2026

INABATA

Financial Statements

Independent Auditor's Report

Inabata & Co., Ltd. and consolidated subsidiaries

For the Years ended March 31,
2026 and 2025

KPMG AZSA LLC
June 2026

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, 2026 and 2025, 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, 2026 and 2025, 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 of public interest entities 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 ¥205,024 million were recognized in the	The primary procedures we performed to assess the reasonableness of the valuation of allowance for doubtful accounts on trade receivables included the following:

consolidated balance sheet of Inabata & Co., Ltd. (the "Company") and its consolidated subsidiaries (collectively referred to as the "Group"), representing approximately 41% of total assets. Allowance for doubtful accounts of ¥618 million included in current assets was mostly on trade receivables. In addition, other assets of ¥8,570 million and allowance for doubtful accounts of ¥6,105 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 of the most significant	**(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 allowance amount 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.

mattters in our audit of the consolidated financial statements 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 the 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, 2026 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, 2026

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
ASSETS			
Current assets:			
Cash and time deposits (Notes 7, 11 and 15)	¥ 76,836	¥ 59,839	$ 480,590
Notes receivable - trade (Note 15)	3,011	7,506	18,835
Electronically recorded monetary claims - operating (Note 15)	22,541	22,184	140,992
Accounts receivable - trade (Note 15)	179,470	173,813	1,122,534
Merchandise and finished goods	89,104	79,782	557,318
Work in Process	1,941	1,517	12,142
Raw materials and supplies	5,479	5,431	34,270
Other current assets	16,305	10,356	101,984
Allowance for doubtful accounts (Note 15)	(618)	(454)	(3,870)
Total current assets	394,072	359,977	2,464,799
Property, plant and equipment:			
Land (Note 7)	4,575	3,985	28,615
Buildings and structures (Note 7)	28,248	18,658	176,684
Machinery and equipment	28,192	24,277	176,333
Construction in progress	1,614	1,991	10,099
Other property, plant and equipment	9,792	8,390	61,246
	72,422	57,304	452,980
Less accumulated depreciation	(43,999)	(37,590)	(275,204)
Property, plant and equipment, net	28,422	19,713	177,776
Investments and other assets:			
Investment securities (Notes 4, 7 and 15)	42,620	36,230	266,577
Long-term loans receivable (Note 15)	2,546	2,314	15,928
Intangible assets	13,723	9,325	85,834
Net defined benefit asset (Note 10)	12,752	10,502	79,764
Deferred tax assets (Note 6)	1,535	1,442	9,607
Other assets	8,570	8,626	53,607
Allowance for doubtful accounts (Note 15)	(6,105)	(6,161)	(38,191)
Total investments and other assets	75,643	62,280	473,129
Total assets	¥ 498,138	¥ 441,972	$ 3,115,704

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable - trade (Note 15)	¥ 124,967	¥ 121,191	$ 781,632
Short-term loans payable (Notes 9 and 15)	37,102	28,338	232,064
Income taxes payable	4,159	3,374	26,013
Accrued expenses	2,080	1,830	13,010
Provision for bonuses	2,105	1,997	13,170
Other current liabilities (Note 13)	14,072	11,735	88,020
Total current liabilities	184,487	168,469	1,153,911
Non-current liabilities:			
Bonds payable (Note 15)	25,000	25,000	156,367
Long-term loans payable (Notes 10 and 15)	27,741	20,294	173,516
Deferred tax liabilities (Note 6)	9,345	6,380	58,455
Provision for directors' retirement benefits	36	33	229
Provision for management board incentive plan trust	287	262	1,800
Net defined benefit liability (Note 10)	2,395	2,134	14,985
Other non-current liabilities	2,905	2,841	18,171
Total non-current liabilities	67,713	56,947	423,525
Contingent liabilities (Note 19)			
Net assets			
Shareholders' equity (Note 16)			
Common stock:			
Authorized - 200,000,000 shares			
Issued - 53,714,127 shares in 2026 and 54,714,127 shares in 2025	9,364	9,364	58,572
Capital surplus	7,260	7,230	45,411
Retained earnings (Note 20)	164,582	153,617	1,029,414
Treasury stock, at cost: (Note 7 and 17)			
332,214 shares in 2026 and 330,404 shares in 2025	(783)	(785)	(4,900)
Total shareholders' equity	180,424	169,427	1,128,497
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	12,612	9,417	78,887
Deferred gains (losses) on hedges	346	310	2,168
Foreign currency translation adjustments	40,460	28,148	253,066
Remeasurements of defined benefit plans	1,935	850	12,104
Total accumulated other comprehensive income	55,354	38,727	346,227
Non-controlling interests	10,159	8,400	63,542
Total net assets	245,938	216,555	1,538,267
Total liabilities and net assets	¥ 498,138	¥ 441,972	$ 3,115,704

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Net sales (Notes 13)	¥ 832,745	¥ 837,838	$ 5,208,565
Cost of sales	748,943	758,915	4,684,410
Gross profit	83,801	78,923	524,154
Selling, general and administrative expenses (Note 8)	57,637	53,098	360,506
Operating income	26,164	25,824	163,648
Other income (expenses):			
Interest and dividend income	1,929	1,907	12,068
Interest expenses (Note 9)	(1,557)	(1,485)	(9,743)
Foreign exchange gains (losses)	(9)	(811)	(60)
Provision of allowance for doubtful accounts	(286)	(96)	(1,790)
Share of profit of entities accounted for using equity method	464	313	2,904
Loss on retirement of non-current assets	—	(170)	—
Gain on sales of non-current assets	—	512	—
Gain on sales of investment securities	2,691	3,615	16,833
Loss on valuation of investment securities	(1,059)	(646)	(6,625)
Contribution to joint development cost	—	(325)	—
Loss on liquidation of subsidiaries	(160)	—	(1,001)
Other, net	1,044	481	6,533
Income before income taxes	29,220	29,119	182,767
Income taxes (Note 6)			
Income taxes - current	8,085	7,558	50,572
Income taxes - deferred	(485)	615	(3,037)
Net income	21,620	20,945	135,232
Net income attributable to non-controlling interests	988	1,111	6,183
Net income attributable to owners of parent	¥ 20,632	¥ 19,833	$ 129,048

