

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

May 13, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under Japanese GAAP)

Company name: Kurabo Industries Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 3106
 URL: <https://www.kurabo.co.jp>
 Representative: Haruya Fujita, President
 Inquiries: Kiyoshi Hamaguchi, Manager of Finance & Accounting Department
 Telephone: +81-6-6266-5188
 Scheduled date of ordinary general meeting of shareholders: June 25, 2024
 Scheduled date to commence dividend payments: June 26, 2024
 Scheduled date to file annual securities report: June 25, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-------------------|-----------------|-------|------------------|------|-----------------|------|---|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ended | | | | | | | | |
| March 31, 2024 | 151,314 | (1.4) | 9,186 | 5.9 | 10,191 | 1.7 | 6,738 | 22.1 |
| March 31, 2023 | 153,522 | 16.1 | 8,676 | 15.2 | 10,024 | 14.1 | 5,516 | (1.5) |

Note: Comprehensive income For the fiscal year ended March 31, 2024: ¥19,481 million [103.3%]
 For the fiscal year ended March 31, 2023: ¥9,582 million [80.4%]

| | Basic earnings per share | Diluted earnings per share | Return on equity | Ordinary profit/total assets | Operating profit/net sales |
|-------------------|--------------------------|----------------------------|------------------|------------------------------|----------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended | | | | | |
| March 31, 2024 | 362.50 | – | 6.2 | 5.6 | 6.1 |
| March 31, 2023 | 287.08 | – | 5.6 | 5.9 | 5.7 |

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2024: ¥43 million
 For the fiscal year ended March 31, 2023: ¥21 million

(2) Consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio | Net assets per share |
|----------------|-----------------|-----------------|-----------------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of | | | | |
| March 31, 2024 | 192,789 | 118,074 | 60.6 | 6,513.02 |
| March 31, 2023 | 174,086 | 102,907 | 58.2 | 5,386.20 |

Reference: Equity
 As of March 31, 2024: ¥116,849 million
 As of March 31, 2023: ¥101,334 million

(3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Fiscal year ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| March 31, 2024 | 12,864 | (387) | (6,951) | 16,123 |
| March 31, 2023 | 2,516 | (2,969) | (3,581) | 10,360 |

2. Cash dividends

| | Annual dividends per share | | | | | Total cash dividends (Total) | Payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|---------------------------|----------------------------|--------------------|-------------------|-----------------|--------|------------------------------|-----------------------------|---|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total | | | |
| Fiscal year ended | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| March 31, 2023 | – | 35.00 | – | 35.00 | 70.00 | 1,336 | 24.4 | 1.4 |
| March 31, 2024 | – | 40.00 | – | 60.00 | 100.00 | 1,842 | 27.6 | 1.7 |
| March 31, 2025 (Forecast) | – | 60.00 | – | 60.00 | 120.00 | | 29.9 | |

Note: The Company has changed the fiscal year-end dividend per share for the fiscal year ended March 31, 2024 from ¥40 to ¥60. For more details, please refer to the news release “Notice Concerning Dividends of Surplus (Increase of Dividend)” dated today (May 13, 2024).

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|--------------------------------------|-----------------|-------|------------------|--------|-----------------|--------|---|--------|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Six months ending September 30, 2024 | 69,000 | (5.0) | 2,300 | (40.7) | 2,900 | (35.9) | 1,900 | (24.7) | 105.90 |
| Full year | 153,000 | 1.1 | 9,300 | 1.2 | 10,200 | 0.1 | 7,200 | 6.8 | 401.32 |

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

| | |
|----------------------|-------------------|
| As of March 31, 2024 | 19,000,000 shares |
| As of March 31, 2023 | 20,000,000 shares |

- (ii) Number of treasury shares at the end of the period

| | |
|----------------------|------------------|
| As of March 31, 2024 | 1,059,028 shares |
| As of March 31, 2023 | 1,186,212 shares |

- (iii) Average number of shares outstanding during the period

| | |
|----------------------------------|-------------------|
| Fiscal year ended March 31, 2024 | 18,588,983 shares |
| Fiscal year ended March 31, 2023 | 19,217,294 shares |

Note: The Company has introduced the Board Benefit Trust, a share-based compensation plan for directors, etc. using a trust, and the Company's shares held by the trust account are included in the number of treasury shares.

(Reference) Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|-------------------|-----------------|-------|------------------|------|-----------------|------|-----------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ended | | | | | | | | |
| March 31, 2024 | 74,962 | (5.0) | 4,452 | 1.8 | 6,205 | 4.2 | 6,791 | 71.5 |
| March 31, 2023 | 78,879 | 15.2 | 4,373 | 11.3 | 5,956 | 15.0 | 3,958 | (1.1) |

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Fiscal year ended | Yen | Yen |
| March 31, 2024 | 365.34 | — |
| March 31, 2023 | 206.01 | — |

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio | Net assets per share |
|----------------|-----------------|-----------------|-----------------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| March 31, 2024 | 151,954 | 95,518 | 62.9 | 5,324.02 |
| March 31, 2023 | 129,359 | 80,762 | 62.4 | 4,292.75 |

Reference: Equity

As of March 31, 2024: ¥95,518 million
As of March 31, 2023: ¥80,762 million

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

* Proper use of earnings forecasts, and other special matters
(Caution regarding forward-looking statements and others)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, the statements herein do not constitute assurances regarding the Company's actual results. Actual financial and other results may differ substantially from the statements herein due to various factors. For matters regarding the above earnings forecasts, please refer to "(4) Future outlook" of "1. Overview of operating results and others" on page 4 of the attached materials.

(Regarding the financial results briefing)

The Company plans to hold a financial results briefing for institutional investors and analysts on Thursday, May 30, 2024. The explanatory materials on financial results to be distributed at the briefing will be posted on the Company's website following the briefing.

