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Consolidated Financial Results for the Year Ended March 31, 2025 [Japanese GAAP]

May 14, 2025

Company name: Restar Corporation
 Listing: Tokyo Stock Exchange
 Securities code: 3156
 URL: <https://www.en.restargp.com/>
 Representative: Tomoharu Asaka Representative Director Vice President
 Inquiries: Atsuki Ishida Corporate Officer
 Telephone: +81-3-3458-4618
 Scheduled date of annual general meeting of shareholders: June 27, 2025
 Scheduled date to commence dividend payments: June 13, 2025
 Scheduled date to file annual securities report: June 30, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (For analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	561,001	9.5	14,174	(11.0)	9,559	(1.3)	7,473	6.7
March 31, 2024	512,484	5.2	15,931	10.5	9,690	(19.5)	7,004	(1.1)

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥ 12,117 million [46.8%]
 Fiscal year ended March 31, 2024: ¥ 8,254 million [16.7%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	256.59	255.84	8.8	3.2	2.5
March 31, 2024	232.95	231.91	8.5	3.5	3.1

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2025: ¥ 36 million
 Fiscal year ended March 31, 2024: ¥ 94 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	310,304	99,775	27.6	3,046.39
March 31, 2024	291,704	91,024	28.9	2,800.38

(Reference) Equity: As of March 31, 2025: ¥ 85,658 million
 As of March 31, 2024: ¥ 84,201 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	20,494	(34)	(16,313)	44,283
March 31, 2024	15,668	(6,613)	(3,005)	39,771

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2024	-	55.00	-	60.00	115.00	3,457	49.4	4.2
March 31, 2025	-	60.00	-	60.00	120.00	3,491	46.8	4.1
Fiscal year ending March 31, 2026 (Forecast)	-	60.00	-	65.00	125.00		46.9	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	600,000	7.0	16,000	12.9	12,500	30.8	7,500	0.4	266.73

* Notes:

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

Newly included: 10 (Company name: Restar Dexerials Hong Kong Limited, PCI Holdings, INC., PCI Solutions INC., Institute of PCI Solutions Inc., SORD CORPORATION, Personal Joho System, Inc., Nihon System Research, PRIVATECH Inc. Restar Dexerials Korea Corporation, Restar Dexerials Taiwan Corporation)
Excluded: 3 (Company name: Restar Electronics Corporation, Restar Communications Corporation,)
Vitec Enesta Co., Ltd.

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

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

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of issued shares (common shares)

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

March 31, 2025: 30,072,643 shares

March 31, 2024: 30,072,643 shares

2) Number of treasury shares at the end of the period:

March 31, 2025: 1,954,690 shares

March 31, 2024: 4,680 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2025: 29,125,647 shares

Fiscal Year ended March 31, 2024: 30,068,007 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating revenues		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	219,945	-	-	-	3,328	(46.8)	26,706	-	18,934	-
March 31, 2024	-	-	10,870	65.2	6,253	146.3	(3,043)	-	827	-

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	650.10	-
March 31, 2024	27.51	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	212,202	60,159	28.4	2,139.55
March 31, 2024	152,188	37,413	24.6	1,244.28

(Reference) Equity: As of March 31, 2025: ¥ 60,159million

As of March 31, 2024: ¥ 37,413million

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

* Proper use of earnings forecasts, and other special matters

1. Overview of Operating Results

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

Forward-looking statements in the text are based on judgments made as of the end of the fiscal year under review.

During the fiscal year under review, the Japanese economy experienced moderate recovery with signs of a pickup and regain in the second half of the year in capital investment as the employment and income environment improved and inbound demand expanded. Meanwhile, the outlook remained uncertain due to concerns over the slowdown of the global economy caused by trends in U.S. customs policies, global geopolitical risks and exchange rate fluctuations caused by interest rate trends in Japan and overseas.

In the semiconductor market, demand for products showed mixed trends. There were signs of recovery in demand for generative AI-related products, but demand for electric vehicles (EVs) and industrial equipment applications remained sluggish and did not lead to a recovery in overall market demand.

