

TKK REPORT 2026

Financial Section

(Fiscal year ended March 31, 2026)

ACTION FOR THE FUTURE

TOYO KANETSU K.K.

This material is the Financial Section of the TKK Report 2026, the integrated report published by Toyo Kanetsu K.K. that summarizes the financial information for the Company’s fiscal year 2025 (Apr. 2025 to Mar. 2026).

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Analysis of Operating Environment and Results

During the fiscal year ended March 31, 2026, the Japanese economy showed strong resilience despite concerns about the impact of U.S.-China trade policies on export companies and the prolonged instability in the Middle East, as a heightened sense of labor shortages caused by a declining birthrate and aging population led to a strong appetite for capital investment aimed at labor-saving and manpower reduction across a wide range of companies, and personal consumption remained robust, supported by a slowdown in price increases and income growth resulting from wage hikes.

Under these circumstances, in our core Logistics Solutions Business, demand continued for automation and labor-saving equipment for e-commerce businesses, third-party logistics providers (3PLs), wholesalers, and consumer co-ops, driven by the deepening labor shortage. Additionally, the diversification of customer needs has resulted in a business environment with a broadening demand for equipment.

The Plant Business has continued to record stable earnings, supported by steady demand for tank maintenance at domestic refineries. Additionally, in Indonesia and Malaysia, where we have overseas subsidiaries, we are continuing our proactive efforts toward repair projects.

In the Business Innovation & Incubation Business, within the Environment and Disaster Management Solutions Business aimed at government agencies and municipalities, while demand for continuous environmental monitoring solutions has remained consistent with previous years, the demand for measurement in civil engineering has increased, driven by infrastructure updates and heightened disaster awareness. In terms of private sector demand within the same business, although demand in the anti-asbestos market remains steady, the competitive environment is becoming increasingly challenging. The Industrial Machinery Business is experiencing a stable market due to increased capital investment plans in construction, semiconductors, and secondary batteries. The Building Construction Business continues to face a challenging environment due to the rising costs of building materials and construction expenses.

● Logistics Solutions Business
In the Logistics Solutions Business, sales were recognized primarily from automated warehouse equipment—incorporating the Company’s Multishuttle pallet automated storage and retrieval system (ASRS), Table-sorting system, 3D Pallet Shuttle, Modula, etc.—for e-commerce businesses, wholesalers, retailers, 3PLs, and manufacturers. Consequently, net sales decreased by 7.5% year on year to ¥34,957 million. In terms of profits, operating profit decreased by 8.0% to ¥3,425 million due to decreased net sales, and orders received increased by 4.4% to ¥35,860 million.

● Plant Business
In the Plant Business, net sales increased by 2.5% year on year to ¥12,799 million, primarily from the tank maintenance of oil refineries in Japan. Operating profit increased by 11.2% to ¥1,002 million and orders received decreased by 26.8% to ¥12,734 million.

● Business Innovation & Incubation Business
In the Business Innovation & Incubation Business, net sales increased by 17.1% year on year to ¥11,459 million due to the contribution of sales by newly consolidated subsidiaries in the Environment and Disaster Management Solutions Business and Industrial Machinery Business, as well as an increase of completed projects for new installations and renovations in the Building Construction Business. In terms of profits, operating profit decreased by 46.6% to ¥466 million, primarily due to a decrease in income in the field of asbestos research and analysis due to changes in the competitive environment, upfront costs including strategic investments arising in the Industrial Machinery Business, and the recording of M&A-related expenses for newly consolidated subsidiaries and expenses associated with the integration process.

Business Risks

The Company’s risk management system includes a risk management officer appointed from among the directors who oversees the risk management of the Company and the Group, as well as a Group-wide risk management department which identifies risks and monitors evaluations and results under the command of the risk management officer. Important risks are regularly reviewed after considering changes in the business environment and the status of risk responses, and we strive to ensure that effective risk countermeasures are being quickly implemented.

Of all the risks that could affect our business activities, some risks with a possible significant impact are shown below. However, this is not an exhaustive list of risks related to the Group and there are risks that are difficult to foresee.

Forward-looking statements in the text are based on assessments as of the date of filing of the annual securities report.

1. Risks related to climate change

Growing awareness of global environmental issues and the transition to a low-carbon or decarbonized society are accelerating the shift to using clean energy. Accordingly, the Company’s operating environment could be adversely affected due to the inevitably declining demand for tanks used to store LNG, crude oil, and other fossil fuels. Additionally, if an environmental issue arises as a result of the Group’s business activities, it could potentially lead to a loss of social credibility.

The Group supports the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), is analyzing risks and opportunities related to climate change, and is formulating and disclosing business strategies based on these analyses.

Additionally, recognizing these trends, and with the goal of helping achieve a low-carbon society, the Group is proactively working on infrastructure-related initiatives that leverage our strengths, with a focus on applying our technologies to develop large-scale storage containers for liquid hydrogen, and working to meet the expanding

demand for hydrogen and ammonia as fuel. We are continuously advancing the research and development of a large-scale liquefied hydrogen tank (50,000 m3 class), and plan to construct a bench-scale test tank in fiscal 2026, aiming to complete demonstration tests by fiscal 2027.

2. Risks related to the execution of projects

In the Logistics Solutions Business, project management and the ability to execute operations are becoming increasingly important. This is because the role of distribution centers in the supply chain is growing with the expansion of the e-commerce market and more outsourcing of logistics operations, and because there is a tendency for distribution centers to grow larger in line with the streamlining of logistics operations and the consolidation of bases. For these reasons, we carefully manage delivery deadlines—from sales proposals through to construction—and strive to reduce costs and workloads by standardizing processes and improving productivity. We also established a system for executing sustainable projects and increased the number of companies using this system, and are expanding our total engineering service offerings to better serve logistics customers. However, unexpected costs could be incurred due to various factors, such as shortened construction periods due to unexpected changes in construction plans under pressure to reduce delivery times and delivery deadline adjustments due to carrying out multiple large projects simultaneously within a certain time period.

Moreover, some of the core products provided by this business segment include products purchased from specific overseas business partners. The execution of projects could be affected if these products cannot be purchased consistently due to changes in the business policies and environment of our business partners, fluctuations in global supply and demand, or due to natural disasters, accidents, and so on.

The Plant Business repairs storage tanks, mainly at oil refineries in Japan. Our ability to execute these projects could be negatively affected by a shortage of construction workers, a sharp rise in the costs of

materials and equipment, or delays in passing down the skills of site managers and foremen. Therefore, as part of strengthening collaboration with partner companies, KIMOTO CORPORATION, a company with extensive experience in tank construction and maintenance work, and possessing personnel well-versed in on-site construction, has been integrated into the Group. Additionally, in collaboration with TTK Plant Engineering K.K., we are working on increasing the number of engineers and site supervisors, focusing on strengthening the construction system, developing human resources, and improving the working environment through the utilization of DX. Furthermore, we have set up a centralized organization led by a team of experts to collect information and manage all stages of new tank installation projects, from receiving orders through to construction work, in order to execute projects more quickly and efficiently.

The TTK Group conducts some operations overseas, primarily by the Plant Business. Further, one of our consolidated subsidiaries, PT Toyo Kanetsu Indonesia, works on local construction projects and processes steel materials, including steel used for storage tanks; while another, Toyo Kanetsu (Malaysia) Sdn. Bhd., maintains baggage handling equipment at local airports and equipment at local petrochemical plants. These overseas operations carry inherent risks, as stated below, and the TTK Group’s business results and financial position could be adversely affected by these risks.

- (1) Unexpected changes in laws and regulations
- (2) Political and economic instability
- (3) Difficulties in securing human resources
- (4) Tax system revisions that could be unfavorable to the TTK Group
- (5) Social disorder due to terrorism, war, epidemics, disasters, or other factors

The TTK Group is working to reduce risks by making early arrangements against shortages of parts and steeply rising prices affected by the impact of the COVID-19 pandemic and the materialization of geopolitical risks.

In addition, when working on a project, we take out product liability insurance for that project, and to ensure

quality, the Group has established internal regulations and put in place a quality management system to strengthen quality control. We have also established a system that enables a quick response to quality problems by placing the department responsible for quality control directly under the president. However, in the unlikely event of serious quality complaints or problems with a product, not only would profits from the project deteriorate due to repair costs and indemnification, but this could also lead to a decline in the Group’s social reputation, which could adversely affect our business results and financial position.

3. Impact of intensifying competition for orders

The TTK Group’s main businesses are order-based, exposing us to severe competition for orders. If we face unreasonable downward pressure on profitability, our business results and financial position could be adversely affected. Further, customer policies and plans, changes in the business environment of the industry, and industry restructuring could affect our ability to obtain orders.

In response to these risks, in the Logistics Solutions Business, we are expanding our customer areas in Japan and overseas, and providing optimal solutions by flexibly introducing outside technologies, while at the same time promoting in-house production and standardized products to strengthen price competitiveness. We are taking on other initiatives, such as revamping our internal systems, to further improve the efficiency of our operations.

In the Plant Business, as the severe business environment drags on, we are improving the profitability of maintenance of existing crude oil tanks, etc., improving and developing our core technology for tank EPC (engineering, procurement, construction) contracts, and are working to obtain orders by taking advantage of our superior quality, as well as expanding our business domains through overseas subsidiaries.

However, as the lifecycle of products and technologies becomes shorter and shorter, any delays in meeting market requests could result in a decline in the Group’s competitiveness, adversely affecting our business results

and financial position over the medium to long term.

On a consolidated basis, the Group owns both tangible and intangible fixed assets, and continually monitors financial performance as a means to forecast when it may be difficult to secure returns on investments in these assets. If we determine that these assets are less profitable or cannot generate sufficient cash flow due to significant changes in the operating environment or business situation, we might record an impairment loss on the assets, which could negatively affect the Group's business results and financial position.

4. Risks related to the launch of new businesses

For a long time, the TKK Group has been developing two main business segments: Logistics Solutions and Plant. So far, these two businesses have underpinned the Group's earnings in a complementary way, but we recognize that fluctuations in the environment surrounding these businesses are large and the volatility of earnings is high.

Therefore, we are exploring various possibilities with suitable partner companies, such as executing M&A, launching a CVC fund, and collaborating with startups. In M&A, we conduct detailed due diligence in advance with internal and external experts on the financial, tax, and legal contractual relationships, as well as business conditions of the target company, striving to minimize risks as much as possible. However, if there are sudden changes in the business environment after the M&A, or if the business does not progress as initially planned due to other unforeseen reasons, it may impact the Group's financial condition and business performance.

To address these risks, in implementing new investments, we have clarified the significance and purpose of the investments, strengthened regular monitoring by the Management Council and the Board of Directors, and are making efforts to reduce risks.

5. Compliance risks

If an officer or employee of the Group commits a

violation of laws and regulations, corporate ethics, etc., it can not only have a negative impact on the Group's business results and financial position, such as through large penalties and compensation for damages, it could potentially lower the Group's social credibility and affect its business continuity.

In addition to putting in place an organizational structure, such as setting up the Compliance Committee and appointing supervisors, the Company has established regulations, including TKK Group Charter of Corporate Behavior and we are promoting initiatives to maintain compliance, such as ensuring all Group directors and employees are fully informed of their social responsibility and public mission, and fostering awareness of these principles.

6. Impact on occupational health and safety

If a serious personal injury, quality accident, or other incident occurs in the various services provided by the Company, including design and construction, it could potentially impact business activities and financial position due to factors such as damage to credibility, compensation for damages, construction delays, and re-construction costs.

The TKK Group prioritizes the safety and health of its employees and all partner companies involved in the Company's business. In addition to managing safety and health in compliance with the ISO45001 standard, under our Occupational Safety and Health Policy, we promote proactive safety activities to prevent the occurrence of serious occupational accidents by holding group safety meetings, conducting on-site patrols, and maintaining and improving safety systems, including at partner companies.

7. Risks related to securing and developing human resources

The Group recognizes that securing and developing human resources is an important management issue for business continuity and growth. However, securing a labor force may become difficult due to a shrinking

working population caused by a declining birthrate and an aging population, intensifying competition to attract human resources, and the outflow of human resources due to the diversification of career awareness.

Through investment in systems that support employee challenges, improved compensation, and a safe and secure workplace, the Company strengthens human capital by enhancing human resource training, recruitment, and engagement. In addition, we have worked hard to improve employee retention by creating a more comfortable workplace environment and by being more flexible. For example, we have created an action plan to promote women's participation and advancement in the workplace, including programs to train and promote female employees to management positions. We also allow employees to choose staggered work hours, and are striving to improve the rate of taking paid leave as well as male employees taking childcare leave. As a result of these initiatives, the Company was certified as a Health Management@ Excellent Corporation 2026 (Large Corporation Category). In addition, the Company improves employees' skills and provides safety training for our Logistics Solutions Business operations at an education center.

8. Risks related to information security

The Group handles highly confidential information, such as customer information and technical information. The occurrence of incidents such as cyberattacks, unauthorized access, and computer virus infections could potentially impact the Group's business results due to information leakage, data tampering, system outages, and the like.

To address these risks, the Group implements countermeasures such as access controls based on the Zero Trust concept, encryption of communications, multi-layered defense measures in terminal and cloud environments, and updating aging systems. In addition, we have obtained Information Security Management System (ISMS) certification, conducted drills simulating cyberattacks, and implemented training and inspection for the appropriate handling of information assets. Additionally, from the perspective of ensuring the safety

of the entire supply chain, including business partners, we conduct management of subcontractors and risk assessments when using external services.

9. Risks related to natural disasters, epidemics, etc.

In the event of natural disasters such as large-scale earthquakes, storms, and floods, as well as pandemics (widespread contagion of infections, etc.), there is a possibility of direct or indirect damage at domestic and overseas business sites, including risks to the lives of construction workers, delays in the delivery of equipment and materials to sites, and interruptions to on-site construction.

The TKK Group has developed a business continuity plan (BCP) in the event of a disaster, and has taken all necessary steps for business continuity, such as building up stockpiles of emergency supplies, conducting seismic reinforcement work at major manufacturing and development bases in Japan, and reorganizing and enhancing manufacturing functions. Additionally, the Group makes efforts to further improve its business continuity capabilities, such as implementing practical BCP drills that simulate disasters such as the Tokyo Inland Earthquake or the Nankai Trough Earthquake.

10. Risks related to market trends

In the Logistics Solutions Business, we supply products and systems mainly for the retail, wholesalers, and co-op industries. We also provide baggage handling systems, primarily to airports in Japan. Consequently, this business segment could be affected if investments in logistics facilities slow due to a lower volume in logistics as a result of a recession or declining birthrate and aging population or trends in demand for air travel. We are therefore intensifying our business operations using AI and IoT technologies.

In the Plant Business, we supply tanks for LNG plants and refineries, as well as perform maintenance on existing crude oil tanks, etc. This segment's results could be adversely affected due to a plant owner

discontinuing, postponing, or making major revisions to investment plans due to global economic trends. Other factors that could affect business results are the economic and social conditions of oil and gas producing and consuming countries; trends in energy and environmental policies in each country; trends in crude oil and LNG prices; and other factors. We are therefore strengthening initiatives that improve the profitability of maintenance projects, in this way establishing a business structure that is resistant to fluctuations in orders and that secures a stable source of income.

In addition, risks such as the following are possible due to a deterioration of the economic environment:

(1) Fluctuations in foreign exchange rates
The TKK Group's business activities include the overseas manufacture of products, sales of materials, and construction work, and involve transactions that are mainly conducted in U.S. dollars. Currently, we view the risk of fluctuations in foreign exchange rates as low because foreign currency-denominated transactions and the amount of assets held in foreign currencies are relatively small, but unexpected fluctuations could adversely affect the Group's business results and financial position in the future.

(2) Fluctuations in interest rates
The TKK Group secures funding from financial institutions while considering the balance between short- and long-term financing to provide credit for trade receivables and to acquire fixed assets. Funding costs could increase if interest rates rise, which could adversely affect the Group's business results and financial position.