Attached Material

| | |
|--|----|
| 1. Overview of operating results and others..... | 2 |
| (1) Overview of operating results for the fiscal year under review | 2 |
| (2) Overview of financial position for the fiscal year under review..... | 3 |
| (3) Overview of cash flows for the fiscal year under review..... | 3 |
| (4) Future outlook..... | 4 |
| 2. Basic policy regarding selection of accounting standards..... | 4 |
| 3. Consolidated financial statements and significant notes thereto | 5 |
| (1) Consolidated balance sheet..... | 5 |
| (2) Consolidated statement of income and consolidated statement of comprehensive income..... | 7 |
| Consolidated statement of income | 7 |
| Consolidated statement of comprehensive income | 8 |
| (3) Consolidated statement of changes in equity..... | 9 |
| (4) Consolidated statement of cash flows..... | 11 |
| (5) Notes to consolidated financial statements | 13 |
| (Notes on premise of going concern)..... | 13 |
| (Notes on consolidated balance sheet)..... | 13 |
| (Changes in presentation) | 13 |
| (Additional information)..... | 14 |
| (Segment information, etc.) | 15 |
| (Relationship to revenue recognition)..... | 19 |
| (Per share information) | 21 |
| (Subsequent events) | 21 |
| 4. Others | 22 |
| (1) Changes of officers (scheduled as of June 25, 2024)..... | 22 |
| (2) Reference information | 22 |

1. Overview of operating results and others

(1) Overview of operating results for the fiscal year under review

During the fiscal year ended March 31, 2024, the Japanese economy was on a recovery trend but lacked dynamism, mainly stemming from sluggish growth in private consumption caused by rising prices, while normalization of economic activities progressed due to the reclassification of COVID-19 to a Class V Infectious Disease.

Although the semiconductor production-related market, which is the sales destination of high-performance plastic products and other goods, growth and priority businesses of the Group, entered a correction phase and slowed, but went on a track to recovery gradually toward the end of the fiscal year under review. Furthermore, the automobile market was also generally on a recovery trend with the dwindling impact of product cutback caused by semiconductor shortages, whereas the textile and apparel market showed a delayed recovery partly due to the unusually warm winter.

In this type of environment, the Group has strived to expand business operations of growth and priority businesses such as semiconductor production-related business and functional films, and to enhance the earning capability of core businesses such as textiles and flexible polyurethane foam based on the basic policy of “expand high-profit businesses and strengthen core businesses to achieve sustainable growth” in the medium-term corporate business plan “Progress’ 24” (FY2022–FY2024) that is currently underway.

As a result, net sales were ¥151.3 billion (down 1.4% YoY), operating profit was ¥9.18 billion (up 5.9% YoY), ordinary profit was ¥10.19 billion (up 1.7% YoY), and profit attributable to owners of parent was ¥6.73 billion (up 22.1% YoY). Each of these consolidated profits marked a record high.

Results by segment are as follows.

(Textiles)

Yarns experienced decreased revenue due to weak performance of a Brazilian subsidiary resulting from market deterioration and decreased orders for denim at a Thai subsidiary and for underwear and socks at an Indonesian subsidiary despite steady sales of the high-performance product “NaTech,” which uses raw material reform technology.

Fabrics experienced increased revenue due to additional orders of casual clothing materials for clothes of favorable sales in stores although sales of uniform materials were weak due to lackluster orders despite carrying out the price pass-through from increased cost resulting from the effect of foreign exchange, etc.

Textile products (sewn products, etc.) experienced decreased revenue from decreased orders due to the impact of inventory adjustments by customers, etc.

As a result, net sales were ¥51.1 billion (down 9.6% YoY) with operating loss of ¥0.25 billion (operating profit of ¥0.3 billion in the previous fiscal year) due in part to increased costs.

(Chemical Products)

Flexible polyurethane foam for automotive interior experienced increased revenue due to steady orders at domestic and Brazilian subsidiaries, along with a recovery in automobile production and other factors, as well as due to carrying out the price pass-through from increased costs resulting from price hikes in raw materials and fuels, despite the sluggish sales at Chinese subsidiaries.

Functional resin products experienced increased revenue due to a recovery in orders of solar cells and functional films for automobiles, despite a decrease in orders for high-performance plastic products for semiconductor production in line with a slowdown in semiconductor demand.

Housing construction products experienced decreased revenue due to a decline in heat-insulating work, despite steady sales of heat-insulating materials.

Nonwoven fabrics experienced decreased revenue due to weak orders for applications in masks and automotive filters.

As a result, net sales were ¥61.3 billion (up 2.7% YoY) with operating profit of ¥3.96 billion (up 6.7% YoY).

(Advanced Technology)

Electronics businesses experienced increased revenue due to steady sales of film thickness meters, chemical concentration meters and other products with the easing of component supply shortages as well as due to

large-scale projects at a subsidiary for silicon wafer cleaning equipment, despite sluggish sales of AFVI systems for HDI/Flex PCB.

Engineering businesses experienced increased revenue due to steady performance by exhaust gas treatment facilities and chemical supply systems for the semiconductor industry as well as large-scale facilities projects at a subsidiary for the pharmaceutical manufacturing industry.

Biomedical businesses experienced increased revenue due to strong overseas sales of mixer/deaerator. Machine tools experienced decreased revenue as KURAKI Co., Ltd., which was engaged in manufacturing and sales of machine tools, etc., was excluded from consolidation in the fourth quarter of the fiscal year ended March 31, 2024 due to transfer of all its shares.

As a result, net sales were ¥25.5 billion (up 5.2% YoY) with operating profit of ¥3.57 billion (up 26.1% YoY).
(Food and Services)

Freeze-dried foods experienced decreased revenue due to sluggish sales of instant noodle ingredients, molding soup, etc. because of the impact of restrained purchasing caused by increased retail sales prices as well as declining demand for in-home foods associated with the recovery of demand for eating out.

Hotels and their related services experienced increased revenue amidst favorable accommodation performance due to rises in room occupancy rates and a guest room rate per room mainly backed by abolishment of restrictions on activity and demand from inbound tourism, as well as the recovery trend of banquets and restaurants.

As a result, net sales were ¥9.5 billion (up 3.0% YoY) with operating profit of ¥0.64 billion (up 38.4% YoY).
(Real Estate)

Due to the start of rentals of new properties, real estate leasing recorded net sales of ¥3.7 billion (up 1.8% YoY), but operating profit totaled ¥2.33 billion (down 4.1% YoY) resulting from an increase in repair expenses, etc.

