2025

INABATA

Financial Statements

Independent Auditor's Report

Inabata & Co., Ltd. and consolidated subsidiaries

For the Years ended March 31,
2025 and 2024

KPMG AZSA LLC
June 2025

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KPMG

Independent auditor's report

To the Board of Directors of Inabata & Co., Ltd.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Inabata & Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2025 and 2024, the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of allowance for doubtful accounts for trade receivables	
The key audit matter	**How the matter was addressed in our audit**
Notes receivable – trade, Electronically recorded monetary claims – operating and Accounts receivable – trade (hereinafter referred to as "trade receivables") of ¥203,504 million were recognized in the consolidated balance sheet of Inabata & Co.,	The primary procedures we performed to assess the reasonableness of the valuation of allowance for doubtful accounts on trade receivables included the following:

Ltd. (the "Company") and its consolidated subsidiaries (collectively referred to as the "Group"), representing approximately 46% of total assets. Allowance for doubtful accounts of ¥454 million included in current assets was mostly on trade receivables. In addition, other assets of ¥8,626 million and allowance for doubtful accounts of ¥6,161 million included in investments and other assets were mostly attributed to trade receivables. As described in Note 2 "Summary of significant accounting policies (c) Allowance for doubtful accounts" to the consolidated financial statements, with respect to normal accounts receivable – trade, the allowance is stated at an amount based on the actual rate of bad debts in the past, and for certain doubtful receivables, the uncollectible amount is individually estimated. As for doubtful receivables of foreign consolidated subsidiaries, management determines the estimate of the allowance. Account receivables of the Group include receivables of a large number of domestic and overseas customers. Each group company performs credit management including the establishment of credit classifications and preservation of claims. The Company also performs credit management for customers with receivables that are material. In the valuation of allowance for doubtful accounts related to trade receivables, each group company and the Company need to identify the status of receivables, particularly defaults on receivables and their subsequent status in a timely and comprehensive manner, and reasonably estimate future uncollectible amounts using the debtor's financial evaluation approach. The estimates involve a certain level of uncertainty because changes in the economic environment and other factors affect the credit risk of customers. Accordingly, management's judgment thereon may have a significant effect on the estimates. We, therefore, determined that the valuation of allowance for doubtful accounts on trade receivables was one most significance in our audit of the consolidated financial statements	**(1) Internal control testing** We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the process of recognizing an allowance for doubtful accounts on trade receivables with a main focus on the following: ● IT controls related to the preparation of a list of past due receivables used for accurate and complete identification of past due receivables; and ● Controls to obtain necessary information of customers that are delinquent in payments and approve credit classifications assigned to them as well as the calculated the amount of allowance for doubtful accounts. **(2) Assessment of the reasonableness of the estimated future uncollectible amounts** In order to assess the reasonableness of the estimated future uncollectible amounts of past due receivables, we: ● inquired of the personnel responsible for credit management about the bases on which credit classifications are assigned to customers and estimated future uncollectible amounts are calculated, and obtained related information including external credit information to evaluate the reasonableness of those bases; and ● examined the recent collection status including status after the end of the period, and when the status indicated increased credit risk, assessed whether the increase in the risk was appropriately reflected in the estimated future uncollectible amounts. With respect to the valuation of allowance for doubtful accounts on trade receivables of significant consolidated subsidiaries, we requested the component auditors of those subsidiaries to perform part of the above audit procedures, and evaluated the report of the component auditors on the results of the procedures and concluded as to whether sufficient and appropriate audit evidence was obtained.

for the current fiscal year, and accordingly, a key audit matter.	

Other Information

The other information comprises the information included in the, disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and he Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and supervisory committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and supervisory committee we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in "Audit remuneration" included in "4.Additional Information" of the Annual Report.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Masanobu Kono

Designated Engagement Partner

Certified Public Accountant

Yoshinori Nishi

Designated Other Partner

Certified Public Accountant

KPMG AZSA LLC

Osaka Office, Japan

June 30, 2025

Notes to the Reader of Independent Auditor's Report: This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
ASSETS			
Current assets:			
Cash and time deposits (Notes 7, 11 and 16)	¥ 59,839	¥ 51,310	$ 400,212
Notes receivable - trade (Note 16)	7,506	7,792	50,205
Electronically recorded monetary claims - operating (Note 16)	22,184	23,406	148,372
Accounts receivable - trade (Note 16)	173,813	175,264	1,162,474
Merchandise and finished goods	79,782	78,286	533,593
Work in Process	1,517	1,938	10,152
Raw materials and supplies	5,431	4,843	36,324
Other current assets	10,356	11,639	69,263
Allowance for doubtful accounts (Note 16)	(454)	(475)	(3,041)
Total current assets	359,977	354,006	2,407,556
Property, plant and equipment:			
Land (Note 7)	3,985	4,134	26,657
Buildings and structures (Note 7)	18,658	18,439	124,790
Machinery and equipment	24,277	22,887	162,368
Construction in progress	1,991	291	13,319
Other property, plant and equipment	8,390	8,666	56,117
	57,304	54,419	383,253
Less accumulated depreciation	(37,590)	(35,794)	(251,408)
Property, plant and equipment, net	19,713	18,625	131,845
Investments and other assets:			
Investment securities (Notes 4, 7 and 16)	36,230	34,872	242,310
Long-term loans receivable (Note 16)	2,314	2,262	15,481
Intangible assets	9,325	3,855	62,371
Net defined benefit asset (Note 10)	10,502	9,346	70,244
Deferred tax assets (Note 6)	1,442	1,313	9,648
Other assets	8,626	9,169	57,692
Allowance for doubtful accounts (Note 16)	(6,161)	(6,131)	(41,210)
Total investments and other assets	62,280	54,688	416,538
Total assets	¥ 441,972	¥ 427,320	$ 2,955,939

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
March 31, 2025 and 2024

	Millions of yen 2025	Millions of yen 2024	Thousands of U.S. dollars (Note 1) 2025
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable - trade (Note 16)	¥ 121,191	¥ 127,702	$ 810,539
Short-term loans payable (Notes 9 and 16)	28,338	42,946	189,531
Income taxes payable	3,374	2,498	22,571
Accrued expenses	1,830	1,911	12,243
Provision for bonuses	1,997	1,863	13,357
Other current liabilities (Note 14)	11,735	12,315	78,489
Total current liabilities	168,469	189,238	1,126,733
Non-current liabilities:			
Bonds payable (Note 16)	25,000	7,500	167,201
Long-term loans payable (Notes 10 and 16)	20,294	12,389	135,733
Deferred tax liabilities (Note 6)	6,380	5,952	42,671
Provision for directors' retirement benefits	33	42	225
Provision for management board incentive plan trust	262	262	1,758
Net defined benefit liability (Note 10)	2,134	2,343	14,276
Other non-current liabilities	2,841	2,836	19,002
Total non-current liabilities	56,947	31,327	380,870
Contingent liabilities (Note 20)			
Net assets			
Shareholders' equity (Note 17)			
Common stock:			
Authorized - 200,000,000 shares			
Issued - 54,714,127 shares in 2025 and 55,914,127 shares in 2024	9,364	9,364	62,630
Capital surplus	7,230	7,177	48,360
Retained earnings (Note 21)	153,617	144,689	1,027,404
Treasury stock, at cost: (Note 7 and 18)			
330,404 shares in 2025 and 680,789 shares in 2024	(785)	(904)	(5,252)
Total shareholders' equity	169,427	160,327	1,133,142
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	9,417	10,289	62,987
Deferred gains (losses) on hedges	310	595	2,078
Foreign currency translation adjustments	28,148	28,541	188,256
Remeasurements of defined benefit plans	850	412	5,690
Total accumulated other comprehensive income	38,727	39,838	259,013
Non-controlling interests	8,400	6,588	56,180
Total net assets	216,555	206,754	1,448,336
Total liabilities and net assets	¥ 441,972	¥ 427,320	$ 2,955,939

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Net sales (Notes 14)	¥ 837,838	¥ 766,022	$ 5,603,520
Cost of sales	758,915	696,734	5,075,676
Gross profit	78,923	69,288	527,843
Selling, general and administrative expenses (Note 8)	53,098	48,097	355,127
Operating income	25,824	21,190	172,716
Other income (expenses):			
Interest and dividend income	1,907	1,498	12,756
Interest expenses (Note 9)	(1,485)	(1,873)	(9,937)
Foreign exchange gains (losses)	(811)	(204)	(5,424)
Provision of allowance for doubtful accounts	(96)	(101)	(644)
Share of profit of entities accounted for using equity method	313	311	2,099
Loss on retirement of non-current assets	(170)	(543)	(1,137)
Gain on sales of non-current assets	512	285	3,426
Gain on sales of investment securities	3,615	3,765	24,179
Loss on valuation of investment securities	(646)	(69)	(4,326)
Gain on bargain purchase (Note 13)	—	3,419	—
Loss on step acquisitions (Note 13)	—	(225)	—
Contribution to joint development cost	(325)	—	(2,173)
Other, net	481	572	3,219
Income before income taxes	29,119	28,025	194,753
Income taxes (Note 6)			
Income taxes - current	7,558	6,883	50,552
Income taxes - deferred	615	450	4,115
Net income	20,945	20,692	140,085
Net income attributable to non-controlling interests	1,111	691	7,436
Net income attributable to owners of parent	¥ 19,833	¥ 20,000	$ 132,649

Amounts per share:	Yen		U.S. dollars (Note 1)
	2025	2024	2025
Basic net income per share	¥ 363.90	¥ 362.17	$ 2.43
Cash dividends per share applicable to the year	125.00	120.00	0.84

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Net income	¥ 20,945	¥ 20,692	$ 140,085
Other comprehensive income (Note 12):			
Valuation difference on available-for-sale securities	(941)	(2,164)	(6,294)
Deferred gains (losses) on hedges	(301)	195	(2,018)
Foreign currency translation adjustment	(519)	11,313	(3,476)
Remeasurements of defined benefit plans, net of tax	438	(103)	2,934
Share of other comprehensive income of entities accounted for using equity method	134	88	898
Total other comprehensive income	(1,189)	9,329	(7,956)
Comprehensive income	¥ 19,756	¥ 30,021	$ 132,129
Comprehensive income attributable to:			
Owners of parent	¥ 18,722	¥ 28,924	$ 125,216
Non-controlling interests	1,033	1,097	6,913

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years ended March 31, 2025 and 2024

	Millions of yen			
	2025			
	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Treasury stock
Balance at April 1, 2024	¥ 9,364	¥ 7,177	¥ 144,689	¥ (904)
Net income attributable to owners of parent	—	—	19,833	—
Dividends of surplus	—	—	(6,876)	—
Purchase of treasury stock	—	—	—	(4,079)
Retirement of treasury stock	—	(2)	(4,028)	4,031
Disposal of treasury stock	—	655	—	142
Treasury stock transfer of stock ownership trust	—	—	—	25
Purchase of shares of consolidated subsidiaries	—	(600)	—	—
Net changes in items other than shareholders' equity	—	—	—	—
Balance at March 31, 2025	¥ 9,364	¥ 7,230	¥ 153,617	¥ (785)

