deferred tax assets	3,614
Valuation allowance	(2,901)
Total of deferred tax assets	713
Deferred tax liabilities	
Reserve for tax purpose reduction entry of non-current assets	(1,173)
Valuation difference on available-for-sale securities	(2,096)
Shares of subsidiaries	(51)
Removal costs for asset retirement obligations	(35)
Other	(29)
Total of deferred tax liabilities	(3,386)
Net amount of deferred tax liabilities	(2,673)

Change in description
Provision for share awards formerly included in the “Other” part of the “Differed tax asset” is separated from this fiscal year as the amount becomes significant.

8. Notes on Transactions with Related Parties

Subsidiary, etc.

Category	Company name	Location	Share capital (Millions of yen)	Business details	Voting rights ownership (owned) ratio (%)	Relationship with related party	Transaction details	Transaction amount (Millions of yen)	Description	Balance at end of term (Millions of yen)
Subsidiary	MITSUUROKO Co., Ltd.	Chiyoda-ku, Tokyo	10	Living & Wellness	(Owned) Directly 100.0	Concurrent post of Director, etc.	Real estate rent income*3	1,218	–	–
							Borrowing of funds*1	540	Short-term borrowings from subsidiaries and associates	1,892
Subsidiary	Mitsuuroko Vessel Co., Ltd.	Chuo-ku, Tokyo	25	Energy Solutions	(Owned) Directly 100.0	Concurrent post of Director, etc.	Income from management fees*3	1,348	–	–
							Real estate rent income*3	969	–	–
							Borrowing of funds*1	5,545	Short-term borrowings from subsidiaries and associates	4,931
Subsidiary	Mitsuuroko Vessel Tohoku Co., Ltd.	Aoba-ku, Sendai-shi, Miyagi	10	Energy Solutions	(Owned) Indirectly 100.0	Borrowing of funds, etc.	Lending of funds	1,230	Short-term loans receivable from subsidiaries and associates	1,230
							Borrowing of funds*1	1,544	Short-term borrowings from subsidiaries and associates	1,584
Subsidiary	Mitsuuroko Creative Solutions Co., Ltd.	Omiya-ku, Saitama-shi, Saitama	30	Energy Solutions	(Owned) Directly 100.0	Concurrent post of Director, etc.	Outsourcing of system operation, etc.*4	400	Accrued expenses	42
Subsidiary	Mitsuuroko Foods Co., Ltd.	Chuo-ku, Tokyo	100	Foods	(Owned) Directly 100.0	Concurrent post of Director, etc.	Lending of funds*5	2,023	Long-term loans receivable from subsidiaries and associates	2,023
Subsidiary	Carl's Jr. Japan Inc.*6	Chuo-ku, Tokyo	95	Foods	(Owned) Directly 100.0	Concurrent post of Director, etc.	Receipt of residual assets from liquidation *6	219	–	–
Subsidiary	Mitsuuroko Green Energy Co., Ltd.	Chuo-ku, Tokyo	450	Power & Electricity	(Owned) Directly 100.0	Concurrent post of Director, etc.	Lending of funds*1	617	Long-term loans receivable from subsidiaries and associates	2,002

Note: Transaction terms and policy on determination of transaction terms

1. The borrowing of funds was provided through the Cash Management System (CMS). Note that the transaction amount states the average balance of borrowings during the term.
2. The interest rate was determined in consideration of the market interest rate.
3. The trading prices for income from management fees and real estate rent income were determined based on a contract.
4. The trading price for the fee of outsourcing system operation was determined based on a contract.
5. For long-term loans receivable to Mitsuuroko Foods Co., Ltd., a reversal of allowance for doubtful accounts of ¥273 million was recorded during the current fiscal year..
6. Carl's Jr. Japan Inc., was liquidated as of March 27, 2025, and gain from liquidation of consolidated subsidiary of ¥219 million was recorded.

9. Asset Retirement Obligations Recorded on Non-consolidated Balance Sheet

(1) Outline of the relevant asset retirement obligations

These are asbestos removal costs, restoration costs of leased offices, etc., restoration costs of leased land.

(2) Method of calculating the relevant asset retirement obligations

The asset retirement obligations were calculated by estimating the expected usage period as the depreciation period of the relevant buildings (18 to 43 years), and using the yields of the national government bonds, which correspond to the said depreciation period, as the discount rate (0.6% to 2.6%).

(3) Total increase/decrease in the relevant asset retirement obligations in the current fiscal year

Balance at beginning of term	¥495 million
Increase due to acquisition of non-current assets	¥25 million
Adjustment due to passage of time	¥2 million
Decrease due to fulfillment of asset retirement obligations	(¥173 million)
Increase due to change in estimates	¥84 million
Balance at end of term	¥435 million

(4) Method of calculating the relevant asset retirement obligations

Regarding the asset retirement obligations recorded for the demolition costs of buildings on leased land, the Company has revised the estimates upon new information obtained about the restoration costs due to the closure of factories and filling stations. As a result of this revision, we have recorded ¥84 million as asset retirement obligations. Consequently, operating profit, ordinary profit, and profit before income taxes for the current consolidated fiscal year have decreased by ¥59 million.

10. Notes on Revenue Recognition

Information that serves as the basis for understanding revenue generated from contracts with customers

As stated in "(6) Recognition criteria for revenues and expenses" in "Notes on Significant Accounting Policies."

11. Notes on Per Share Information

(1) Net assets per share	¥1,134.44
(2) Basic earnings per share	¥106.32

The shares of the Company owned by Custody Bank of Japan, Ltd. (Trust E account) in relation to the Board Benefit Trust (BBT) were included in the treasury shares deducted from the total number of issued shares at the end of the fiscal year, in the calculation of net assets per share (520,300 shares at the end of the current fiscal year). In addition, the said shares were also included in the treasury shares deducted in calculating the average number of shares during the current fiscal year, in the calculation of basic earnings per share in said fiscal year (520,300 shares in the current fiscal year).

Note: The amounts stated in the Non-consolidated Financial Statements are rounded down to the nearest unit presented, and the ratios are rounded to the nearest unit presented.