(3) Valuations of held securities
The Group annually reviews all cross-shareholdings, evaluating the significance of each holding and asset efficiency from a medium- to long-term perspective, with these evaluations discussed by the Board of Directors, and stocks with diminished significance are sold. However, if there is a significant decline in stock prices, it could potentially have a negative impact on the Group's business results and financial position.

Approaches and Initiatives for Material Issues

Basic Approach to Sustainability

The Toyo Kanetsu Group has reviewed important material issues to prioritize in order to raise the value for stakeholders through business activities. We have continued business activities with a new set of eight items starting from fiscal 2025. For more details, please refer to the Medium-Term Business Plan.

For information about the Group's specific initiatives, please refer to our integrated report, *TKK Report 2026*.

Forward-looking statements in the text are based on assessments as of March 31, 2026, the date of the fiscal year ended.

1. Governance

Governance related to the business risks that could affect the TKK Group is overseen by the Company's Sustainability Committee, which is chaired by a director designated by the Board of Directors. This committee formulates and executes all necessary plans. The Company's Corporate Business Department serves as the committee's executive office. The members of the Sustainability Committee are selected from among the directors or executive officers in charge of relevant businesses in each division. This facilitates the sharing of knowledge and experience in countering risks and addressing climate change issues, etc., when formulating plans for implementation.

2. Strategy

(1) Disclosure of information based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)

The Group has endorsed the TCFD recommendations and with the assistance of a team of outside experts has disclosed information based on the framework of the recommendations. Based on the recommendations, a scenario analysis was conducted to identify climate change risks and opportunities that could significantly impact the Group's operations.

The period up to 2050 was covered in this analysis, and we referred to several existing scenarios published by the International Energy Agency (IEA), the Intergovernmental Panel on Climate Change (IPCC), and other organizations from three perspectives: short-term (about 3 years), medium-term (up to 2030), and long-term (up to 2050). The analysis was exhaustive, assuming a world view based on two climate change scenarios (one with an average temperature increase of less than 2°C from the Industrial Revolution to the end of the century, and one with an average temperature increase of 4°C).

We examined the risks and opportunities for the Group based on the two scenarios and their associated business and financial implications. Looking ahead to 2050, we believe that the opportunities outweigh the risks associated with their overall financial impact on the Group's two core businesses (Logistics Solutions Business and Plant Business) which accounted for roughly 80% of the Group's operations.

In the Logistics Solutions Business segment, opportunities are expected to significantly outweigh risks as demand for labor- and energy-saving systems at logistics facilities is projected to continue growing due to the environmental impact on logistics facilities caused by climate change, as well as the impact of the aging of Japan's population.

For the Plant Business segment, although demand for maintaining oil and gas storage tanks is forecast to gradually decline, these tanks are expected to be replaced with others for storing methylcyclohexane (MCH) and ammonia, expected to be next-generation energy sources, driving up demand for upgrading and maintenance.

For the Next-Generation Energy Development Center, while demand for upgrading oil and gas storage tanks is on the decline due to fossil fuel restrictions, this decline is expected to be offset by demand for new tanks that store hydrogen and ammonia fuel, considered alternative energy sources for the next generation, as well as for liquid carbon dioxide.

Based on the 4°C temperature increase scenario,

among the most acute physical risks is a high probability of water damage from swollen rivers, typhoons, and floods impacting the operation of facilities in the supply chain. Rising sea levels, among the most impactful physical risks, could by the end of the century affect our business sites. However, our analysis up to 2050 concluded that the financial impact would be minor. The Group will take steps to mitigate the impact of these physical risks on operations and manufacturing plants.

(2) Policies and strategies for developing human resources and improving workplace conditions

1) Policies
[Human resource development policy]
As a basic policy for developing human resources, the Group proactively promotes highly talented individuals to management positions regardless of their gender, nationality, or current job position, especially those with managerial skills and the ability to produce results. For this reason, the Group provides many opportunities for all employees to receive training both on and off the job while encouraging them to continue learning, with an awareness of the expertise and skills they need.

Guided by this policy, the Group has set up general training programs for every category and job level, specialized training for specific areas, as well as training programs designed to boost knowledge and skills about the wider issues that society is facing. By offering these programs on a regular basis, the Group can determine what knowledge and which skills are required, particularly for women, employees from overseas, and mid-career hires, then offer opportunities for acquiring those skills through training. In addition, English-language classes are provided to all employees regardless of their job level as well as career development training to those being assigned to new jobs.

[Policy for improving the workplace]
As a basic policy, the Group fosters employee-friendly workplaces that stress the importance of a work-life balance in order to retain and attract diverse human resources. At the same time, we are promoting a workplace environment where every employee's

opinions and values are respected and their health and wellbeing are protected. Through these actions, the Group will improve the corporate culture and employee engagement.

In line with this policy, workplaces have adopted remote working and flex-time systems that are making it easier for employees to take childcare and nursing care leave regardless of their gender, while we proactively hire people with disabilities. In addition, employee self-evaluations are being used for assignments to job positions that consider personal preferences, aptitude, and skills.

2) Human Resource Initiatives
[Employee development initiatives to support self-learning employees]
We believe that improving the abilities of individual employees, combined with their voluntary motivation, is a crucial factor in enhancing corporate competitiveness. To this end, we are working to increase opportunities for structured programs, such as hierarchical and career development training. Additionally, under the policy of "supporting self-learners," we are focusing on enhancing initiatives that promote self-development. Recently, we have established an open system that supports the costs of external training on themes employees wish to learn about, in addition to supporting qualification acquisition, online learning, language acquisition, and book purchase subsidies.

[Creating an organization and workplace environment that leverages diversity]
We believe that reflecting the diverse values and perspectives of various personnel in the decision-making process is essential for enhancing the value provided to customers and strengthening corporate competitiveness.

The Group has adopted a recruitment policy that welcomes diverse talent without limiting attributes, promoting the hiring of individuals with a wide range of backgrounds. We are also diversifying our recruitment methods by strengthening mid-career hiring and referral programs.

Furthermore, we are focusing on creating a workplace environment where each employee can work energetically, enthusiastically, and securely for many years. In addition to improving treatment and enhancing leave systems, we are particularly focusing on strengthening the treatment and welfare of employees who are active on the front lines, striving to enhance engagement from the perspectives of both job satisfaction and ease of work.

[New trainee program]
The assignment of new employees who have not yet developed specialized expertise to specific fields can significantly affect their future career development. To address this, the Group implements a trainee program in which new employees rotate through multiple departments for about six months before receiving their official placements. This allows us to place them in departments that reflect their interests as much as possible. Through this process, new employees can understand the roles of different departments and the processes involved before and after their tasks. By undergoing a process of self-selection, we aim to minimize career mismatches, foster a sense of ownership, and help them grasp the overall picture of their work. We also expect this system to provide opportunities for each department to nurture new talent, thereby improving employee retention rates and revitalizing the organization.

3. Risk Management

As the environment surrounding the Company becomes more complex and diverse, the Group is placing greater importance on the appropriate management of risks that could significantly impact business, and the practice of sophisticated risk management has been included as one of the Group's key management issues.

The Sustainability Committee meets at least once a quarter and periodically reports to the Board of Directors and management councils. The councils handle important discussions and make decisions based on the reports and findings of the committee. The Board of Directors reviews reports on the councils' and committee's discussions and decisions, then oversees the execution and progress

of the Group's policies as well as plans for responding to the Group's overall business risks.

For information about the Group's risk management, please refer to Business Risks on page 2.

4. Metrics and Targets

(1) Disclosing information based on TCFD recommendations
(Reducing greenhouse gases (GHGs) with the goal of achieving carbon neutrality)

GHGs to be reduced:
Scope 1 and 2 GHG emissions from Toyo Kanetsu and our consolidated subsidiaries worldwide
*Scope 1 emissions: Direct emissions of GHGs from inhouse fuel consumption
*Scope 2 emissions: Indirect emissions of GHGs from purchased electricity and heat

GHG reduction targets:
Achieve carbon neutrality by 2050
50% reduction of GHGs by 2030 compared with amounts in fiscal 2019

The TKK Group intends to achieve carbon neutrality by 2050 by reducing GHG emissions through energy conservation and the use of renewable energy sources.

We will also work to reduce Scope 3 emissions across the value chain in partnership with suppliers and customers.
*Scope 3 emissions: Indirect emissions of GHGs (aside from Scopes 1 and 2) from operations within the supply chain

The TKK Group's GHG emissions across the supply chain have been calculated based on the standards of the Greenhouse Gas Protocol.

Combined Scope 1 and 2 emissions for the entire TKK Group worldwide (tonnes of CO₂ equivalent):
5,276 in FY2019, 4,993 in FY2020, 5,142 in FY2021, 3,600 in FY2022, 3,663 in FY2023, 3,832 in FY2024, and 3,297 in FY2025

Scope 1 and 2 GHG emissions from the entire TKK Group worldwide were reduced by 38% in FY2025 compared with FY2019 levels.

Scope 3 emissions for the entire TKK Group worldwide (tonnes of CO₂ equivalent):
348,949 in FY2020, 382,849 in FY2021, 285,324 in FY2022, 270,508 in FY2023, and 398,293 in FY2024

* Of this total, 202,799 fell under Category 11, “use of sold products,” and 179,042 fell under Category 1, “purchase of goods and services.” Combined, the results for these two categories accounted for 95.8% of Scope 3 emissions in fiscal 2024. Adding up all the fiscal 2024 results (above), total GHG emissions across the supply chain came to 402,125 tonnes of CO₂ equivalent, of these Scope 1 and 2 emissions made up 1% and Scope 3 emissions accounted for 99%.

In fiscal 2024, electricity consumption accounted for 38% of Scope 1 and 2 emissions, while gasoline and diesel oil consumption accounted for 62%. Accordingly, the Group recognizes the need for the following measures to reduce GHG emissions:

- Installing solar panels onsite for producing energy
- Procuring electricity from zero-emission and renewable-energy sources
- Switching over company vehicles to EVs
- Introducing energy-saving equipment

The TKK Group has examined initiatives for each category of Scope 3 emissions, such as reducing electricity consumption over the product lifecycle. We are also working with suppliers and customers to develop and implement measures for reducing GHG emissions. In addition, the Group introduced an internal carbon pricing system in fiscal 2022. By using specified internal carbon prices for calculating reference costs when considering capital investment plans, the Group is integrating this

system into investment decisions, while promoting investments in decarbonization.

For more information on corporate governance and risk management, please refer to sections 1 and 3 of Basic Approach to Sustainability (above).

(2) Indicators and targets for developing human resources and improving workplace conditions

In the Group, while the Company is managing the indicators related to the policy on human resources development and internal environmental improvement, including ensuring diversity of human resources, as described in the above “2. Strategy (2) Policies and strategies for developing human resources and improving workplace conditions” and is taking specific relevant measures, not all companies belonging to the consolidated group are doing so. Accordingly, it is difficult to provide a description on a consolidated basis. Accordingly, the following targets and results in relation to the indicators are those of the reporting company, which operates major businesses within the consolidated group.

- [Targets of indicators]
- Percentage of female employees who are in management positions:
10% by FY2027
 - Percentage of annual paid vacation taken:
80% by FY2027

[Results]
The following results and indicators extend over the past three years.

Indicators		FY2023	FY2024	FY2025
Percentage of female employees who are in management positions (%)		8.3	7.1	6.3
Male employees taking childcare leave (%)		66.7	83.3	80.0
Female employees taking childcare leave (%)		100.0	100.0	75.0
Mid-career employees hired (%)		55.3	68.2	73.8
Mid-career managers hired (%)		37.5	35.7	38.8
Annual paid vacation taken (%)		76.5	71.3	76.1
Percentage of employees submitting proposals to the commendation system		73.0	72.3	89.4
Average wage amount difference between male and female employees (%)	All employees	64.4	67.5	66.7
	Full-time employees	65.5	68.5	68.4
	Part-time and temporary employees	41.5	49.2	35.2

Notes: 1. Targets and results are applicable to employees of the Company on a non-consolidated basis.
2. The ratio of female employees taking childcare leave is calculated by using the number of female employees who gave birth during that fiscal year as the denominator and the number of female employees who began childcare leave during that fiscal year as the numerator. Accordingly, if an employee took only maternity leave during that fiscal year and began childcare leave in the following fiscal year, they are not included in these figures.
For more information about corporate governance and risk management, please refer to sections 1 and 3 of Basic Approach to Sustainability (above).

Consolidated financial statements, etc.

(1) Consolidated financial statements
(i) Consolidated balance sheet

(Millions of yen)				
		Previous fiscal year (As of March 31, 2025)		Current fiscal year (As of March 31, 2026)
Assets				
Current assets				
Cash and deposits		6,516		7,137
Notes and accounts receivable - trade, and contract assets	*1	26,511	*1	23,472
Electronically recorded monetary claims - operating		363		733
Merchandise and finished goods		35		138
Work in process		1,144		2,816
Raw materials and supplies		4,676		3,635
Other		912		827
Allowance for doubtful accounts		(20)		(111)
Total current assets		40,140		38,649
Non-current assets				
Property, plant and equipment				
Buildings and structures, net	*4	5,945	*4	6,451
Machinery, equipment and vehicles, net	*4	723	*4	774
Tools, furniture and fixtures, net	*4	558	*4	845
Land	*4, *5	10,265	*4, *5	11,114
Construction in progress		467		620
Other, net		28		42
Total property, plant and equipment	*2	17,988	*2	19,848
Intangible assets		690		757
Investments and other assets				
Investment securities	*3	6,497	*3	7,700
Deferred tax assets		258		245
Retirement benefit asset		1,085		1,403
Other		965		1,095
Allowance for doubtful accounts		(190)		(180)
Total investments and other assets		8,616		10,264
Total non-current assets		27,295		30,871
Total assets		67,436		69,521

(Millions of yen)

	Previous fiscal year (As of March 31, 2025)	Current fiscal year (As of March 31, 2026)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	860	951
Electronically recorded obligations - operating	115	134
Short-term borrowings	*4 8,240	*4 6,725
Current portion of bonds payable	20	90
Current portion of long-term borrowings	432	215
Accrued expenses	5,720	5,574
Income taxes payable	989	525
Contract liabilities	1,436	2,393
Provision for bonuses	538	530
Provision for loss on orders received	416	380
Provision for warranties for completed construction	351	315
Provision for loss on litigation	42	—
Other	1,228	1,019
Total current liabilities	20,393	18,855
Non-current liabilities		
Bonds payable	*4 1,080	*4 1,030
Long-term borrowings	*4 4,213	*4 5,027
Deferred tax liabilities	571	1,055
Deferred tax liabilities for land revaluation	*5 1,128	*5 1,128
Retirement benefit liability	457	942
Asset retirement obligations	505	674
Other	176	505
Total non-current liabilities	8,133	10,364
Total liabilities	28,526	29,219
Net assets		
Shareholders' equity		
Share capital	18,580	18,580
Capital surplus	1,278	1,433
Retained earnings	18,353	18,671
Treasury shares	(798)	(783)
Total shareholders' equity	37,414	37,901
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,413	2,173
Deferred gains or losses on hedges	(6)	37
Revaluation reserve for land	*5 652	*5 652
Foreign currency translation adjustment	(920)	(953)
Remeasurements of defined benefit plans	349	479
Total accumulated other comprehensive income	1,488	2,389
Non-controlling interests	7	9
Total net assets	38,909	40,301
Total liabilities and net assets	67,436	69,521

(ii) Consolidated statement of income and comprehensive income

(Millions of yen)