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen					
	2025					
	Accumulated other comprehensive income					
	Valuation difference on available-for-sale	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-controlling interests	Total
Balance at April 1, 2024	¥ 10,289	¥ 595	¥ 28,541	¥ 412	¥ 6,588	¥ 206,754
Net income attributable to owners of parent	—	—	—	—	—	19,833
Dividends of surplus	—	—	—	—	—	(6,876)
Purchase of treasury stock	—	—	—	—	—	(4,079)
Retirement of treasury stock	—	—	—	—	—	—
Disposal of treasury stock	—	—	—	—	—	797
Treasury stock transfer of stock ownership trust	—	—	—	—	—	25
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	(600)
Net changes in items other than shareholders' equity	(871)	(284)	(393)	438	1,811	699
Balance at March 31, 2025	¥ 9,417	¥ 310	¥ 28,148	¥ 850	¥ 8,400	¥ 216,555

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen			
	2024			
	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Treasury stock
Balance at April 1, 2023	¥ 9,364	¥ 6,718	¥ 134,684	¥ (2,220)
Net income attributable to owners of parent	—	—	20,000	—
Dividends of surplus	—	—	(6,658)	—
Purchase of treasury stock	—	—	—	(2,230)
Retirement of treasury stock	—	—	(3,337)	3,337
Disposal of treasury stock	—	584	—	304
Change in scope of consolidation	—	—	—	(283)
Change in scope of equity method	—	—	—	188
Purchase of shares of consolidated subsidiaries	—	(124)	—	—
Net changes in items other than shareholders' equity	—	—	—	—
Balance at March 31, 2024	¥ 9,364	¥ 7,177	¥ 144,689	¥ (904)

	Millions of yen					
	2024					
	Accumulated other comprehensive income					
	Valuation difference on available-for-sale	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-controlling interests	Total
Balance at April 1, 2023	¥ 12,805	¥ 395	¥ 17,187	¥ 526	¥ 2,046	¥ 181,507
Net income attributable to owners of parent	—	—	—	—	—	20,000
Dividends of surplus	—	—	—	—	—	(6,658)
Purchase of treasury stock	—	—	—	—	—	(2,230)
Retirement of treasury stock	—	—	—	—	—	—
Disposal of treasury stock	—	—	—	—	—	889
Change in scope of consolidation	—	—	—	—	—	(283)
Change in scope of equity method	—	—	—	—	—	188
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	(124)
Net changes in items other than shareholders' equity	(2,515)	200	11,354	(114)	4,542	13,467
Balance at March 31, 2024	¥ 10,289	¥ 595	¥ 28,541	¥ 412	¥ 6,588	¥ 206,754

See accompanying Notes to Consolidated Financial Statements.

	Thousands of U.S. dollars (Note 1)			
	2025			
	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Treasury stock
Balance at April 1, 2024	$ 62,630	$ 48,006	$ 967,690	$ (6,049)
Net income attributable to owners of parent	—	—	132,649	—
Dividends of surplus	—	—	(45,992)	—
Purchase of treasury stock	—	—	—	(27,282)
Retirement of treasury stock	—	(17)	(26,943)	26,961
Disposal of treasury stock	—	4,384	—	950
Treasury stock transfer of stock ownership trust	—	—	—	167
Purchase of shares of consolidated subsidiaries	—	(4,013)	—	—
Net changes in items other than shareholders' equity	—	—	—	—
Balance at March 31, 2025	$ 62,630	$ 48,360	$ 1,027,404	$ (5,252)

See accompanying Notes to Consolidated Financial Statements.

	Thousands of U.S. dollars (Note 1)					
	2025					
	Accumulated other comprehensive income					
	Valuation difference on available-for-sale	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-controlling interests	Total
Balance at April 1, 2024	$ 68,819	$ 3,980	$ 190,890	$ 2,756	$ 44,067	$ 1,382,791
Net income attributable to owners of parent	—	—	—	—	—	132,649
Dividends of surplus	—	—	—	—	—	(45,992)
Purchase of treasury stock	—	—	—	—	—	(27,282)
Retirement of treasury stock	—	—	—	—	—	—
Disposal of treasury stock	—	—	—	—	—	5,334
Treasury stock transfer of stock ownership trust	—	—	—	—	—	167
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	(4,013)
Net changes in items other than shareholders' equity	(5,831)	(1,901)	(2,633)	2,934	12,113	4,680
Balance at March 31, 2025	$ 62,987	$ 2,078	$ 188,256	$ 5,690	$ 56,180	$ 1,448,336

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Cash flows from operating activities:			
Income before income taxes	¥ 29,119	¥ 28,025	$ 194,753
Adjustments to reconcile income before income taxes to cash provided by operating activities:			
Depreciation and amortization	4,219	3,743	28,220
Amortization of goodwill	244	1	1,633
Increase (decrease) in allowance for doubtful accounts	46	(139)	308
Interest and dividend income	(1,907)	(1,498)	(12,756)
Interest expenses	1,485	1,873	9,937
Share of (profit) loss of entities accounted for using equity method	(313)	(311)	(2,099)
Loss (gain) on step acquisitions	—	225	—
Gain on bargain purchase	—	(3,419)	—
Loss on retirement of non-current assets	170	42	1,137
Gain on sales of non-current assets	(512)	(285)	(3,426)
Loss (gain) on valuation of investment securities	646	69	4,326
Loss (gain) on sales of investment securities	(3,615)	(3,765)	(24,179)
Decrease (increase) in notes and accounts receivable - trade	3,095	(3,861)	20,705
Decrease (increase) in inventories	(93)	13,608	(625)
Decrease (increase) in other current assets	1,879	331	12,573
Decrease (increase) in other non-current assets	258	8	1,729
Increase (decrease) in notes and accounts payable - trade	(6,552)	4,184	(43,824)
Increase (decrease) in other current liabilities	(670)	1,374	(4,481)
Increase (decrease) in retirement benefit liability	105	278	707
Decrease (increase) in retirement benefit asset	(804)	(1,197)	(5,378)
Other, net	(44)	(279)	(296)
Subtotal	26,758	39,009	178,964
Interest and dividend income received	2,022	1,611	13,527
Interest expenses paid	(1,479)	(1,886)	(9,894)
Income taxes paid	(7,398)	(8,546)	(49,482)
Net cash provided by (used in) operating activities	19,903	30,187	133,115

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Cash flows from investing activities:			
Payments into time deposits	¥ (4,565)	¥ (4,829)	$ (30,534)
Proceeds from withdrawal of time deposits	4,955	6,909	33,142
Purchase of property, plant and equipment	(3,782)	(2,595)	(25,294)
Proceeds from sales of property, plant and equipment	759	301	5,082
Purchase of intangible assets	(2,372)	(1,864)	(15,867)
Purchase of investment securities	(2,349)	(2,808)	(15,713)
Proceeds from sales of investment securities	4,024	4,213	26,915
Purchase of shares of subsidiaries	(1,434)	(548)	(9,594)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,422)	(852)	(29,580)
Net decrease (increase) in short-term loans receivable	(187)	50	(1,256)
Payments of long-term loans receivable	(770)	(1,052)	(5,154)
Collection of long-term loans receivable	671	781	4,491
Other, net	(23)	(90)	(160)
Net cash provided by (used in) investing activities	(9,498)	(2,386)	(63,525)

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	¥ (13,058)	¥ (13,978)	$ (87,334)
Proceeds from long-term loans payable	8,988	7,099	60,113
Repayments of long-term loans payable	(2,368)	(2,558)	(15,842)
Proceeds from issuance of bonds	17,385	—	116,278
Purchase of treasury stock	(4,149)	(2,245)	(27,750)
Proceeds from sale of shares of parent held by subsidiaries	1,524	1,453	10,197
Increase/decrease in money held in trust for acquisition of treasury stock	—	2,837	—
Cash dividends paid	(6,876)	(6,658)	(45,992)
Dividends paid to non-controlling interests	(100)	(19)	(671)
Proceeds from share issuance to non-controlling shareholders	—	1,000	—
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,300)	(124)	(8,694)
Other - net	(850)	(786)	(5,689)
Net cash provided by (used in) financing activities	(805)	(13,981)	(5,386)
Effect of exchange rate change on cash and cash equivalents	(543)	2,691	(3,638)
Net increase (decrease) in cash and cash equivalents	9,055	16,511	60,565
Cash and cash equivalents at beginning of year	46,301	29,790	309,666
Cash and cash equivalents at end of year (Note 11)	¥ 55,357	¥ 46,301	$ 370,231

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of INABATA & CO., LTD. (“the Company”) have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accounts of consolidated foreign subsidiaries are prepared in accordance with mainly either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified five items as applicable in compliance with ASBJ Practical Solution No. 18, “Tentative Treatment of Accounting for Foreign Subsidiaries in Preparing Consolidated Financial Statements.”

The accompanying consolidated financial statements have been reformatted and translated into English (with some expanded descriptions) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2025, which was ¥149.52 to US$1.00. These translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

As permitted, amounts of less than one million Japanese yen are omitted in the presentation for 2024 and 2025. As a result, the totals shown in the accompanying consolidated financial statements, both in Japanese yen and in U.S. dollars, do not necessarily agree with the sum of the individual amounts.

2. Summary of significant accounting policies

(a) Consolidation

The consolidated financial statements include the accounts of the Company and its 49 (46 in 2024) significant domestic and foreign subsidiaries (together "the Companies"), the management of which is controlled by the Company. Investments in unconsolidated subsidiaries and affiliates are, with minor exceptions, accounted for by the equity method. The Company has 3 affiliates (3 in 2024) accounted for by the equity method. Intercompany transactions and accounts are eliminated.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to non-controlling shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiary.

For 7 consolidated subsidiaries, including SHANGHAI INABATA TRADING CO., LTD., the consolidation method under which tentative financial statements as of March 31 (the consolidated balance sheet date) were prepared in the same manner as the regular year-end financial statements are used for consolidation purposes due to the regulations regarding the accounting period in the respective countries.

(b) Cash and cash equivalents

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(c) Allowance for doubtful accounts

An allowance for doubtful accounts is provided to cover possible losses on collection. With respect to normal accounts receivable - trade, the allowance is stated at an amount based on the actual rate of bad debts in the past. For certain doubtful receivables, the uncollectible amount is individually estimated. With respect to doubtful receivables of foreign consolidated subsidiaries, the allowance is determined by estimates of management.

(d) Securities

Equity securities issued by subsidiaries and affiliates which are not consolidated or accounted for using the equity method are stated at moving average cost.

Available-for-sale equity securities with fair market values are stated at the fair market value on the last day of the year. Non-equity available-for-sale securities with fair market values are stated at fair market value on the last day of the year. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on the sale of such securities are computed using moving average cost. Other securities with no available fair market values are also stated at moving average cost.