Amounts per share:	Yen		U.S. dollars (Note 1)
	2026	2025	2026
Basic net income per share	¥ 384.84	¥ 363.90	$ 2.41
Cash dividends per share applicable to the year	128.00	125.00	0.80

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended March 31, 2026 and 2025

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2026		2025		2026	
Net income	¥	21,620	¥	20,945	$	135,232
Other comprehensive income (Note 12):						
Valuation difference on available-for-sale securities		3,704		(941)		23,171
Deferred gains (losses) on hedges		80		(301)		506
Foreign currency translation adjustment		12,406		(519)		77,599
Remeasurements of defined benefit plans, net of tax		1,091		438		6,827
Share of other comprehensive income of entities accounted for using equity method		92		134		577
Total other comprehensive income		17,376		(1,189)		108,681
Comprehensive income	¥	38,996	¥	19,756	$	243,914
Comprehensive income attributable to:						
Owners of parent	¥	37,259	¥	18,722	$	233,046
Non-controlling interests		1,737		1,033		10,867

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years ended March 31, 2026 and 2025

	Millions of yen			
	2026			
	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Treasury stock
Balance at April 1, 2025	¥ 9,364	¥ 7,230	¥ 153,617	¥ (785)
Net income attributable to owners of parent	—	—	20,632	—
Dividends of surplus	—	—	(6,930)	—
Purchase of treasury stock	—	—	—	(3,208)
Retirement of treasury stock	—	—	(3,210)	3,210
Change in scope of consolidation	—	—	474	—
Purchase of shares of consolidated subsidiaries	—	32	—	—
Capital increase of consolidated subsidiaries	—	(2)	—	—
Net changes in items other than shareholders' equity	—	—	—	—
Balance at March 31, 2026	¥ 9,364	¥ 7,260	¥ 164,582	¥ (783)

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen					
	2026					
	Accumulated other comprehensive income				Non-controlling interests	Total
	Valuation difference on available-for-sale	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans		
Balance at April 1, 2025	¥ 9,417	¥ 310	¥ 28,148	¥ 850	¥ 8,400	¥ 216,555
Net income attributable to owners of parent	—	—	—	—	—	20,632
Dividends of surplus	—	—	—	—	—	(6,930)
Purchase of treasury stock	—	—	—	—	—	(3,208)
Retirement of treasury stock	—	—	—	—	—	—
Change in scope of consolidation	—	—	—	—	—	474
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	32
Capital increase of consolidated subsidiaries	—	—	—	—	—	(2)
Net changes in items other than shareholders' equity	3,194	35	12,312	1,084	1,759	18,386
Balance at March 31, 2026	¥ 12,612	¥ 346	¥ 40,460	¥ 1,935	¥ 10,159	¥ 245,938

See accompanying Notes to Consolidated Financial Statements.

	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.

	Thousands of U.S. dollars (Note 1)			
	2026			
	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Treasury stock
Balance at April 1, 2025	$ 58,572	$ 45,226	$ 960,830	$ (4,912)
Net income attributable to owners of parent	―	―	129,048	―
Dividends of surplus	―	―	(43,348)	―
Purchase of treasury stock	―	―	―	(20,071)
Retirement of treasury stock	―	―	(20,083)	20,083
Change in scope of consolidation	―	―	2,967	―
Purchase of shares of consolidated subsidiaries	―	202	―	―
Capital increase of consolidated subsidiaries	―	(17)	―	―
Net changes in items other than shareholders' equity	―	―	―	―
Balance at March 31, 2026	$ 58,572	$ 45,411	$ 1,029,414	$ (4,900)

See accompanying Notes to Consolidated Financial Statements.

	Thousands of U.S. dollars (Note 1)					
	2026					
	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, 2025	$ 58,906	$ 1,943	$ 176,057	$ 5,321	$ 52,540	$ 1,354,486
Net income attributable to owners of parent	—	—	—	—	—	129,048
Dividends of surplus	—	—	—	—	—	(43,348)
Purchase of treasury stock	—	—	—	—	—	(20,071)
Retirement of treasury stock	—	—	—	—	—	—
Change in scope of consolidation	—	—	—	—	—	2,967
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	202
Capital increase of consolidated subsidiaries	—	—	—	—	—	(17)
Net changes in items other than shareholders' equity	19,981	224	77,008	6,782	11,002	115,000
Balance at March 31, 2026	$ 78,887	$ 2,168	$ 253,066	$ 12,104	$ 63,542	$ 1,538,267

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Cash flows from operating activities:			
Income before income taxes	¥ 29,220	¥ 29,119	$ 182,767
Adjustments to reconcile income before income taxes to cash provided by operating activities:			
Depreciation and amortization	4,216	4,219	26,374
Amortization of goodwill	325	244	2,036
Increase (decrease) in allowance for doubtful accounts	(563)	46	(3,524)
Interest and dividend income	(1,929)	(1,907)	(12,068)
Interest expenses	1,557	1,485	9,743
Share of (profit) loss of entities accounted for using equity method	(464)	(313)	(2,904)
Loss on retirement of non-current assets	—	170	—
Gain on sales of non-current assets	—	(512)	—
Loss (gain) on valuation of investment securities	1,059	646	6,625
Loss (gain) on sales of investment securities	(2,691)	(3,615)	(16,833)
Loss on liquidation of subsidiaries	160	—	1,001
Decrease (increase) in notes and accounts receivable - trade	7,881	3,095	49,299
Decrease (increase) in inventories	(4,428)	(93)	(27,696)
Decrease (increase) in other current assets	(4,763)	1,879	(29,796)
Decrease (increase) in other non-current assets	1,038	258	6,496
Increase (decrease) in notes and accounts payable - trade	(2,482)	(6,552)	(15,529)
Increase (decrease) in other current liabilities	1,342	(670)	8,398
Increase (decrease) in retirement benefit liability	620	105	3,881
Decrease (increase) in retirement benefit asset	(1,127)	(804)	(7,052)
Other, net	(715)	(44)	(4,473)
Subtotal	28,257	26,758	176,744
Interest and dividend income received	2,047	2,022	12,805
Interest expenses paid	(1,567)	(1,479)	(9,804)
Income taxes paid	(7,662)	(7,398)	(47,925)
Net cash provided by (used in) operating activities	21,075	19,903	131,820

