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Summary of Consolidated Financial Results for the Year Ended March 31, 2025 (Based on Japanese GAAP)

May 8, 2025

Company name	ZACROS Corporation		
Stock exchange listing	Tokyo		
Stock Code	7917	URL https://www.zacros.co.jp/	
Representative	President and CEO	Taku Shimoda	
Inquiries	Director and Senior Executive Officer in Charge of Administration	Michihiko Sato	Tel. 81-3-5804-4221
Scheduled date of ordinary general meeting of shareholders	June 20, 2025		
Scheduled date to commence dividend payments	June 23, 2025		
Scheduled date to file Securities Report	June 18, 2025		
Preparation of supplementary material on earnings	Yes		
Holding of earnings performance review	Yes (for securities analysts and institutional investors)_ (Amounts of less than one million yen are rounded down)		

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024, to March 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2025	150,735	10.7	10,116	21.2	10,366	16.3	6,530	44.1
Year ended March 31, 2024	136,155	5.2	8,344	41.9	8,910	30.5	4,532	(6.6)

Note: Comprehensive income
Year ended March 31, 2025 ¥9,560 million 50.7%
Year ended March 31, 2024 ¥6,343 million (2.6%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Year ended March 31, 2025	351.26	348.00	7.4	7.0	6.7
Year ended March 31, 2024	241.43	239.17	5.4	6.6	6.1

Note: Equity-method investment profit (loss)
Year ended March 31, 2025 —Millions of yen
Year ended March 31, 2024 —Millions of yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2025	153,926	100,695	59.5	4,951.30
Year ended March 31, 2024	141,680	93,642	60.4	4,604.79

Note: Equity
As of March 31, 2025 ¥ 91,650 million
As of March 31, 2024 ¥ 85,607 million

(3) Consolidated Cashflow

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2025	6,588	(17,462)	269	22,481
Year ended March 31, 2024	10,083	(6,109)	(3,507)	32,112

2. Dividend Status

	Annual dividends					Total dividends (aggregate)	Payout ratio (consolidated)	Dividend on net assets (consolidated)
	1st quarter	2nd quarter	3rd quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2024	—	42.00	—	42.00	84.00	1,572	34.8	1.9
Year ended March 31, 2025	—	63.00	—	67.00	130.00	2,412	37.0	2.7
Year ending March 31, 2026 (forecast)	—	67.00	—	67.00	134.00		32.9	

Note: The second-quarter dividend for the fiscal year ending March 2025: Ordinary dividend: ¥53.00; Commemorative dividend: ¥10.00.

The year-end dividend for the fiscal year ending March 2025: Ordinary dividend: ¥57.00; Commemorative dividend: ¥10.00.

The dividend payout ratio for the fiscal year ending March 2026 is calculated including treasury shares acquired by the end of April 2025.

3. Forecast of consolidated financial results for the year ending March 31, 2026 (from April 1, 2025, to March 31, 2026)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	157,000	4.2	10,200	0.8	10,800	4.2	7,500	14.8	406.75

Note:

Earnings per share for the fiscal year ending March 2026 is calculated including treasury shares acquired by the end of April 2025.

Notes to Financial Statements:

- (1) Significant changes in the scope of consolidation during period, ended March 31, 2025 yes
Fujimori PlaChemical Co., Ltd., was excluded.

- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior-period financial statements after error corrections
- a. Changes in accounting policies due to revisions to accounting standards and other regulations yes
 - b. Changes in accounting policies due to other reasons none
 - c. Changes in accounting estimates none
 - d. Restatement of prior-period financial statements after error corrections none

- (3) Number of issued shares (common shares)

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

As of March 31, 2025	19,267,760	As of March 31, 2024	19,267,760
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- b. Number of treasury shares at the end of the period

As of March 31, 2025	757,312	As of March 31, 2024	676,693
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- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

As of March 31, 2025	18,592,657	As of March 31, 2024	18,773,692
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(Reference) Summary of Non-Consolidated Financial Results