(e) Derivative transactions and hedge accounting

Derivative transactions are measured at fair value. Hedging instruments which meet the criteria for hedge accounting are accounted for using deferral hedge accounting, which requires that the unrealized gain or loss to be deferred as a component of net assets until the loss or gain on the related hedged item is recognized.

Certain forward foreign exchange contracts, certain currency swap transactions and certain interest rate swap transactions are accounted for using the allocation method and the special method. The allocation method requires that foreign currency monetary receivables and payables covered by forward foreign exchange contracts are translated at contract rates. Under the special method, interest rate swap transactions are accounted for as if the interest rates under those transactions were originally applied to the underlying loans.

With regard to forward foreign exchange contracts and currency swap transactions, the evaluation of the hedge effectiveness is omitted if the significant terms of the hedging instruments and those of the hedged items are the same and the risk of change in foreign exchange rates is effectively hedged. With regard to interest rate swap transactions which meet the criteria for the special method, the evaluation of hedge effectiveness is omitted.

The Companies enter into forward foreign exchange contracts, interest rate swap transactions and currency swap transactions to control risks related to fluctuations in the exchange rates of foreign currencies and interest rates. Forward foreign exchange contracts and currency swap transactions are used to hedge the risk of fluctuations in foreign currency exchange rates with respect to monetary receivables, payables and forecasted transactions denominated in foreign currencies. Interest rate swap transactions are used to hedge the risk of fluctuations in interest rates with respect to long-term loans payable.

The Companies use these derivative transactions in connection with managing their market risk and not for speculation or dealing purposes. The Companies minimize the credit risk exposure of these derivative transactions by using only highly rated financial institutions as counterparties. The derivative transactions are entered into in accordance with risk management policies.

(f) Inventories

Inventories are mainly stated at cost determined by the moving-average method and the first-in, first-out method (the book value of the inventories is written down due to a decline in profitability).

(g) Property, plant and equipment

Property, plant and equipment are carried at cost and depreciated by the straight-line method.

(h) Leased assets

Property and equipment capitalized under finance leases are depreciated by the straight-line method over the term of the respective lease.

(i) Intangible assets

Intangible assets are amortized by the straight-line method. Software is amortized by the straight-line method over its estimated useful life.

(j) Goodwill

Goodwill is amortized by the straight-line method within a period of ten years.

(k) Income taxes

Income taxes comprise corporation tax, prefectural and municipal inhabitants' taxes and enterprise tax. The Companies recognize the tax effects of temporary differences between the carrying amounts of assets and liabilities for tax purposes and financial reporting purposes. The asset-liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(l) Translation of foreign currencies

Receivables and payables denominated in foreign currencies are translated into Japanese yen at year-end exchange rates. Assets and liabilities of foreign subsidiaries are translated into Japanese yen at year-end exchange rates, except for net asset accounts, which are translated at historical exchange rates. Revenue and expense accounts are translated into Japanese yen at the average exchange rates during the year. The resulting translation adjustments are presented separately in the consolidated financial statements as foreign currency translation adjustments and in non-controlling interests.

(m) Retirement benefits

The Companies provide retirement payment plans and funded non-contributory pension plans under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors. The Companies sometime make additional payments that are not based on the amounts obtained by actuarial calculations. The Company has employee retirement benefit trusts for both plans.

The Companies provide for employees’ severance and retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of plan assets at the end of the year. Actuarial differences and prior service costs are recognized mainly in expenses using the straight-line method within the average of the estimated remaining service years of employees commencing with the following period.

The estimated amount of all retirement benefits to be paid at future retirement dates is attributed to each period using a benefit formula basis.

Actuarial differences are recognized in the income statement using the straight-line method over mainly 13 years.

Prior service cost is recognized in the income statement using the straight-line method over mainly 14 years.

Unrecognized actuarial differences and unrecognized prior service cost are recognized as remeasurements of defined benefit plans within the net asset section after adjusting for tax effects.

Directors, corporate auditors and executive officers of certain subsidiaries receive retirement payments based on established guidelines similar to the employees’ retirement benefit plan, subject to shareholders’ approval. Retirement benefits provided for directors and corporate auditors are sufficient to cover stipulated benefits arising from services performed as of the balance sheet date.

Directors’ retirement benefits for officers of the Company’s subsidiaries had been made at an estimated amount based on the Company’s internal rules for retirement allowances.

(n) Recognition of revenues and expenses

The Companies’ main businesses are the sale of goods, the manufacture and sale of various products, and the provision of services in Japan and overseas in the four business areas of IT & Electronics, Chemicals, Life Industry, and Plastics.

Sales of goods or products are recognized as revenue when the goods or products are delivered to customers. However, for domestic sales, revenue is recognized at the time of shipment if the period from the time of shipment to the time when control of the product or product is transferred to the customer is a normal period. In export sales, revenue is recognized when the risk is transferred to the customer based on the trade terms mainly stipulated in Incoterms.

If the commitment with the customer is a performance obligation to arrange for goods or services to be provided by another party, the Company does not control the goods or services to be transferred to the customer and only provides the services to arrange them, and therefore, the Company recognizes the net amount of fees or consideration as revenue as an agent.

(o) Provision for bonuses

The Company and certain subsidiaries accrue amounts for employees’ bonuses based on estimated amounts to be paid in the subsequent period.

(p) Provision for management board incentive plan trust

To prepare for the payment of the Company's shares, etc., to the director, allowance for board benefit trust is recorded by the Company’s executive share benefit provision at the expected amount of obligations on stock-based compensation to Directors.

(q) Amounts per share

Computations of net income per share of common stock are based on the weighted average number of shares outstanding during each period.

Diluted net income per share is omitted because there are no dilutive shares at March 31, 2025 and 2024.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective fiscal years together with the interim cash dividends paid.

(Significant accounting estimates)

(a) Carrying amounts in the current year's financial statements

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Equity securities:			
Allowance for doubtful accounts (current assets)	¥ (454)	¥ (475)	$ (3,041)
Allowance for doubtful accounts (non-current assets)	(6,161)	(6,131)	(41,210)

(b) Information on the nature of significant accounting estimates for identified items

In calculating the allowance for doubtful accounts, the Company reasonably estimates the estimated uncollectible amount of subject receivables based on credit classifications, etc., established in consideration of past receivables and the actual conditions of customers' external credit information, etc., in accordance with the policy stated in "(2. Summary of significant accounting policies) (c) Allowance for doubtful accounts" and determines that such amount is appropriated. However, unforeseeable changes in assumptions, such as changes in the economic environment and other factors, may cause the credit risks of customers to fluctuate from the initial estimates, and lead to loan loss losses and an increase or decrease in the amount of allowance for loan losses. In addition, there is a possibility that an additional allowance for doubtful accounts may be provided for general receivables due to an increase in the historical rate of bad debt.

With respect to the outlook, the global economy is likely to continue recovering moderately in general, although recovery has stalled in certain regions. On the other hand, there are concerns about an economic slowdown because of the tariff measures imposed by the United States, and the situation is likely to remain uncertain, with continued inflation and fluctuations in financial and capital markets accompanying these developments, as well as developments in Russia, Ukraine, and the Middle East.

(Accounting standards and guidance issued but not yet effective)

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

(a) Outline

As part of its efforts to align Japanese accounting standards with international standards, the Accounting Standards Board of Japan (ASBJ) has deliberated on the development of accounting standards for leases that require lessees to recognize assets and liabilities for all leases, based on international accounting standards. As a basic policy, although the single accounting treatment model of International Financial Reporting Standards No. 16 (IFRS 16) formed the foundations, only the key provisions were adopted instead of adopting all provisions of IFRS 16, and a simplified, more convenient lease accounting standard and other relevant regulations were issued that would basically not require adjustments even if IFRS 16 were to be applied to non-consolidated financial statements.

In the accounting of leases by lessees, the method of expense allocation of leases follows a single accounting model, similar to IFRS 16, under which depreciation of the right-of-use asset and the interest expense on the lease liability are recognized for all leases, regardless of whether they are finance leases or operating leases.

(b) Scheduled date for the application

The new standard is scheduled to be effective from the beginning of the fiscal year ending March 31, 2028.

(c) Impact of the application of the accounting standards, etc.

The impact of the application of the Accounting Standard for Leases, etc. on the consolidated financial statements is under evaluation.

(Changes in presentation method)

- Consolidated Cash Flow Statement

"Amortization of goodwill", which was included in "Other" under "Cash flows from operating activities" in the previous fiscal year, is presented separately from the current fiscal year due to its increased financial materiality. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the consolidated cash flow statement for the previous fiscal year, ¥(277) million presented as "Other" under "Cash flows from operating activities" has been reclassified into "Amortization of goodwill" of ¥1 million and "Other" of ¥(279) million.

3. Additional Information

(Audit remuneration)

(a) Remuneration of the Auditor

Category	Millions of yen				Thousands of U.S. dollars	
	2025		2024		2025	
	Remuneration for audit and attestation services	Remuneration for non-audit services	Remuneration for audit and attestation services	Remuneration for non-audit services	Remuneration for audit and attestation services	Remuneration for non-audit services
The Company	¥ 90	3	87	145	$ 605	24
Consolidated subsidiaries	—	—	—	—	—	—
Total	90	3	87	145	605	24

Remuneration for non-audit services mainly comprised financial due diligence for the years ended March 31, 2024.

Remuneration for non-audit services mainly comprised preparation of comfort letters related to the issuance of corporate bonds for the years ended March 31, 2025.

(b) Remuneration of the network firms to which the Auditor belongs (KPMG LLP), excluding Remuneration of the Auditor

Category	Millions of yen				Thousands of U.S. dollars	
	2025		2024		2025	
	Remuneration for audit and attestation services	Remuneration for non-audit services	Remuneration for audit and attestation services	Remuneration for non-audit services	Remuneration for audit and attestation services	Remuneration for non-audit services
The Company	¥ —	1	—	1	$ —	8
Consolidated subsidiaries	131	5	119	7	882	40
Total	131	7	119	8	882	48

Remuneration for non-audit services mainly comprised consulting services related to international taxation for the years ended March 31, 2025 and 2024.

(c) Remuneration for other significant audit and attestation services

TAIWAN INABATA SANGYO CO., LTD. and INABATA AMERICA CORPORATION, which are significant consolidated subsidiaries of the Company, paid compensation to PricewaterhouseCoopers Taiwan and CBIZ CPAs P. C. for audit and attestation services for the years ended March 31, 2025 and 2024

4. Securities

(a) The following summarizes information on securities with fair values at March 31, 2025 and 2024.

(1) Trading securities:
At March 31, 2025 and 2024, there were no trading securities with fair market values.