(2) Overview of financial position for the fiscal year under review

(Assets, liabilities and net assets)

Total assets at the end of the fiscal year ended March 31, 2024 increased by ¥18.7 billion from the end of the previous fiscal year to ¥192.7 billion mainly due to an increase in investment securities following a rise in share prices, although inventories decreased.

Liabilities increased by ¥3.5 billion from the end of the previous fiscal year to ¥74.7 billion mainly due to an increase in deferred tax liabilities, although short-term borrowings decreased.

Net assets increased by ¥15.1 billion from the end of the previous fiscal year to ¥118.0 billion mainly due to increases in valuation difference on available-for-sale securities and retained earnings.

As a result of the above, the equity-to-asset ratio was 60.6%, up 2.4 percentage points.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (hereinafter “cash”) at the end of the fiscal year ended March 31, 2024 increased by ¥5.76 billion from the end of the previous fiscal year to ¥16.12 billion. The respective cash flow positions and the factors thereof are as follows.

Cash flows from operating activities

Net cash provided by operating activities in the fiscal year ended March 31, 2024 was ¥12.86 billion (compared to ¥2.51 billion in net cash provided by operating activities in the previous fiscal year). This was mainly due to profit before income taxes of ¥10.51 billion and internal reserves for depreciation of ¥5.08 billion, despite income taxes paid of ¥2.95 billion.

Cash flows from investing activities

Net cash used in investing activities in the fiscal year under review was ¥0.38 billion (compared to ¥2.96 billion in net cash used in investing activities in the previous fiscal year). This was mainly due to purchase of property, plant and equipment and intangible assets of ¥4.59 billion, despite proceeds from sale of shares of

subsidiaries resulting in change in scope of consolidation of ¥2.44 billion and proceeds from sale of investment securities of ¥2.18 billion.

Cash flows from financing activities

Net cash used in financing activities in the fiscal year under review was ¥6.95 billion (compared to ¥3.58 billion in net cash used in financing activities in the previous fiscal year). This was mainly due to purchase of treasury shares of ¥2.47 billion and repayments of long-term borrowings of ¥1.91 billion.

(Reference) Trends in cash flow indicators

| | Fiscal year ended Mar. 31, 2020 | Fiscal year ended Mar. 31, 2021 | Fiscal year ended Mar. 31, 2022 | Fiscal year ended Mar. 31, 2023 | Fiscal year ended Mar. 31, 2024 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Equity-to-asset ratio (%) | 53.7 | 54.8 | 57.4 | 58.2 | 60.6 |
| Equity-to-asset ratio on a market value basis (%) | 32.2 | 23.2 | 20.8 | 27.2 | 32.6 |
| Ratio of interest-bearing debt to cash flows (years) | 2.9 | 3.0 | 1.5 | 6.2 | 1.0 |
| Interest coverage ratio (times) | 29.4 | 40.9 | 51.8 | 7.7 | 39.1 |

(Notes) Equity-to-asset ratio: Equity / Total assets

Equity-to-asset ratio on a market value basis: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

1. All items are calculated using consolidated financial data.
2. Market capitalization is based on the number of issued shares excluding treasury shares.
3. Operating cash flow represents cash flows from operating activities per the consolidated statement of cash flows.
4. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheet for which interest is being paid. In addition, interest payments represent interest paid per the consolidated statement of cash flows.

(4) Future outlook

As for future economic conditions, while gradual growth can be expected as a result of cyclical improvement of wages and prices, there is concern on the external demand front, such as a slowing of the Chinese economy and the impact on logistics and resource prices from rising tensions in the Middle East situation.

Under this business environment, responses to the rising wages and logistics costs, and the risk of fluctuations in prices of raw materials and fuels are a continuous challenge, and we will continue to promote the price pass-through and cost reduction.

As for the full-year consolidated financial outlook for the fiscal year ending March 31, 2025, we forecast net sales of ¥153.0 billion, operating profit of ¥9.3 billion, ordinary profit of ¥10.2 billion, and profit attributable to owners of parent of ¥7.2 billion.

In addition, the above financial forecasts were prepared based on information available as of the release date of these materials, and actual operating results may differ from the financial forecasts due to various factors in the future.

2. Basic policy regarding selection of accounting standards

The Group's policy is to prepare consolidated financial statements under the Japanese GAAP for the time being, in light of period-to-period comparability and company-to-company comparability of consolidated financial statements.

Regarding the application of the International Financial Reporting Standards (IFRS), we intend to respond appropriately after giving consideration to domestic and overseas situations.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 10,392 | 16,156 |
| Notes and accounts receivable - trade, and contract assets | 31,297 | 32,432 |
| Electronically recorded monetary claims - operating | 6,596 | 7,664 |
| Merchandise and finished goods | 16,561 | 15,474 |
| Work in process | 9,801 | 6,505 |
| Raw materials and supplies | 6,821 | 7,732 |
| Other | 3,345 | 3,400 |
| Allowance for doubtful accounts | (45) | (47) |
| Total current assets | 84,771 | 89,320 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 23,230 | 21,438 |
| Machinery, equipment and vehicles, net | 9,123 | 9,655 |
| Land | 11,732 | 10,997 |
| Leased assets, net | 869 | 693 |
| Construction in progress | 875 | 729 |
| Other, net | 1,345 | 1,133 |
| Total property, plant and equipment | 47,176 | 44,646 |
| Intangible assets | 1,447 | 1,717 |
| Investments and other assets | | |
| Investment securities | 36,868 | 53,409 |
| Deferred tax assets | 1,684 | 1,634 |
| Retirement benefit asset | 1,346 | 1,382 |
| Other | 1,028 | 915 |
| Allowance for doubtful accounts | (236) | (238) |
| Total investments and other assets | 40,690 | 57,104 |
| Total non-current assets | 89,315 | 103,469 |
| Total assets | 174,086 | 192,789 |