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Net sales	*1 60,474	*1 59,617
Cost of sales	*2 47,232	*2 45,924
Gross profit	13,241	13,692
Selling, general and administrative expenses	*3, *4 9,109	*3, *4 10,110
Operating profit	4,131	3,581
Non-operating income		
Interest income	7	7
Dividend income	197	214
Foreign exchange gains	14	31
Share of profit of entities accounted for using equity method	47	46
Gain on sale of scraps	28	43
Subsidy income	45	43
Reversal of allowance for doubtful accounts	0	0
Other	71	148
Total non-operating income	412	536
Non-operating expenses		
Interest expenses	118	181
Other	22	40
Total non-operating expenses	140	221
Ordinary profit	4,403	3,897
Extraordinary income		
Gain on sale of non-current assets	28	8
Gain on sale of investment securities	715	3
Gain on bargain purchase	—	77
Compensation income for damage	—	29
Other	3	—
Total extraordinary income	747	119
Extraordinary losses		
Loss on retirement of non-current assets	16	68
Loss on valuation of investment securities	1	69
Impairment losses	—	*5 138
Loss on litigation	42	0
Loss on disaster	10	—
Other	—	0
Total extraordinary losses	69	276
Profit before income taxes	5,082	3,739
Income taxes - current	1,626	1,108
Income taxes - deferred	(185)	72
Total income taxes	1,441	1,181
Profit	3,640	2,558
Profit attributable to		
Profit attributable to owners of parent	3,638	2,556
Profit attributable to non-controlling interests	1	2

(Millions of yen)

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Other comprehensive income		
Valuation difference on available-for-sale securities	(400)	723
Deferred gains or losses on hedges	(28)	44
Revaluation reserve for land	(32)	—
Foreign currency translation adjustment	38	(33)
Remeasurements of defined benefit plans, net of tax	57	130
Share of other comprehensive income of entities accounted for using equity method	(21)	35
Total other comprehensive income	*6 (386)	*6 901
Comprehensive income	3,254	3,460
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,252	3,457
Comprehensive income attributable to non-controlling interests	1	2

(iii) Consolidated statement of changes in equity

Previous fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,580	1,273	17,722	(1,704)	35,871
Changes during period					
Dividends of surplus			(2,174)		(2,174)
Profit attributable to owners of parent			3,638		3,638
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		5		76	81
Cancellation of treasury shares			(833)	833	—
Net changes in items other than shareholders' equity					
Total changes during period	—	5	631	905	1,542
Balance at end of period	18,580	1,278	18,353	(798)	37,414

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,835	21	684	(958)	291	1,874	5	37,752
Changes during period								
Dividends of surplus								(2,174)
Profit attributable to owners of parent								3,638
Purchase of treasury shares								(4)
Disposal of treasury shares								81
Cancellation of treasury shares								—
Net changes in items other than shareholders' equity	(421)	(28)	(32)	38	57	(386)	1	(384)
Total changes during period	(421)	(28)	(32)	38	57	(386)	1	1,157
Balance at end of period	1,413	(6)	652	(920)	349	1,488	7	38,909

Current fiscal year (From April 1, 2025 to March 31, 2026)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,580	1,278	18,353	(798)	37,414
Changes during period					
Dividends of surplus			(2,238)		(2,238)
Profit attributable to owners of parent			2,556		2,556
Purchase of treasury shares				(443)	(443)
Disposal of treasury shares		154		459	613
Net changes in items other than shareholders' equity					
Total changes during period	–	154	317	15	487
Balance at end of period	18,580	1,433	18,671	(783)	37,901

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,413	(6)	652	(920)	349	1,488	7	38,909
Changes during period								
Dividends of surplus								(2,238)
Profit attributable to owners of parent								2,556
Purchase of treasury shares								(443)
Disposal of treasury shares								613
Net changes in items other than shareholders' equity	759	44	–	(33)	130	901	2	903
Total changes during period	759	44	–	(33)	130	901	2	1,391
Balance at end of period	2,173	37	652	(953)	479	2,389	9	40,301

(iv) Consolidated statement of cash flows

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Cash flows from operating activities		
Profit before income taxes	5,082	3,739
Depreciation	843	1,111
Amortization of goodwill	10	12
Gain on bargain purchase	–	(77)
Share of loss (profit) of entities accounted for using equity method	(47)	(46)
Impairment losses	–	138
Increase (decrease) in allowance for doubtful accounts	(40)	71
Increase (decrease) in retirement benefit liability	(2)	148
Decrease (increase) in retirement benefit asset	(144)	(239)
Increase (decrease) in provision for loss on orders received	312	(36)
Increase (decrease) in provision for warranties for completed construction	244	(36)
Increase (decrease) in provision for loss on litigation	42	(42)
Interest and dividend income	(205)	(222)
Interest expenses	118	181
Loss on disaster	10	–
Foreign exchange losses (gains)	(47)	(51)
Loss (gain) on valuation of investment securities	1	69
Loss (gain) on sale of investment securities	(715)	(3)
Loss (gain) on sale of non-current assets	(28)	(8)
Loss on retirement of non-current assets	16	68
Decrease (increase) in trade receivables and contract assets	(1,141)	3,099
Decrease (increase) in inventories	940	(106)
Decrease (increase) in advance payments to suppliers	506	(61)
Increase (decrease) in trade payables	396	(135)
Increase (decrease) in contract liabilities	849	956
Other, net	216	(387)
Subtotal	7,217	8,141
Interest and dividends received	205	222
Interest paid	(123)	(181)
Payments associated with disaster loss	(16)	–
Income taxes paid	(1,981)	(1,615)
Net cash provided by (used in) operating activities	5,300	6,567
Cash flows from investing activities		
Payments into time deposits	(102)	(102)
Proceeds from withdrawal of time deposits	102	102
Purchase of non-current assets	(2,135)	(2,302)
Proceeds from sale of non-current assets	28	12
Purchase of investment securities	(10)	(12)
Proceeds from sale and redemption of investment securities	818	7
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(264)	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	215
Payments for asset retirement obligations	(238)	(12)
Other, net	39	17
Net cash provided by (used in) investing activities	(1,762)	(2,072)

(Millions of yen)

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,200)	(1,715)
Proceeds from long-term borrowings	2,480	650
Repayments of long-term borrowings	(2,540)	(605)
Redemption of bonds	—	(44)
Purchase of treasury shares	(4)	(443)
Proceeds from disposal of treasury shares	6	513
Dividends paid	(2,164)	(2,232)
Net cash provided by (used in) financing activities	(5,422)	(3,877)
Effect of exchange rate change on cash and cash equivalents	49	4
Net increase (decrease) in cash and cash equivalents	(1,834)	620
Cash and cash equivalents at beginning of period	8,285	6,450
Cash and cash equivalents at end of period	* 6,450	* 7,071

Notes

Basis of presenting the consolidated financial statements

The accompanying consolidated financial statements of the Company and its domestic consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. The accounts of overseas consolidated subsidiaries are based on their financial statements prepared in conformity with generally accepted accounting principles and practices prevailing in the respective countries in which the subsidiaries are incorporated.

Significant accounting policies for preparation of the consolidated financial statements

1. Disclosure of scope of consolidation

Number of consolidated subsidiaries: 18 companies

Names of major consolidated subsidiaries are omitted since those names are described in “TKK Group Companies.”

2. Disclosure about application of the equity method

Number of entities accounted for using equity method: 1 company

Name of entity accounted for using equity method is omitted since the name is described in “TKK Group Companies.”

3. Disclosure about fiscal years, etc. of consolidated subsidiaries

Of the Company’s consolidated subsidiaries, Kankyo Research Institute Inc., Sakata Electric Co., Ltd., MAXPULL MACHINERY & ENGINEERING CO., LTD., Scrum Software Co.,Ltd, PT Toyo Kanetsu Indonesia, Toyo Kanetsu (Malaysia) Sdn. Bhd., and seven other companies have a closing date of December 31. In preparation of the consolidated financial statements, their financial statements as of December 31 are used. However, for major transactions that occurred between that date and the consolidated balance sheet date, the necessary adjustments are made in the consolidated financial statements.

4. Disclosure of accounting policies

(1) Accounting policy for measuring significant assets

(i) Securities

a) Held-to-maturity bonds: Stated at amortized cost (straight-line method)

b) Available-for-sale securities

Securities other than shares that do not have a market value are stated at fair value (valuation differences are directly charged or credited to net assets, and cost of securities sold is determined by the moving-average method).

Shares that do not have a market value are valued at cost determined by the moving-average method.

(ii) Derivatives

Derivatives are valued at fair value.

(iii) Inventories

a) Finished goods: Primarily, at cost using the first-in first-out method

(The value on the balance sheet is written down to reflect a decline in profitability.)

b) Work in process: Primarily, at cost using the specific identification method

(The value on the balance sheet is written down to reflect a decline in profitability.)

c) Raw materials: Primarily, at cost using the weighted-average method

(The value on the balance sheet is written down to reflect a decline in profitability.)

(2) Accounting policy for depreciation of significant assets

(i) Property, plant and equipment

The Company and its domestic consolidated subsidiaries use the declining-balance method, and overseas consolidated subsidiaries use the straight-line method in accordance with provisions of accounting standards in their respective countries.

However, the Company and its domestic consolidated subsidiaries use the straight-line method to depreciate buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016.

The estimated useful lives of major items are as follows:

Buildings and structures	3 to 57 years
Machinery and equipment	2 to 13 years

(ii) Intangible assets

Intangible assets are amortized using the straight-line method.

Software for internal use is amortized using the straight-line method over the estimated useful life as internally determined (5 years).

(3) Accounting policy for significant provisions

(i) Allowance for doubtful accounts

To cover losses from bad debts for trade receivables, loans receivable and others, an allowance for doubtful accounts is provided based on historical experience of bad debts for general receivables. For specific receivables such as highly doubtful receivables, the collectability is individually considered and the estimated amount of uncollectible accounts is provided as the allowance.

(ii) Provision for bonuses

To pay bonuses to employees, out of the estimated amount to be paid in the following fiscal year, an amount attributable to the current fiscal year is recorded.

(iii) Provision for loss on orders received

To make provision for losses on orders received, as for existing construction, for which an amount of loss can be reasonably estimated at the end of the current fiscal year, an expected amount of loss in future is recorded as the provision.

(iv) Provision for warranties for completed construction

To cover costs of warranty against defects and after-sales service for completed construction, an amount is recorded based on the historical loss rate as well as consideration of an amount for individual construction that is expected to incur in future at the end of the current fiscal year.

(v) Provision for loss on litigation

To make provision for potential loss on litigation, potential future losses are estimated and the necessary amounts recognized are recorded.

(4) Method of accounting for retirement benefits

(i) Method of attributing estimated retirement benefits to periods

For the purpose of attributing estimated retirement benefits over the period up to the end of the current fiscal year in the calculation of retirement benefit obligations, the benefit formula method is applied.

(ii) Method of amortizing actuarial gain or loss and past service cost

Past service costs are recorded as an expense in the year they are incurred.

With regard to actuarial gain or loss, the amount is amortized by the straight-line method over a certain term within the average remaining service period of the eligible employees (5 years) for each applicable fiscal year, and expensed from the year following the year in which the gain or loss is recognized.

(5) Accounting policies for significant revenues and expenses

The Group enters into long-term construction contracts mainly in the Logistics Solutions Business and the Plant Business, under which it assumes obligations to deliver merchandise and finished goods such as logistics facilities and storage tanks pursuant to such construction contracts. Given that costs with respect to any such construction contract are deemed to arise in proportion to appreciation of customer-controlled assets, revenue in relation to a construction contract is recognized according to the degree of progress thereof. The degree of progress is calculated as the proportion of construction cost incurred to date relative to total estimated cost under the construction contract.

Revenue is recognized using the cost recovery method in cases where recovery of incurred costs is likely but reasonable estimation regarding the degree of progress is not possible.

In addition, no adjustments are made to significant financing components because consideration for business transactions is mainly received within 180 days of having satisfied a performance obligation.

(6) Significant accounting policy for hedging

(i) Method of hedge accounting

In principle, the deferral accounting is applied. The allocation method is applied to forward foreign exchange contracts that meet requirements thereof, and the exceptional treatment is applied to interest rate swaps that meet requirements thereof.

(ii) Hedging instruments and hedged items

Hedging instruments: Forward foreign exchange contracts, Interest rate swaps

Hedged items:..... Forecast transactions denominated in foreign currencies and borrowings

(iii) Hedging policy

In accordance with the “Rules on Handling of Derivative Transactions” established by the Company, the Company and its consolidated subsidiaries (collectively, the “Group”) do not enter into any derivative transaction for speculative purposes but use derivative transactions only to hedge exchange rate fluctuation risk and interest rate fluctuation risk.

(iv) Method of assessing the hedging effectiveness

The Group confirms effectiveness by comparing and examining cash flows of hedging instruments and hedged items in advance. However, the Group omits assessment of effectiveness on interest rate swaps to which the exceptional treatment is applied.

(7) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash and cash equivalents include cash in hand, readily available deposits and short-term investments with maturities of three months or less from the purchase date whose value is not subject to significant fluctuation risk.

Notes - Significant accounting estimates

(Construction contracts for which revenue is recognized based on degree of progress)

(1) Amount recognized in the consolidated financial statements for the current fiscal year

(Millions of yen)		
	Previous fiscal year	Current fiscal year
Net sales	20,615	12,251

(2) Information on the content of significant accounting estimates related to identified items

With respect to construction contracts for which revenue is recognized based on degree of progress, the Group records net sales based on the progress rate calculated as the proportion of construction cost incurred corresponding to value of work done at the end of the current fiscal year, relative to the total amount of estimated cost of construction work.

The estimated amount of total cost of construction work has been determined on the basis of management’s best estimate and judgments based on past experience and available information collected as well as individual work specifications. However, changes to original estimates may occur due to price fluctuations in the market, changes to specifications, natural disasters and others, and such changes may have a significant effect on the amount recognized in the consolidated statement of income for the next fiscal year.

Notes - New accounting standards to be applied

1. Accounting Standard for Leases, Etc.

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

(1) Overview

As part of its efforts for ensuring that Japanese GAAP is consistent with international accounting standards, the ASBJ conducted a review, taking into consideration international accounting standards, toward the development of the Accounting Standard for Leases for recognizing assets and liabilities for all leases held by a lessee. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc., which were developed under a basic policy

with the aim of being simple and highly convenient by incorporating only the key provisions of IFRS 16 instead of all the provisions, despite being based on the single accounting model of IFRS 16, while also making revisions basically unnecessary even when the provisions of IFRS 16 are applied for non-consolidated financial statements.

Regarding the method for allocating the lessee’s lease expenses in the lessee’s accounting treatment, a single accounting model is applied for recording the depreciation related to right-of-use assets and the amount equivalent to the interest on lease liabilities for all leases regardless of whether a lease is a finance lease or an operating lease. This is the same as under IFRS 16.

(2) Scheduled date of application

These ASBJ statement and guidance will be applied at the start of the fiscal year beginning on April 1, 2027.

(3) Effects of application of the accounting standard, etc.

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

2. Accounting Standard for Subsequent Events, Etc.

- “Accounting Standard for Subsequent Events” (ASBJ Statement No. 41, January 9, 2026, ASBJ)
- “Implementation Guidance on Accounting Standard for Subsequent Events” (ASBJ Guidance No. 35, January 9, 2026, ASBJ)

(1) Overview

The “Accounting Standard for Subsequent Events,” etc. were developed with the priority objective of establishing comprehensive accounting standards addressing the definition, accounting treatment, and disclosure of subsequent events. As a basic policy, the content related to accounting presented in Auditing Standards Report No. 560, Practical Guideline No. 1 “Audit Treatment of Subsequent Events” issued by the Auditing and Assurance Standards Committee of the Japanese Institute of Certified Public Accountants has principally been carried over and transferred to the ASBJ, and revisions to the wording and a reorganization of the evaluation period for subsequent events were conducted, while also introducing new requirements such as notes regarding the approval for disclosure of financial statements. Accordingly, these standards prescribe the accounting treatment and disclosure related to subsequent events.

(2) Scheduled date of application

These ASBJ statement and guidance will be applied at the start of the fiscal year beginning on April 1, 2027.

Notes -Changes in presentation

(Consolidated balance sheet)

“Electronically recorded monetary claims - operating,” which was included in “Notes and accounts receivable - trade, and contract assets” under “Current assets” in the previous fiscal year, is presented separately from the current fiscal year due to its increased materiality in terms of amount. Consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in the presentation.