(2) Available-for-sale securities at March 31, 2025 and 2024:
Securities with book values (fair values) exceeding acquisition costs:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Equity securities:			
Acquisition costs	¥ 6,394	¥ 4,836	$ 42,767
Book values	18,713	21,441	125,168
Differences	¥ 12,319	¥ 16,604	$ 82,391
Bonds:			
Acquisition costs	¥ 20	¥ —	$ 133
Book values	20	—	135
Differences	¥ 0	¥ —	$ 1
Others:			
Acquisition costs	¥ —	¥ 102	$ —
Book values	—	114	—
Differences	¥ —	¥ 12	$ —

Securities with book values (fair values) not exceeding acquisition costs:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Equity securities:			
Acquisition costs	¥ 2,155	¥ 640	$ 14,416
Book values	1,671	425	11,179
Differences	¥ (483)	¥ (214)	$ (3,236)
Bonds:			
Acquisition costs	¥ —	¥ 20	$ —
Book values	—	19	—
Differences	¥ —	¥ (0)	$ —
Others:			
Acquisition costs	¥ —	¥ —	$ —
Book values	—	—	—
Differences	¥ —	¥ —	$ —

Unlisted equity securities in amount of ¥9,334 million ($62,430 thousand) and ¥8,121 million at March 31, 2025 and 2024, respectively, are excluded from available-for-sale securities in the above table as they are stocks with no market price and the difficulty in estimating future cash flows.

(b) The following table summarizes information on available-for-sale securities sold in the years ended March 31, 2025 and 2024:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Equity securities:			
Total sales	¥ 3,900	¥ 4,213	$ 26,083
Amount of related gains	3,213	3,401	21,492
Amount of related losses	21	2	143
Bonds:			
Total sales	—	—	—
Amount of related gains	—	—	—
Amount of related losses	—	—	—
Others:			
Total sales	118	—	789
Amount of related gains	15	—	103
Amount of related losses	—	—	—

(c) The loss on valuation of investment securities at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Loss on valuation of investment securities	¥ 646	¥ 69	$ 4,326

The Companies recognize impairment loss, at the end of the period, when the fair value of marketable and investment securities is reduced to less than 50% of the acquisition cost. A loss may also be recognized when the fair market value declines less than 50% but more than 30%, if necessary, considering the possibility of market value recovery and other factors.

5. Derivatives

(a) Derivative transactions for which hedge accounting is not applied

(1) Currency related

Classification	Type of derivative transaction	Millions of yen March 31, 2025 Contracted amount	Contracted amount over 1 year	Fair Value	Recognized gains (losses)
Non-market transaction	Forward foreign exchange contracts:				
	Selling:				
	Indonesian Rupiahs	3,418	―	(5)	(5)
	Buying:				
	Japanese yen	443	―	(6)	(6)
	Total	¥ 3,862	¥ ―	¥ (12)	¥ (12)

Classification	Type of derivative transaction	Millions of yen March 31, 2024 Contracted amount	Contracted amount over 1 year	Fair Value	Recognized gains (losses)
Non-market transaction	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars	12	―	(0)	(0)
	Buying:				
	Japanese yen	509	―	(24)	(24)
	Total	¥ 522	¥ ―	¥ (24)	¥ (24)

Classification	Type of derivative transaction	Thousands of U.S. dollars March 31, 2025 Contracted amount	Contracted amount over 1 year	Fair Value	Recognized gains (losses)
Non-market transaction	Forward foreign exchange contracts:				
	Selling:				
	Indonesian Rupiahs	22,864	―	(38)	(38)
	Buying:				
	Japanese yen	2,967	―	(41)	(41)
	Total	$ 25,832	$ ―	$ (80)	$ (80)

(2) Interest rate related

There were no interest rate related derivative transactions at March 31, 2025 and 2024.

(3) Stock related

There were no stock related derivative transactions at March 31, 2025 and 2024.

(b) Derivative transactions for which hedge accounting is applied

(1) Currency related

Method for hedge accounting	Type of derivative transaction	Major hedged item	Contracted amount	Contracted amount over 1 year	Fair value
			Millions of yen		
			March 31, 2025		
Deferral hedge accounting (*1)	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars	Accounts receivable - trade	¥ 1,327	¥ —	¥ 2
	Euro		337	—	(2)
	China yuan		145	—	(0)
	Thai baht		100	—	(2)
	Buying:				
	U.S. dollars	Accounts payable - trade	6,835	1,223	446
	G.B. Pound		17	—	(0)
	Euro		1,389	520	(5)
	China yuan		91	—	(2)
	Thai baht		754	—	(5)
Allocation method for forward foreign exchange contracts, etc.	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars	Accounts receivable - trade	¥ 4,846	¥ —	
	G.B. pound		128	—	
	Euro		883	—	
	Swiss franc		4	—	
	China yuan		160	—	
	Thai baht		35	—	(*1)
	Buying:				
	U.S. dollars	Accounts payable - trade	3,442	—	
	G.B. pound		44	—	
	Euro		599	—	
	China yuan		1	—	
	Thai baht		96	—	
	Total		¥ 21,242	¥ 1,743	¥ 430

Method for hedge accounting	Type of derivative transaction	Major hedged item	Millions of yen March 31, 2024 Contracted amount	Contracted amount over 1 year	Fair value
Deferral hedge accounting	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars	Accounts receivable - trade	¥ 1,528	¥ —	¥ (35)
	Euro		168	—	(5)
	China yuan		363	—	(11)
	Thai baht		51	—	0
	Buying:				
	U.S. dollars	Accounts payable - trade	6,322	2,121	917
	Euro		477	—	5
	China yuan		165	—	8
	Thai baht		616	—	6
Allocation method for forward foreign exchange contracts, etc.	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars	Accounts receivable - trade	¥ 3,773	¥ —	
	G.B. pound		146	—	
	Euro		231	—	
	China yuan		581	—	
	Thai baht		68	—	
	New Zealand dollars		63	—	(*1)
	Buying:				
	U.S. dollars	Accounts payable - trade	2,934	—	
	G.B. pound		42	—	
	Euro		200	—	
	China yuan		44	—	
	Thai baht		61	—	
	Total		¥ 17,840	¥ 2,121	¥ 885

Method for hedge accounting	Type of derivative transaction	Major hedged item	Contracted amount	Contracted amount over 1 year	Fair value
		Thousands of U.S. dollars			
		March 31, 2025			
Deferral hedge accounting	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars	Accounts receivable - trade	$ 8,876	$ —	$ 19
	Euro		2,257	—	(14)
	China yuan		975	—	(1)
	Thai baht		669	—	(18)
	Buying:				
	U.S. dollars	Accounts payable - trade	45,717	8,185	2,987
	G.B. pound		114	—	(1)
	Euro		9,294	3,477	(34)
	China yuan		609	—	(18)
	Thai baht		5,046	—	(37)
Allocation method for forward foreign exchange contracts, etc.	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars	Accounts receivable - trade	$ 32,414	$ —	
	G.B. pound		860	—	
	Euro		5,906	—	
	Swiss franc		30	—	
	China yuan		1,075	—	
	Thai baht		240	—	(*1)
	Buying:				
	U.S. dollars	Accounts payable - trade	23,023	—	
	G.B. pound		295	—	
	Euro		4,012	—	
	China yuan		7	—	
	Thai baht		643	—	
	Total		$ 142,070	$ 11,663	$ 2,881

(*1) Foreign exchange forward contracts are accounted for as hedged items together with accounts receivable and accounts payable, which are settled in a short period of time, and their fair values are close to their book values, so notes are omitted.

(2) Interest rate related

Method for hedge accounting	Type of derivative transaction	Major hedged item	Millions of yen March 31, 2025 Contracted amount	Contracted amount over 1 year	Fair value
	Interest rate swaps:				
Special method	(Pay fixed rate, receive floating rate)	Long-term loans payable	—	—	—
	Total		¥ —	—	—

Method for hedge accounting	Type of derivative transaction	Major hedged item	Millions of yen March 31, 2024 Contracted amount	Contracted amount over 1 year	Fair value
	Interest rate swaps:				
Special method	(Pay fixed rate, receive floating rate)	Long-term loans payable	1,000	—	(*1)
	Total		¥ 1,000	—	—

Method for hedge accounting	Type of derivative transaction	Major hedged item	Thousands of U.S. dollars March 31, 2025 Contracted amount	Contracted amount over 1 year	Fair value
	Interest rate swaps:				
Special method	(Pay fixed rate, receive floating rate)	Long-term loans payable	—	—	—
	Total		$ —	—	—

(*1) Since interest rate swaps are accounted for by the special method (refer to Note 2(e)), the fair value of long-term loans payable and long-term loans payable due within one year are included in that of the long-term loans payable and short-term loans payable disclosed in Note 16, "Financial instruments" respectively.

6. Income taxes

The Company and its domestic subsidiaries are subject to a number of taxes based on income, which, in the aggregate, indicate a effective statutory tax rate in Japan of approximately 30.6% and 30.6% for the years ended March 31, 2025 and 2024, respectively.

(a) The following table summarizes the significant differences between the effective statutory tax rate and the actual tax rate for financial statement purposes:

	2025	2024
Effective statutory tax rate	30.6%	30.6%
Share of (profit) loss of entities accounted for using equity method	(0.3)	(0.3)
Expenses not deductible for income tax purposes	0.9	0.7
Dividends and other income deductible for income tax purposes	(5.5)	(7.2)
Net adjustment resulting from elimination of dividend income	5.3	6.7
Unrealized tax benefits, such as those net operating losses carried forward for consolidated subsidiaries	(0.0)	0.1
Unrealized tax benefits related to allowance for doubtful accounts	0.2	0.0
Gain on bargain purchase	—	(3.7)
Loss on step acquisitions	—	0.2
Expenses related to stock acquisition	0.1	0.6
Different tax rates applied at foreign subsidiaries	(5.0)	(3.3)
Income taxes for prior periods	0.3	0.6
Foreign withholding tax	1.2	1.4
Other, net	0.3	(0.2)
Actual tax rate	28.1%	26.2%

(b) Significant components of the Companies' deferred tax assets and liabilities at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets:			
Allowance for doubtful accounts	¥ 402	¥ 448	$ 2,693
Loss carryforwards	3,035	3,096	20,298
Net defined benefit liability	1,084	1,122	7,249
Directors' retirement benefits	107	106	718
Unrealized profit on inventories	375	380	2,513
Unrealized profit on property, plant and equipment	237	240	1,588
Depreciation	419	288	2,805
Write-down of golf club memberships	15	12	100
Write-down of investment securities	491	331	3,289
Write-down of inventories	153	164	1,028
Provision for bonuses	523	461	3,500
Enterprise taxes payable	140	137	938
Other	1,624	1,186	10,865
Total deferred tax assets	8,611	7,977	57,591
Valuation allowance	(4,356)	(4,235)	(29,134)
Net deferred tax assets	4,254	3,742	28,456
Deferred tax liabilities:			
Gain on securities contributed to employee retirement benefit trust	(681)	(661)	(4,555)
Net defined benefit asset	(2,688)	(2,256)	(17,980)
Valuation difference on available-for-sale securities	(4,529)	(4,803)	(30,292)
Other	(1,293)	(660)	(8,652)
Total deferred tax liabilities	(9,192)	(8,382)	(61,480)
Net deferred tax liabilities	¥ (4,937)	¥ (4,639)	$ (33,023)

(c) Adjustments to the amount of deferred tax assets and liabilities due to change in income tax rate

As a result of the amendment of the tax law enacted by the Diet on March 31, 2025, the effective statutory tax rate will be changed from 30.6% to 31.5%, from fiscal year beginning on or after April 1, 2026.