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 17,237 | 18,598 |
| Electronically recorded obligations - operating | 4,004 | 3,939 |
| Short-term borrowings | 13,002 | 9,331 |
| Lease liabilities | 148 | 154 |
| Accrued expenses | 2,832 | 2,901 |
| Income taxes payable | 1,636 | 2,548 |
| Provision for bonuses | 1,461 | 1,444 |
| Other | 5,706 | 5,138 |
| Total current liabilities | 46,030 | 44,055 |
| Non-current liabilities | | |
| Long-term borrowings | 1,555 | 2,313 |
| Lease liabilities | 708 | 542 |
| Deferred tax liabilities | 3,947 | 9,269 |
| Provision for retirement benefits for directors (and other officers) | 226 | 213 |
| Provision for share-based payments | 128 | 178 |
| Retirement benefit liability | 12,891 | 12,188 |
| Long-term leasehold and guarantee deposits received | 5,439 | 5,665 |
| Other | 253 | 286 |
| Total non-current liabilities | 25,149 | 30,659 |
| Total liabilities | 71,179 | 74,714 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 22,040 | 22,040 |
| Capital surplus | 15,210 | 15,237 |
| Retained earnings | 61,137 | 64,164 |
| Treasury shares | (2,477) | (2,654) |
| Total shareholders' equity | 95,910 | 98,788 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 13,193 | 25,054 |
| Deferred gains or losses on hedges | (43) | 49 |
| Foreign currency translation adjustment | (7,523) | (6,982) |
| Remeasurements of defined benefit plans | (202) | (60) |
| Total accumulated other comprehensive income | 5,424 | 18,061 |
| Non-controlling interests | 1,572 | 1,225 |
| Total net assets | 102,907 | 118,074 |
| Total liabilities and net assets | 174,086 | 192,789 |

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|-------------------------------------|-------------------------------------|
| Net sales | 153,522 | 151,314 |
| Cost of sales | 124,077 | 120,985 |
| Gross profit | 29,445 | 30,328 |
| Selling, general and administrative expenses | 20,768 | 21,142 |
| Operating profit | 8,676 | 9,186 |
| Non-operating income | | |
| Interest income | 48 | 118 |
| Dividend income | 1,215 | 1,315 |
| Share of profit of entities accounted for using equity method | 21 | 43 |
| Other | 973 | 395 |
| Total non-operating income | 2,259 | 1,871 |
| Non-operating expenses | | |
| Interest expenses | 351 | 363 |
| Expenses on inactive non-current assets | 200 | 125 |
| Loss on disposal of non-current assets | 52 | 122 |
| Other | 305 | 255 |
| Total non-operating expenses | 910 | 866 |
| Ordinary profit | 10,024 | 10,191 |
| Extraordinary income | | |
| Gain on sale of investment securities | 464 | 1,602 |
| Subsidy income | – | 99 |
| Gain on sale of non-current assets | 162 | – |
| Total extraordinary income | 627 | 1,701 |
| Extraordinary losses | | |
| Impairment losses | 2,432 | 588 |
| Loss on sale of shares of subsidiaries and associates | – | 530 |
| Loss on disposal of non-current assets | 294 | 121 |
| Loss on tax purpose reduction entry of non-current assets | – | 99 |
| Loss on valuation of investment securities | 11 | 18 |
| Loss on sale of investment securities | – | 15 |
| Losses on fire disaster | 295 | – |
| Total extraordinary losses | 3,034 | 1,375 |
| Profit before income taxes | 7,618 | 10,517 |
| Income taxes - current | 3,075 | 3,906 |
| Income taxes - deferred | (1,028) | (110) |
| Total income taxes | 2,047 | 3,795 |
| Profit | 5,571 | 6,721 |
| Profit (loss) attributable to non-controlling interests | 54 | (16) |
| Profit attributable to owners of parent | 5,516 | 6,738 |

Consolidated statement of comprehensive income

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|--|-------------------------------------|-------------------------------------|
| Profit | 5,571 | 6,721 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,782 | 11,852 |
| Deferred gains or losses on hedges | (96) | 93 |
| Foreign currency translation adjustment | 1,222 | 631 |
| Remeasurements of defined benefit plans, net of tax | 68 | 141 |
| Share of other comprehensive income of entities accounted for using equity method | 34 | 40 |
| Total other comprehensive income | 4,010 | 12,759 |
| Comprehensive income | 9,582 | 19,481 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 9,386 | 19,375 |
| Comprehensive income attributable to non-controlling interests | 195 | 106 |

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 22,040 | 15,210 | 59,293 | (2,082) | 94,461 |
| Changes during period | | | | | |
| Dividends of surplus | | | (2,066) | | (2,066) |
| Profit attributable to owners of parent | | | 5,516 | | 5,516 |
| Purchase of treasury shares | | | | (2,002) | (2,002) |
| Disposal of treasury shares | | | | | - |
| Cancellation of treasury shares | | (1,607) | | 1,607 | - |
| Transfer from retained earnings to capital surplus | | 1,607 | (1,607) | | - |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | - |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | - | 1,843 | (394) | 1,448 |
| Balance at end of period | 22,040 | 15,210 | 61,137 | (2,477) | 95,910 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|---|---|------------------------------------|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 10,410 | 52 | (8,637) | (270) | 1,555 | 1,398 | 97,415 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | | (2,066) |
| Profit attributable to owners of parent | | | | | | | 5,516 |
| Purchase of treasury shares | | | | | | | (2,002) |
| Disposal of treasury shares | | | | | | | - |
| Cancellation of treasury shares | | | | | | | - |
| Transfer from retained earnings to capital surplus | | | | | | | - |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | - |
| Net changes in items other than shareholders' equity | 2,782 | (96) | 1,114 | 68 | 3,869 | 173 | 4,043 |
| Total changes during period | 2,782 | (96) | 1,114 | 68 | 3,869 | 173 | 5,492 |
| Balance at end of period | 13,193 | (43) | (7,523) | (202) | 5,424 | 1,572 | 102,907 |