As a result, the ¥26,874 million previously presented as “Notes and accounts receivable - trade, and contract assets” under “Current assets” in the consolidated balance sheet for the previous fiscal year has been reclassified as ¥26,511 million under “Notes and accounts receivable - trade, and contract assets” and ¥363 million under “Electronically recorded monetary claims - operating.”

“Electronically recorded obligations - operating,” which was included in “Notes and accounts payable - trade” under “Current liabilities” in the previous fiscal year, is presented separately from the current fiscal year due to its increased materiality in terms of amount. Consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in the presentation.

As a result, the ¥976 million previously presented as “Notes and accounts payable - trade” under “Current liabilities” in the consolidated balance sheet for the previous fiscal year has been reclassified as ¥860 million under “Notes and accounts payable - trade” and ¥115 million under “Electronically recorded obligations - operating.”

Notes - Additional information

Transaction of granting the Company’s own shares to Directors, etc. through a trust

The Company has introduced a performance-linked share-based compensation using a trust for Directors (excluding Directors who are Audit and Supervisory Committee Members and outside Directors), and Executive Officers who are ranked Managing Executive Officer or higher and who are not Directors (hereinafter collectively

referred to as “Directors, etc.”) from FY2019, for the purpose of increasing the incentive to improve the Company’s medium- to long-term performance and enhance the corporate value more than ever by clarifying the linkage between remuneration of Directors, etc., and the Company’s medium- to long-term performance and stock value, and sharing profits and risks resulting from the linkage with stock price between Directors, etc. and shareholders.

To the accounting treatment for this trust agreement, “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30, issued on March 26, 2015) is applied correspondingly.

(1) Outline of transaction

Money is entrusted to a trust designated by the Company (hereinafter referred to as the “Trust”), which acquires shares of the Company. Points are given to each Director, etc. at the end of each fiscal year of the medium-term business plan in accordance with the Share Delivery Regulations established by the Company’s Board of Directors, and shares of the Company are delivered through the Trust in a certain period during the tenure of the Director, etc. specified in the Regulations for the Provision of Shares for the Performance-linked Share-based Remuneration Plan for officers, or at the time of retirement of the Director, etc. in the number corresponding to the number of points accumulated by then.

(2) The Company’s shares remaining in the Trust

Shares of the Company remaining in the Trust have been recorded at the book value in the Trust (excluding the amount of incidental costs) as treasury shares in net assets. The book value and number of these treasury shares for the previous fiscal year were ¥99 million and 112,000 shares, respectively, and for the current fiscal year were ¥464 million and 240,000 shares, respectively.

On January 1, 2026, the Company conducted a share split at a ratio of 2 shares per share of common shares. The number of shares mentioned above is stated on the assumption that the said share split was conducted at the beginning of the previous fiscal year.

Notes - Consolidated balance sheet

*1. Of the amount stated for notes and accounts receivable - trade, and contract assets, amounts of receivables and contract assets from contracts with customers are as follows:

	Previous fiscal year (As of March 31, 2025)	Current fiscal year (As of March 31, 2026)
Notes receivable - trade	¥224 million	¥112 million
Accounts receivable - trade	11,865	10,358
Contract assets	14,422	13,001

*2. Accumulated depreciation of property, plant and equipment are as follows:

	Previous fiscal year (As of March 31, 2025)	Current fiscal year (As of March 31, 2026)
	¥13,564 million	¥15,748 million

*3. Matters concerning affiliates are as follows:

	Previous fiscal year (As of March 31, 2025)	Current fiscal year (As of March 31, 2026)
Investment securities (shares)	¥1,449 million	¥1,610 million

*4. Assets pledged and liabilities secured

Assets pledged and liabilities secured as collateral are as follows:

Assets pledged	Previous fiscal year		Current fiscal year	
	(As of March 31, 2025)		(As of March 31, 2026)	
Buildings and structures	¥277 million	[¥170 million]	¥394 million	[¥159 million]
Machinery, equipment and vehicles	0	[0]	0	[0]
Tools, furniture and fixtures	0	[0]	0	[0]
Land	5,572	[5,458]	6,098	[5,458]
Total	5,849	[5,629]	6,492	[5,618]
Liabilities secured as collateral				
	Previous fiscal year		Current fiscal year	
	(As of March 31, 2025)		(As of March 31, 2026)	
Short-term borrowings	¥1,910 million	[¥1,910 million]	¥1,782 million	[¥1,582 million]
Long-term borrowings	1,495	[1,480]	1,830	[1,480]
Bonds payable	50	[–]	50	[–]
Total	3,455	[3,390]	3,662	[3,062]

In the above table, figures in brackets present mortgages on factory foundation and the relevant debts. The amounts of land are after revaluation.

*5. In accordance with the “Act on Revaluation of Land” (Act No. 34 promulgated on March 31, 1998), the Company revalues its land for business use and, as for the valuation difference, records an amount equivalent to tax relating to the valuation difference as “deferred tax liabilities for land revaluation” in the liabilities section and an amount after deducting said amount as “revaluation reserve for land” in the net assets section.

- Method of revaluation – The Company revalues the land by the calculation method where a value based on the assessed value of fixed asset tax set forth in Article 2, Item 3 and road rating set forth in Article 2, Item 4 of the “Order for Enforcement of the Act on Revaluation of Land” (Cabinet Order No. 119 promulgated on March 31, 1998) is reasonably adjusted.
- Date of revaluation – March 31, 2002

	Previous fiscal year		Current fiscal year	
	(As of March 31, 2025)		(As of March 31, 2026)	
Difference between the year-end value of revaluated land and the book value after the revaluation	¥(2,344) million		¥(2,163) million	

Notes - Consolidated statement of income and comprehensive income

*1. Revenue from contracts with customers

Revenue from contracts with customers and revenue other than that from contracts with customers are not stated separately with respect to net sales. Amounts of revenue from contracts with customers have been presented in “Notes - Revenue recognition, 1. Information on disaggregation of revenue from contracts with customers” of the consolidated financial statements.

*2. Provision for loss on orders received included in cost of sales

	Previous fiscal year	Current fiscal year
	(From April 1, 2024 to March 31, 2025)	(From April 1, 2025 to March 31, 2026)
	¥312 million	¥(34) million

*3. Major components of selling, general and administrative expenses are as follows:

	Previous fiscal year	Current fiscal year
	(From April 1, 2024 to March 31, 2025)	(From April 1, 2025 to March 31, 2026)
Salaries and allowances	¥2,626 million	¥2,949 million
Bonuses	636	681
Provision for bonuses	201	219
Retirement benefit expenses	119	110
Commission expenses	1,341	1,320
Provision of allowance for doubtful accounts	(1)	74

*4. Total of research and development expenses included in general and administrative expenses and manufacturing costs for the period

	Previous fiscal year	Current fiscal year
	(From April 1, 2024 to March 31, 2025)	(From April 1, 2025 to March 31, 2026)
	¥579 million	¥664 million

*5. Impairment losses

Previous fiscal year (From April 1, 2024 to March 31, 2025)

Not applicable

Current fiscal year (From April 1, 2025 to March 31, 2026)

The Company recorded impairment losses on the following assets.

(1) Asset on which impairment losses were recognized

Location	Use	Type	Impairment losses (Millions of yen)
Scrum Software Co.,Ltd (Osaka-city, Osaka)	–	Goodwill	95
Toyo Koken K.K. (Minami-Alps-shi, Yamanashi)	Assets for business use	Software in progress	43
Total			138

(2) Circumstances leading to recognition of impairment losses

For goodwill related to its subsidiary Scrum Software Co.,Ltd and software in progress related to Toyo Koken K.K., as the recovery of the investment amount for each is not expected due to a decline in profitability, the carrying amount was reduced to the recoverable amount, and the reduced amount was recorded as impairment losses in extraordinary losses.

(3) Method of grouping assets

In principle, the Group’s assets for business use are grouped on the basis of the business, and the Group’s idle assets are grouped by each asset.

Goodwill is grouped by company.

(4) Method of calculating the recoverable amount

The recoverable amount is measured at value in use. Since future cash flows are not expected, it has been evaluated at zero.

*6. Reclassification adjustments and income taxes and tax effects, relating to other comprehensive income

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Valuation difference on available-for-sale securities:		
Amount recorded during the period	¥86 million	¥988 million
Reclassified amount	(664)	68
Pre-adjustment of income taxes and tax effects	(577)	1,057
Amount of income taxes and tax effects	177	(334)
Valuation difference on available-for-sale securities	(400)	723
Deferred gains or losses on hedges:		
Amount recorded during the period	(9)	58
Reclassified amount	(31)	6
Pre-adjustment of income taxes and tax effects	(40)	64
Amount of income taxes and tax effects	12	(20)
Deferred gains or losses on hedges	(28)	44
Revaluation reserve for land:		
Amount recorded during the period	—	—
Reclassified amount	—	—
Pre-adjustment of income taxes and tax effects	—	—
Amount of income taxes and tax effects	(32)	—
Revaluation reserve for land	(32)	—
Foreign currency translation adjustment:		
Amount recorded during the period	38	(33)
Reclassified amount	—	—
Pre-adjustment of income taxes and tax effects	38	(33)
Amount of income taxes and tax effects	—	—
Foreign currency translation adjustment	38	(33)
Remeasurements of defined benefit plans, net of tax:		
Amount recorded during the period	195	371
Reclassified amount	(108)	(181)
Pre-adjustment of income taxes and tax effects	86	190
Amount of income taxes and tax effects	(29)	(59)
Remeasurements of defined benefit plans, net of tax	57	130
Share of other comprehensive income of entities accounted for using equity method:		
Amount recorded during the period	(21)	35
Total other comprehensive income	(386)	901

Notes - Consolidated statement of changes in equity

Previous fiscal year (From April 1, 2024 to March 31, 2025)

1. Matters concerning class and total number of issued shares, and class and number of treasury shares
(Thousands of shares)

	Number of shares at beginning of period	Number of shares increased in period	Number of shares decreased in period	Number of shares at end of period
Issued shares				
Common shares (Note 1)	8,323	—	300	8,023
Total	8,323	—	300	8,023
Treasury shares				
Common shares (Notes 2, 3 and 4)	611	1	324	287
Total	611	1	324	287

- (Notes)
- The decrease of 300 thousand shares in common shares issued is due to the cancellation of treasury shares based on a resolution by the Board of Directors.
 - The number of treasury shares of common shares includes shares of the Company held by the benefit trust for officers (59 thousand shares at beginning of period, 56 thousand shares at end of period).
 - Total number of treasury shares of common shares increased by 1 thousand shares because of an increase due to purchase of shares less than one unit of 1 thousand shares, and a portion of the Company's shares belonged to the Company held by entities accounted for using the equity method of 0 thousand shares.
 - The decrease of 324 thousand treasury shares is due to the cancellation of 300 thousand shares based on a resolution by the Board of Directors, the disposal of 3 thousand shares for the benefit trust for officers, and the sale of 21 thousand shares by an entity accounted for using the equity method.

2. Matters concerning dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends	Dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders on June 26, 2024	Common shares	¥1,784 million	¥229	March 31, 2024	June 27, 2024
Board of Directors Meeting on November 14, 2024	Common shares	¥389 million	¥50	September 30, 2024	December 3, 2024

- (Notes)
- The total amount of dividends based on a resolution at the Ordinary General Meeting of Shareholders on June 26, 2024 includes dividends on shares of the Company held by the benefit trust for officers of ¥13 million.
 - The total amount of dividends based on a resolution at the Board of Directors Meeting on November 14, 2024 includes dividends on shares of the Company held by the benefit trust for officers of ¥2 million.

(2) Dividends whose record dates are in the current fiscal year but whose effective dates fall in the next fiscal year

Resolution	Class of shares	Total dividends	Source of dividends	Dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders on June 26, 2025	Common shares	¥1,449 million	Retained earnings	¥186	March 31, 2025	June 27, 2025

- (Note) The total amount of dividends based on a resolution at the Ordinary General Meeting of Shareholders on June 26, 2025 includes dividends on shares of the Company held by the benefit trust for officers of ¥10 million.

Current fiscal year (From April 1, 2025 to March 31, 2026)

(Thousands of shares)				
	Number of shares at beginning of period	Number of shares increased in period	Number of shares decreased in period	Number of shares at end of period
Issued shares				
Common shares (Notes 1 and 2)	8,023	8,023	–	16,046
Total	8,023	8,023	–	16,046
Treasury shares				
Common shares (Notes 1, 3, 4 and 5)	287	231	57	461
Total	287	231	57	461

- (Notes)
- On January 1, 2026, the Company conducted a share split at a ratio of 2 shares per share of common shares.
 - The increase of 8,023 thousand shares in the total number of common shares issued is due to the share split.
 - The number of treasury shares of common shares includes shares of the Company held by the benefit trust for officers (56 thousand shares at beginning of period, 240 thousand shares at end of period).
 - Total number of treasury shares of common shares increased by 231 thousand shares because of an increase due to share split of 230 thousand shares and an increase due to purchase of shares less than one unit of 1 thousand shares.
 - The decrease of 57 thousand treasury shares is due to the disposal of 41 thousand shares for the benefit trust for officers and the disposal of 16 thousand shares as restricted shares to the employee stock ownership plan.

2. Matters concerning dividends

Resolution	Class of shares	Total dividends	Dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders on June 26, 2025	Common shares	¥1,449 million	¥186	March 31, 2025	June 27, 2025
Board of Directors Meeting on November 13, 2025	Common shares	¥789 million	¥100	September 30, 2025	December 11, 2025

- (Notes)
- The total amount of dividends based on a resolution at the Ordinary General Meeting of Shareholders on June 26, 2025 includes dividends on shares of the Company held by the benefit trust for officers of ¥10 million.
 - The total amount of dividends based on a resolution at the Board of Directors Meeting on November 13, 2025 includes dividends on shares of the Company held by the benefit trust for officers of ¥12 million.

- (2) Dividends whose record dates are in the current fiscal year but whose effective dates fall in the next fiscal year
- The following proposal is scheduled to be submitted for approval at the Ordinary General Meeting of Shareholders to be held on June 25, 2026.

Resolution	Class of shares	Total dividends	Source of dividends	Dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2026	Common shares	¥838 million	Retained earnings	¥53	March 31, 2026	June 26, 2026

- (Note) The total amount of dividends based on a resolution at the Ordinary General Meeting of Shareholders on June 25, 2026 includes dividends on shares of the Company held by the benefit trust for officers of ¥12 million.

Notes - Consolidated statement of cash flows

* Reconciliation of ending balance of cash and cash equivalents with account balances on the consolidated balance sheet

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Cash and deposits	¥6,516 million	¥7,137 million
Time deposits with maturity over 3 months	(66)	(66)
Cash and cash equivalents	6,450	7,071

Notes - Leases

(Borrower)
Operating lease transactions
Future lease payments under non-cancelable operating leases

	Previous fiscal year (As of March 31, 2025)	Current fiscal year (As of March 31, 2026)
Within 1 year	¥105 million	¥97 million
Over 1 year	197	128
Total	302	226

Notes - Financial instruments

1. Status of financial instruments

(1) Policy on treatment of financial instruments

The Group raises funds necessary to run its business smoothly by bonds payable and borrowing from banks. In the case where the Group has temporary surplus funds, it invests them only in safe financial instruments.

The Group uses derivative transactions to hedge various risks described in (2) in accordance with the “Rules on Handling of Derivative Transactions” established by the Company and has a policy not to enter into any speculative transaction.

(2) Content and risks of financial instruments and risk management system therefor

The Group’s notes and accounts receivable - trade and electronically recorded monetary claims - operating are subject to credit risk of its customers, and its certain receivables denominated in foreign currencies are subject to exchange rate fluctuation risk. The Group mitigates the credit risk of its customers by periodically confirming whether there is any overdue receivable using an aging schedule and other documents, and mitigates the exchange rate fluctuation risk by borrowing in foreign currencies as needed.

The Company’s securities are subject to credit risk of its investees, but the Company invests surplus funds in safe financial instruments with high ratings through prescribed internal procedures.