Accordingly, deferred tax assets and liabilities related to temporary differences that are expected to be reversed after the fiscal year beginning on or after April 1, 2026 are calculated by using the effective statutory tax rate of 31.5%.

This tax rate change has only a minimal impact on the consolidated financial statements for the current fiscal year.

7. Pledged assets

At March 31, 2025 and 2024, the following assets were pledged as security for trading transactions:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Investment securities	¥ 1,184	¥ 3,681	$ 7,923
Accounts receivable - trade	500	—	3,344
Treasury shares	—	44	—
Land	—	19	—
Cash and deposits	18	18	120
Buildings and structures	—	14	—
Total	¥ 1,702	¥ 3,777	$ 11,387

8. Research and development expenses

Research and development expenses included in selling, general and administrative expenses for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Research and development expenses	¥ 299	¥ 53	$ 2,000

9. Short-term loans payable and long-term loans payable

(a) Breakdown of bonds payable

Company	Name of bond	Issue date	Millions of yen	Thousands of U.S. dollars	Interest rate (%)	Collateral	Redemption date
			2025	2025			
INABATA & Co., LTD.	First series of unsecured straight bonds	March 24, 2023	¥ 7,500	$ 50,160	0.65	None	March 24, 2028
INABATA & Co., LTD.	Second series of unsecured straight bonds	June 5, 2024	2,600	17,388	1.77	None	June 5, 2034
INABATA & Co., LTD.	Third series of unsecured straight bonds	June 5, 2024	7,400	49,491	1.14	None	June 5, 2029
INABATA & Co., LTD.	Fourth series of unsecured straight bonds	December 19, 2024	7,500	50,160	1.35	None	June 19, 2030
Total			¥ 25,000	$ 167,201			

Note: Annual redemption schedule at March 31, 2025 was as follows:

	Millions of yen	Thousands of U.S. dollars
	2025	2025
2026	¥ —	$ —
2027	7,500	50,160
2028	—	—
2029	7,400	49,491
2030 and thereafter	10,100	67,549
Total	¥ 25,000	$ 167,201

(b) Breakdown of loans payable

	Millions of yen		Thousands of U.S. dollars	Average interest rate (%)	Payment due
	2025	2024	2025		
Short-term loans payable	¥ 27,262	¥ 40,453	$ 182,335	2.39	—
Current portion of long-term loans payable	1,076	2,492	7,196	0.54	—
Long-term loans payable (excluding current portion)	20,294	12,389	135,733	1.27	2026 to 2035
Total	¥ 48,633	¥ 55,335	$ 325,264		

Note: Annual repayment schedule of long-term loans payable at March 31, 2025 was as follows:

	Millions of yen	Thousands of U.S. dollars
	2025	2025
2026	¥ 2,602	$ 17,408
2027	102	688
2028	4,703	31,455
2029	2,197	14,697
2030 and thereafter	10,688	71,482
Total	¥ 20,294	$ 135,733

(c) In order to achieve more flexible and stable financing, the Company has concluded multi-currency lines of credit agreements with four banks. The status of these lines of credit at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Multi-currency lines of credit	¥ 29,904	¥ 30,282	$ 200,000
Credit utilized	—	—	—

10. Retirement and pension plans

(a) Defined benefit pension plans

(1) The change in the retirement benefit obligation for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at the beginning of the year	¥ 9,387	¥ 8,492	$ 62,786
Service cost	605	584	4,048
Interest cost	124	118	829
Actuarial differences	(1,120)	(47)	(7,495)
Prior service cost	62	—	415
Retirement benefits paid	(551)	(346)	(3,685)
Increase due to a change in the scope of consolidation	3	479	22
Others	(27)	106	(181)
Balance at the end of the year	¥ 8,483	¥ 9,387	$ 56,740

(2) The change in plan assets for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at the beginning of the year	¥ 16,391	¥ 14,993	$ 109,626
Expected return on plan assets	428	389	2,868
Actuarial differences	(323)	(82)	(2,166)
Contributions by the Company and its consolidated subsidiaries	598	959	4,003
Retirement benefits paid	(239)	(215)	(1,601)
Increase due to a change in the scope of consolidation	—	340	—
Others	(3)	5	(22)
Balance at the end of the year	¥ 16,852	¥ 16,391	$ 112,707

(3) The following table sets forth the funded status of the plans and the amounts recognized in the Company's and its consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Funded projected benefit obligations	¥ 6,427	¥ 7,369	$ 42,985
Plan assets	(16,852)	(16,391)	(112,707)
Subtotal	(10,424)	(9,021)	(69,722)
Unfunded projected benefit obligations	2,056	2,018	13,754
Net amount of liability and asset in consolidated balance sheet	(8,368)	(7,003)	(55,967)
Liabilities (net defined benefit liability)	2,134	2,343	14,276
Assets (net defined benefit asset)	(10,502)	(9,346)	(70,244)
Net amount of liability and asset in consolidated balance sheet	¥ (8,368)	¥ (7,003)	$ (55,967)

(4) The components of retirement benefit expense for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Service cost	¥ 605	¥ 584	$ 4,048
Interest cost	124	118	829
Expected return on plan assets	(428)	(389)	(2,868)
Amortization of actuarial differences	(135)	(95)	(907)
Amortization of prior service cost	47	(15)	314
Retirement benefit expense	¥ 211	¥ 202	$ 1,416

Actuarial differences and prior service cost included in other comprehensive income for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Prior service cost	¥ (15)	¥ (15)	$ (101)
Actuarial differences	661	(130)	4,421
Total	¥ 645	¥ (145)	$ 4,320

(5) Unrecognized actuarial differences and unrecognized prior service cost included in accumulated other comprehensive income at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrecognized prior service cost	¥ (170)	¥ (185)	$ (1,138)
Unrecognized actuarial differences	(1,067)	(422)	(7,136)
Total	¥ (1,237)	¥ (607)	$ (8,275)

(6) The allocation of plan assets by major category as a percentage of total plan assets at the fair value at March 31, 2025 and 2024 were as follows:

	2025	2024
Bonds	40.4%	48.0%
Equity securities	33.1	33.0
Cash and time deposits	14.9	6.1
Alternative	11.2	12.5
Others	0.4	0.4
Total	100.0%	100.0%

Notes: 1. The expected long-term rate of return on plan assets is determined with consideration for both the present and future portfolio allocation and the expected long-term rate of return on multiple plan assets at present and in the future.

2. Total plan assets include securities contributed to the retirement benefit trust (17.3% at March 31, 2025 and 17.1% at March 31, 2024).

(7) The assumptions used in accounting for the above plans were as follows:

	2025	2024
Discount rate (mainly)	2.2%	1.0%
Expected long-term rate of return on plan assets (mainly)	3.0%	3.0%

(b) Defined contribution pension plans

The required contribution to the defined contribution pension plans for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Contribution to defined contribution pension plans by the Company and its consolidated subsidiaries	¥ 118	¥ 150	$ 794

11. Cash and cash equivalents

(a) The reconciliation of cash and time deposits in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows at March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash and time deposits	¥ 59,839	¥ 51,310	$ 400,212
Time deposits with maturities of more three months	(4,482)	(5,074)	(29,980)
Marketable Securities (MRF and MMF)	—	64	—
Cash and cash equivalents	¥ 55,357	¥ 46,301	$ 370,231

(b) Major breakdown of assets and liabilities of the companies that were newly consolidated due to the acquisition of its shares

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

Breakdown of assets and liabilities of Novacel Co., Ltd. and its subsidiaries, NOVACEL SINGAPORE (PTE.) LTD., NOVACEL (THAILAND) CO., LTD., and NOVACEL (HONG KONG) LTD., at the time of its consolidation due to the acquisition of their shares and the relationship between the acquisition cost and the expenditure for the acquisition of the shares (net amounts) are as follows:

	Millions of yen	Thousands of U.S. dollars
	2025	2025
Current assets	¥ 3,769	$ 25,209
Non-current assets	408	2,731
Goodwill	3,198	21,391
Customer-related intangible assets	1,230	8,226
Current liabilities	(541)	(3,621)
Non-current liabilities	(9)	(62)
Deferred tax liabilities	(284)	(1,899)
Minority interests	(1,522)	(10,184)
Acquisition cost of the shares	6,248	41,790
Cash and cash equivalents	(1,825)	(12,210)
Difference: purchase of shares	¥ 4,422	$ 29,580

(2) For the fiscal year ended March 31, 2024

Breakdown of assets and liabilities of Maruishi Chemical Trading Co., Ltd. and Maruishi Techno Co., Ltd. at the time of its consolidation due to the acquisition of their shares and the relationship between the acquisition cost and the expenditure for the acquisition of the shares (net amounts) are as follows:

	Millions of yen
	2024
Current assets	¥ 16,735
Non-current assets	6,700
Current liabilities	(13,058)
Non-current liabilities	(1,543)
Gain on bargain purchase	(3,047)
Minority interests	(2,563)
Acquisition cost of the shares	3,222
Equity method recognized at acquisition of control	(2,429)
Loss (gain) on step acquisitions	225
Cash and cash equivalents	(552)
Difference: purchase of shares	¥ 466

The breakdown of assets and liabilities of the other company that was newly consolidated in the current consolidated fiscal year due to the acquisition of shares is omitted due to its immateriality.

In addition, expenses of ¥386 million related to the acquisition of shares of Daigo Tsusho Co., Ltd., which was newly consolidated, are included in the amount of "Payments for acquisition of shares of subsidiaries resulting in a change in the scope of consolidation" in the consolidated statements of cash flows.