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Cash flows from investing activities:			
Payments into time deposits	¥ (3,975)	¥ (4,565)	$ (24,865)
Proceeds from withdrawal of time deposits	4,721	4,955	29,529
Purchase of property, plant and equipment	(9,173)	(3,782)	(57,376)
Proceeds from sales of property, plant and equipment	35	759	219
Purchase of intangible assets	(5,548)	(2,372)	(34,705)
Purchase of investment securities	(1,413)	(2,349)	(8,839)
Proceeds from sales of investment securities	3,312	4,024	20,718
Purchase of shares of subsidiaries	(345)	(1,434)	(2,162)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	―	(4,422)	―
Payments for acquisition of businesses	(569)	―	(3,561)
Net decrease (increase) in short-term loans receivable	325	(187)	2,035
Payments of long-term loans receivable	(1,044)	(770)	(6,534)
Collection of long-term loans receivable	654	671	4,096
Other, net	9	(23)	59
Net cash provided by (used in) investing activities	(13,012)	(9,498)	(81,386)

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
Years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	¥ 5,866	¥ (13,058)	$ 36,695
Proceeds from long-term loans payable	10,045	8,988	62,828
Repayments of long-term loans payable	(1,078)	(2,368)	(6,743)
Proceeds from issuance of bonds	—	17,385	—
Purchase of treasury stock	(3,221)	(4,149)	(20,152)
Proceeds from sale of shares of parent held by subsidiaries	—	1,524	—
Cash dividends paid	(6,930)	(6,876)	(43,348)
Dividends paid to non-controlling interests	(135)	(100)	(845)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(1,300)	—
Other - net	(623)	(850)	(3,896)
Net cash provided by (used in) financing activities	3,922	(805)	24,537
Effect of exchange rate change on cash and cash equivalents	4,938	(543)	30,886
Net increase (decrease) in cash and cash equivalents	16,924	9,055	105,856
Cash and cash equivalents at beginning of year	55,357	46,301	346,241
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	417	—	2,609
Cash and cash equivalents at end of year (Note 11)	¥ 72,698	¥ 55,357	$ 454,707

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 mainly prepared in accordance with IFRS or U.S. GAAP, 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, 2026, which was ¥159.88 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 2025 and 2026. 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 51 (49 in 2025) 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 2025) 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 is used for consolidation purposes due to the regulations regarding the accounting period in the respective countries.

For 2 consolidated subsidiaries of Satoen Co., Ltd. and Marukabu Sato Seicha Co., Ltd., the financial statements for the fiscal year of the subsidiaries are used, and any significant transactions that occurred between the end of their fiscal year and the end of the consolidated fiscal year of the Company have been adjusted accordingly.

(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, requires unrealized gains or losses to be deferred as a component of net assets until the gain or loss 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 sometimes 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 goods or products are 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 directors, an allowance for the board benefit trust is recorded under the Company's executive share benefit provision at the expected amount of obligations for stock-based compensation to the 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, 2026 and 2025.

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
	2026	2025	2026
Equity securities:			
Allowance for doubtful accounts (current assets)	¥ (618)	¥ (454)	$ (3,870)
Allowance for doubtful accounts (non-current assets)	(6,105)	(6,161)	(38,191)

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

In calculating the allowance for doubtful accounts, the Company reasonably estimates the 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 bad debt 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 expected to continue recovering moderately in principle, although there are variations by region. However, uncertainty is expected to continue due to the situation in the Middle East, fluctuations in financial and foreign exchange markets, and developments in U.S. trade policy.

(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.

3. Additional Information

(Audit remuneration)

(a) Remuneration of the Auditor

Category	Millions of yen					Thousands of U.S. dollars		
	2026			2025		2026		
	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	¥	92	0	90	3	$	575	3
Consolidated subsidiaries		—	—	—	—		—	—
Total		92	0	90	3		575	3

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.

Remuneration for non-audit services comprised reports required for PE TAX filing in Thailand for the years ended March 31, 2026.

(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		
	2026			2025		2026		
	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	$	—	11
Consolidated subsidiaries		138	5	131	5		867	32
Total		138	7	131	7		867	44

Remuneration for non-audit services mainly comprised consulting services related to international taxation for the years ended March 31, 2026 and 2025.

(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, 2026 and 2025

4. Securities

(a) The following summarizes information on securities with fair values at March 31, 2026 and 2025.

(1) Trading securities:
At March 31, 2026 and 2025, there were no trading securities with fair market values.

(2) Available-for-sale securities at March 31, 2026 and 2025:
Securities with book values (fair values) exceeding acquisition costs:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Equity securities:			
Acquisition costs	¥ 7,606	¥ 6,394	$ 47,576
Book values	26,018	18,713	162,737
Differences	¥ 18,411	¥ 12,319	$ 115,160
Bonds:			
Acquisition costs	¥ ―	¥ 20	$ ―
Book values	―	20	―
Differences	¥ ―	¥ 0	$ ―

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

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Equity securities:			
Acquisition costs	¥ 695	¥ 2,155	$ 4,351
Book values	504	1,671	3,152
Differences	¥ (191)	¥ (483)	$ (1,198)
Bonds:			
Acquisition costs	¥ ―	¥ ―	$ ―
Book values	―	―	―
Differences	¥ ―	¥ ―	$ ―

Unlisted equity securities in amount of ¥9,002 million ($56,308 thousand) and ¥9,334 million at March 31, 2026 and 2025, 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, 2026 and 2025:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Equity securities:			
Total sales	¥ 3,312	¥ 3,900	$ 20,718
Amount of related gains	2,691	3,213	16,833
Amount of related losses	—	21	—
Others:			
Total sales	—	118	—
Amount of related gains	—	15	—
Amount of related losses	—	—	—