Under these circumstances, in May 2024, the Company announced its first Medium-Term Management Plan since the business integration in 2019. It has set basic policies for growth through the fiscal year ending March 31, 2027, and aims to establish a structure with four Business Units. The Company will work to further expand our business and improve profitability and promote measures to achieve the goals of the Medium-Term Management Plan. On September 27, 2024, the Company made PCI Holdings, INC. (Hereinafter referred to as “PCI Group”) a consolidated subsidiary. It will serve as the foundation of the new IT & Sler Business Unit of the four Business Units structure, a key component of the Medium-Term Management Plan. Based on PCI Group’s strengths in information service businesses, including software development, solution development and maintenance, the Company will upgrade its technical resources by leveraging each company’s strengths, and accelerate the development to upstream processes, such as planning and proposals, in an effort to further deepen and expand the market.

For the purpose of expanding the line card of chemical products in the devices business and strengthening marketing in sales expansion of material-based products, a joint venture with Dexerials Corporation, namely, Restar Dexerials Hong Kong Limited, began operating as a consolidated subsidiary of the Company on July 1, 2024. In addition, Restar Dexerials Korea Corporation and Restar Dexerials Taiwan Corporation began operating as consolidated subsidiaries of the Company on January 2, 2025, and February 3, 2025, respectively, to strive to further expand sales. Meanwhile, on October 1, 2024, the Company repurchased its own shares and, on October 31, 2024, resolved to enter into a capital and business alliance with Shinko Shoji Co., Ltd. and to dispose of its own shares through a third-party allotment. Through this alliance, as part of the Company’s long tail strategy, we share each other’s management resources such as scale, financial strength, products, personnel resources and technology capabilities, all of which enable us to expand our customer base, sales network, and product portfolio. We are working to develop a cooperative base to further cultivate the mass market and strengthen our technical and proposal expertise.

In order to establish a system to stably procure funds necessary to expand its business, the Company borrowed funds through a hybrid loan (subordinated loan) in August 2024 and procured funds in February 2025 from regional banks participating in the Kyushu-Okinawa Banking Alliance Semiconductor Solution. In addition, the Company is promoting efforts to diversify fund-raising methods to maintain financial discipline and enhance financial stability by issuing the first series of unsecured notes in March 2025.

The Company will continue to pursue M&A and capital alliances in Japan and overseas in addition to Group synergies aiming to be “The Electronics Value Platformer” that accommodates all manner of stakeholder needs in order to realize the sustainable development of the world and society leveraging information and technology and to enhance its corporate value.

(Overview of Consolidated Operating Results)

(Million yen)	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change (%)
Net sales	512,484	561,001	9.5%
Operating profit	15,931	14,174	(11.0%)
Ordinary profit	9,690	9,559	(1.3%)
Profit attributable to owners of parent	7,004	7,473	6.7%

- Performance Highlights

Consolidated net sales for the fiscal year under review reached a record high as last year, mainly due to an increase in revenue resulting from the addition of consolidated subsidiaries through M&A and establishment of joint ventures, sales growth of consumer products in the devices business such as high-performance cameras and mobile devices, and an improved performance in the EMS business following the installation in new smartphone models. Although some increase was realized thanks to higher net sales, operating profit declined due to factors including the following: lower gross profit in the device business caused by the sharp appreciation of the yen over the period from August to September, lower gross profit margin brought by poorer sales mix due to the slow recovery of the industrial equipment market, and decrease in profit in the eco-solution business. Ordinary profit slightly declined mainly due to a decrease in operating profit, despite the lower interest expense brought by changes in currencies for some borrowings. Despite recording a loss on liquidation of a subsidiary following the Company's resolution to dissolve the consolidated subsidiary in September 2024, profit attributable to owners of parent reached a record high, partly due to a tax effect related to the liquidation.

As a result, net sales for the fiscal year under review were ¥561,001 million, up 9.5% year on year, operating profit was ¥-14,174million, down 11.0% year on year, ordinary profit was ¥9,559 million, down 1.3% year on year, and profit attributable to owners of parent was ¥7,473 million, up 6.7% year on year.

(Operating Results by Reportable Segment)

The Group has three reportable segments: the Devices Business Unit and the System Business Unit, which were established as reportable segments following the business reorganization in April 2024, as well as the IT & Sler Business Unit, which was added when PCI Group became a consolidated subsidiary of the Company in September 2024.