12. Other comprehensive income

Amounts reclassified to net income (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Valuation difference on available-for-sale securities:			
Increase (decrease) during the year	¥ 703	¥ 1,517	$ 4,706
Reclassification adjustments	(3,225)	(3,350)	(21,573)
Amount before tax effect	(2,522)	(1,833)	(16,867)
Tax effect	1,580	(331)	10,573
Subtotal, net of tax effect	(941)	(2,164)	(6,294)
Deferred gains (losses) on hedges:			
Increase (decrease) during the year	47	544	316
Reclassification adjustments	(486)	(255)	(3,256)
Amount before tax effect	(439)	289	(2,940)
Tax effect	137	(93)	921
Subtotal, net of tax effect	(301)	195	(2,018)
Foreign currency translation adjustment:			
Increase (decrease) during the year	(519)	11,313	(3,476)
Reclassification adjustments	—	—	—
Amount before tax effect	(519)	11,313	(3,476)
Tax effect	—	—	—
Subtotal, net of tax effect	(519)	11,313	(3,476)
Remeasurements of defined benefit plans, net of tax:			
Increase (decrease) during the year	750	(77)	5,019
Reclassification adjustments	(104)	(67)	(699)
Amount before tax effect	645	(145)	4,320
Tax effect	(207)	42	(1,385)
Subtotal, net of tax effect	438	(103)	2,934
Share of other comprehensive income of entities accounted for using equity method:			
Increase (decrease) during the year	134	88	898
Reclassification adjustments	—	—	—
Subtotal	134	88	898
Total other comprehensive income	¥ (1,189)	¥ 9,329	$ (7,956)

13. Business Combination

Business combination through acquisition

(a) Outline of the business combination

(1) Name and main business of the acquiree

Name of the acquiree

Novacel Co., Ltd.

Business description

Research, development, production and sale of resin coloring and resin compounds

(2) Main reason to the business combination

The Company aims to achieve its long-term vision "IK Vision 2030," the ideal vision by around 2030. As a result, the Company is promoting "New Challenge 2026," a 3-year medium-term management plan ended on March 31, 2027. The company is striving to differentiate itself and improve profitability by deepening its core business segments (plastics and information electronics) and strengthening its combined functions (especially in manufacturing and logistics), while also expanding its business domains through merger and acquisition activities.

By acquiring shares in the company and making it a subsidiary, the Company believes that it will be able to improve its technological expertise, expand its contract manufacturing business utilizing our Company's overseas production bases, improve production efficiency and quality control, and strengthen its ability to acquire new customers and offer proposals to new product markets.

(3) Date of business combination

June 30, 2024

(4) Legal form of business combination

Share acquisition

(5) Name of the acquiree after the business combination

There is no change.

(6) Ratio of voting rights acquired

66.7%

(7) Main grounds for determining the acquirer

The Company acquired the shares in exchange for cash.

(b) Period for which the operations of the acquiree are included in the consolidated financial statements

From July 1, 2024 to March 31, 2025

(c) Breakdown of acquisition cost and type of consideration for the acquiree

Consideration for the acquisition: ¥6,248 million ($41,790 thousand) in cash

Acquisition cost: ¥6,248 million ($41,790 thousand)

(d) Description and amounts of major acquisition related expenses

Advisory fees and commissions, etc.: ¥246 million ($1,651 thousand)

(e) Amount of goodwill recognized, its reason, and method and period of amortization

(1) Amount of goodwill recognized

¥3,198 million ($21,391 thousand)

(2) Reason for recognition

Goodwill has been recognized mainly due to the anticipated excess earning power from business developments.

(3) Method and period of amortization

Straight-line amortization over ten years

(f) Amounts of the assets acquired and the liabilities assumed on the business combination date and their major details

	Millions of yen		Thousands of U.S. dollars	
	2025		2025	
Current assets	¥	3,769	$	25,209
Non-current assets		408		2,731
Total assets		4,177		27,941
Current liabilities		541		3,621
Non-current liabilities		9		62
Total liabilities	¥	550	$	3,684

(g) Amounts allocated to intangible assets other than goodwill, breakdown by major category, and amortization period

	Millions of yen		Thousands of U.S. dollars		amortization period
	2025		2025		2025
Customer-related intangible assets	¥	1,190	$	7,958	12 years
Backlog of orders		40		267	0.5 years

(h) Estimated impact on the consolidated statement of income for the year ended March 31, 2025 assuming the business combination had been completed at the beginning of the year ended March 31, 2025 and its method of calculation.

The information is omitted as it is insignificant.

14. Revenue recognition

(a) Breakdown of revenue from contracts with customers

	Millions of yen						
	Year ended March 31, 2025						
	IT & Electronics	Chemicals	Life Industry	Plastics	Total	Others (*1)	Consolidated
Japan	¥ 97,521	87,699	40,431	152,377	378,030	―	378,030
Southeast Asia	16,230	14,630	225	169,290	200,376	―	200,376
Northeast Asia	115,913	5,273	2,854	60,956	184,997	―	184,997
The Americas	23,416	5,724	7,549	17,396	54,086	―	54,086
Europe	10,974	4,970	2,698	1,521	20,165	―	20,165
Revenue from Contracts with Customers (*2)	264,056	118,298	53,759	401,541	837,656	―	837,656
Other income (loss)	―	―	―	―	―	181	181
Sales to external customers	¥ 264,056	118,298	53,759	401,541	837,656	181	837,838

	Millions of yen						
	Year ended March 31, 2024						
	IT & Electronics	Chemicals	Life Industry	Plastics	Total	Others (*1)	Consolidated
Japan	¥ 81,171	86,582	40,637	135,519	343,911	―	343,911
Southeast Asia	19,454	13,545	244	147,798	181,042	―	181,042
Northeast Asia	110,201	5,186	2,128	57,874	175,391	―	175,391
The Americas	15,164	5,130	8,252	17,075	45,623	―	45,623
Europe	13,122	2,212	2,334	2,202	19,871	―	19,871
Revenue from Contracts with Customers (*2)	239,114	112,657	53,597	360,471	765,840	―	765,840
Other income (loss)	―	―	―	―	―	181	181
Sales to external customers	¥ 239,114	112,657	53,597	360,471	765,840	181	766,022

	Thousands of U.S. dollars						
	Year ended March 31, 2025						
	IT & Electronics	Chemicals	Life Industry	Plastics	Total	Others (*1)	Consolidated
Japan	$ 652,231	586,541	270,410	1,019,112	2,528,295	―	2,528,295
Southeast Asia	108,550	97,850	1,504	1,132,223	1,340,130	―	1,340,130
Northeast Asia	775,234	35,266	19,093	407,678	1,237,273	―	1,237,273
The Americas	156,613	38,284	50,490	116,347	361,735	―	361,735
Europe	73,397	33,245	18,050	10,174	134,867	―	134,867
Revenue from Contracts with Customers (*2)	1,766,027	791,189	359,549	2,685,536	5,602,303	―	5,602,303
Other income (loss)	―	―	―	―	―	1,216	1,216
Sales to external customers	$ 1,766,027	791,189	359,549	2,685,536	5,602,303	1,216	5,603,520

(*1) "Others" include businesses, such as real estate rental services, not included in reportable segments.

(*2) “Revenue from Contracts with Customers” is classified into countries or regions based on the location of the distributor.

(b) The basic information for understanding revenue from contracts with customer

The basic information for understanding revenue from contracts with customer is as described in Note 2. (n), “Recognition of revenues and expenses”.

(c) Information regarding the relationship between satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts and the amount and timing of revenue expected to be recognized from contracts with customers existing at the end of the current consolidated fiscal year in the following consolidated fiscal year

(1) Contract assets and contract liabilities

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2025	2024	2025
Accounts receivables arising from contracts with customers (Beginning balance)	¥ 206,463	¥ 176,887	$ 1,380,841
Accounts receivables arising from contracts with customers (Ending balance)	203,504	206,463	1,361,051
Contract liabilities (Beginning balance)	3,455	2,798	23,112
Contract liabilities (Ending balance)	3,173	3,455	21,225

Contract liabilities are mainly the consideration received from customers before delivery of goods and are included in "Other current liabilities" under "Current liabilities" in the consolidated balance sheets. The amount of revenue recognized which was included in contract liabilities at the beginning of the consolidated fiscal year was ¥3,448 million ($23,063 thousand) and ¥2,323 million at March 31, 2025, and 2024, respectively.

(2) Transaction price allocated to remaining performance obligations

There are no significant transactions in the Companies with an expected term of more than one year. In addition, there is no material amount of consideration arising from contracts with customers that is not included in the transaction price.

15. Segment information

(a) General information about reportable segments

Inabata Group’s reportable segments represent the group’s component divisions for which separate financial information is available. This information is regularly evaluated by the Board of Directors in deciding how to allocate management resources and in assessing performance. Inabata Group is primarily engaged in the trading of merchandise, the manufacture and sale of various products and the provision of services in Japan and abroad and operates its business in line with a comprehensive strategy regarding merchandise, products and services for domestic and international markets. For effective business management purposes, Inabata Group has segmented its corporate sales and marketing functions into four divisions (reportable segments) based on merchandise, products and target markets/industries, namely: IT & Electronics, Chemicals, Life Industry and Plastics.

The major merchandise, products and services covered by each reportable segment are as follows:

IT & Electronics:	Semiconductor manufacturing equipment
	Electronic materials, including parts
	Dyes for printing
	Raw materials for copying
Chemicals:	Motor parts and raw materials
	Raw materials for plastic resin
	Dyestuffs
	Lumber
	Composite materials
	Wooden building materials
	Residential housing equipment
Life Industry:	Pharmaceutical and agricultural chemicals and bulk raw materials
	Raw materials for insecticides
	Raw materials for toiletries
	Raw and processed agricultural products
	Raw and processed marine products
Plastics:	General purpose plastics
	Engineering plastics

(b) Basis of measurement for reportable segment profit and loss, segment assets, segment liabilities and other material items

Accounting methods applied to the reportable business segments are generally the same as those described in Note 2, “Summary of significant accounting policies”. Segment income derives from operating income. Inter-segment profits and transfers are based on prevailing market prices.

(c) Information about reportable segment profit and loss, segment assets, segment liabilities and other material items for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen							
	Year ended March 31, 2025							
		IT & Electronics	Chemicals	Life Industry	Plastics	Others	Elimination & Corporate	Consolidated
Net sales:								
Outside customers	¥	264,056	118,298	53,759	401,541	181	—	837,838
Intersegment		—	—	—	—	—	—	—
Total		264,056	118,298	53,759	401,541	181	—	837,838
Segment income	¥	8,477	2,948	1,175	13,086	136	—	25,824
Total assets	¥	110,181	60,138	30,778	200,118	343	40,410	441,972
Depreciation and amortization	¥	627	524	335	2,731	—	—	4,219
Amortization of goodwill		—	—	—	244	—	—	244
Investments in equity method affiliates		1,298	—	—	1,376	—	—	2,675
Increases in tangible and intangible assets	¥	194	337	458	6,025	—	3,567	10,583

	Millions of yen							
	Year ended March 31, 2024							
		IT & Electronics	Chemicals	Life Industry	Plastics	Others	Elimination & Corporate	Consolidated
Net sales:								
Outside customers	¥	239,114	112,657	53,597	360,471	181	—	766,022
Intersegment		—	—	—	—	—	—	—
Total		239,114	112,657	53,597	360,471	181	—	766,022
Segment income	¥	6,904	2,788	1,480	9,879	137	—	21,190
Total assets	¥	108,714	62,224	33,182	184,773	350	38,075	427,320
Depreciation and amortization	¥	590	451	302	2,400	—	—	3,743
Amortization of goodwill		—	—	—	1	—	—	1
Investments in equity method affiliates		1,141	—	—	1,201	—	—	2,342
Increases in tangible and intangible assets	¥	142	244	475	1,697	—	1,900	4,460

	Thousands of U.S. dollars						
	Year ended March 31, 2025						
	IT & Electronics	Chemicals	Life Industry	Plastics	Others	Elimination & Corporate	Consolidated
Net sales:							
Outside customers	$ 1,766,027	791,189	359,549	2,685,536	1,216	—	5,603,520
Intersegment	—	—	—	—	—	—	—
Total	1,766,027	791,189	359,549	2,685,536	1,216	—	5,603,520
Segment income	$ 56,697	19,721	7,862	87,524	910	—	172,716
Total assets	$ 736,901	402,208	205,849	1,338,408	2,299	270,271	2,955,939
Depreciation and amortization	$ 4,200	3,509	2,245	18,265	—	—	28,220
Amortization of goodwill	—	—	—	1,633	—	—	1,633
Investments in equity method affiliates	8,686	—	—	9,208	—	—	17,895
Increases in tangible and intangible assets	$ 1,298	2,255	3,064	40,299	—	23,862	70,780

Notes: 1. "Others" includes business, such as real estate rental services, not included in reportable segments.