(c) The loss on valuation of investment securities at March 31, 2026 and 2025 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Loss on valuation of investment securities	¥ 1,059	¥ 646	$ 6,625

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, 2026 Contracted amount	Contracted amount over 1 year	Fair Value	Recognized gains (losses)
Non-market transaction	Forward foreign exchange contracts:				
	Selling:				
	Indonesian Rupiahs	4,272	—	23	23
	Buying:				
	Japanese yen	326	—	(5)	(5)
	Total	¥ 4,599	¥ —	¥ 18	¥ 18

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	Thousands of U.S. dollars March 31, 2026 Contracted amount	Contracted amount over 1 year	Fair Value	Recognized gains (losses)
Non-market transaction	Forward foreign exchange contracts:				
	Selling:				
	Indonesian Rupiahs	26,725	—	149	149
	Buying:				
	Japanese yen	2,043	—	(32)	(32)
	Total	$ 28,768	$ —	$ 117	$ 117

(2) Interest rate related

There were no interest rate related derivative transactions at March 31, 2026 and 2025.

(3) Stock related

There were no stock related derivative transactions at March 31, 2026 and 2025.

(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, 2026		
Deferral hedge accounting (*1)	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars	Accounts receivable - trade	¥ 1,477	¥ —	¥ (35)
	Euro		614	—	(1)
	China yuan		100	—	(4)
	Thai baht		125	—	(4)
	Buying:				
	U.S. dollars	Accounts payable - trade	7,580	815	524
	G.B. pound		7	—	(0)
	Euro		1,094	395	67
	China yuan		188	—	3
	Thai baht		1,174	—	7
Allocation method for forward foreign exchange contracts, etc.	Forward foreign exchange contracts:				(*1)
	Selling:				
	U.S. dollars	Accounts receivable - trade	¥ 5,220	¥ —	
	G.B. pound		193	—	
	Euro		1,494	—	
	Swiss franc		3	—	
	China yuan		301	—	
	Thai baht		14	—	
	New Zealand dollars		13	—	
	Buying:				
	U.S. dollars	Accounts payable - trade	3,862	—	
	G.B. pound		97	—	
	Euro		106	—	
	China yuan		43	—	
	Thai baht		37	—	
	Total		¥ 23,752	¥ 1,211	¥ 557

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	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	Thousands of U.S. dollars March 31, 2026 Major hedged item	Contracted amount	Contracted amount over 1 year	Fair value
Deferral hedge accounting	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars	Accounts receivable - trade	$ 9,242	$ —	$ (220)
	Euro		3,841	—	(8)
	China yuan		629	—	(29)
	Thai baht		783	—	(27)
	Buying:				
	U.S. dollars	Accounts payable - trade	47,414	5,103	3,280
	G.B. pound		47	—	0
	Euro		6,847	2,474	423
	China yuan		1,178	—	20
	Thai baht		7,346	—	47
Allocation method for forward foreign exchange contracts, etc.	Forward foreign exchange contracts:				(*1)
	Selling:				
	U.S. dollars	Accounts receivable - trade	$ 32,651	$ —	
	G.B. pound		1,207	—	
	Euro		9,347	—	
	Swiss franc		20	—	
	China yuan		1,883	—	
	Thai baht		92		
	New Zealand dollars		82	—	
	Buying:				
	U.S. dollars	Accounts payable - trade	24,160	—	
	G.B. pound		608	—	
	Euro		666	—	
	China yuan		275	—	
	Thai baht		235	—	
	Total		$ 148,564	$ 7,578	$ 3,485

(*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

There were no interest rate related derivative transactions at March 31, 2026 and 2025.

6. Income taxes

The Company and its domestic subsidiaries are subject to a number of taxes based on income, which, in the aggregate, indicate an effective statutory tax rate in Japan of approximately 30.6% and 30.6% for the years ended March 31, 2026 and 2025, respectively.

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

	2026	2025
Effective statutory tax rate	30.6%	30.6%
Share of (profit) loss of entities accounted for using equity method	(0.5)	(0.3)
Expenses not deductible for income tax purposes	1.0	0.9
Dividends and other income deductible for income tax purposes	(7.4)	(5.5)
Net adjustment resulting from elimination of dividend income	7.1	5.3
Unrealized tax benefits, such as those net operating losses carried forward for consolidated subsidiaries	0.0	(0.0)
Unrealized tax benefits related to allowance for doubtful accounts	0.2	0.2
Expenses related to stock acquisition	0.0	0.1
Different tax rates applied at foreign subsidiaries	(4.8)	(5.0)
Income taxes for prior periods	(0.0)	0.3
Foreign withholding tax	0.4	1.2
Other, net	(0.6)	0.3
Actual tax rate	26.0%	28.1%

(b) Significant components of the Companies' deferred tax assets and liabilities at March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Deferred tax assets:			
Allowance for doubtful accounts	¥ 726	¥ 402	$ 4,544
Loss carryforwards	3,189	3,035	19,949
Net defined benefit liability	1,017	1,084	6,364
Directors' retirement benefits	113	107	712
Unrealized profit on inventories	458	375	2,867
Unrealized profit on property, plant and equipment	301	237	1,886
Depreciation	498	419	3,119
Write-down of golf club memberships	45	15	286
Write-down of investment securities	407	491	2,548
Write-down of inventories	136	153	850
Provision for bonuses	568	523	3,555
Enterprise taxes payable	200	140	1,251
Other	1,642	1,624	10,273
Total deferred tax assets	9,306	8,611	58,210
Valuation allowance	(4,815)	(4,356)	(30,121)
Net deferred tax assets	4,490	4,254	28,088
Deferred tax liabilities:			
Gain on securities contributed to employee retirement benefit trust	(681)	(681)	(4,259)
Net defined benefit asset	(3,297)	(2,688)	(20,624)
Valuation difference on available-for-sale securities	(7,187)	(4,529)	(44,957)
Other	(1,134)	(1,293)	(7,095)
Total deferred tax liabilities	(12,300)	(9,192)	(76,937)
Net deferred tax liabilities	¥ (7,809)	¥ (4,937)	$ (48,848)