Effective from the current fiscal year under review, the business segments to be included as reportable have been changed. In addition, effective from the second quarter of the fiscal year under review, the IT & Sler Business Unit has been added as a reportable segment, and comparisons and analysis for the fiscal year under review are based on the new segments.

(1) Devices Business Unit

Reportable Segment	Business	Business Description
Devices Business Unit	Devices	<ul style="list-style-type: none"> Sales of semiconductors, electronic components, and related products in Japan and overseas; system proposals with a variety of line card combinations; provision of high-value-added solutions and technical support specializing in liquid crystal systems and overseas suppliers; design and manufacturing; LSI design development and support; and reliability test service Operation and proposal of optimal supply chain management through global procurement/trading for electronics and entrustment service for related operations
	EMS	Electronics manufacturing service for electronic components, modules, etc., with cutting-edge technology, procurement, production management and quality assurance at our factories

(Million yen)	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change (%)
Net sales	471,900	505,085	7.0%
Devices	448,647	476,296	6.2%
EMS	23,253	28,789	23.8%
Segment profit	12,479	11,205	(10.2%)

- Performance Overview

In the devices business, while the recovery of the industrial equipment market has been slow, sales increased. This was due to the addition of consolidated subsidiaries (Restar WPG Corporation in July 2023, Restar Embedded Solutions Corporation in January 2024, Restar Dexerials Hong Kong Limited in July 2024, Restar Dexerials Korea Corporation in January 2025, and Restar Dexerials Taiwan Corporation in February 2025) and sales growth of consumer products such as high-performance cameras and mobile devices. In the EMS business, sales increased due to the effects of our products being installed in new smartphone models and continued strong sales

of applications for tablets and other consumer products. Although some increase was realized thanks to higher net sales, segment profit declined mainly due to lower gross profit in the device business caused by the sharp appreciation of the yen over the period from August to September and lower gross profit margin brought by poorer sales mix due to the slow recovery of the industrial equipment market.

As a result, the Semiconductor and Electronic Components Business recorded net sales of ¥505,085 million, up 7.0% year on year, and segment profit of ¥11,205 million, down 10.2% year on year.

(2) System Business Unit

Reportable Segment	Business	Business Description
System Business Unit	System Solution	<ul style="list-style-type: none"> • Proposal, design, construction, and maintenance of solutions for video, audio, and communications in various fields such as broadcasting, business, education, medical care/life sciences, and public facilities • Development and manufacture of cashless payment terminals that combine its basic digital and communications technologies with near-field communication (NFC) technologies and sales of overseas-made payment terminals; application development; development, manufacture, and sales of Individual Number authentication-related devices
	Eco-solution	<ul style="list-style-type: none"> • Community coexistence-based operation and management services for the introduction and popularization of renewable energy from its own solar power stations (in Japan and overseas) and wind power stations, etc. • Electric power supply to public facilities and private-sector companies primarily using renewable energy, and electric power consulting including local production and consumption of the power for community revitalization • Production and sales, as well as system consulting, of vegetables made in completely closed vegetable factories to commercial and retail markets including convenience stores, supermarkets, and food service chains

(Million yen)	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change (%)
Net sales	40,583	42,835	5.5%
System Solution	23,839	22,183	(6.9%)
Eco-solution	16,744	20,652	23.3%
Segment profit	5,344	4,205	(21.3%)

- Performance Overview

In the system solution business, while business for corporate customers continued to grow backed by office relocation needs and other factors, sales of system equipment for broadcasting and payment terminals remained slow. Additionally, the overall decline in revenue was influenced by the transfer of the image sensing business area to the devices business as part of efforts to strengthen the sensor-related business. In the eco-solution business, sales increased owing to an expansion of power sales destinations in the power producer and supplier business, an expansion of solar power generation in Japan and overseas, and an increase in the number of new contracts in the power purchase agreement (PPA) business. Segment profit declined due to intensified competition in the market for electricity supply and demand adjustment in the eco-solution business, despite some profit increase in the system solution business.

As a result, the System Business Unit recorded net sales of ¥42,835 million, up 5.5% year on year, and segment profit of ¥4,205 million, down 21.3% year on year.