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 22,040 | 15,210 | 61,137 | (2,477) | 95,910 |
| Changes during period | | | | | |
| Dividends of surplus | | | (1,418) | | (1,418) |
| Profit attributable to owners of parent | | | 6,738 | | 6,738 |
| Purchase of treasury shares | | | | (2,477) | (2,477) |
| Disposal of treasury shares | | | | 8 | 8 |
| Cancellation of treasury shares | | (2,292) | | 2,292 | – |
| Transfer from retained earnings to capital surplus | | 2,292 | (2,292) | | – |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 27 | | | 27 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | 27 | 3,027 | (177) | 2,877 |
| Balance at end of period | 22,040 | 15,237 | 64,164 | (2,654) | 98,788 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|---|---|------------------------------------|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 13,193 | (43) | (7,523) | (202) | 5,424 | 1,572 | 102,907 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | | (1,418) |
| Profit attributable to owners of parent | | | | | | | 6,738 |
| Purchase of treasury shares | | | | | | | (2,477) |
| Disposal of treasury shares | | | | | | | 8 |
| Cancellation of treasury shares | | | | | | | – |
| Transfer from retained earnings to capital surplus | | | | | | | – |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | 27 |
| Net changes in items other than shareholders' equity | 11,860 | 93 | 541 | 141 | 12,637 | (347) | 12,289 |
| Total changes during period | 11,860 | 93 | 541 | 141 | 12,637 | (347) | 15,167 |
| Balance at end of period | 25,054 | 49 | (6,982) | (60) | 18,061 | 1,225 | 118,074 |

(4) Consolidated statement of cash flows

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 7,618 | 10,517 |
| Depreciation | 5,181 | 5,086 |
| Impairment losses | 2,432 | 588 |
| Increase (decrease) in retirement benefit liability | 9 | 9 |
| Increase (decrease) in provision for share-based payments | 53 | 50 |
| Increase (decrease) in allowance for doubtful accounts | (18) | (28) |
| Interest and dividend income | (1,264) | (1,433) |
| Interest expenses | 351 | 363 |
| Losses on fire disaster | 295 | – |
| Foreign exchange losses (gains) | (102) | (46) |
| Share of loss (profit) of entities accounted for using equity method | (21) | (43) |
| Loss (gain) on sale of property, plant and equipment and intangible assets | (162) | (21) |
| Loss on retirement of property, plant and equipment and intangible assets | 11 | 20 |
| Loss (gain) on sale of short-term and long-term investment securities | (464) | (1,586) |
| Loss (gain) on valuation of short-term and long-term investment securities | 11 | 18 |
| Loss (gain) on sale of shares of subsidiaries and associates | – | 530 |
| Decrease (increase) in accounts receivable - trade, and contract assets | (1,686) | (2,736) |
| Decrease (increase) in inventories | (6,931) | 508 |
| Increase (decrease) in trade payables | (1,652) | 1,565 |
| Other, net | 1,115 | 1,251 |
| Subtotal | 4,777 | 14,615 |
| Interest and dividends received | 1,276 | 1,424 |
| Interest paid | (325) | (328) |
| Subsidies received | 184 | 108 |
| Payments associated with losses on fire disaster | (293) | – |
| Income taxes paid | (3,103) | (2,954) |
| Net cash provided by (used in) operating activities | 2,516 | 12,864 |

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from investing activities | | |
| Decrease (increase) in time deposits | 9 | (29) |
| Purchase of property, plant and equipment and intangible assets | (4,536) | (4,590) |
| Proceeds from sale of property, plant and equipment and intangible assets | 232 | 35 |
| Purchase of investment securities | (14) | (9) |
| Proceeds from sale of investment securities | 1,604 | 2,181 |
| Loan advances | (26) | (5) |
| Proceeds from collection of loans receivable | 67 | 3 |
| Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation | – | 2,440 |
| Other, net | (306) | (412) |
| Net cash provided by (used in) investing activities | (2,969) | (387) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 2,032 | (1,089) |
| Proceeds from long-term borrowings | 100 | 1,186 |
| Repayments of long-term borrowings | (576) | (1,915) |
| Purchase of treasury shares | (2,002) | (2,477) |
| Repayments of lease liabilities | (168) | (133) |
| Dividends paid | (2,061) | (1,417) |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | – | (394) |
| Repayments of construction assistance fund | (882) | (475) |
| Other, net | (22) | (234) |
| Net cash provided by (used in) financing activities | (3,581) | (6,951) |
| Effect of exchange rate change on cash and cash equivalents | 321 | 238 |
| Net increase (decrease) in cash and cash equivalents | (3,713) | 5,763 |
| Cash and cash equivalents at beginning of period | 14,073 | 10,360 |
| Cash and cash equivalents at end of period | 10,360 | 16,123 |

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

Not applicable.

(Notes on consolidated balance sheet)

(Contingent liabilities)

On June 30, 2022, a fire broke out at the logistics facility Ami No. 2 Logistics Center of SBS Flec Co., Ltd. (location: 6-1 Hoshinosato, Ami-machi, Inashiki-gun, Ibaraki) at which the Company's Chemical Products Division had conducted heat-insulating work. The fire was extinguished on July 5, 2022. Regarding this fire accident, SBS Flec Co., Ltd. filed a lawsuit on September 6, 2023 for around ¥4.4 billion in damages against three companies related to the fire including the Company (hereinafter the "Lawsuit").

The Company has evaluated the details of the claims in the Lawsuit and is responding as appropriate through our attorneys.

On December 19, 2022, SBS Flec Co., Ltd.'s parent company SBS Holdings, Inc. announced regarding the fire accident that it had received an insurance payment of ¥5,236 million for the fixed assets burnt and damaged by the fire, and it is possible that the insurance company could file a claim for recovery. Furthermore, related to the fire accident, for around ¥1.1 billion initially estimated for the demolition costs for the Ami No. 2 Logistics Center, we received a notification from the relevant companies that around ¥0.68 billion in costs had been incurred at the end of April 2023. Depending on the future proceedings of the Lawsuit and the results of discussion, the Company could incur damages.

(Additional information)

We believe that the incurrence of damages to the Company related to the Lawsuit, etc. as well as the impact on earnings will become clear as a result of the future proceedings of the Lawsuit and the results of discussion, and the details and amounts of any damages to the Company from the fire accident have not been determined at this point in time. The Company will announce any specific impact on earnings in the future as soon as it becomes clear.

(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 and "Electronically recorded obligations - operating," which was included in "Notes and accounts payable - trade" under current liabilities in the previous fiscal year, have been presented separately from the fiscal year under review due to their increasing materiality. To reflect these changes in presentation, the consolidated financial statements for the previous fiscal year were restated.