2. Corporate assets included in the Elimination & Corporate column in the amount of ¥40,410 million ($270,271 thousand) and ¥38,075 million for the years ended March 31, 2025 and 2024, respectively, are mainly surplus funds (cash and deposits), long-term investment funds (investment securities, etc.) and assets pertaining to administrative functions of the Company.

3. Increases in tangible and intangible assets stated in the Elimination & Corporate column in the amount of ¥3,567 million ($23,862 thousand) and ¥1,900 million for the years ended March 31, 2025 and 2024, respectively, are attributable to the Company's administrative functions.

4. Segment income has been adjusted to be consistent with operating income in the consolidated financial statements.

[Related information]

(a) Geographic information

(1) Net sales

Millions of yen					
Year ended March 31, 2025					
Japan	Southeast Asia	Northeast Asia	The Americas	Europe	Consolidated
¥ 341,643	¥ 217,624	¥ 220,560	¥ 40,237	¥ 17,772	¥ 837,838

Millions of yen					
Year ended March 31, 2024					
Japan	Southeast Asia	Northeast Asia	The Americas	Europe	Consolidated
¥ 307,143	¥ 189,770	¥ 210,531	¥ 39,635	¥ 18,941	¥ 766,022

Thousands of U.S. dollars					
Year ended March 31, 2025					
Japan	Southeast Asia	Northeast Asia	The Americas	Europe	Consolidated
$ 2,284,936	$ 1,455,486	$ 1,475,126	$ 269,108	$ 118,861	$ 5,603,520

Note: Sales amounts are based on customer locations and divided into countries and regions.

(2) Property, plant and equipment

Millions of yen					
Year ended March 31, 2025					
Japan	Southeast Asia	Northeast Asia	The Americas	Europe	Consolidated
¥ 7,852	¥ 7,507	¥ 1,377	¥ 2,132	¥ 843	¥ 19,713

Millions of yen					
Year ended March 31, 2024					
Japan	Southeast Asia	Northeast Asia	The Americas	Europe	Consolidated
¥ 6,537	¥ 7,522	¥ 1,521	¥ 2,011	¥ 1,032	¥ 18,625

Thousands of U.S. dollars					
Year ended March 31, 2025					
Japan	Southeast Asia	Northeast Asia	The Americas	Europe	Consolidated
$ 52,517	$ 50,209	$ 9,215	$ 14,259	$ 5,642	$ 131,845

(b) Information on the amount of impairment loss on non-current assets by reportable segment

There was no impairment loss on non-current assets for the year ended March 31, 2025 and 2024.

(c) Information on the amount of amortization and the unamortized balance of goodwill by reportable segment

	Millions of yen						
	Year ended March 31, 2025						
	IT & Electronics	Chemicals	Life Industry	Plastics	Others	Elimination & Corporate	Consolidated
Amortization	¥ —	¥ —	¥ —	¥ 244	¥ —	¥ —	¥ 244
Unamortized balance	—	—	—	2,977	—	—	2,977

	Millions of yen						
	Year ended March 31, 2024						
	IT & Electronics	Chemicals	Life Industry	Plastics	Others	Elimination & Corporate	Consolidated
Amortization	¥ —	¥ —	¥ —	¥ 1	¥ —	¥ —	¥ 1
Unamortized balance	—	—	—	18	—	—	18

	Thousands of U.S. dollars						
	Year ended March 31, 2025						
	IT & Electronics	Chemicals	Life Industry	Plastics	Others	Elimination & Corporate	Consolidated
Amortization	$ —	$ —	$ —	$ 1,633	$ —	$ —	$ 1,633
Unamortized balance	—	—	—	19,913	—	—	19,913

16. Financial Instruments

(Fair values of financial instruments)

Book values and fair values of the financial instruments on the consolidated balance sheet at March 31, 2025 and 2024 were as follows:

	Millions of yen		
	March 31, 2025		
	Book values	Fair values	Differences
Securities and investment securities (*4)			
Available-for-sale securities	20,385	20,385	—
Bonds	20	20	—
Long-term loans receivable	2,314		
Allowance for doubtful accounts (*5)	(841)		
	1,472	1,418	(54)
Total Assets	¥ 21,878	¥ 21,824	¥ (54)
Long-term loans payable (*3)	21,370	20,805	564
Bonds payable	25,000	24,265	734
Total Liabilities	¥ 46,370	¥ 45,070	¥ 1,299
Derivative transactions (*6)			
Derivative transactions for which hedge accounting is not applied	¥ (12)	¥ (12)	¥ —
Derivative transactions for which hedge accounting is applied	430	430	—
Total Derivative Transactions	¥ 418	¥ 418	¥ —

	Millions of yen		
	March 31, 2024		
	Book values	Fair values	Differences
Securities and investment securities (*4)			
Available-for-sale securities	21,982	21,982	—
Bonds	19	19	—
Long-term loans receivable	2,262		
Allowance for doubtful accounts (*5)	(243)		
	2,018	1,988	(29)
Total Assets	¥ 24,020	¥ 23,990	¥ (29)
Long-term loans payable (*3)	14,881	14,876	5
Bonds payable	7,500	7,459	41
Total Liabilities	¥ 22,381	¥ 22,335	¥ 46
Derivative transactions (*6)			
Derivative transactions for which hedge accounting is not applied	¥ (24)	¥ (24)	¥ —
Derivative transactions for which hedge accounting is applied	885	885	—
Total Derivative Transactions	¥ 861	¥ 861	¥ —

	Thousands of U.S. dollars		
	March 31, 2025		
	Book values	Fair values	Differences
Securities and investment securities (*4)			
Available-for-sale securities	136,337	136,337	—
Bonds	135	135	—
Long-term loans receivable	15,481		
Allowance for doubtful accounts (*5)	(5,630)		
	9,851	9,489	(361)
Total Assets	$ 146,324	$ 145,962	$ (361)
Long-term loans payable (*3)	142,929	139,151	3,778
Bonds payable	167,201	162,286	4,915
Total Liabilities	$ 310,131	$ 301,437	$ 8,693
Derivative transactions (*6)			
Derivative transactions for which hedge accounting is not applied	$ (80)	$ (80)	$ —
Derivative transactions for which hedge accounting is applied	2,881	2,881	—
Total Derivative Transactions	$ 2,801	$ 2,801	$ —

(*1) "Cash and time deposits," "Notes receivable - trade," "Electronically recorded monetary claims - operating," "Accounts receivable - trade," "Notes and accounts payable - trade" and "Short-term loans payable" are omitted because cash and time deposits, notes receivable - trade, electronically recorded monetary claims - operating, accounts receivable - trade, notes and accounts payable - trade, and short-term loans payable are close to their book values because they are settled in a short period of time.

(*2) There are balances of Accounts receivable - trade and Notes receivable - trade with settlement periods exceeding one year, which are omitted due to their immateriality.

(*3) Long-term loans payable include ¥1,076 million ($7,196 thousand) and ¥2,492 million of long-term loans payable within 1 year for the years ended March 31, 2025 and 2024.

(*4) Stocks with no fair values are not included in "Securities and investment securities." The amounts recorded on the consolidated balance sheet for these financial instruments at March 31, 2025 and 2024 were as follows. The following "Investments in capital" is not subject to market value disclosure because they are investments in a partnership whose equity equivalent is recorded net on the consolidated balance sheet.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Shares of subsidiaries and associates	¥ 4,943	¥ 3,513	$ 33,062
Investments in capital of subsidiaries and associates	1,566	1,235	10,479
Unlisted equity securities	8,897	7,978	59,504
Investments in capital	437	142	2,926

(*5) The balance of "Allowance for doubtful accounts" is deducted individually from the balances of "Long-term loans receivable."

(*6) Net receivables and payables generated from derivative transactions are shown above. Items that represent net payables are shown in parentheses.

(a) Financial instruments with maturities at March 31, 2025 and 2024 were as follows:

	Millions of yen			
	March 31, 2025			
	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Over 10 years
Cash and time deposits	¥ 59,839	¥ —	¥ —	¥ —
Notes receivable - trade	7,504	2	—	—
Electronically recorded monetary claims - operating	22,184	—	—	—
Accounts receivable - trade	173,813	—	—	—
Available-for-sale securities				
Bonds	20	—	—	—
Others	—	—	—	—
Long-term loans receivable (*)	—	1,159	1	314
Total	¥ 263,362	¥ 1,162	¥ 1	¥ 314

	Millions of yen			
	March 31, 2024			
	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Over 10 years
Cash and time deposits	¥ 51,310	¥ —	¥ —	¥ —
Notes receivable - trade	7,785	6	—	—
Electronically recorded monetary claims - operating	23,406	—	—	—
Accounts receivable - trade	175,126	14	123	—
Available-for-sale securities				
Bonds	—	19	—	—
Others	—	—	—	—
Long-term loans receivable (*)	—	1,174	13	239
Total	¥ 257,629	¥ 1,216	¥ 137	¥ 239

	Thousands of U.S. dollars			
	March 31, 2025			
	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Over 10 years
Cash and time deposits	$ 400,212	$ —	$ —	$ —
Notes receivable - trade	50,192	13	—	—
Electronically recorded monetary claims - operating	148,372	—	—	—
Accounts receivable - trade	1,162,474	—	—	—
Available-for-sale securities				
Bonds	135	—	—	—
Others	—	—	—	—
Long-term loans receivable (*)	—	7,758	9	2,103
Total	$ 1,761,386	$ 7,771	$ 9	$ 2,103

(*) Long-term loans receivable does not include Long-term loans receivable to Group companies with no fixed repayment period of ¥839 million ($5,611 thousand) and ¥834 million for the years ended March 31, 2025 and 2024, respectively.