(3) IT&SIer Business Unit

Reportable Segment	Business Description
IT&SIer Business Unit	<ul style="list-style-type: none"> • Software development, industrial PC design and manufacturing, inhouse solution development and maintenance • Semiconductor design and testing, and other information service businesses

(Million yen)	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change (%)
Net sales	—	13,079	—
Segment profit	—	468	—

- Performance Overview

PCI Group became a consolidated subsidiary of the Company on September 27, 2024, recording net sales of ¥13,079 million and segment profit of ¥468 million.

We have taken inventory of technologies used to commercialize services, select services and products that can be utilized within both Groups. The PCI Group will leverage its technological capabilities to promote sales activities for new projects and areas by leveraging each Group's customer base, efficiently manage costs, and focus on allocating resources to profitable businesses and efficiently manage assets. The Company will continue its efforts to generate synergies with the Devices Business Unit and the System Business Unit.

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

Assets, Liabilities and Net Assets

Total assets increased 18,600 million yen from the end of the previous fiscal year to 310,304 million yen at the end of the current fiscal year. This was mainly due to a 24,773 million yen increase in accounts receivable-trade, a 6,128 million yen increase in deferred tax assets, and a 4,497 million yen increase in cash and deposits and a 7,090 million yen decrease in allowance for doubtful accounts, despite a 14,510 million yen decrease in merchandise and finished goods and a 6,642 million yen decrease in other current assets.

Liabilities increased 9,849 million yen from the end of the previous fiscal year to 210,529 million yen. This was mainly due to increases of 32,991 million yen in long-term borrowings, 15,878 million yen in notes and accounts payable-trade, and 10,000 million yen in bonds payable, despite a 44,454 million yen decrease in short-term borrowings.

Net assets increased 8,750 million yen from the end of the previous fiscal year to 99,775 million yen. This was mainly due to increases of 7,266 million yen in non-controlling interests, 6,459 million yen in retained earnings, and 4,027 million yen in foreign currency translation adjustment, despite increases of 5,388 million yen in treasury shares and decreases of 3,219 million yen in capital surplus.

As a result, interest-bearing debt, excluding lease obligations, totaled 106,650 million yen at the end of the current fiscal year, and the net debt-to-equity ratio (*1, 2) after taking into account the equity nature of hybrid finance was 0.6 times, maintaining a stable level below 1.2 times. The equity ratio (*2) was 30.2% as of the end of the current fiscal year, an improvement of 1.3% from 28.9% as of the end of the previous fiscal year.

(*1) Net debt-to-equity ratio = (interest-bearing debt excluding lease obligations - cash and deposits) / shareholders' equity

(*2) The calculation is based on the hybrid loan (subordinated loan) of 10 billion yen procured in August 2024, taking into account the 50% equity nature of the loan in the rating.

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

Cash flows and their main factors in the fiscal year under review are as follows.

(Cash flows from operating activities)

Cash and cash equivalents used in operating activities increased by ¥20,494 million (¥15,668 million provided in the previous fiscal year). This was mainly due to profit before income taxes of ¥5,293 million, decrease in inventories of ¥15,697 million.

(Cash flows from investing activities)

Cash used in investing activities decreased by ¥34 million (¥6,613 million used in the previous fiscal year). This was mainly due to purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥4,174 million and purchase of property, plant and equipment of ¥2,210 million, payments for acquisition of investment securities of ¥1,508 million, Payments of guarantee deposits of ¥602 million.

(Cash flows from financing activities)

Cash used in investing activities decreased by ¥16,313 million (¥3,005 million used in the previous fiscal year). This was mainly due to ¥37,518 million in proceeds from long-term borrowings, ¥9,952 million in proceeds from issuance of bonds, ¥44,322 million in net decrease in short-term borrowings, ¥6,907 million in proceeds from sale of treasury shares, ¥6,303 million in repayments of long-term borrowings, ¥3,608 million in dividends paid.