The Group’s investment securities are subject to credit risk of its investees and market price fluctuation risk. They are equity securities of listed companies with which the Group has business relationships, most of which are categorized as available-for-sale securities, and the Group periodically ascertains the fair value thereof.

The Group’s notes and accounts payable - trade, electronically recorded obligations - operating and accrued expenses are subject to liquidity risk, and its certain payables denominated in foreign currencies are subject to exchange rate fluctuation risk. The Group mitigates the liquidity risk by periodically preparing a schedule of cash receipts and disbursements and other documents, and mitigates the exchange rate fluctuation risk by forward exchange contracts and other means as needed.

Of bonds payable and borrowings, short-term borrowings are primarily for daily business transactions, and long-term borrowings and bonds payable are primarily for temporary advances on large-scale projects. Variable-rate borrowings are subject to interest rate fluctuation risk, and the Group uses interest rate swaps as hedging instruments for respective contracts for most of the long-term borrowings in order to hedge the fluctuation risk of the interest rates to be paid and fix interest expenses. The Group limits interest rate swaps to those to which the exceptional treatment can be applied and omits assessment of hedge effectiveness thereon. The Group mitigates the liquidity risk by periodically preparing a schedule of cash receipts and disbursements and other documents.

The Group executes and manages derivative transactions in accordance with the Company’s Rules on Handling of Derivative Transactions and, when using derivatives, enters into transactions with financial institutions with high ratings to mitigate credit risk. Please see “Significant accounting policy for hedging” of “Disclosure of accounting policies” in “Significant accounting policies for preparation of the consolidated financial statements” described previously for the hedging instruments, hedging policy, method of assessing the hedging effectiveness and other information on hedge accounting.

(3) Supplementary explanation concerning fair values of financial instruments

As several variable factors are incorporated in measuring fair value of financial instruments, the resulting amount may vary depending on the different preconditions employed. In addition, the contract amounts of derivative transactions, mentioned in “Notes - Derivatives” in Notes, should not be considered indicative of the sizes of the market risks involved in the derivative transactions.

2. Fair values of financial instruments

The carrying amounts, fair values, and the differences between them for financial instruments on the consolidated balance sheet are as shown below.

Previous fiscal year (As of March 31, 2025)

(Millions of yen)			
	Carrying amount on the consolidated balance sheet	Fair value	Difference
(1) Investment securities (*2)	3,593	3,593	—
Total assets	3,593	3,593	—
(1) Bonds payable (including within 1 year)	1,100	1,080	(19)
(2) Long-term borrowings (including within 1 year)	4,645	4,713	68
Total liabilities	5,745	5,794	48
Derivatives (*3)			
(1) Those to which hedge accounting is not applied	—	—	—
(2) Those to which hedge accounting is applied	(9)	(9)	—
Total derivatives	(9)	(9)	—

Current fiscal year (As of March 31, 2026)

(Millions of yen)			
	Carrying amount on the consolidated balance sheet	Fair value	Difference
(1) Investment securities (*2)	4,757	4,757	—
Total assets	4,757	4,757	—
(1) Bonds payable (including within 1 year)	1,120	1,100	(19)
(2) Long-term borrowings (including within 1 year)	5,242	5,182	(60)
Total liabilities	6,362	6,283	(79)
Derivatives (*3)			
(1) Those to which hedge accounting is not applied	—	—	—
(2) Those to which hedge accounting is applied	55	55	—
Total derivatives	55	55	—

(*1) This information has been omitted with respect to “cash and deposits,” “notes receivable - trade,” “accounts receivable - trade,” “electronically recorded monetary claims - operating,” “notes and accounts payable - trade,” “electronically recorded obligations - operating,” “short-term borrowings,” and “accrued expenses” because they are cash or their fair values approximate the carrying amounts given that they are settled on a short-term basis.

(*2) Shares that do not have a market value have not been included in “(1) Investment securities.” The carrying amount of such financial instruments on the consolidated balance sheet is as follows:

(Millions of yen)		
Classification	Previous fiscal year	Current fiscal year
Unlisted equity securities, etc.	2,903	2,942

(*3) Net receivables and payables arising from derivative transactions are presented in their net amounts.

(Notes) 1. Projected redemption amounts for monetary claims and securities with maturities after the consolidated balance sheet date

Previous fiscal year (As of March 31, 2025)

(Millions of yen)				
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Deposits	6,471	—	—	—
Notes receivable - trade	224	—	—	—
Accounts receivable - trade	11,865	—	—	—
Electronically recorded monetary claims - operating	363	—	—	—
Securities	—	—	—	—
Investment securities				
Held-to-maturity bonds	—	—	—	—
Available-for-sale securities	—	—	—	—
Total	18,923	—	—	—

Current fiscal year (As of March 31, 2026)

(Millions of yen)				
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Deposits	7,129	—	—	—
Notes receivable - trade	112	—	—	—
Accounts receivable - trade	10,358	—	—	—
Electronically recorded monetary claims - operating	733	—	—	—
Securities	—	—	—	—
Investment securities				
Held-to-maturity bonds	—	—	—	—
Available-for-sale securities	—	—	—	—
Total	18,333	—	—	—

2. Scheduled repayment amounts of bonds payable, long-term borrowings and other interest-bearing liabilities after the consolidated balance sheet date

Previous fiscal year (As of March 31, 2025)

(Millions of yen)					
	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years
Bonds payable	70	1,010	—	—	—
Long-term borrowings	13	9	1,210	980	2,000
Total	83	1,019	1,210	980	2,000

Current fiscal year (As of March 31, 2026)

(Millions of yen)					
	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years
Bonds payable	1,030	—	—	—	—
Long-term borrowings	178	1,340	1,056	1,133	1,318
Total	1,208	1,340	1,056	1,133	1,318

3. Matters regarding the breakdown of financial instruments by each fair value level

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

Level 1 fair value: Fair value is measured using the market price related to the asset or liability subject to measurement of fair value formed in an active market, from among the observable inputs used in fair value measurement.

Level 2 fair value: Fair value is measured enlisting the inputs used in the measurement of fair value, other than the Level 1 inputs, from among the observable inputs used in fair value measurement.
Level 3 fair value: Fair value is measured enlisting the unobservable inputs used in fair value measurement.

In cases where multiple inputs which have a material effect on the measurement of fair value are used, the fair value is categorized at the level with the lowest priority in the fair value measurement among the levels to which the respective inputs belong.

(1) Financial instruments recorded on the consolidated balance sheet at fair value

Previous fiscal year (As of March 31, 2025)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	3,590	—	—	3,590
Corporate bonds	—	2	—	2
Derivative transactions				
Currencies	—	0	—	0
Total assets	3,590	3	—	3,593
Derivative transactions				
Currencies	—	9	—	9
Total liabilities	—	9	—	9

Current fiscal year (As of March 31, 2026)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	4,755	—	—	4,755
Corporate bonds	—	2	—	2
Derivative transactions				
Currencies	—	55	—	55
Total assets	4,755	58	—	4,813
Derivative transactions				
Currencies	—	0	—	0
Total liabilities	—	0	—	0

(2) Financial instruments other than those recorded on the consolidated balance sheet at fair value

Previous fiscal year (As of March 31, 2025)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Bonds payable (including within 1 year)	—	1,080	—	1,080
Long-term borrowings (including within 1 year)	—	4,713	—	4,713
Total liabilities	—	5,794	—	5,794

Current fiscal year (As of March 31, 2026)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Bonds payable (including within 1 year)	—	1,100	—	1,100
Long-term borrowings (including within 1 year)	—	5,182	—	5,182
Total liabilities	—	6,283	—	6,283

(Note) Explanation of valuation methods used to measure fair value and inputs relating to fair value measurement

Investment securities

Listed stocks and corporate bonds are valued using quoted market prices. The fair value of listed stocks is classified as level 1 fair value given that listed stocks are traded in active markets. Corporate bonds are classified at Level 2 because their trade frequency in the market is low and their fair value is not considered to be their quoted market price in an active market.

Derivative transactions

The fair values of interest rate swaps and forward exchange contracts are measured using the discounted present value method (DCF method: discounted cash flow method) with observable inputs, such as interest rate and currency exchange rate. They are categorized as the Level 2 fair value. The fair value of interest rate swaps that are accounted for using exceptional treatment is included in fair value of “Liabilities (2) Long-term borrowings (including within 1 year),” as those interest rate swaps are treated together with the long-term borrowings that are subject to hedging (refer to “Long-term borrowings,” below). The fair value of forward exchange contracts is measured enlisting the discounted cash flow method using observable inputs such as exchange rates.

Bonds payable

The fair value of bonds payable issued by the Company is measured enlisting the discounted cash flow method based on interest rates considering the sum of principal and interest, and the interest rates considering the remaining duration and credit risk of the bonds payable, and is categorized as Level 2 fair value.

Long-term borrowings

The fair value of long-term borrowings is measured enlisting the discounted cash flow method based on interest rates considering the sum of principal and interest, and the interest rates considering the remaining duration and credit risk of the obligation, and is categorized as Level 2 fair value. Long-term borrowings with variable interest rates are subject to exceptional treatment of interest rate swaps (refer to “Derivative transactions,” above), and their fair values are measured using the sum of principal and interest accounted for with the relevant interest rate swaps.

Notes - Securities

1. Held-to-maturity bonds

Previous fiscal year (As of March 31, 2025)
Not applicable

Current fiscal year (As of March 31, 2026)
Not applicable

2. Available-for-sale securities (securities classified as other securities under Japanese GAAP)

Previous fiscal year (As of March 31, 2025)

(Millions of yen)				
	Type	Carrying amount on the consolidated balance sheet	Acquisition cost	Difference
Securities for which the carrying amount on the consolidated balance sheet exceeds the acquisition cost	(1) Stocks	3,094	1,137	1,956
	(2) Bonds			
	(i) Government bonds and municipal bonds, etc.	—	—	—
	(ii) Corporate bonds	—	—	—
	(iii) Other	—	—	—
	(3) Other	—	—	—
	Subtotal	3,094	1,137	1,956
Securities for which the carrying amount on the consolidated balance sheet does not exceed the acquisition cost	(1) Stocks	495	647	(151)
	(2) Bonds			
	(i) Government bonds and municipal bonds, etc.	—	—	—
	(ii) Corporate bonds	2	2	(0)
	(iii) Other	—	—	—
	(3) Other	—	—	—
	Subtotal	498	650	(152)
Total		3,593	1,788	1,804

(Note) “Available-for-sale securities” in the above table do not include shares that do not have a market value (unlisted equity securities; carrying amount on the consolidated balance sheet of ¥2,903 million).

Current fiscal year (As of March 31, 2026)

(Millions of yen)				
	Type	Carrying amount on the consolidated balance sheet	Acquisition cost	Difference
Securities for which the carrying amount on the consolidated balance sheet exceeds the acquisition cost	(1) Stocks	4,363	1,357	3,005
	(2) Bonds			
	(i) Government bonds and municipal bonds, etc.	—	—	—
	(ii) Corporate bonds	—	—	—
	(iii) Other	—	—	—
	(3) Other	—	—	—
	Subtotal	4,363	1,357	3,005
Securities for which the carrying amount on the consolidated balance sheet does not exceed the acquisition cost	(1) Stocks	391	443	(51)
	(2) Bonds			
	(i) Government bonds and municipal bonds, etc.	—	—	—
	(ii) Corporate bonds	2	2	(0)
	(iii) Other	—	—	—
	(3) Other	—	—	—
	Subtotal	394	446	(51)
Total		4,757	1,803	2,953

(Note) “Available-for-sale securities” in the above table do not include shares that do not have a market value (unlisted equity securities; carrying amount on the consolidated balance sheet of ¥2,942 million).

3. Available-for-sale securities that were sold

Previous fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)			
Type	Sales amount	Total gain on sales	Total loss on sales
(1) Shares	818	715	—
(2) Bonds			
(i) Government bonds and municipal bonds, etc.	—	—	—
(ii) Corporate bonds	—	—	—
(iii) Other	—	—	—
(3) Other	—	—	—
Total	818	715	—

Current fiscal year (From April 1, 2025 to March 31, 2026)

(Millions of yen)			
Type	Sales amount	Total gain on sales	Total loss on sales
(1) Shares	7	3	—
(2) Bonds			
(i) Government bonds and municipal bonds, etc.	—	—	—
(ii) Corporate bonds	—	—	—
(iii) Other	—	—	—
(3) Other	—	—	—
Total	7	3	—

4. Securities subject to the recognition of impairment loss

In the previous fiscal year, impairment loss of ¥1 million (shares in available-for-sale securities: ¥1 million) was recognized on securities. In the current fiscal year, impairment loss of ¥69 million (shares in available-for-sale securities: ¥69 million) was recognized on securities.

In the treatment for impairment loss, impairment loss is recognized in principle when the fair market value at the period-end decreased by 50% or more compared with the acquisition cost, and impairment loss is recognized to the extent of the amount considered necessary in light of materiality of the amount, recoverability and other factors when the fair market value at the period-end decreased by approximately 30% to 50%.

Notes - Derivatives

1. Derivative transactions to which hedge accounting is not applied

Previous fiscal year (As of March 31, 2025)

Not applicable

Current fiscal year (As of March 31, 2026)

Not applicable

2. Derivative transactions to which hedge accounting is applied

(1) Currencies

Previous fiscal year (As of March 31, 2025)

(Millions of yen)					
Method of hedge accounting	Type of transaction	Principal hedged items	Contract amount	Portion of contract amount over 1 year	Fair value
Allocation method for forward exchange contract	Forward exchange contract				
	Buy contract				
	U.S. dollar	Accounts payable - trade	673	123	663
Total			673	123	663

Current fiscal year (As of March 31, 2026)

(Millions of yen)					
Method of hedge accounting	Type of transaction	Principal hedged items	Contract amount	Portion of contract amount over 1 year	Fair value
Allocation method for forward exchange contract	Forward exchange contract				
	Buy contract				
	U.S. dollar	Accounts payable - trade	705	—	746
	Euro	Accounts payable - trade	361	—	375
Total			1,066	—	1,121

(2) Interest rates

Previous fiscal year (As of March 31, 2025)

(Millions of yen)					
Method of hedge accounting	Type of transaction	Principal hedged items	Contract amount	Portion of contract amount over 1 year	Fair value
Exceptional treatment of interest rate swaps	Interest rate swap transactions Receive variable, pay fixed	Long-term borrowings	1,700	1,700	(Note)

(Note) The fair value of interest rate swaps that are accounted for using exceptional treatment is included in that of corresponding long-term borrowings, as those interest rate swaps are treated as an adjustment to long-term borrowings as hedged items.

Current fiscal year (As of March 31, 2026)

(Millions of yen)					
Method of hedge accounting	Type of transaction	Principal hedged items	Contract amount	Portion of contract amount over 1 year	Fair value
Exceptional treatment of interest rate swaps	Interest rate swap transactions Receive variable, pay fixed	Long-term borrowings	1,700	1,700	(Note)

(Note) The fair value of interest rate swaps that are accounted for using exceptional treatment is included in that of corresponding long-term borrowings, as those interest rate swaps are treated as an adjustment to long-term borrowings as hedged items.

Notes - Retirement benefits

1. Summary of retirement benefit plans adopted

The Company and certain consolidated subsidiaries have defined benefit corporate pension plans as defined benefit plans, and certain consolidated subsidiaries have a small and medium sized enterprise retirement allowance cooperative plan and lump-sum retirement plans.

In addition, the Company and certain consolidated subsidiaries have defined contribution corporate pension plans.

The Company and certain consolidated subsidiaries participate in Nihon Sangyo Kikai Kougyo Kigyonenkin Kikin (pension fund of Japan industrial machinery manufacturers) or Zenkankyo Kigyonenkin Kikin (pension fund for employees in the environmental measurement certification sector nationwide). For this fund, since the amount of pension plan assets corresponding to contributions by the respective companies cannot be reasonably calculated, the fund is accounted for in a manner similar to defined contribution plans.