7. Pledged assets

At March 31, 2026 and 2025, the following assets were pledged as security for trading transactions:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Investment securities	¥ 1,748	¥ 1,184	$ 10,934
Accounts receivable - trade	500	500	3,127
Cash and deposits	18	18	112
Total	¥ 2,266	¥ 1,702	$ 14,174

8. Research and development expenses

Research and development expenses included in selling, general and administrative expenses for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Research and development expenses	¥ 473	¥ 299	$ 2,961

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

(a) Breakdown of bonds payable

Company	Name of bond	Issue date	Millions of yen 2026	Thousands of U.S. dollars 2026	Interest rate (%)	Collateral	Redemption date
INABATA & CO., LTD.	First series of unsecured straight bonds	March 24, 2023	¥ 7,500	$ 46,910	0.65	None	March 24, 2028
INABATA & CO., LTD.	Second series of unsecured straight bonds	June 5, 2024	2,600	16,262	1.77	None	June 5, 2034
INABATA & CO., LTD.	Third series of unsecured straight bonds	June 5, 2024	7,400	46,284	1.14	None	June 5, 2029
INABATA & CO., LTD.	Fourth series of unsecured straight bonds	December 19, 2024	7,500	46,910	1.35	None	June 19, 2030
Total			¥ 25,000	$ 156,367			

Note: Annual redemption schedule at March 31, 2026 was as follows:

	Millions of yen 2026	Thousands of U.S. dollars 2026
2027	¥ 7,500	$ 46,910
2028	—	—
2029	7,400	46,284
2030	7,500	46,910
2031 and thereafter	2,600	16,262
Total	¥ 25,000	$ 156,367

(b) Breakdown of loans payable

	Millions of yen 2026	Millions of yen 2025	Thousands of U.S. dollars 2026	Average interest rate (%)	Payment due
Short-term loans payable	¥ 34,493	¥ 27,262	$ 215,743	2.02	—
Current portion of long-term loans payable	2,609	1,076	16,320	0.78	—
Long-term loans payable (excluding current portion)	27,741	20,294	173,516	1.46	2027 to 2036
Total	¥ 64,844	¥ 48,633	$ 405,581		

Note: Annual repayment schedule of long-term loans payable at March 31, 2026 was as follows:

	Millions of yen 2026	Thousands of U.S. dollars 2026
2027	¥ 109	$ 684
2028	10,716	67,028
2029	3,210	20,081
2030	4,608	28,821
2031 and thereafter	9,097	56,900
Total	¥ 27,741	$ 173,516

(c) In order to achieve more flexible and stable financing, the Company has concluded committed lines of credit agreements with four banks. The status of these committed lines of credit at March 31, 2026 and 2025 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Committed lines of credit	¥ 31,191	¥ 29,904	$ 195,093
Credit utilized	—	—	—

10. Retirement and pension plans

(a) Defined benefit pension plans

(1) The changes in the retirement benefit obligation for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance at the beginning of the year	¥ 8,483	¥ 9,387	$ 53,063
Service cost	568	605	3,553
Interest cost	193	124	1,212
Actuarial differences	(517)	(1,120)	(3,236)
Prior service cost	—	62	—
Retirement benefits paid	(491)	(551)	(3,075)
Increase due to a change in the scope of consolidation	—	3	—
Others	147	(27)	925
Balance at the end of the year	¥ 8,384	¥ 8,483	$ 52,443

(2) The changes in plan assets for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance at the beginning of the year	¥ 16,852	¥ 16,391	$ 105,404
Expected return on plan assets	440	428	2,754
Actuarial differences	1,288	(323)	8,057
Contributions by the Company and its consolidated subsidiaries	411	598	2,575
Retirement benefits paid	(256)	(239)	(1,602)
Others	5	(3)	32
Balance at the end of the year	¥ 18,741	¥ 16,852	$ 117,223

(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
	2026	2025	2026
Funded projected benefit obligations	¥ 6,040	¥ 6,427	$ 37,780
Plan assets	(18,741)	(16,852)	(117,223)
Subtotal	(12,701)	(10,424)	(79,442)
Unfunded projected benefit obligations	2,344	2,056	14,663
Net amount of liability and asset in consolidated balance sheet	(10,356)	(8,368)	(64,779)
Liabilities (net defined benefit liability)	2,395	2,134	14,985
Assets (net defined benefit asset)	(12,752)	(10,502)	(79,764)
Net amount of liability and asset in consolidated balance sheet	¥ (10,356)	¥ (8,368)	$ (64,779)

(4) The components of retirement benefit expense for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Service cost	¥ 568	¥ 605	$ 3,553
Interest cost	193	124	1,212
Expected return on plan assets	(440)	(428)	(2,754)
Amortization of actuarial differences	(193)	(135)	(1,207)
Amortization of prior service cost	(15)	47	(94)
Retirement benefit expense	¥ 113	¥ 211	$ 708

Actuarial differences and prior service cost included in other comprehensive income for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Prior service cost	¥ (15)	¥ (15)	$ (94)
Actuarial differences	1,609	661	10,069
Total	¥ 1,594	¥ 645	$ 9,974

(5) Unrecognized actuarial differences and unrecognized prior service cost included in accumulated other comprehensive income at March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Unrecognized prior service cost	¥ (155)	¥ (170)	$ (970)
Unrecognized actuarial differences	(2,676)	(1,067)	(16,743)
Total	¥ (2,832)	¥ (1,237)	$ (17,713)

(6) The allocation of plan assets by major category as a percentage of total plan assets at the fair value at March 31, 2026 and 2025 was as follows:

	2026	2025
Bonds	40.8%	40.4%
Equity securities	36.2	33.1
Cash and time deposits	8.4	14.9
Alternative	14.1	11.2
Others	0.5	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 (20.1% at March 31, 2026 and 17.3% at March 31, 2025).