(Reference) Trends in Cash Flow Indicators

	12th Fiscal Period	13th Fiscal Period	14th Fiscal Period	15th Fiscal Period	16th Fiscal Period
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Capital Adequacy Ratio	38.6%	32.1%	30.0%	28.9%	27.6%
Capital Adequacy Ratio on a Market Value Basis	32.2%	24.6%	24.2%	31.3%	20.8%

Capital Adequacy Ratio: Shareholders' Equity/Total Assets

Capital Adequacy Ratio on a Market Value Basis: Gross Market Capitalization/Total Assets

(Notes) 1. All calculations are based on consolidated financial figures.

2. Gross market capitalization is calculated based on the total number of shares outstanding excluding treasury shares.

Gross market capitalization = Closing stock price at the end of the period × (total number of shares issued – number of treasury shares)

(4) Outlook for the Future

1) Forecast for the current fiscal year

The consolidated earnings forecast for the current financial year is shown in the table below.

(Million yen)	Year ended March 31, 2025	Year ending March 31, 2026	Full-year forecast YoY
Net sales	561,001	600,000	7.0 %
Operating profit	14,174	16,000	12.9 %
Ordinary profit	9,559	12,500	30.8 %
Profit attributable to owners of parent	7,473	7,500	0.4 %

At this point, we recognize that the direct impact of the tariff measures imposed by the U.S. on various countries on our business performance is negligible. If we anticipate any significant impact, which should be disclosed in the future, we will announce it promptly.

2) Future initiatives

Based on its management philosophy of "We help society evolve by leveraging information and technology to create and deliver new value and services", the Group aims to be "the Electronics Value Platformer" and is promoting synergies between

businesses, active co-creation with external partners, diverse business development, expansion in technological areas and sustainable scale expansion.

Future priority initiatives are as follows.

Reportable Segment	Business	Initiatives
Devices Business Unit	Devices	<ul style="list-style-type: none"> • Further accelerate Group synergies and a cross-selling strategy • Cultivate customers in the industrial equipment and automotive markets and expand new business • Promote initiatives for global expansion • Develop Group synergies based on supply chain management services • Expand business areas by providing value added
	EMS	<ul style="list-style-type: none"> • Rationalize of production lines • Selection through concentration and expand new businesses such as automotive
System Business Unit	System Solution	<ul style="list-style-type: none"> • Address challenge of new business model • Expand total solution provider functions • Develop new business areas utilizing payment terminals • Develop new markets through in-house development of authentication terminals and payment devices
	Eco-solution	<ul style="list-style-type: none"> • Expand Power Purchase Agreement (PPA) business • Build and provide energy management systems utilizing storage batteries • Secure stable power sources • Respond to power system reforms • Increase production efficiency and profitability
IT&SIer Business Unit	—	<ul style="list-style-type: none"> • Software development, design/manufacture of industrial PCs/development/maintenance of in-house solutions • Information services such as design and testing of semiconductors

Comparison of each Business Unit and business forecast with the previous year's results

		Fiscal year ended March 31, 2025	Forecast	Change (%)
Net sales	Devices	476,296	504,700	6.0%
	EMS	28,789	25,500	(11.4%)
	Devices Business Unit	505,085	530,200	5.0%
	System Solution	22,183	24,000	8.2%
	Eco-solution	20,652	18,000	(12.8%)
	System Business Unit	42,835	42,000	(2.0%)
	IT&SIer Business Unit	13,079	27,800	112.5%
	Consolidated	561,001	600,000	7.0%
Operating profit	Devices	10,465	12,000	14.7%
	EMS	739	450	(39.2%)
	Devices Business Unit	11,205	12,450	11.1%
	System Solution	724	650	(10.3%)
	Eco-solution	3,480	2,700	(22.4%)
	System Business Unit	4,205	3,350	(20.3%)
	IT&SIer Business Unit	468	1,950	316.4%
	Corporate and adjustment	(1,704)	(1,750)	2.7%
	Consolidated	14,174	16,000	12.9%

Note: The comparison with the previous year for the IT & Sier BU is with the results for the period from October 2024 to March 2025 for both sales and segment profit.

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

The Company's basic policy on shareholder returns during the period of its medium-term management plan, which ends in the year ending 31 March 2027, is as follows:

- Consider the balance between stable and enhanced shareholder returns, proactive investment in growth areas and financial soundness.
- Consolidated dividend on equity (DOE) ratio of 4% or more.
- Stable and continuous dividend increases.
- Flexible share buy-back of surplus funds.