2. Defined benefit plans

(1) Reconciliation between beginning balance and ending balance of retirement benefit obligations

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Beginning balance of retirement benefit obligations	¥3,888 million	¥3,565 million
Service cost	252	388
Interest expenses	11	46
Unrecognized net actuarial gain or loss	(251)	(130)
Retirement benefits paid	(336)	(307)
Increase due to acquisition of new consolidated subsidiary	—	566
Other	2	6
Ending balance of retirement benefit obligations	3,565	4,135

(2) Reconciliation between beginning balance and ending balance of pension plan assets

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Beginning balance of pension plan assets	¥4,288 million	¥4,193 million
Expected return on plan assets	39	41
Unrecognized net actuarial gain or loss	(56)	240
Amount of employer contribution	231	240
Retirement benefits paid	(309)	(255)
Increase due to acquisition of new consolidated subsidiary	—	135
Other	0	(0)
Ending balance of pension plan assets	4,193	4,595

(3) Retirement benefit obligations and pension plan assets at the end of the fiscal year and reconciliation of retirement benefit liability and retirement benefit asset on consolidated balance sheet

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Retirement benefit obligations under funded system	¥3,565 million	¥(4,135) million
Pension plan assets	(4,193)	4,595
	(628)	(460)
Retirement benefit obligations under unfunded system	—	—
Net amount of assets and liabilities stated in the consolidated balance sheet	(628)	(460)
Retirement benefit liability	457	942
Retirement benefit asset	(1,085)	(1,403)
Net amount of assets and liabilities stated in the consolidated balance sheet	(628)	(460)

(4) Retirement benefit expenses and components thereof

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Service cost	¥252 million	¥388 million
Interest expenses	11	46
Expected return on plan assets	(39)	(41)
Amortization of net actuarial gain or loss	(106)	(178)
Retirement benefit expenses pertaining to defined benefit plans	117	215

(5) Remeasurements of defined benefit plans on consolidated statement of income and comprehensive income

The components of remeasurements of defined benefit plans (before deduction of income taxes and tax effects) are as follows:

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Actuarial gains and losses	¥(86) million	¥(190) million
Total	(86)	(190)

(6) Remeasurements of defined benefit plans on consolidated balance sheet

The components of remeasurements of defined benefit plans (before deduction of income taxes and tax effects) are as follows:

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Unrecognized net actuarial gain or loss	¥(508) million	¥(694) million
Total	(508)	(694)

(7) Pension plan assets

(i) Major components of pension plan assets

Ratio of major components for total pension plan assets is as follows:

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Bonds	25%	27%
Shares	41	40
General account	26	25
Other	8	8
Total	100	100

(ii) Method of establishing expected long-term rates of return on plan assets

In order to determine the expected long-term rates of return on plan assets, the current and forecast distribution of plan assets and the current and expected future long-term rates of return from the diverse assets that comprise the plan assets are taken into consideration.

(8) Matters relating to the basis for actuarial calculations

Main basis for actuarial calculations

	Previous fiscal year (As of March 31, 2025)	Current fiscal year (As of March 31, 2026)
Discount rate	1.60%	1.60%
Expected long-term rates of return on pension plan assets	1.00%	1.00%

3. Defined contribution plans

The required contribution from the Company and its consolidated subsidiaries into the defined contribution pension plans was ¥88 million in the previous fiscal year and ¥88 million in the current fiscal year.

4. Multi-employer plan

The required contribution amount to the corporate pension fund plan under the multi-employer plan, which is accounted for in the same manner as a defined contribution plan, was ¥121 million in the previous fiscal year and ¥113 million in the current fiscal year.

(1) Nihon Sangyo Kikai Kougyo Kigyonenkin Kikin (pension fund of Japan industrial machinery manufacturers)

(i) Funded status of multi-employer plan

	Previous fiscal year (As of March 31, 2024)	Current fiscal year (As of March 31, 2025)
Plan assets	¥18,848 million	¥19,420 million
Sum of actuarial obligations calculated for finance status of pension plan and minimum reserve	19,559	19,115
Net amount	(710)	(305)

(ii) Group's proportion of total contributions to plan

Previous fiscal year 8.15% (As of March 31, 2025)

Current fiscal year 8.14% (As of March 31, 2026)

(iii) Supplementary explanation

Major factors for the net amount in (i) above are the balance of past service liabilities (¥4,899 million as of March 31, 2025 and ¥3,616 million as of March 31, 2026) and surplus amount (¥1,941 million as of March 31, 2025 and ¥1,941 million as of March 31, 2026) for pension financing calculation.

The principal and interest of past service liabilities in this plan are amortized equally over 10 years and 6 months, and the Group recorded special contributions applied to such amortization (¥85 million as of March 31, 2025 and ¥79 million as of March 31, 2026) as expenses in the consolidated financial statements.

The proportions in (ii) above are not consistent with the proportions actually funded by the Group.

(2) Zenkankyo Kigyonenkin Kikin (pension fund for employees in the environmental measurement certification sector nationwide)

(i) Funded status of multi-employer plan

	Previous fiscal year (As of March 31, 2024)	Current fiscal year (As of March 31, 2025)
Plan assets	¥11,171 million	¥11,266 million
Sum of actuarial obligations calculated for finance status of pension plan and minimum reserve	7,277	7,412
Net amount	3,894	3,854

(ii) Group's proportion of total contributions to plan

Previous fiscal year 1.58% (As of March 31, 2024)

Current fiscal year 1.69% (As of March 31, 2025)

(iii) Supplementary explanation

The proportions in (ii) above are not consistent with the proportions actually funded by the Group.

Notes - Share options, etc.

Not applicable

Notes - Tax effect accounting

1. Significant components of deferred tax assets and liabilities

	Previous fiscal year (As of March 31, 2025)	Current fiscal year (As of March 31, 2026)
Deferred tax assets		
Tax loss carry-forward (Note)	¥114 million	¥137 million
Accrued business tax	77	56
Retirement benefit liability	72	242
Provision for bonuses	175	176
Allowance for doubtful accounts	66	84
Provision for loss on orders received	127	120
Loss on valuation of investment securities	156	177
Loss on valuation of investments in capital	171	108
Impairment loss	311	256
Depreciation	197	200
Asset retirement obligations	163	213
Other	609	734
Deferred tax assets subtotal	2,241	2,509
Valuation reserve for tax loss carry-forwards (Note)	(106)	(122)
Valuation reserve for the total of deductible temporary differences, etc.	(730)	(988)
Valuation reserve subtotal	(837)	(1,110)
Total deferred tax assets	1,404	1,399
Offset with deferred tax liabilities	(1,146)	(1,153)
Net deferred tax assets	258	245
Deferred tax liabilities		
Revaluation reserve for land	1,128	1,128
Valuation difference on available-for-sale securities	461	804
Reserve for tax purpose reduction entry of non-current assets	870	865
Retirement benefit asset	332	458
Other	53	81
Total deferred tax liabilities	2,846	3,337
Offset with deferred tax assets	(1,146)	(1,153)
Net deferred tax liabilities	1,699	2,183

(Note) Amounts of tax loss carry-forwards and related deferred tax assets by carry-forward period

Previous fiscal year (As of March 31, 2025)

	(Millions of yen)						
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Tax loss carry-forwards (*)	7	1	1	1	1	98	114
Valuation reserve	–	(1)	(1)	(1)	(1)	(98)	(106)
Deferred tax assets	7	–	–	–	–	–	7

Current fiscal year (As of March 31, 2026)

	(Millions of yen)						
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Tax loss carry-forwards (*)	18	13	1	3	20	80	137
Valuation reserve	(2)	(13)	(1)	(3)	(20)	(80)	(122)
Deferred tax assets	15	–	–	–	–	–	15

(*) Tax loss carry-forwards represents the amount multiplied by the statutory effective tax rate.

2. Main components causing significant differences between the statutory effective tax rate and the actual effective tax rate after application of tax effect accounting

	Previous fiscal year (As of March 31, 2025)	Current fiscal year (As of March 31, 2026)
Statutory effective tax rate	30.62%	The note is omitted, because the difference between the statutory effective tax rate and the actual effective tax rate after adoption of tax effect accounting is less than 5% of statutory effective tax rate.
<u>Adjustments</u>		
Increase/decrease in valuation reserve	(2.00)	
Expenses not deductible for income tax purposes, such as entertainment expenses	1.45	
Income not included for income tax purposes, such as dividends received	(0.09)	
Per capita levy of inhabitant taxes	0.76	
Effect of differences in tax rates applicable to subsidiaries from tax rate applicable to the Company	0.59	
Retained earnings of overseas subsidiaries	0.16	
Tax credits	(2.97)	
Adjustment amounts of year-end deferred tax assets and deferred tax liabilities due to change in tax rate	0.38	
Other	(0.56)	
Actual effective tax rate	28.36	

Notes - Asset retirement obligations

Of asset retirement obligations, items recorded on the consolidated balance sheet

1. Outline of asset retirement obligations

The Group assumes obligations to restore the original state of certain facilities for rent, such as costs of removing asbestos from buildings containing asbestos and real estate lease agreements for manufacturing facilities and other owned sites situated on leased land under the Ordinance on Prevention of Asbestos Hazards and other such regulations.

2. Calculation method for determining asset retirement obligation amount

With respect to facilities containing asbestos, this amount is not discounted because the estimated period of use has already elapsed. Estimates regarding future costs of removing asbestos are recognized as asset retirement obligations.

With respect to obligations to restore the original state of sites associated with major real estate lease agreements, the amount of asset retirement obligations was calculated using a discount rate of 0.643% assuming an estimated period of use of 28 years from acquisition.

3. Increase (decrease) in total asset retirement obligations

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Beginning balance	¥820 million	¥517 million
Increase due to acquisition of property, plant and equipment	–	–
Increase due to change in estimates	(7)	54
Adjustments associated with passage of time	0	0
Decrease due to settlement of asset retirement obligations	(295)	(12)
Increase due to acquisition of consolidated subsidiary	–	114
Ending balance	517	676

Notes - Real estate for lease, etc.

The Company and certain subsidiaries rent out a space such as in their business places as well as land mainly for rental housing and buildings in the Tokyo metropolitan area and other areas. Rental profit related to the real estate for rent, etc. for the previous fiscal year was ¥33 million (rent income is recorded in net sales, and rent expenses are recorded in cost of sales). Rental profit related to the real estate for rent, etc. for the current fiscal year was ¥83 million (rent income is recorded in net sales, and rent expenses are recorded in cost of sales).

Carrying amounts on the consolidated balance sheet, changes during period for the previous and current fiscal years and fair values of the real estate for rent, etc. are as follows:

(Millions of yen)		
	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Carrying amount on the consolidated balance sheet		
Balance at beginning of period	4,093	5,216
Increase (decrease) during period	1,122	(724)
Balance at end of period	5,216	4,492
Fair value at end of period	3,618	3,207

- (Notes) 1. Carrying amount on the consolidated balance sheet is calculated by subtracting accumulated depreciation and impairment loss from acquisition cost.
2. The main factors for changes during the previous fiscal year were an increase due to the renovation and expansion of rental assets (¥618 million) and an increase in rental area (¥507 million). The main factors for changes during the current fiscal year were a decrease in rental area (¥713 million) and a decrease due to depreciation (¥10 million).
3. Fair value of property whose amount has significance at the end of the period is an amount based on a value investigation report by an external licensed real estate appraiser, and that of other property whose amount has little significance is an amount based on an index which is believed to reflect a market value appropriately.

Notes - Revenue recognition

1. Information on disaggregation of revenue from contracts with customers

Information on disaggregated revenue by timing of revenue recognition is as follows:

Previous fiscal year (From April 1, 2024 to March 31, 2025)

	Reportable segments				Other (Note)	Total
	Logistics Solutions Business	Plant Business	Business Innovation & Incubation	Total		
Goods and services transferred at a point in time	10,630	277	9,638	20,547	5	20,553
Goods and services transferred over time	27,170	12,209	146	39,525	–	39,525
Revenue from contracts with customers	37,800	12,486	9,785	60,073	5	60,079
Other revenue	–	–	–	–	395	395
Sales to external customers	37,800	12,486	9,785	60,073	401	60,474

(Note) “Other” represents business segments not included in the reportable segments of the Company including leasing and real estate rental operations.

Current fiscal year (From April 1, 2025 to March 31, 2026)

	Reportable segments				Other (Note)	Total
	Logistics Solutions Business	Plant Business	Business Innovation & Incubation	Total		
Goods and services transferred at a point in time	13,207	0	10,656	23,863	3	23,866
Goods and services transferred over time	21,750	12,799	803	35,354	–	35,354
Revenue from contracts with customers	34,957	12,799	11,459	59,217	3	59,221
Other revenue	–	–	–	–	396	396
Sales to external customers	34,957	12,799	11,459	59,217	399	59,617

(Note) “Other” represents business segments not included in the reportable segments of the Company including leasing and real estate rental operations.

2. Information that serves as a basis for understanding revenue from contracts with customers

Information that serves as a basis for understanding revenue from contracts with customers has been presented in, “Notes - Significant accounting policies for preparation of the consolidated financial statements, 4. Disclosure of accounting policies, (5) Accounting policies for significant revenues and expenses.”

3. Information on the relationship between satisfying performance obligations pursuant to contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized in subsequent fiscal years from contracts with customers that existed at the end of the current fiscal year.

(1) Balance of contract assets and contract liabilities

(Millions of yen)		
	As of March 31, 2025	As of March 31, 2026
Receivables from contracts with customers	12,452	11,204
Contract assets	14,422	13,001
Contract liabilities	1,436	2,393

Contract assets represent the unbilled revenue recognized based on the measurement of progress primarily in construction contracts.

Contract assets are transferred to receivables from contracts with customers when the right to compensation becomes unconditional.

Main components of contract liabilities relate to advances received from customers based on contractual terms and conditions in construction contracts, and are reversed upon recognition of revenue due to satisfying performance obligations. Of the revenues recognized in the current fiscal year, ¥1,210 million is included in the balance of contract liabilities as of the beginning of the fiscal year.

In the current fiscal year, the amount of revenue recognized from the performance obligations satisfied in the past period is not significant.

In addition, since the payment terms in each construction contract vary by contract, there is no clear relationship between the timing of satisfaction of performance obligations and payment terms.

(2) Transaction price allocated to remaining performance obligations

Unsatisfied performance obligations are ¥45,724 million as of March 31, 2025. These performance obligations mainly involve construction contracts in the Logistics Solutions Business and the Plant Business, with respect to which approximately 80% is to be recognized as revenue within one year subsequent to the end of the fiscal year and the remaining 20% is to be recognized as revenue within two to five years.

Unsatisfied performance obligations are ¥46,266 million as of March 31, 2026. These performance obligations mainly involve construction contracts in the Logistics Solutions Business and the Plant Business, with respect to which approximately 80% is to be recognized as revenue within one year subsequent to the end of the fiscal year and the remaining 20% is to be recognized as revenue within two to five years.

Notes - Segment information, etc.

[Segment information]

1. Description of reportable segments

The reportable segments of the Company are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors of the Company to make decisions about resource allocation and assess their performance.

The Group develops comprehensive business strategies and engages in business activities for respective products and service of divisions by product and service in the Company.

Accordingly, the Company is comprised of segments by product and service, and its reportable segments consist of “Logistics Solutions Business,” “Plant Business,” and “Business Innovation & Incubation.”

“Logistics Solutions Business” develops, designs, and builds material handling systems focusing on sorting, picking and conveying systems that integrate IT, and provides maintenance services and other operations for these systems. “Plant Business” provides maintenance services and other operations for storage tanks for LNG, LPG, crude oil and other gas and liquid. “Business Innovation & Incubation” engages in investigation, measurement, and analysis of substances such as asbestos, maintenance and management of environmental measurement equipment and environmental surveys, design of various types of measurement equipment related to civil engineering, construction, and pollution, manufacturing and sales of industrial equipment and machinery, manufacturing and sales of various manual and electric winches, and building contracting.

Until now, the Group’s reportable segments have been divided into four categories: “Logistics Solutions Business,” “Plant Business,” “Next-Generation Energy Development Business,” and “Business Innovation & Incubation.” However, starting from the current fiscal year, they will be divided into three categories: “Logistics Solutions Business,” “Plant Business,” and “Business Innovation & Incubation.”