As a result, ¥37,894 million that was presented in "Notes and accounts receivable - trade, and contract assets" under current assets in the consolidated balance sheet for the previous fiscal year were reclassified as ¥31,297 million of "Notes and accounts receivable - trade, and contract assets" and ¥6,596 million of "Electronically recorded monetary claims - operating," and ¥21,242 million that was presented in "Notes and accounts payable - trade" under current liabilities was reclassified as ¥17,237 million of "Notes and accounts payable - trade" and ¥4,004 million of "Electronically recorded obligations - operating" under current liabilities.

(Consolidated statement of income)

"Foreign exchange gains," which was presented separately under non-operating income in the previous fiscal year, has been included in "Other" under non-operating income from the fiscal year under review because it has become immaterial. In addition, "Loss on disposal of non-current assets," which was included in "Other" under non-operating expenses in the previous fiscal year, has been presented separately from the fiscal year under review due to its increasing materiality. To reflect these changes in presentation, the consolidated financial statements for the previous fiscal year were restated.

As a result, ¥532 million that was presented in "Foreign exchange gains" and ¥440 million that was presented in "Other" under non-operating income in the consolidated statement of income for the previous fiscal year were reclassified as ¥973 million of "Other" under non-operating income, and ¥358 million that was presented

in “Other” under non-operating expenses was reclassified as ¥52 million of “Loss on disposal of non-current assets” and ¥305 million of “Other” under non-operating expenses.

(Additional information)

(Share-based compensation plan for directors and other officers)

The Company has introduced a share-based compensation plan using a trust (hereinafter the “Plan”) for directors (excluding outside directors, directors who are audit and supervisory committee members and residents outside Japan; the same shall apply hereinafter) and executive officers (excluding residents outside Japan; hereinafter collectively referred to as “Directors, etc.”) in order to raise their consciousness of contributing to improvement in business performance over the medium to long term and enhancement of corporate value by making the linkage between remuneration of Directors, etc. and the Company’s operating results and share value clearer and having Directors, etc. share gains and risks of stock price fluctuations with shareholders.

(1) Overview of the transaction

The Plan is a share-based compensation plan in which a trust established by the Company’s contribution of money (hereinafter the “Trust”) acquires the Company’s shares, and the Company’s shares are delivered to each Director, etc. through the Trust in the number corresponding to the number of points granted by the Company to each Director, etc. The timing when each Director, etc. receives delivered shares of the Company is the time of retirement of the Director, etc. from his or her position in principle.

(2) The Company’s own shares remaining in the trust

Shares of the Company remaining in the trust have been recorded as treasury shares in net assets at the carrying amount (excluding the amount of incidental costs) in the trust. The carrying amount and number of these treasury shares were ¥214 million and 103 thousand shares in the previous fiscal year, and ¥386 million and 161 thousand shares in the fiscal year under review.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Company's reportable segments are components of the Group's businesses on which separate financial information is available and which are examined regularly by the Board of Directors to decide allocation of managerial resources and assess business performance.

The Company has established a division (or responsible department) by product/service, and for the Food and Services segment, consolidated subsidiaries have been established. These divisions, etc. formulate domestic and overseas comprehensive strategies for products and services that they handle and conduct business activities.

Accordingly, the Group's businesses consist of segments classified by product/service based on divisions, etc., and five segments of "Textiles," "Chemical Products," "Advanced Technology," "Food and Services" and "Real Estate" are reportable segments.

The description of main businesses that belong to each reportable segment is as follows.

| Reportable segments | Description of business |
|---------------------|--|
| Textiles | Manufacturing and sales of yarns, fabrics and textile products (sewn products, etc.) |
| Chemical Products | Manufacturing, processing and sales of flexible polyurethane foam, functional resin products (functional films, and high-performance plastic products), housing construction products (synthetic wood, inorganic building materials, and rigid polyurethane foam), and others (nonwoven fabrics, and functional materials) |
| Advanced Technology | Manufacturing, sales and maintenance of electronics (information system equipment related to color/production control, etc., and inspection/measurement systems) Engineering (design, production, construction and sales of various plants related to environment and energy, etc., and biomass power generation business) Manufacturing and sales of others (bio-related products, machine tools, etc.) |
| Food and Services | Manufacturing and sales of freeze-dried foods Operation of hotels, driving schools, etc. |
| Real Estate | Real estate leasing |

Note: KURAKI Co., Ltd., which was engaged in manufacturing and sales of machine tools, etc. in the Advanced Technology segment, was excluded from the consolidation scope, together with its subsidiaries Kuraki Taiwan Co., Ltd. and Kuraki America Corporation, from the beginning of the fourth quarter of the fiscal year ended March 31, 2024, due to the transfer of the shares in January 2024. As for amounts of net sales, segment profit, and other items (depreciation, and increase in property, plant and equipment and intangible assets) related to machine tools, etc., results up to the date of exclusion from consolidation are included.

Other than the said company and its subsidiaries, there is no company which is engaged in manufacturing and sales of machine tools, etc.

2. Method of calculating the amounts of sales, profit or loss, assets and other items by reportable segment

The method of accounting for reported operating segments is basically the same as the method of accounting treatment employed to prepare the consolidated financial statements.

Profit of reportable segments represents figures based on operating profit.

Intersegment revenue and transfers are based on prevailing market prices.

3. Information on the amounts of sales, profit or loss, assets and other items by reportable segment

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

| | Reportable segments | | | | | | Adjustments (Note 1) | Amount recorded in the consolidated financial statements (Note 2) |
|---|---------------------|----------------------|------------------------|----------------------|-------------|---------|-------------------------|---|
| | Textiles | Chemical Products | Advanced Technology | Food and Services | Real Estate | Total | | |
| Sales | | | | | | | | |
| Sales to outside customers | 56,507 | 59,726 | 24,271 | 9,292 | 3,724 | 153,522 | – | 153,522 |
| Intersegment sales or transfers | 41 | 90 | 537 | 42 | 440 | 1,151 | (1,151) | – |
| Total | 56,548 | 59,817 | 24,808 | 9,334 | 4,164 | 154,674 | (1,151) | 153,522 |
| Segment profit | 308 | 3,712 | 2,834 | 463 | 2,433 | 9,753 | (1,076) | 8,676 |
| Segment assets | 52,262 | 56,685 | 29,165 | 11,299 | 12,877 | 162,290 | 11,796 | 174,086 |
| Other items | | | | | | | | |
| Depreciation | 1,260 | 2,067 | 827 | 377 | 584 | 5,117 | 64 | 5,181 |
| Amortization of goodwill | – | – | 6 | – | – | 6 | – | 6 |
| Investments in entities accounted for using equity method | 361 | – | – | 454 | – | 816 | – | 816 |
| Increase in property, plant and equipment and intangible assets | 1,067 | 2,073 | 610 | 781 | 129 | 4,662 | (15) | 4,647 |