*DOE (Dividend on Equity): Ratio of dividends to shareholders' equity = Dividend amount / Shareholders' equity = Dividend yield x PBR

Since DOE is based on shareholders' equity, it is less sensitive to fluctuations in profits than the dividend payout ratio and provides a stable dividend.

The Company is committed to returning profits to shareholders, regarding DOE as an important indicator so that shareholders can hold the Company's shares for a long period of time with peace of mind.

Based on these policies, we have comprehensively taken the aforementioned policies into consideration and will pay a year-end dividend of 60 yen per share for the current fiscal year, which, together with the interim dividend of 60 yen per share, will result in an annual dividend of 120 yen per share. As a result, DOE for the current fiscal year will be 4.1%.

For the fiscal year ending March 31, 2026, we plan to pay an interim dividend of 60 yen per share and a year-end dividend of 65 yen per share, for an annual dividend of 125 yen per share (both ordinary dividend).

2. Basic Approach to the Selection of Accounting Standards

In order to ensure comparability among companies and over time, the Group has adopted Japanese GAAP for accounting standards.

The Company intends to consider the application of International Financial Reporting Standards (IFRS) in the future, given the trend of applying IFRS by its domestic industry peers.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	39,919	44,417
Notes receivable - trade	417	308
Accounts receivable - trade	88,940	113,713
Electronically recorded monetary claims - operating	16,043	13,430
Contract assets	49	586
Merchandise and finished goods	68,158	53,647
Work in process	980	1,108
Raw materials and supplies	1,632	1,800
Other	18,334	11,692
Allowance for doubtful accounts	(124)	(136)
Total current assets	234,350	240,568
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,718	8,723
Accumulated depreciation	(2,475)	(4,785)
Buildings and structures, net	2,243	3,938
Machinery, equipment and vehicles	16,729	17,975
Accumulated depreciation	(4,917)	(5,808)
Machinery, equipment and vehicles, net	11,811	12,167
Tools, furniture and fixtures	3,264	4,203
Accumulated depreciation	(2,372)	(3,318)
Tools, furniture and fixtures, net	891	884
Leased assets	16,684	17,228
Accumulated depreciation	(8,202)	(8,598)
Leased assets, net	8,481	8,629
Land	1,217	1,127
Construction in progress	3,893	3,636
Total property, plant and equipment	28,538	30,384
Intangible assets		
Goodwill	5,460	5,907
Other	4,029	8,101
Total intangible assets	9,490	14,009
Investments and other assets		
Investment securities	4,062	3,477
Deferred tax assets	2,338	8,467
Bad debts	11,665	4,558
Long-term prepaid expenses	8,646	8,211
Other	4,438	5,318
Allowance for doubtful accounts	(11,827)	(4,736)
Total investments and other assets	19,324	25,296
Total non-current assets	57,353	69,689
Deferred assets		
Bond issuance costs	-	46
Total deferred assets	-	46
Total assets	291,704	310,304

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	55,846	71,724
Short-term borrowings	96,993	52,539
Current portion of long-term borrowings	5,130	3,668
Lease liabilities	1,967	2,465
Income taxes payable	3,864	1,080
Contract liabilities	147	1,070
Provision for bonuses	1,334	1,803
Provision for bonuses for directors (and other officers)	120	8
Other	14,728	10,789
Total current liabilities	180,132	145,150
Non-current liabilities		
Bonds payable	40	10,040
Long-term borrowings	7,352	40,343
Lease liabilities	6,845	6,255
Deferred tax liabilities	1,867	3,312
Retirement benefit liability	1,582	1,662
Other	2,858	3,764
Total non-current liabilities	20,547	65,378
Total liabilities	200,679	210,529
Net assets		
Shareholders' equity		
Share capital	4,383	4,383
Capital surplus	33,841	30,621
Retained earnings	43,461	49,921
Treasury shares	(9)	(5,397)
Total shareholders' equity	81,677	79,528
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	304	(124)
Deferred gains or losses on hedges	(1)	(4)
Foreign currency translation adjustment	2,263	6,291
Remeasurements of defined benefit plans	(42)	(32)
Total accumulated other comprehensive income	2,524	6,129
Share acquisition rights	123	151
Non-controlling interests	6,699	13,966
Total net assets	91,024	99,775
Total liabilities and net assets	291,704	310,304