This change is in response to an organizational restructuring effective April 1, 2025, which aims to progressively dissolve the “Next-Generation Energy Development Business” and transition it to the “Next-Generation Energy Development Center,” an organization directly under the President and Representative Director. This restructuring is intended to accelerate the research and development of large-scale storage containers for liquid hydrogen with the goal of realizing a hydrogen-based society. By doing so, we aim to establish an environment that enables swift decision-making for development and to establish manufacturing technology for large-scale storage containers for liquid hydrogen.

Segment information for the previous fiscal year has been prepared under the reportable segment classification after the change for presentation.

2. Method of measurements of sales, profit (loss), asset, and other items for each reportable segment

The accounting procedures for the reporting operating segments are nearly the same as those stated in “Significant accounting policies for preparation of the consolidated financial statements.” Profits of the reportable segments are based on operating profit. Intersegment transactions are based on actual transaction amounts.

3. Disclosure of sales, profit (loss), asset, and other items for each reportable segment

Previous fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segments				Other (Note)	Adjustment	Total
	Logistics Solutions Business	Plant Business	Business Innovation & Incubation	Total			
Sales							
Sales to external customers	37,800	12,486	9,785	60,073	401	–	60,474
Transactions with other segments	–	–	96	96	212	(309)	–
Total	37,800	12,486	9,882	60,169	613	(309)	60,474
Segment profit	3,722	901	873	5,497	174	(1,540)	4,131
Segment assets	34,205	10,015	9,990	54,211	5,713	7,511	67,436
Other items							
Depreciation	471	13	248	734	88	21	843
Increase in property, plant and equipment, and intangible assets	1,110	156	365	1,632	406	56	2,094

(Note) “Other” includes real estate rental and leasing operations.

Current fiscal year (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segments				Other (Note)	Adjustment	Total
	Logistics Solutions Business	Plant Business	Business Innovation & Incubation	Total			
Sales							
Sales to external customers	34,957	12,799	11,459	59,217	399	—	59,617
Transactions with other segments	—	2	163	165	242	(408)	—
Total	34,957	12,802	11,622	59,383	641	(408)	59,617
Segment profit	3,425	1,002	466	4,893	162	(1,474)	3,581
Segment assets	32,368	11,375	12,799	56,544	5,005	7,971	69,521
Other items							
Depreciation	551	55	373	980	98	31	1,111
Increase in property, plant and equipment, and intangible assets	763	111	710	1,585	297	362	2,245

(Note) “Other” includes real estate rental and leasing operations.

4. Differences between total amounts for reportable segments and amounts in the consolidated financial statements and main details of these differences (matters relating to difference adjustments)

(Millions of yen)

Profit	Previous fiscal year	Current fiscal year
Reportable segments total	5,497	4,893
Profit of “other”	174	162
Corporate expenses (Note)	(1,527)	(1,472)
Other adjustments	(12)	(2)
Operating profit in the consolidated financial statements	4,131	3,581

(Note) Corporate expenses mainly represent expenses related to administrative divisions such as the general affairs division, which are not attributable to the reportable segments.

(Millions of yen)

Asset	Previous fiscal year	Current fiscal year
Reportable segments total	54,211	56,544
Assets of “other”	5,713	5,005
Corporate assets (Note)	7,654	8,091
Other adjustments	(142)	(120)
Total assets in the consolidated financial statements	67,436	69,521

(Note) Corporate assets mainly represent assets related to divisions managing cash and deposits, investment securities and other assets of the Company, which are not attributable to the reportable segments.

[Information associated with reportable segments]

Previous fiscal year (From April 1, 2024 to March 31, 2025)

1. Information for each product and service

(Millions of yen)

	Material handling system equipment, etc.	Storage tank, etc.	Maintenance services of storage tanks	Other	Total
Sales to external customers	37,800	2,158	10,328	10,186	60,474

2. Information about geographical area

(1) Sales

(Millions of yen)

Japan	Southeast Asia	Other	Total
58,461	1,919	94	60,474

(Note) Sales are classified by country or region on the basis of construction sites.

(2) Property, plant and equipment

(Millions of yen)

Japan	Southeast Asia	Oceania	Total
17,786	167	34	17,988

3. Information for each of main customers

Name of customer	Sales	Relevant segment
ASKUL Corporation	¥7,638 million	Logistics Solutions Business
Amazon Japan G.K.	¥6,981 million	Logistics Solutions Business

Current fiscal year (From April 1, 2025 to March 31, 2026)

1. Information for each product and service

(Millions of yen)

	Material handling system equipment, etc.	Storage tank, etc.	Maintenance services of storage tanks	Other	Total
Sales to external customers	34,957	2,210	10,589	11,859	59,617

2. Information about geographical area

(1) Sales

(Millions of yen)

Japan	Southeast Asia	Other	Total
57,345	2,233	37	59,617

(Note) Sales are classified by country or region on the basis of construction sites.

(2) Property, plant and equipment

(Millions of yen)

Japan	Southeast Asia	Oceania	Total
19,432	382	33	19,848

3. Information for each of main customers

Name of customer	Sales	Relevant segment
Amazon Japan G.K.	¥7,254 million	Logistics Solutions Business

[Disclosure of impairment loss on non-current assets for each reportable segment]

Previous fiscal year (From April 1, 2024 to March 31, 2025)

Not applicable

Current fiscal year (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segments			Other	Adjustment	Total
	Logistics Solutions Business	Plant Business	Business Innovation & Incubation			
Impairment losses	95	—	43	—	—	138

[Amortization and unamortized balance of goodwill for each reportable segment]

Previous fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segments			Other	Adjustment	Total
	Logistics Solutions Business	Plant Business	Business Innovation & Incubation			
Amortization in the current fiscal year	8	—	1	—	—	10
Ending balance	29	—	10	—	—	40

Current fiscal year (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segments			Other	Adjustment	Total
	Logistics Solutions Business	Plant Business	Business Innovation & Incubation			
Amortization in the current fiscal year	8	—	3	—	—	12
Ending balance	—	—	7	—	—	7

(Note) In the Logistics Solutions business, we recorded an impairment loss of ¥95 million on goodwill.

[Gain on bargain purchase for each reportable segment]

Previous fiscal year (From April 1, 2024 to March 31, 2025)

Not applicable

Current fiscal year (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segments			Other	Adjustment	Total
	Logistics Solutions Business	Plant Business	Business Innovation & Incubation			
Gain on bargain purchase	—	—	77	—	—	77

[Information associated with related parties]

1. Related party transactions

(1) Transactions between the company submitting the consolidated financial statements and related parties

Not applicable

(2) Transactions between consolidated subsidiaries of the company submitting the consolidated financial statements and related parties

Officers, major shareholders (individuals only), etc. of the company submitting the consolidated financial statements

Previous fiscal year (From April 1, 2024 to March 31, 2025)

Type	Name of company, etc.	Location	Share capital or stake (Millions of yen)	Nature of business or occupation	Ratio of voting rights, etc. holding (held) (%)	Relationship with related parties	Transactions	Amount of transactions (Millions of yen)	Item	Ending balance (Millions of yen)
Executive officer of a subsidiary	Koichi Ono	—	—	President and CEO of a subsidiary	—	—	Guarantees for borrowings of a subsidiary from a financial institution	11	—	—

Current fiscal year (From April 1, 2025 to March 31, 2026)

Type	Name of company, etc.	Location	Share capital or stake (Millions of yen)	Nature of business or occupation	Ratio of voting rights, etc. holding (held) (%)	Relationship with related parties	Transactions	Amount of transactions (Millions of yen)	Item	Ending balance (Millions of yen)
Executive officer of a subsidiary	Koichi Ono	—	—	President and CEO of a subsidiary	—	—	Guarantees for borrowings of a subsidiary from a financial institution (Note 1)	1	—	—
Executive officer of a subsidiary	Toru Takahashi	—	—	Executive officer of a subsidiary	—	—	Guarantees for borrowings of a subsidiary from a financial institution (Note 2)	26	—	—
Person equivalent to an officer	Takeshi Mizukami	—	—	Former president and representative director of the Company	—	—	Renovation of housing facilities (Note 3)	13	—	—
Person equivalent to an officer	Toru Yanagawa	—	—	Previous president and representative director of the Company	—	—	Renovation of housing facilities (Note 3)	12	—	—

- (Notes)
1. The consolidated subsidiary, MAXPULL MACHINERY & ENGINEERING CO., LTD., received a debt guarantee from its President and CEO, Koichi Ono, for its borrowings from a financial institution. No guarantee fee was paid. Additionally, this borrowing utilized the guarantee system of the Chiba Credit Guarantee Association, which required the corporate representative to act as a guarantor. The lender was MUFG Bank, Ltd., and the debt guarantee agreement was completely cancelled as of February 26, 2026.
 2. The consolidated subsidiary, Scrum Software Co.,Ltd received a debt guarantee from its Director, Toru Takahashi, for its borrowings from a financial institution. No guarantee fee was paid. The lender was THE SEIBU SHINKIN BANK, and the debt guarantee agreement was completely cancelled as of March 24, 2026.
 3. The terms and conditions for the renovation work were determined based on arm's length transactions.

2. Notes concerning the parent company or important affiliated companies
Not applicable

Notes - Per share information

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Net assets per share	¥2,514.49	¥2,585.25
Basic earnings per share	¥235.81	¥164.52

- (Notes)
- The amount of diluted earnings per share is not provided because there are no potential shares.
 - On January 1, 2026, the Company conducted a share split at a ratio of 2 shares per share of common shares. Per share information is calculated on the assumption that the said share split was conducted at the beginning of the previous fiscal year.
 - In the calculation of “net assets per share,” shares of the Company held by the benefit trust for officers are included in treasury shares deducted from the total number of shares issued at the end of the fiscal year (112,000 shares in the previous fiscal year, 240,000 shares in the current fiscal year).
In addition, in the calculation of “basic earnings per share,” such shares are included in treasury shares deducted in the calculation of the average number of shares during the period (113,831 shares in the previous fiscal year, 184,369 shares in the current fiscal year).
 - The basis for calculation for basic earnings per share is as follows:

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Profit attributable to owners of parent	¥3,638 million	¥2,556 million
Profit not relating to common shareholders	—	—
Profit attributable to owners of parent pertaining to common shares	¥3,638 million	¥2,556 million
Average number of shares during the period	15,430 thousand shares	15,537 thousand shares

Notes - Significant events after reporting period

(Company split for transition to a holding company structure)

At a meeting of the Board of Directors held on May 15, 2026, the Company resolved to implement a company split (absorption-type company split) with an effective date of April 1, 2027, whereby (i) the Plant Business will be succeeded to by TOYO KANETSU Plant Business Split Preparation Co., Ltd. (the “Plant Business split preparation subsidiary”), a wholly owned subsidiary of the Company, and (ii) the Logistics Solutions Business will be succeeded to by TOYO KANETSU Logistics Business Split Preparation Co., Ltd. (the “Logistics Solutions Business split preparation subsidiary”), a wholly owned subsidiary of the Company (collectively, the “Company Split”). The Company also executed the absorption-type company split agreements as of May 15, 2026.

In addition, on April 1, 2027 (planned), following the Company Split, the Plant Business split preparation subsidiary plans to change its trade name to “TOYO KANETSU Plant Co., Ltd.”, the Logistics Solutions Business split preparation subsidiary plans to change its trade name to “TOYO KANETSU Solutions Co., Ltd.”, and the Company plans to change its corporate purposes to align with its businesses after the Company Split.

The Company Split and the proposed partial amendment to the Company’s Articles of Incorporation (partial change to corporate purposes) are subject to approval at the 118th Ordinary General Meeting of Shareholders scheduled to be held on June 25, 2026, and obtaining any required licenses and permits from the relevant authorities.

- (1) Purpose of the Company Split
- Under the Group Medium-Term Management Plan for FY2025 to 2027, the TOYO KANETSU Group has adopted “establishing a growth foundation for the future” as its basic policy and is pursuing the following three initiatives.
- Business growth (restructuring of the business structure (portfolio))
 - Productivity improvement (promotion of standardization and labor-saving of products and operations)
 - Strengthening human capital (ensuring diversity and proactive investment in development)

In FY2027, the final year of the Medium-Term Management Plan, the Group targets net sales of ¥68.0 billion, operating profit of ¥4.3 billion, and ROE of 8%. The transition to a holding company structure is intended to further enhance the execution of the Medium-Term Management Plan. The Company also expects that such

transition will accelerate growth and strengthen competitiveness toward the sustainable enhancement of corporate value by achieving both (i) optimal decision-making tailored to the characteristics of each business and (ii) more sophisticated capital allocation, governance, and risk management from a Group-wide perspective. To date, in addition to strengthening its existing businesses, the Group has proactively incorporated new businesses and technologies through M&A, including companies related to the environment and disaster prevention in Business Innovation & Incubation, software development companies in the Logistics Solutions Business, and adjacent-domain companies in the Industrial Machinery Business and Plant Business. As a result, the number of Group companies has steadily increased, and the Company’s role has evolved from a single operating company into the center of group management overseeing multiple operating companies.

Under these circumstances, the Company determined that the transition to a holding company structure is the most appropriate means to facilitate (i) Group-wide strategy formulation, (ii) swift decision-making for each business, and (iii) post-M&A integration and growth support, and to evolve toward an optimal form of Group management.

(2) Overview of the transition to a holding company structure

- (i) Schedule of the Company Split
- | | |
|--|-------------------------|
| Board approval of establishment of split preparation subsidiaries | March 31, 2026 |
| Establishment of split preparation subsidiaries | April 13, 2026 |
| Board approval of the company split agreements | May 15, 2026 |
| Execution of the company split agreements | May 15, 2026 |
| Approval of the company split agreements at the Ordinary General Meeting of Shareholders | June 25, 2026 (planned) |
| Effective date of the Company Split | April 1, 2027 (planned) |
- (ii) Method of the Company Split
- This is an absorption-type company split in which the Company will be the splitting company (hereinafter, the “Splitting Company”), the Plant Business split preparation subsidiary (a preparation subsidiary wholly owned by the Company) will be the successor company for the Plant Business, and the Logistics Solutions Business split preparation subsidiary (a preparation subsidiary wholly owned by the Company) will be the successor company for the Logistics Solutions Business (hereinafter, each or collectively, the “Successor Companies”), and the rights and obligations relating to the respective businesses held by the Company will be succeeded to by the relevant Successor Company.
- (iii) Details of the allotment related to the Company Split
- As the Company holds all issued shares of each Successor Company, no consideration will be delivered by any Successor Company in connection with the Company Split.
- (iv) Treatment of share acquisition rights and bonds with share acquisition rights in connection with the Company Split
- The Company has not issued any share acquisition rights or bonds with share acquisition rights.
- (v) Changes in capital resulting from the Company Split
- There will be no increase or decrease in the Company’s stated capital as a result of the Company Split.
- (vi) Rights and Obligations to be succeeded to by each Successor Company
- On the effective date, the successor company for the Plant Business will succeed to those rights and obligations of the Company relating to the Plant Business as specified in the absorption-type company split agreement.
- On the effective date, the successor company for the Logistics Solutions Business will succeed to those rights and obligations of the Company relating to the Logistics Solutions Business as specified in the absorption-type company split agreement.
- With respect to the liabilities of the Company to be succeeded to by each Successor Company, the method of cumulative assumption of obligations (joint and several assumption) will be used.
- (vii) Prospect of performance of obligations
- It is expected that, after the Company Split, the amount of assets of the Company and each Successor Company will exceed the amount of their liabilities, and at present no circumstances are anticipated that would impede the performance of the obligations to be borne.
- Accordingly, the Company believes that there will be no issues with the prospect of performance of the obligations to be borne by the Company and each Successor Company after the Company Split.