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

	2026	2025
Discount rate (mainly)	3.1%	2.2%
Expected long-term rate of return on plan assets (mainly)	3.0%	3.0%

(b) Defined contribution pension plans

The required contributions to the defined contribution pension plans for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Contribution to defined contribution pension plans by the Company and its consolidated subsidiaries	¥ 139	¥ 118	$ 872

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, 2026 and 2025 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Cash and time deposits	¥ 76,836	¥ 59,839	$ 480,590
Time deposits with maturities of more than three months	(4,138)	(4,482)	(25,883)
Cash and cash equivalents	¥ 72,698	¥ 55,357	$ 454,707

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

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

Not applicable.

(2) 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
	2025
Current assets	¥ 3,769
Non-current assets	408
Goodwill	3,198
Customer-related intangible assets	1,230
Current liabilities	(541)
Non-current liabilities	(9)
Deferred tax liabilities	(284)
Non-controlling interests	(1,522)
Acquisition cost of the shares	6,248
Cash and cash equivalents	(1,825)
Difference: purchase of shares	¥ 4,422

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, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Valuation difference on available-for-sale securities:			
Increase (decrease) during the year	¥ 9,309	¥ 703	$ 58,228
Reclassification adjustments	(2,841)	(3,225)	(17,772)
Amount before tax effect	6,468	(2,522)	40,455
Tax effect	(2,763)	1,580	(17,284)
Subtotal, net of tax effect	3,704	(941)	23,171
Deferred gains (losses) on hedges:			
Increase (decrease) during the year	319	47	2,001
Reclassification adjustments	(193)	(486)	(1,210)
Amount before tax effect	126	(439)	790
Tax effect	(45)	137	(283)
Subtotal, net of tax effect	80	(301)	506
Foreign currency translation adjustment:			
Increase (decrease) during the year	12,295	(519)	76,905
Reclassification adjustments	160	—	1,001
Amount before tax effect	12,455	(519)	77,906
Tax effect	(48)	—	(306)
Subtotal, net of tax effect	12,406	(519)	77,599
Remeasurements of defined benefit plans, net of tax:			
Increase (decrease) during the year	1,802	750	11,273
Reclassification adjustments	(207)	(104)	(1,298)
Amount before tax effect	1,594	645	9,974
Tax effect	(503)	(207)	(3,147)
Subtotal, net of tax effect	1,091	438	6,827
Share of other comprehensive income of entities accounted for using equity method:			
Increase (decrease) during the year	92	134	577
Reclassification adjustments	—	—	—
Subtotal	92	134	577
Total other comprehensive income	¥ 17,376	¥ (1,189)	$ 108,681

13. Revenue recognition

(a) Breakdown of revenue from contracts with customers

	Millions of yen						
	Year ended March 31, 2026						
	IT & Electronics	Chemicals	Life Industry	Plastics	Total	Others (*1)	Consolidated
Japan	¥ 84,763	93,992	46,760	157,195	382,711	—	382,711
Southeast Asia	14,273	17,297	297	170,904	202,771	—	202,771
Northeast Asia	111,812	4,730	3,004	59,856	179,403	—	179,403
The Americas	16,716	4,404	7,027	17,525	45,674	—	45,674
Europe	11,771	4,711	3,026	2,492	22,002	—	22,002
Revenue from Contracts with Customers (*2)	239,336	125,137	60,115	407,974	832,563	—	832,563
Other income (loss)	—	—	—	—	—	181	181
Sales to external customers	¥ 239,336	125,137	60,115	407,974	832,563	181	832,745

	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

	Thousands of U.S. dollars						
	Year ended March 31, 2026						
	IT & Electronics	Chemicals	Life Industry	Plastics	Total	Others (*1)	Consolidated
Japan	$ 530,168	587,894	292,470	983,208	2,393,742	—	2,393,742
Southeast Asia	89,275	108,187	1,858	1,068,952	1,268,274	—	1,268,274
Northeast Asia	699,349	29,589	18,792	374,383	1,122,115	—	1,122,115
The Americas	104,555	27,550	43,953	109,618	285,678	—	285,678
Europe	73,624	29,471	18,927	15,592	137,616	—	137,616
Revenue from Contracts with Customers (*2)	1,496,973	782,693	376,003	2,551,755	5,207,427	—	5,207,427
Other income (loss)	—	—	—	—	—	1,137	1,137
Sales to external customers	$ 1,496,973	782,693	376,003	2,551,755	5,207,427	1,137	5,208,565

(*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 customers
The basic information for understanding revenue from contracts with customers 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
	2026	2025	2026
Accounts receivables arising from contracts with customers (Beginning balance)	¥ 203,504	¥ 206,463	$ 1,272,858
Accounts receivables arising from contracts with customers (Ending balance)	205,024	203,504	1,282,361
Contract liabilities (Beginning balance)	3,173	3,455	19,849
Contract liabilities (Ending balance)	4,525	3,173	28,302

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 ¥3,056 million ($19,118 thousand) and ¥3,448 million at March 31, 2026, and 2025, 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.