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	512,484	561,001
Cost of sales	467,212	513,301
Gross profit	45,271	47,700
Selling, general and administrative expenses	29,340	33,526
Operating profit	15,931	14,174
Non-operating income		
Interest income	255	313
Dividend income	43	45
Insurance claim income	494	170
Share of profit of entities accounted for using equity method	94	36
Gain on investments in silent partnerships	112	116
Other	216	400
Total non-operating income	1,216	1,082
Non-operating expenses		
Interest expenses	3,835	2,581
Loss on sale of receivables	1,366	1,185
Foreign exchange losses	617	955
Loss on valuation of investment securities	554	-
Commission for syndicated loans	225	567
Other	857	406
Total non-operating expenses	7,458	5,696
Ordinary profit	9,690	9,559
Extraordinary income		
Gain on sale of non-current assets	1,882	12
Gain on sale of investment securities	883	-
Insurance claim income	39	53
Gain on bargain purchase	-	153
Gain on step acquisitions	-	16
Gain on liquidation of subsidiaries	-	130
Other	32	-
Total extraordinary income	2,838	365
Extraordinary losses		
Loss on valuation of investment securities	34	-
Impairment losses	352	136
System failure response costs	86	-
Loss on liquidation of subsidiaries	-	4,481
Other	55	14
Total extraordinary losses	528	4,632
Profit before income taxes	12,000	5,293
Income taxes - current	4,945	2,270
Income taxes - deferred	(620)	(5,711)
Total income taxes	4,324	(3,441)
Profit	7,675	8,734
Profit attributable to non-controlling interests	671	1,261
Profit attributable to owners of parent	7,004	7,473

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit	7,675	8,734
Other comprehensive income		
Valuation difference on available-for-sale securities	(326)	(504)
Deferred gains or losses on hedges	(6)	(4)
Foreign currency translation adjustment	931	3,837
Remeasurements of defined benefit plans, net of tax	(20)	55
Total other comprehensive income	578	3,382
Comprehensive income	8,254	12,117
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,199	11,227
Comprehensive income attributable to non-controlling interests	1,054	890

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,383	36,095	37,976	(8)	78,446
Changes during period					
Deficit disposition					-
Dividends of surplus		(2,255)	(1,653)		(3,908)
Profit attributable to owners of parent			7,004		7,004
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					-
Change from newly consolidated subsidiary		1	134		135
Purchase of share of consolidated subsidiaries treasury stock changes of items during period					-
Purchase of shares of consolidated subsidiaries					-
Net changes in items other than shareholders' equity					
Total changes during period	-	(2,253)	5,485	(0)	3,230
Balance at end of period	4,383	33,841	43,461	(9)	81,677

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	631	1	1,721	(28)	2,325	113	4,210	85,095
Changes during period								
Deficit disposition								-
Dividends of surplus								(3,908)
Profit attributable to owners of parent								7,004
Purchase of treasury shares								(0)
Disposal of treasury shares								-
Change from newly consolidated subsidiary			32		32			168
Purchase of share of consolidated subsidiaries treasury stock changes of items								-

	Accumulated other comprehensive income					Share acquisition rights	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			
during period								
Purchase of shares of consolidated subsidiaries								-
Net changes in items other than shareholders' equity	(326)	(2)	509	(13)	166	10	2,489	2,665
Total changes during period	(326)	(2)	541	(13)	198	10	2,489	5,929
Balance at end of period	304	(1)	2,263	(42)	2,524	123	6,699	91,024

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,383	33,841	43,461	(9)	81,677
Changes during period					
Deficit disposition		(790)	790		-
Dividends of surplus		(1,804)	(1,804)		(3,608)
Profit attributable to owners of parent			7,473		7,473
Purchase of treasury shares				(6,907)	(6,907)
Disposal of treasury shares		(60)		1,518	1,458
Change from newly consolidated subsidiary					-
Purchase of share of consolidated subsidiaries treasury stock changes of items during period		97			97
Purchase of shares of consolidated subsidiaries		(662)			(662)
Net changes in items other than shareholders' equity					
Total changes during period	-	(3,219)	6,459	(5,388)	(2,148)
Balance at end of period	4,383	30,621	49,921	(5,397)	79,528