(3) Overview of the parties to the Company Split

Overview of the parties

	Splitting Company (as of March 31, 2026)
(1) Name	TOYO KANETSU K.K.
(2) Location	11-1, Minamisuna 2-chome, Koto-ku, Tokyo
(3) Title and name of representative	Takashi Owada, President and Representative Director
(4) Business description	Logistics Solutions Business, Plant Business, Business Innovation & Incubation and others
(5) Stated capital	¥18,580 million
(6) Date of incorporation	May 16, 1941
(7) Total number of issued shares	16,046,148 shares
(8) Fiscal year-end	March 31
(9) Major shareholders and shareholding ratio (Top 10 shareholders)	The Master Trust Bank of Japan, Ltd. (Trust Account) (12.60%) Custody Bank of Japan, Ltd. (Trust Account) (6.33%) Nippon Life Insurance Company (2.61%) Resona Bank, Limited (2.32%) THE BANK OF NEW YORK MELLON 140044 (2.07%) Toyo Kanetsu Employee Stock Ownership Plan (1.92%) BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (1.82%) Sumitomo Life Insurance Company (1.45%) Daiei Real Estate & Development Co., Ltd. (1.42%) Sato Kogyo Co., Ltd. (1.40%)
(10) Relationship between the parties	Capital relationship: The Splitting Company holds 100% of the issued shares of each Successor Company.
	Personnel relationship: One representative director of the Splitting Company concurrently serves as one representative director of each Successor Company.
	Business relationship: As the Successor Companies have not commenced operations, there are currently no business transactions with the Splitting Company.
(11) Financial position and operating results for the most recent fiscal year (fiscal year ended March 31, 2026)	
Net assets	¥40,301 million (consolidated)
Total assets	¥69,521 million (consolidated)
Net assets per share	¥2,585.25 (consolidated)
Net sales	¥59,617 million (consolidated)
Operating profit	¥3,581 million (consolidated)
Ordinary profit	¥3,897 million (consolidated)
Profit attributable to owners of parent	¥2,556 million (consolidated)
Earnings per share	¥164.52 (consolidated)

	Plant Business split preparation subsidiary (Successor Company) (as of incorporation on April 13, 2026)	Logistics Solutions Business split preparation subsidiary (Successor Company) (as of incorporation on April 13, 2026)
(1) Name	TOYO KANETSU Plant Business Split Preparation Co., Ltd.	TOYO KANETSU Logistics Business Split Preparation Co., Ltd.
(2) Location	11-1, Minamisuna 2-chome, Koto-ku, Tokyo	11-1, Minamisuna 2-chome, Koto-ku, Tokyo
(3) Title and name of representative	Takashi Owada, Representative Director	Takashi Owada, Representative Director
(4) Business description	Plant Business	Logistics Solutions Business
(5) Stated capital	¥100 million	¥100 million
(6) Date of incorporation	April 13, 2026	April 13, 2026
(7) Total number of issued shares	100 shares	100 shares
(8) Fiscal year-end	March 31	March 31
(9) Shareholder	TOYO KANETSU K.K. (100%)	TOYO KANETSU K.K. (100%)
(10) Relationship between the parties	Capital relationship	The Splitting Company holds 100% of the issued shares of each Successor Company.
	Personnel relationship	One representative director of the Splitting Company concurrently serves as one representative director of each Successor Company.
	Business relationship	As the Successor Companies have not commenced operations, there are currently no business transactions with the Splitting Company.
(11) Financial position as of incorporation		
Net assets	¥100 million (non-consolidated)	¥100 million (non-consolidated)
Total assets	¥100 million (non-consolidated)	¥100 million (non-consolidated)
Net assets per share	¥1,000 thousand (non-consolidated)	¥1,000 thousand (non-consolidated)

- (Notes)
- TOYO KANETSU Plant Business Split Preparation Co., Ltd. plans to change its trade name to “TOYO KANETSU Plant Co., Ltd.” effective April 1, 2027.
 - TOYO KANETSU Logistics Business Split Preparation Co., Ltd. plans to change its trade name to “TOYO KANETSU Solutions Co., Ltd.” effective April 1, 2027.
 - As the Successor Companies have no prior fiscal year, only balance sheet line items as of their respective dates of incorporation are presented.

(4) Outline of the business divisions to be split off

(i) Plant Business split preparation subsidiary

- Business description of the division to be split
Plant Business

2. Operating results of the division to be split (results for the fiscal year ended March 31, 2026)

	Business to be split (a)	Company results (non-consolidated) (b)	Ratio (a÷b)
Net sales	¥10,618 million	¥45,846 million	23.2%

(ii) Logistics Solutions Business split preparation subsidiary

- Business description of the division to be split
Logistics Solutions Business

2. Operating results of the division to be split (results for the fiscal year ended March 31, 2026)

	Business to be split (a)	Company results (non-consolidated) (b)	Ratio (a÷b)
Net sales	¥34,826 million	¥45,846 million	76.0%

(5) Outlook

As each Successor Company will be a wholly owned subsidiary (100%) of the Company, the impact of the Company Split on the Company’s consolidated financial results is expected to be minor.

(6) Overview of the accounting treatment

In accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, September 13, 2024), the Company will account for the business combination as a transaction under common control.

(Purchase of treasury shares)

By a written resolution of the Board of Directors dated June 22, 2026 pursuant to Article 370 of the Companies Act and Article 25 of the Articles of Incorporation of the Company, the Company has resolved matters concerning the purchase of treasury shares pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, paragraph (3) of the same Act.

(1) Reason for purchase of treasury shares

The Company intends to purchase treasury shares in order to implement a flexible capital strategy.

(2) Details of matters related to purchase

- (i) Class of shares to be purchased Common shares of the Company
- (ii) Total number of shares to be purchased Up to 900,000 shares
(5.8% of total number of issued shares (excluding treasury shares))
- (iii) Total amount of share acquisition costs Up to ¥2,000 million
- (iv) Purchase period From July 1, 2026 to September 18, 2026
- (v) Method of purchase Market purchases based on a discretionary trading contract

(v) Annexed consolidated detailed schedules

Annexed consolidated detailed schedule of bonds payable

Company name	Type of bond	Date of issuance	Beginning balance (Millions of yen)	Ending balance (Millions of yen)	Interest rate (%)	Collateral	Date of maturity
Toyo Kanetsu K.K.	1st Series of Unsecured Bonds	September 25, 2020	500	500	0.39	None	September 24, 2027
Toyo Kanetsu K.K.	2nd Series of Unsecured Bonds	March 25, 2021	500	500	0.41	None	March 24, 2028
MAXPULL MACHINERY & ENGINEERING CO., LTD.	Straight bonds of a subsidiary	August 23, 2021	20 (10)	10 (10)	0.20	None	August 21, 2026
MAXPULL MACHINERY & ENGINEERING CO., LTD.	Straight bonds of a subsidiary	September 28, 2022	30 (10)	20 (10)	0.31	None	September 28, 2027
MAXPULL MACHINERY & ENGINEERING CO., LTD.	Straight bonds of a subsidiary	January 17, 2023	50	50 (50)	0.57	Yes	February 24, 2026
Sakata Denki Co., Ltd.	Straight bonds of a subsidiary	August 30, 2022	—	40 (20)	0.44	Non	August 30, 2027
Total	—	—	1,100 (20)	1,120 (90)	—	—	—

- (Notes) 1. The figures shown in parentheses represent the amount to be redeemed within one year.
2. Projected redemption amounts for five years after the consolidated balance sheet date are as follows:

(Millions of yen)

Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
90	1,030	—	—	—

Annexed consolidated detailed schedule of borrowings

Classification	Beginning balance (Millions of yen)	Ending balance (Millions of yen)	Average interest rate (%)	Repayment due
Short-term borrowings	8,240	6,725	1.329	—
Current portion of long-term borrowings	432	215	1.012	—
Long-term borrowings (excluding current portion)	4,213	5,027	1.733	From 2028 to 2035
Total	12,886	11,968	—	—

- (Notes) 1. In calculating the average interest rate, the weighted average interest rate on the ending balance of borrowings, is shown.
2. Repayment of long-term borrowings (excluding the current portion) scheduled within five years after the consolidated balance sheet date is as follows:

(Millions of yen)

Classification	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
Long-term borrowings	178	1,340	1,056	1,133

Annexed consolidated detailed schedule of asset retirement obligations

A schedule of asset retirement obligations has been omitted since matters to be stated in the schedule are stated as notes prescribed in Article 15-23 of the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

(2) Other information

Semi-annual information for the current fiscal year

(Cumulative period)	Six months ended September 30, 2025	Current fiscal year (From April 1, 2025 to March 31, 2026)
Net sales (Millions of yen)	27,480	59,617
Profit before income taxes (Millions of yen)	2,527	3,739
Profit attributable to owners of parent (Millions of yen)	1,653	2,556
Basic earnings per share (Yen)	106.62	164.52

(Note) On January 1, 2026, the Company conducted a share split at a ratio of 2 shares per share of common shares. “Basic earnings per share” is calculated on the assumption that the said share split was conducted at the beginning of the current fiscal year.

(TRANSLATION)

INDEPENDENT AUDITOR’S REPORT

June 22, 2026

To the Board of Directors of
Toyo Kanetsu K.K.

GYOSEI & CO.
Tokyo Office

Designated Partner
Engagement Partner
Certified Public Accountant Toshiya Shinshima

Designated Partner
Engagement Partner
Certified Public Accountant Yasuaki Takemoto

Audit of Consolidated Financial Statements

Audit Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act of Japan, we have audited the accompanying consolidated financial statements of Toyo Kanetsu K.K. (the “Company”), which comprise the consolidated balance sheet as of March 31, 2026, and the consolidated statements of income and comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the fiscal year from April 1, 2025 to March 31, 2026, and significant accounting policies for preparation of the consolidated financial statements, other notes, and annexed consolidated detailed schedules, all expressed in Japanese yen.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries (the “Group”) as of March 31, 2026, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for Audit 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 in Japan (including the provisions applicable to audits of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current fiscal year. 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.

Consideration of the estimate of the total cost of construction work involving contracts for which revenue is recognized based on the degree of progress	
Description of key audit matters and reason for determining the matter	How we addressed the matter in our audit
As stated in the “Notes - Significant accounting estimates,” net sales under contracts for which revenue is recognized based on degree of progress recorded in the consolidated statement of income and comprehensive income for the current fiscal year by the consolidated group of Toyo Kanetsu K.K. are ¥12,251 million. Most of the amount was recorded in the Company’s Logistics Solutions Business. The Company records sales based on degree of progress, which is calculated as the proportion of construction cost incurred corresponding to the value of work done at the end of the current fiscal year, relative to the total amount of estimated cost of construction work. The estimated amount of total cost of construction work is determined based on management’s best estimates and judgments, by collecting available information and past performance, and according to the specifications of each individual project. However, there is a possibility that the initial estimates may diverge from actual results due to market price fluctuations, changes in specifications, natural disasters, and other factors. Due to the above factors, we have judged that the estimate of total cost of construction work that the Company recognizes as revenue based on the degree of progress in the Logistics Solutions Business is a key audit matter.	In examining appropriateness of the estimate of total cost of construction work involving contracts for which revenue is recognized based on the degree of progress, we mainly implemented the following audit procedures. (1) Assessment of internal control We assessed the design of internal control related to estimation of the total cost of construction work, and the effectiveness of the operational status. (2) Assessment of reasonableness of the estimate of total cost of construction work With regard to the estimate of total cost of construction work as at the end of the current fiscal year, we mainly implemented the following audit procedures. - We questioned the person responsible for the managerial unit of the division estimating total cost of construction works to understand the overview of the construction work, and examined consistency between the description of the work understood and major components of the total cost of construction work. - We checked materials supporting estimation of cost of construction work such as quotations received from subcontractors and suppliers of products against components of the total cost of construction work, and examined appropriateness of the estimated amount of the total cost of construction work. - With regard to total amount of estimated cost of construction work for which the cost rate was estimated to be lower in light of past records, we asked questions about reasons why the cost rate was estimated to be lower in light of past results, and examined reasonableness of the estimate. - With regard to construction works that were completed or delivered in the current fiscal year, we compared the estimated amount of total cost of construction work with the actual amount and checked whether there was any matter to be taken into account in examining appropriateness of the estimated amount of total cost of construction work for the current fiscal year.

Other information

The other information comprises the information included in the Annual Securities Report aside from the consolidated financial statements, the non-consolidated financial statements, and the auditor’s reports thereon. Management is responsible for preparing and disclosing the other information. The Audit and Supervisory Committee is responsible for overseeing Directors in executing their duties with respect to developing and administering the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial

statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation 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 whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern, and for disclosing matters related to going concern, as applicable in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to designing and operating the Group's financial reporting process.

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

Our responsibilities 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 on the consolidated financial statements based on our audit from an independent point of view. 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.

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, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements 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 notes to the consolidated financial statements or, if such notes are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. 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 Company to cease to continue as a going concern.
- Evaluate whether the overall presentation of the consolidated financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, as well as whether the overall presentation, structure and content of the consolidated financial statements, including the notes thereto, and the consolidated financial statements represent the underlying transactions and accounting 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures taken to eliminate obstruction factors or related safeguards in order to reduce obstruction factors to an acceptable level.

We determine which of the matters discussed with the Audit and Supervisory Committee were of most significance in the audit of the consolidated financial statements of the current fiscal year and therefore are the key audit matters, and describe the matters in the auditor's report. However, we do not describe such a matter, if law or regulation precludes public disclosure about the matter, or if in extremely rare circumstances, we determine that the matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Audit of Internal Control

Audit Opinion

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act of Japan, we have audited management's report on internal control of the Company as of March 31, 2026.

In our opinion, the management's report on internal control referred to above, which represents that the internal control over financial reporting of the Company as of March 31, 2026 was effective, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Audit Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under the auditing standards for internal control over financial reporting are further described in the "Auditor's Responsibilities for the Audit of the Report on Internal Control" section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit in Japan (including the provisions applicable to audits of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting, and for the preparation and fair presentation of the report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing and verifying the design and operation of effective internal control over financial reporting.

There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Audit of the Report on Internal Control

Our responsibilities are to obtain reasonable assurance about whether the report on internal control is free from material misstatement, and to issue a report on audit of internal control that includes our opinion on the report on internal control based on our internal control audit from an independent point of view.

In accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures in order to obtain audit evidence regarding the evaluation results for internal control

over financial reporting in the report on internal control. The audit procedures for internal control auditing selected and applied depend on the auditor’s judgment, including the significance of effects on the reliability of financial reporting.

- Evaluate disclosures on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluate the overall presentation of the report on internal control.
- Plan and perform the audit of the internal control report to obtain sufficient appropriate audit evidence regarding the results of the assessments of internal control over financial reporting in the report on internal control. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the report on internal control. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the internal control audit, results of the internal control audit, significant identified deficiencies in internal control that should be disclosed, results of their correction, and other matters required by auditing standards for internal control.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures taken to eliminate obstruction factors or related safeguards in order to reduce obstruction factors to an acceptable level.

Remuneration-related Information

Remuneration based on audit attestation services and non-audit services for the Group, to our firm and others in the same network as our firm, is described in [Audit Status] “Status of Corporate Governance, etc.” included in “Status of the Submitting Company”

Conflicts of Interest

Our firm and its engagement partners 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.

The above represents a translation, for convenience only, of the original report issued in the Japanese language. Please note that the other information contained in the TKK Report 2026 Financial Section differs from the other information contained in the Annual Securities Report.

Corporate Data

Date of Establishment	May 16, 1941
Common Stock	¥18,580 million
Authorized Shares	59,400,000
Capital Stock Issued	16,046,148
Number of Shareholders	14,102
Security Traded	Tokyo Stock Exchange, Prime Market
Transfer Agent and Registrar	The Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan
Annual Meeting	The annual meeting of shareholders is normally held in June in Tokyo, Japan

Directory

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Chiba Plant

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Domestic Subsidiaries

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URL: https://www.sakatadenki.co.jp/e/index_e.html

Toyo Koken K.K.

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Nagareyama Industrial Park, 1296-22 Nakaya, Nishifukai, Nagareyama-shi, Chiba 270-0107, Japan
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