- (Notes)
1. (1) The segment profit adjustment of negative ¥1,076 million includes company-wide expenses of negative ¥1,032 million and other adjustments of negative ¥44 million. Company-wide expenses are mainly R&D expenses not attributable to the reportable segment.
 - (2) The segment assets adjustment of ¥11,796 million includes corporate assets of ¥23,101 million and other adjustments of negative ¥11,304 million. Corporate assets are mainly surplus operating funds (cash and deposits) and long-term investment funds (investment securities) at the parent company.
 - (3) The depreciation adjustment of ¥64 million in other items includes company-wide expenses of ¥67 million and other adjustments of negative ¥3 million. Company-wide expenses are depreciation of corporate assets that is not attributable to the reportable segment.
 - (4) The adjustment of increase in property, plant and equipment and intangible assets of negative ¥15 million in other items includes an increase in corporate assets of ¥19 million and other adjustments of negative ¥34 million. The increase in corporate assets represents the amount of capital investment not attributable to the reportable segment.
2. Segment profit is adjusted with operating profit in the consolidated financial statements.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Reportable segments | | | | | | Adjustments (Note 1) | Amount recorded in the consolidated financial statements (Note 2) |
|---|---------------------|----------------------|------------------------|----------------------|-------------|---------|-------------------------|---|
| | Textiles | Chemical Products | Advanced Technology | Food and Services | Real Estate | Total | | |
| Sales | | | | | | | | |
| Sales to outside customers | 51,103 | 61,318 | 25,530 | 9,572 | 3,790 | 151,314 | – | 151,314 |
| Intersegment sales or transfers | 49 | 21 | 324 | 32 | 441 | 869 | (869) | – |
| Total | 51,152 | 61,340 | 25,855 | 9,604 | 4,231 | 152,183 | (869) | 151,314 |
| Segment profit (loss) | (257) | 3,963 | 3,574 | 641 | 2,332 | 10,254 | (1,068) | 9,186 |
| Segment assets | 55,763 | 66,748 | 24,041 | 11,343 | 13,420 | 171,316 | 21,472 | 192,789 |
| Other items | | | | | | | | |
| Depreciation | 1,261 | 2,079 | 668 | 421 | 602 | 5,032 | 54 | 5,086 |
| Amortization of goodwill | – | – | 6 | – | – | 6 | – | 6 |
| Investments in entities accounted for using equity method | 427 | – | – | 464 | – | 892 | – | 892 |
| Increase in property, plant and equipment and intangible assets | 1,238 | 2,218 | 667 | 523 | 284 | 4,932 | 27 | 4,959 |

- (Notes)
1. (1) The segment profit or loss adjustment of negative ¥1,068 million includes company-wide expenses of negative ¥1,054 million and other adjustments of negative ¥13 million. Company-wide expenses are mainly R&D expenses not attributable to the reportable segment.
 - (2) The segment assets adjustment of ¥21,472 million includes corporate assets of ¥33,872 million and other adjustments of negative ¥12,399 million. Corporate assets are mainly surplus operating funds (cash and deposits) and long-term investment funds (investment securities) at the parent company.
 - (3) The depreciation adjustment of ¥54 million in other items includes company-wide expenses of ¥62 million and other adjustments of negative ¥7 million. Company-wide expenses are depreciation of corporate assets that is not attributable to the reportable segment.
 - (4) The adjustment of increase in property, plant and equipment and intangible assets of ¥27 million in other items includes an increase in corporate assets of ¥39 million and other adjustments of negative ¥11 million. The increase in corporate assets represents the amount of capital investment not attributable to the reportable segment.
2. Segment profit or loss is adjusted with operating profit in the consolidated financial statements.

[Information about impairment losses of non-current assets by reportable segment]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

| | Reportable segments | | | | | | Adjustments | Total |
|-------------------|---------------------|-------------------|---------------------|-------------------|-------------|-------|-------------|-------|
| | Textiles | Chemical Products | Advanced Technology | Food and Services | Real Estate | Total | | |
| Impairment losses | – | – | 2,432 | – | – | 2,432 | – | 2,432 |

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Reportable segments | | | | | | Adjustments | Total |
|-------------------|---------------------|-------------------|---------------------|-------------------|-------------|-------|-------------|-------|
| | Textiles | Chemical Products | Advanced Technology | Food and Services | Real Estate | Total | | |
| Impairment losses | – | 526 | – | 62 | – | 588 | – | 588 |

[Information about amortization and unamortized balance of goodwill by reportable segment]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

The information is omitted as it is immaterial.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

The information is omitted as it is immaterial.

[Information about gain on bargain purchase by reportable segment]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

Not applicable.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Not applicable.

(Relationship to revenue recognition)

Information on disaggregation of revenue from contracts with customers

[Breakdown by type of goods or services]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

| | Reportable segments | | | | | Total |
|---|---------------------|-------------------|---------------------|-------------------|-------------|----------|
| | Textiles | Chemical Products | Advanced Technology | Food and Services | Real Estate | |
| Yarns | 18,451 | – | – | – | – | 18,451 |
| Fabrics | 25,619 | – | – | – | – | 25,619 |
| Textile products (Sewn products, etc.) | 19,831 | – | – | – | – | 19,831 |
| Flexible polyurethane foam | – | 21,369 | – | – | – | 21,369 |
| Functional resin products | – | 23,246 | – | – | – | 23,246 |
| Housing construction products | – | 10,437 | – | – | – | 10,437 |
| Electronics businesses | – | – | 12,284 | – | – | 12,284 |
| Engineering businesses | – | – | 5,446 | – | – | 5,446 |
| Freeze-dried foods | – | – | – | 6,946 | – | 6,946 |
| Services | – | – | – | 2,388 | – | 2,388 |
| Others | – | 8,848 | 8,072 | – | – | 16,921 |
| Intersegment sales | (7,395) | (4,175) | (1,532) | (42) | – | (13,146) |
| Revenue from contracts with customers | 56,507 | 59,726 | 24,271 | 9,292 | – | 149,798 |
| Other revenue | – | – | – | – | 3,724 | 3,724 |
| Sales to outside customers | 56,507 | 59,726 | 24,271 | 9,292 | 3,724 | 153,522 |