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	304	(1)	2,263	(42)	2,524	123	6,699	91,024
Changes during period								
Deficit disposition								-
Dividends of surplus								(3,608)
Profit attributable to owners of parent								7,473
Purchase of treasury shares								(6,907)
Disposal of treasury shares								1,458
Change from newly consolidated subsidiary								-
Purchase of share of consolidated subsidiaries treasury stock changes of items during period								97

	Accumulated other comprehensive income					Share acquisition rights	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			
Purchase of shares of consolidated subsidiaries								(662)
Net changes in items other than shareholders' equity	(428)	(3)	4,027	9	3,605	27	7,266	10,899
Total changes during period	(428)	(3)	4,027	9	3,605	27	7,266	8,750
Balance at end of period	(124)	(4)	6,291	(32)	6,129	151	13,966	99,775

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	12,000	5,293
Depreciation	2,981	3,260
Impairment losses	352	136
Amortization of goodwill	652	656
Intangible assets	587	771
Increase (decrease) in allowance for doubtful accounts	(1,871)	(7,054)
Increase (decrease) in retirement benefit liability	53	30
Interest and dividend income	(299)	(359)
Interest expenses	3,835	2,581
Foreign exchange losses (gains)	769	(229)
Share of loss (profit) of entities accounted for using equity method	(94)	(36)
Loss (gain) on sale of property, plant and equipment	(1,882)	(12)
Loss (gain) on investments in silent partnerships	(112)	(116)
Gain on bargain purchase	-	(153)
Loss (gain) on sale of investment securities	(883)	-
Loss (gain) on valuation of investment securities	588	-
Loss (gain) on liquidation of subsidiaries	-	4,350
Decrease (increase) in accounts receivable - trade, and contract assets	(1,447)	(11,907)
Decrease (increase) in bad debts	2,190	7,103
Decrease (increase) in inventories	12,943	15,697
Increase (decrease) in trade payables	(6,647)	5,442
Decrease (increase) in accounts receivable - other	(2,155)	8,771
Increase (decrease) in accounts payable - other	152	(4,406)
Other, net	64	(3,069)
Subtotal	21,777	26,751
Interest and dividends received	292	393
Interest paid	(3,807)	(2,531)
Income taxes refund	404	2,058
Income taxes paid	(2,997)	(6,175)
Net cash provided by (used in) operating activities	15,668	20,494

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from investing activities		
Payments into time deposits	(252)	(125)
Proceeds from withdrawal of time deposits	1,196	146
Purchase of property, plant and equipment	(3,798)	(2,210)
Proceeds from sale of property, plant and equipment	5,649	76
Purchase of long-term prepaid expenses	(664)	(16)
Purchase of investment securities	(497)	(1,508)
Proceeds from sale of investment securities	1,648	41
Proceeds from redemption of investment securities	-	612
Proceeds from collection of long-term loans receivable	3	25
Payments of guarantee deposits	(526)	(602)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(9,348)	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	4,174
Other, net	(23)	(646)
Net cash provided by (used in) investing activities	(6,613)	(34)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,125	(44,322)
Repayments of lease liabilities	(1,324)	(1,581)
Payment for liquidation of debts	(328)	(328)
Proceeds from long-term borrowings	3,212	37,518
Repayments of long-term borrowings	(3,870)	(6,303)
Purchase of treasury shares	(0)	(6,907)
Proceeds from sale of treasury shares	-	1,458
Dividends paid	(3,908)	(3,608)
Dividends paid to non-controlling interests	(44)	(151)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(2,013)
Proceeds from issuance of bonds	-	9,952
Other, net	133	(26)
Net cash provided by (used in) financing activities	(3,005)	(16,313)
Effect of exchange rate change on cash and cash equivalents	1,437	364
Net increase (decrease) in cash and cash equivalents	7,487	4,512
Cash and cash equivalents at beginning of period	31,984	39,771
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	298	-
Cash and cash equivalents at end of period	39,771	44,283