14. 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:	Raw materials for pharmaceuticals
	Fine chemicals
	Raw materials for household products (insecticides, cosmetics, daily necessities)
	Processed foods
	Marine products
	Agricultural products
	Starches
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, 2026 and 2025 was as follows:

	Millions of yen							
	Year ended March 31, 2026							
		IT & Electronics	Chemicals	Life Industry	Plastics	Others	Elimination & Corporate	Consolidated
Net sales:								
Outside customers	¥	239,336	125,137	60,115	407,974	181	—	832,745
Intersegment		—	—	—	—	—	—	—
Total		239,336	125,137	60,115	407,974	181	—	832,745
Segment income	¥	7,042	3,548	2,215	13,221	136	—	26,164
Total assets	¥	115,764	69,313	35,179	217,452	533	59,895	498,138
Depreciation and amortization	¥	668	509	440	2,598	—	—	4,216
Amortization of goodwill		0	—	—	324	—	—	325
Investments in equity method affiliates		1,579	—	—	1,534	—	—	3,114
Increases in tangible and intangible assets	¥	341	1,306	514	1,790	—	10,883	14,837

	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

	Thousands of U.S. dollars						
	Year ended March 31, 2026						
	IT & Electronics	Chemicals	Life Industry	Plastics	Others	Elimination & Corporate	Consolidated
Net sales:							
Outside customers	$ 1,496,973	782,693	376,003	2,551,755	1,137	—	5,208,565
Intersegment	—	—	—	—	—	—	—
Total	1,496,973	782,693	376,003	2,551,755	1,137	—	5,208,565
Segment income	$ 44,048	22,191	13,860	82,695	852	—	163,648
Total assets	$ 724,071	433,536	220,036	1,360,097	3,337	374,625	3,115,704
Depreciation and amortization	$ 4,180	3,188	2,752	16,254	—	—	26,374
Amortization of goodwill	5	—	—	2,031	—	—	2,036
Investments in equity method affiliates	9,881	—	—	9,599	—	—	19,480
Increases in tangible and intangible assets	$ 2,137	8,172	3,215	11,201	—	68,075	92,802

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 ¥59,895 million ($374,625 thousand) and ¥40,410 million for the years ended March 31, 2026 and 2025, 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 ¥10,883 million ($68,075 thousand) and ¥3,567 million for the years ended March 31, 2026 and 2025, 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, 2026					
Japan	Southeast Asia	Northeast Asia	The Americas	Europe	Consolidated
¥ 350,004	¥ 213,139	¥ 210,956	¥ 37,590	¥ 21,054	¥ 832,745

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

Thousands of U.S. dollars					
Year ended March 31, 2026					
Japan	Southeast Asia	Northeast Asia	The Americas	Europe	Consolidated
$ 2,189,173	$ 1,333,119	$ 1,319,469	$ 235,115	$ 131,687	$ 5,208,565

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, 2026					
Japan	Southeast Asia	Northeast Asia	The Americas	Europe	Consolidated
¥ 14,675	¥ 9,190	¥ 1,122	¥ 2,431	¥ 1,003	¥ 28,422

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

Thousands of U.S. dollars					
Year ended March 31, 2026					
Japan	Southeast Asia	Northeast Asia	The Americas	Europe	Consolidated
$ 91,791	$ 57,482	$ 7,018	$ 15,208	$ 6,274	$ 177,776

(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, 2026 and 2025.

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

	Millions of yen						
	Year ended March 31, 2026						
	IT & Electronics	Chemicals	Life Industry	Plastics	Others	Elimination & Corporate	Consolidated
Amortization	¥ 0	¥ —	¥ —	¥ 324	¥ —	¥ —	¥ 325
Unamortized balance	49	—	—	2,652	—	—	2,701

	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

	Thousands of U.S. dollars						
	Year ended March 31, 2026						
	IT & Electronics	Chemicals	Life Industry	Plastics	Others	Elimination & Corporate	Consolidated
Amortization	$ 5	$ —	$ —	$ 2,031	$ —	$ —	$ 2,036
Unamortized balance	307	—	—	16,591	—	—	16,899

15. Financial Instruments

(Fair values of financial instruments)

Book values and fair values of the financial instruments on the consolidated balance sheet at March 31, 2026 and 2025 were as follows:

	Millions of yen		
	March 31, 2026		
	Book values	Fair values	Differences
Securities and investment securities (*4)			
Available-for-sale securities	26,522	26,522	—
Bonds	—	—	—
Long-term loans receivable	2,546		
Allowance for doubtful accounts (*5)	(1,007)		
	1,539	1,427	(111)
Total Assets	¥ 28,062	¥ 27,950	¥ (111)
Long-term loans payable (*3)	30,351	28,787	1,563
Bonds payable	25,000	23,790	1,209
Total Liabilities	¥ 55,351	¥ 52,577	¥ 2,773
Derivative transactions (*6)			
Derivative transactions for which hedge accounting is not applied	¥ 18	¥ 18	¥ —
Derivative transactions for which hedge accounting is applied	557	557	—
Total Derivative Transactions	¥ 576	¥ 576	¥ —

	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	¥ —

	Thousands of U.S. dollars		
	March 31, 2026		
	Book values	Fair values	Differences
Securities and investment securities (*4)			
Available-for-sale securities	165,889	165,889	—
Bonds	—	—	—
Long-term loans receivable	15,928		
Allowance for doubtful accounts (*5)	(6,299)		
	9,629	8,931	(698)
Total Assets	$ 175,519	$ 174,820	$ (698)
Long-term loans payable (*3)	189,837	180,055	9,781
Bonds payable	156,367	148,799	7,567
Total Liabilities	$ 346,204	$ 328,855	$ 17,349
Derivative transactions (*6)			
Derivative transactions for which hedge accounting is not applied	$ 117	$ 117	$ —
Derivative transactions for which hedge accounting is applied	3,485	3,485	—
Total Derivative Transactions	$ 3,602	$ 3,602	$ —

(*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 as their fair values 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 ¥2,609 million ($16,320 thousand) and ¥1,076 million of long-term loans payable within 1 year for the years ended March 31, 2026 and 2025.