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Reportable segments | | | | | Total |
|---|---------------------|-------------------|---------------------|-------------------|-------------|----------|
| | Textiles | Chemical Products | Advanced Technology | Food and Services | Real Estate | |
| Yarns | 15,411 | – | – | – | – | 15,411 |
| Fabrics | 27,055 | – | – | – | – | 27,055 |
| Textile products (Sewn products, etc.) | 14,193 | – | – | – | – | 14,193 |
| Flexible polyurethane foam | – | 23,293 | – | – | – | 23,293 |
| Functional resin products | – | 23,753 | – | – | – | 23,753 |
| Housing construction products | – | 10,245 | – | – | – | 10,245 |
| Electronics businesses | – | – | 12,534 | – | – | 12,534 |
| Engineering businesses | – | – | 6,779 | – | – | 6,779 |
| Freeze-dried foods | – | – | – | 6,773 | – | 6,773 |
| Services | – | – | – | 2,830 | – | 2,830 |
| Others | – | 8,604 | 7,456 | – | – | 16,060 |
| Intersegment sales | (5,557) | (4,578) | (1,240) | (32) | – | (11,408) |
| Revenue from contracts with customers | 51,103 | 61,318 | 25,530 | 9,572 | – | 147,524 |
| Other revenue | – | – | – | – | 3,790 | 3,790 |
| Sales to outside customers | 51,103 | 61,318 | 25,530 | 9,572 | 3,790 | 151,314 |

(Per share information)

| | Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023) | Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024) |
|--------------------------|--|--|
| Net assets per share | ¥5,386.20 | ¥6,513.02 |
| Basic earnings per share | ¥287.08 | ¥362.50 |

(Notes) 1. The amount of diluted earnings per share is not presented because there are no shares with dilutive effect.

2. The basis for calculation of basic earnings per share is as follows:

| | Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023) | Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024) |
|---|--|--|
| Profit attributable to owners of parent (Millions of yen) | 5,516 | 6,738 |
| Profit not attributable to common shareholders (Millions of yen) | – | – |
| Profit attributable to owners of parent pertaining to common shares (Millions of yen) | 5,516 | 6,738 |
| Average number of common shares outstanding during the period (Thousands of shares) | 19,217 | 18,588 |

3. The basis for calculation of net assets per share is as follows:

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Total net assets (Millions of yen) | 102,907 | 118,074 |
| Amounts deducted from total net assets (Millions of yen) | 1,572 | 1,225 |
| [Of the above, non-controlling interests (Millions of yen)] | [1,572] | [1,225] |
| Net assets pertaining to common shares at the end of the period (Millions of yen) | 101,334 | 116,849 |
| Number of common shares at the end of the period used to calculate net assets per share (Thousands of shares) | 18,813 | 17,940 |

4. The Company has introduced the Board Benefit Trust, a share-based compensation plan for directors, etc. using a trust. For the calculation of net assets per share, the Company's shares held by the trust account are included in the number of treasury shares deducted in the calculation of the total number of shares outstanding at the end of the period. (103 thousand shares in the previous fiscal year; 161 thousand shares in the fiscal year under review)

In addition, for the calculation of basic earnings per share, these shares are included in treasury shares deducted in the calculation of the average number of shares outstanding during the period. (103 thousand shares in the previous fiscal year; 115 thousand shares in the fiscal year under review)

(Subsequent events)

Not applicable.

4. Others

(1) Changes of officers (scheduled as of June 25, 2024)

The information was separately disclosed in the “Notification on Changes of Directors and Executive Officers” as of May 13, 2024.

(2) Reference information

i) Changes in the number of employees (consolidated)

| (Persons) | |
|---------------------|-------|
| As of Mar. 31, 2022 | 4,164 |
| As of Mar. 31, 2023 | 4,189 |
| As of Mar. 31, 2024 | 3,899 |

Note: In addition to the above, there are also temporary employees and part-timers (982 as of Mar. 31, 2024).

ii) Changes in the balance of interest-bearing debt (consolidated)

| (Millions of yen) | |
|---------------------|--------|
| As of Mar. 31, 2022 | 12,364 |
| As of Mar. 31, 2023 | 14,557 |
| As of Mar. 31, 2024 | 11,645 |

Note: Total amount of long-term and short-term borrowings.

iii) Trends in amount of capital investment and depreciation (consolidated)

| (Millions of yen) | | |
|--|------------------------------|--------------|
| | Amount of capital investment | Depreciation |
| Fiscal year ended Mar. 31, 2022 | 3,608 | 5,191 |
| Fiscal year ended Mar. 31, 2023 | 4,647 | 5,181 |
| Fiscal year ended Mar. 31, 2024 | 4,959 | 5,086 |
| Fiscal year ending Mar. 31, 2025 (Forecast) | 9,500 | 5,400 |

iv) Forecast of full-year financial results for the fiscal year ending March 31, 2025 (consolidated)

(Millions of yen)

| | | Fiscal year ended Mar. 31, 2024 | Fiscal year ending Mar. 31, 2025 (Forecast) |
|---|----------------------------|------------------------------------|---|
| Net sales | Textiles | 51,103 | 52,000 |
| | Chemical Products | 61,318 | 66,000 |
| | Advanced Technology | 25,530 | 21,300 |
| | Food and Services | 9,572 | 10,000 |
| | Real Estate | 3,790 | 3,700 |
| | Total | 151,314 | 153,000 |
| Operating profit | Textiles | (257) | 100 |
| | Chemical Products | 3,963 | 4,700 |
| | Advanced Technology | 3,574 | 2,800 |
| | Food and Services | 641 | 600 |
| | Real Estate | 2,332 | 2,200 |
| | Eliminations and corporate | (1,068) | (1,100) |
| Total | 9,186 | 9,300 | |
| Ordinary profit | | 10,191 | 10,200 |
| Profit attributable to owners of parent | | 6,738 | 7,200 |