(b) Short-term loans payable and long-term loans payable with maturities at March 31, 2025 and 2024 were as follows:

	Millions of yen			
	March 31, 2025			
	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Over 10 years
Short-term loans payable	¥ 27,262	¥ —	¥ —	¥ —
Long-term loans payable	1,076	9,606	10,688	—
Bonds payable	—	14,900	10,100	—
Total	¥ 28,338	¥ 24,506	¥ 20,788	¥ —

	Millions of yen			
	March 31, 2024			
	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Over 10 years
Short-term loans payable	¥ 40,453	¥ —	¥ —	¥ —
Long-term loans payable	2,492	6,254	6,134	—
Bonds payable	—	7,500	—	—
Total	¥ 42,946	¥ 13,754	¥ 6,134	¥ —

	Thousands of U.S. dollars			
	March 31, 2025			
	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Over 10 years
Short-term loans payable	$ 182,335	$ —	$ —	$ —
Long-term loans payable	7,196	64,250	71,482	—
Bonds payable	—	99,652	67,549	—
Total	$ 189,531	$ 163,902	$ 139,032	$ —

(Fair value information for financial instruments by level of inputs)

Based on the observability and the significance of the inputs used to determine fair values, fair value information for financial instruments is presented by categorizing measurements into the following three levels:

Level 1 fair value: The fair value measured by quoted prices of identical assets or liabilities in active markets.

Level 2 fair value: The fair value measured using observable inputs other than Level 1.

Level 3 fair value: The fair values measured using unobservable inputs.

When multiple inputs of different categories are used in measuring fair value, the Company and its subsidiaries classify fair values into a category to which the lowest priority is assigned.

	Millions of yen			
	March 31, 2025			
	Level 1	Level 2	Level 3	Total
Securities and investment securities	¥	¥	¥	¥
Available-for-sale securities	20,385	—	—	20,385
Bonds	—	—	20	20
Investment trust	—	—	—	—
Derivative transactions				
Derivative transactions for which hedge accounting is not applied	—	(12)	—	(12)
Derivative transactions for which hedge accounting is applied	—	430	—	430
Total	¥ 20,385	¥ 418	¥ 20	¥ 20,824

	Millions of yen			
	March 31, 2024			
	Level 1	Level 2	Level 3	Total
Securities and investment securities	¥	¥	¥	¥
Available-for-sale securities	21,867	—	—	21,867
Bonds	—	—	19	19
Investment trust	114	—	—	114
Derivative transactions				
Derivative transactions for which hedge accounting is not applied	—	(24)	—	(24)
Derivative transactions for which hedge accounting is applied	—	885	—	885
Total	¥ 21,982	¥ 861	¥ 19	¥ 22,863

	Thousands of U.S. dollars			
	March 31, 2025			
	Level 1	Level 2	Level 3	Total
Securities and investment securities	$	$	$	$
Available-for-sale securities	136,337	—	—	136,337
Bonds	—	—	135	135
Investment trust	—	—	—	—
Derivative transactions				
Derivative transactions for which hedge accounting is not applied	—	(80)	—	(80)
Derivative transactions for which hedge accounting is applied	—	2,881	—	2,881
Total	$ 136,337	$ 2,801	$ 135	$ 139,274

	Millions of yen			
	March 31, 2025			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	¥ —	¥ 1,418	¥ —	¥ 1,418
Long-term loans payable	—	—	20,805	20,805
Bonds payable	—	—	24,265	24,265

	Millions of yen			
	March 31, 2024			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	¥ —	¥ 1,988	¥ —	¥ 1,988
Long-term loans payable	—	—	14,876	14,876
Bonds payable	—	—	7,458	7,458

	Thousands of U.S. dollars			
	March 31, 2025			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	$ —	$ 9,489	$ —	$ 9,489
Long-term loans payable	—	—	139,151	139,151
Bonds payable	—	—	162,286	162,286

(a) Valuation techniques and inputs used in measuring fair values

(1) Securities and investment securities

Listed equity securities and investment trusts are measured using quoted prices. Fair values of listed equity securities and investment trusts are classified as Level 1 fair value because they are traded in active markets.

(2) Long-term loans receivable

Long-term loans receivable is classified as Level 2 because the fair value at fixed interest rates is the present value of future cash flows of the receivables. The receivables are categorized into certain periods and divided into groups according to credit risk. In calculating the fair values, the allowance for doubtful accounts, which is separately provided for in long-term loans receivable, is deducted. For long-term loans to Group companies with no fixed repayment period, the book value is considered to approximate the fair value based on the expected repayment period and interest rate conditions. The fair value is classified as Level 2 fair value.

(3) Long-term loans payable

Long-term loans payable is classified as Level 3 because the fair value is measured using the discounted present value method based on the interest rates that reflect the total amount of payment obligations of principal and interests, when a similar loan is newly borrowed. As the fair value of some long-term loans payable is subject to currency swaps and interest rate swaps, the fair value is calculated using the discounted present value method using future cash flows which are treated together with the currency swaps and interest rate swaps and are based on the interest rate that would be assumed if a similar new payable was made.

(4) Bonds payable

Bonds payable are classified as Level 3 because the fair value is measured using the discounted present value method based on the interest rates that would be assumed if similar new issues were made.

(5) Derivative Transactions

Derivative Transactions are classified as Level 2 because, the fair value is based on the prices presented by financial institutions. The special treatment of interest rate swaps is treated as an integral part of the long-term loans payable that are hedged, and, therefore, the fair values are included in the fair values of such long-term loans payable.

(b) Level 3 fair value information for financial instruments whose fair values are recorded on the consolidated balance sheet

Notes omitted due to lack of significance.

17. Shareholders' equity

The Japanese Corporate Law (the "Law") became effective on May 1, 2006, replacing the Japanese Commercial Code (the "Code"). The Law is generally applicable to events and transactions occurring after April 30, 2006 and for fiscal years ending after that date.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases in which a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Law, additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, on condition that the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock, they were available for distribution by resolution of the shareholders' meeting. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with Japanese laws and regulations.

The change in common stock for the years ended March 31, 2025 and 2024 were as follows:

	Number of shares			
	Year ended March 31, 2025			
	April 1, 2024	Increase	Decrease	March 31, 2025
Common stock	55,914,127	—	1,200,000	54,714,127

1. The decrease in common stock related with the cancellation of treasury stock by resolution of the Board of Directors for the year ended March 31, 2025.

	Number of shares			
	Year ended March 31, 2024			
	April 1, 2023	Increase	Decrease	March 31, 2024
Common stock	57,114,127	—	1,200,000	55,914,127

1. The decrease in common stock related with the cancellation of treasury stock by resolution of the Board of Directors for the year ended March 31, 2024.

18. Treasury stock

The change in treasury stock for the years ended March 31, 2025 and 2024 were as follows:

	Number of shares			
	Year ended March 31, 2025			
	April 1, 2024	Increase	Decrease	March 31, 2025
Treasury stock	680,789	1,203,000	1,553,385	330,404

1. Treasury stock at the end of the current consolidated fiscal year included 254,500 shares of the Company owned by the Board Benefit Trust (BBT) for the year ended March 31, 2025.
2.The increase in treasury stock consists of 1,200,000 shares from the purchase of shares by resolution of the Board of Directors and 3,000 shares due to the Restricted Stock (RS) for the year ended March 31, 2025.
3. The decrease in treasury stock consists of 1,200,000 shares from the cancellation of treasury stock by resolution of the Board of Directors, 341,485 shares due to sale of shares of parent held by subsidiaries and 11,900 shares from the payment of due to the Board Benefit Trust (BBT) for the year ended March 31, 2025.

	Number of shares			
	Year ended March 31, 2024			
	April 1, 2023	Increase	Decrease	March 31, 2024
Treasury stock	1,284,045	996,403	1,599,659	680,789

1. Treasury stock at the end of the current consolidated fiscal year included 266,400 shares of the Company owned by the Board Benefit Trust (BBT) for the year ended March 31, 2024.
2.The increase in treasury stock consists of 765,000 shares from the purchase of shares by resolution of the Board of Directors, 230,400 shares due to the ownership of an equity-method affiliate, 900 shares due to the Restricted Stock (RS) and an increase of 103 shares from the purchase of shares of less than one voting unit for the year ended March 31, 2024.
3. The decrease in treasury stock consists of 1,200,000 shares from the cancellation of treasury stock by resolution of the Board of Directors, 341,059 shares due to sale of shares of parent held by subsidiaries, 58,600 shares from the payment of due to the Restricted Stock (RS) for the year ended March 31, 2024.

19. Related party disclosures

The Company is an affiliate of SUMITOMO CHEMICAL COMPANY, LIMITED, which owned 10.3% and 10.2% of the Company's voting shares at March 31, 2025 and 2024, respectively.

SUMIKA TECHNOLOGY CO., LTD. is the subsidiary of SUMITOMO CHEMICAL COMPANY, LIMITED.

The Company controlled 15% and 15% of the voting shares of SUMIKA TECHNOLOGY CO., LTD. at March 31, 2025 and 2024, respectively.

(a) Significant transactions with related parties for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
SUMITOMO CHEMICAL COMPANY, LIMITED			
Net sales	¥ 6,607	¥ 4,497	$ 44,189
Purchases	18,869	15,344	126,200
Accounts receivable - trade	2,444	1,918	16,347
Accounts payable - trade	4,281	4,037	28,634
Pledges of investment securities	—	2,256	—
SUMIKA TECHNOLOGY CO., LTD.			
Net sales	¥ —	¥ 12,069	$ —
Accounts receivable - trade	—	4,053	—

(b) The consolidated subsidiaries' significant transactions with related parties for the years ended March 31, 2025 and 2024 were as follows:

There were no significant transactions for the years ended March 31, 2025 and 2024.

20. Contingent liabilities

At March 31, 2025 and 2024, the Company and its consolidated subsidiaries were contingently liable as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Discounted notes receivable	¥ 66	¥ 124	$ 446
Discounts on electronically recorded monetary claim - operating	288	340	1,927
Notes receivable transferred by endorsement	74	23	497
Electronically recorded monetary claim - operating transferred by endorsement	26	21	178
Guarantees for loans of customers and others	517	742	3,461
Total	¥ 973	¥ 1,252	$ 6,512

21. Subsequent events

(Cash dividends)

At the meeting of the Board of Directors of the Company held on May 9, 2025 and May 9, 2024, an appropriation of nonconsolidated retained earnings for the years ended March 31, 2025 and 2024 were duly approved as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash dividends - ¥65.00 ($0.43) per share	¥ 3,551	¥ 3,629	$ 23,752

Note: Total dividends of ¥3,551 million ($23,752 thousand) and ¥3,629 million for the years ended March 31, 2025 and 2024, respectively, by the resolution at the Board of Directors include dividends on the Company's stock held by the Board Benefit Trust (BBT trust account) of ¥16 million ($110 thousand) and ¥17 million.