(*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, 2026 and 2025 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
	2026	2025	2026
Shares of subsidiaries and associates	¥ 5,039	¥ 4,943	$ 31,519
Investments in capital of subsidiaries and associates	2,055	1,566	12,859
Unlisted equity securities	8,501	8,897	53,175
Investments in capital	500	437	3,133

(*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, 2026 and 2025 were as follows:

	Millions of yen			
	March 31, 2026			
	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Over 10 years
Cash and time deposits	¥ 76,836	¥ —	¥ —	¥ —
Notes receivable - trade	3,011	—	—	—
Electronically recorded monetary claims - operating	22,541	—	—	—
Accounts receivable - trade	179,470	—	—	—
Available-for-sale securities				
Bonds	—	—	—	—
Others	—	—	—	—
Long-term loans receivable (*)	—	1,266	18	462
Total	¥ 281,861	¥ 1,266	¥ 18	¥ 462

	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

	Thousands of U.S. dollars			
	March 31, 2026			
	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Over 10 years
Cash and time deposits	$ 480,590	$ —	$ —	$ —
Notes receivable - trade	18,835	—	—	—
Electronically recorded monetary claims - operating	140,992	—	—	—
Accounts receivable - trade	1,122,534	—	—	—
Available-for-sale securities				
Bonds	—	—	—	—
Others	—	—	—	—
Long-term loans receivable (*)	—	7,920	116	2,889
Total	$ 1,762,953	$ 7,920	$ 116	$ 2,889

(*) Long-term loans receivable does not include Long-term loans receivable to Group companies with no fixed repayment period of ¥800 million ($5,003 thousand) and ¥839 million for the years ended March 31, 2026 and 2025, respectively.

(b) Short-term loans payable and long-term loans payable with maturities at March 31, 2026 and 2025 were as follows:

	Millions of yen			
	March 31, 2026			
	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Over 10 years
Short-term loans payable	¥ 34,493	¥ —	¥ —	¥ —
Long-term loans payable	2,609	18,644	9,097	—
Bonds payable	—	22,400	2,600	—
Total	¥ 37,102	¥ 41,044	¥ 11,697	¥ —

	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	¥ —

	Thousands of U.S. dollars			
	March 31, 2026			
	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Over 10 years
Short-term loans payable	$ 215,743	$ —	$ —	$ —
Long-term loans payable	16,320	116,616	56,900	—
Bonds payable	—	140,105	16,262	—
Total	$ 232,064	$ 256,721	$ 73,162	$ —

(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, 2026			
	Level 1	Level 2	Level 3	Total
Securities and investment securities	¥	¥	¥	¥
Available-for-sale securities	26,522	—	—	26,522
Bonds	—	—	—	—
Derivative transactions				
Derivative transactions for which hedge accounting is not applied	—	18	—	18
Derivative transactions for which hedge accounting is applied	—	557	—	557
Total	¥ 26,522	¥ 576	¥ —	¥ 27,098

	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
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

	Thousands of U.S. dollars			
	March 31, 2026			
	Level 1	Level 2	Level 3	Total
Securities and investment securities	$	$	$	$
Available-for-sale securities	165,889	—	—	165,889
Bonds	—	—	—	—
Derivative transactions				
Derivative transactions for which hedge accounting is not applied	—	117	—	117
Derivative transactions for which hedge accounting is applied	—	3,485	—	3,485
Total	$ 165,889	$ 3,602	$ —	$ 169,492

	Millions of yen			
	March 31, 2026			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	¥ —	¥ 1,427	¥ —	¥ 1,427
Long-term loans payable	—	—	28,787	28,787
Bonds payable	—	—	23,790	23,790

	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

	Thousands of U.S. dollars			
	March 31, 2026			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	$ —	$ 8,931	$ —	$ 8,931
Long-term loans payable	—	—	180,055	180,055
Bonds payable	—	—	148,799	148,799

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

(1) Securities and investment securities

Listed equity securities 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.

(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.

(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.

16. 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 changes in common stock for the years ended March 31, 2026 and 2025 were as follows:

	Number of shares			
	Year ended March 31, 2026			
	April 1, 2025	Increase	Decrease	March 31, 2026
Common stock	54,714,127	—	1,000,000	53,714,127

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, 2026.

	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.

17. Treasury stock

The changes in treasury stock for the years ended March 31, 2026 and 2025 were as follows:

	Number of shares			
	Year ended March 31, 2026			
	April 1, 2025	Increase	Decrease	March 31, 2026
Treasury stock	330,404	1,001,810	1,000,000	332,214

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, 2026.
2.The increase in treasury stock consists of 1,000,000 shares from the purchase of shares by resolution of the Board of Directors, 1,800 shares due to the Restricted Stock (RS) and 10 shares from the purchase of shares of less than one voting unit for the year ended March 31, 2026.
3. The decrease in treasury stock consists of 1,000,000 shares from the cancellation of treasury stock by resolution of the Board of Directors for the year ended March 31, 2026.

	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.

18. Related party disclosures

SUMITOMO CHEMICAL COMPANY, LIMITED is a major shareholder of the Company, which owned 10.5% and 10.3% of the Company's voting shares at March 31, 2026 and 2025, respectively.

(a) Significant transactions with related parties for the years ended March 31, 2026 and 2025 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
SUMITOMO CHEMICAL COMPANY, LIMITED			
Net sales	¥ 6,781	¥ 6,607	$ 42,417
Purchases	19,988	18,869	125,024
Accounts receivable - trade	2,256	2,444	14,111
Accounts payable - trade	6,458	4,281	40,394

(b) The consolidated subsidiaries' significant transactions with related parties for the years ended March 31, 2026 and 2025 were as follows:

There were no significant transactions for the years ended March 31, 2026 and 2025.

19. Contingent liabilities

At March 31, 2026 and 2025, the Company and its consolidated subsidiaries were contingently liable as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Discounted notes receivable	¥ 22	¥ 66	$ 138
Discounts on electronically recorded monetary claim - operating	247	288	1,549
Notes receivable transferred by endorsement	115	74	724
Electronically recorded monetary claim - operating transferred by endorsement	—	26	—
Guarantees for loans of customers and others	533	517	3,337
Total	¥ 919	¥ 973	$ 5,749

20. Subsequent events

(Cash dividends)

At the meetings of the Board of Directors of the Company held on May 11, 2026 and May 9, 2025, an appropriation of nonconsolidated retained earnings for the years ended March 31, 2026 and 2025 was duly approved as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Cash dividends - ¥65.00 ($0.41) per share	¥ 3,486	¥ 3,551	$ 21,806

Note: Total dividends of ¥3,486 million ($21,806 thousand) and ¥3,551 million for the years ended March 31, 2026 and 2025, 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 ($103 thousand) and ¥16 million.