Non-consolidated financial results for the fiscal year ending March 31, 2025 (April 1, 2024 – March 31, 2025)

- (1) Non-Consolidated Operating Results (Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2025	90,622	9.0	3,862	11.8	4,849	13.4	5,043	29.0
Year ended March 31, 2024	83,128	10.1	3,453	186.2	4,275	82.7	3,909	49.3

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended March 31, 2025	271.29	268.77
Year ended March 31, 2024	208.26	206.31

- (2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2025	106,442	70,416	65.8	3,785.19
Year ended March 31, 2024	101,687	67,495	66.0	3,611.64

Reference: Shareholders' Equity Year ended March 31, 2025 70,065 million Year ended March 31, 2024 67,144 million

The financial results report is exempt from reviews conducted by certified public accountants or an audit corporation

Proper use of earnings forecasts and other special matters

The above forecasts of consolidated financial results are based on information available to the company and on certain assumptions deemed to be reasonable. The company, however, makes no guarantee that these forecasts will be achieved. Actual business and other results may differ substantially because of various factors. For more information on assumptions for the financial results forecasts and on the use of the forecasts, please refer to the attached materials, page 4, "1. Review of Operating Results and Financial Statements" of the attached document and, "(2) Outlook."

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1. Overview of Business Performance

(1) Review of operating results and financial statements

(a.) Review of operating results

The main factors affecting business performance for the current consolidated fiscal year were a decline in sales in the Environmental Solutions business, while the Electronic Materials, Industrial Infrastructure, and Wellness businesses all recorded significant sales growth. The result was a year-on-year increase in consolidated net sales for the ZACROS Group.

On the profit side, personnel and R&D expenses rose; raw material, energy, and transportation costs increased; and ransomware temporarily halted production at a manufacturing site. Despite this, the group's profits improved compared with the previous year's, mainly because of higher sales in the Electronic Materials and Industrial Infrastructure businesses and such measures to enhance profitability as production efficiency improvements and price adjustments.

The ZACROS Group's consolidated net sales for the fiscal year under review were ¥150,735 million, reflecting a 10.7% increase over the previous year. Operating income rose 21.2%, to ¥10,116 million; ordinary income increased 16.3%, to ¥10,366 million; and net income attributable to owners of parent grew 44.1%, to ¥6,530 million.

The performance of the ZACROS Group's businesses follows.

Wellness

Wellness net sales increased on the growth in sales of pharmaceutical and medical packaging materials and single-use bags for biopharmaceutical manufacturing. Wellness operating income, however, declined, primarily because of ongoing investments for the development of medical devices and products related to in vitro diagnostics and testing reagents. Net sales were ¥27,139 million, a 4.0% year-on-year increase, whereas operating income declined 37.1%, to ¥523 million.

Environmental Solutions

Although sales of liquid containers increased at both domestic and overseas subsidiaries, overall sales decreased due to factors such as the sale of part of the food packaging business. On the profit front, despite the positive impact of increased sales in liquid containers, the decline in food packaging revenue resulted in a decrease in overall profit. Net sales for the segment amounted to ¥32,683 million, a 2.4% year-on-year decrease, and operating income was down 10.2%, at ¥1,297 million.

Electronic Materials

Electronic Materials recorded substantial sales growth, particularly in protective films, the segment's core product among display-related materials. This strong performance was driven by industry restructuring, which enhanced the business's competitiveness. The recovery of the semiconductor market, meanwhile, also boosted the segment's sales of electronic component-related and other product categories. As a result, the segment's net sales reached ¥53,941 million, up 20.0% over the previous year, and its operating income was ¥4,206 million, an increase of 39.4%.

Industrial Infrastructure

The Industrial Infrastructure business continued to perform well, with sales of building materials for air-conditioning pipes, void slabs for housing complexes, industrial chimneys, and tunnel materials higher than a year earlier. Chemical product sales also increased compared to the same period of the previous year, supported by strong demand for adhesive products, particularly for semiconductor and automotive film applications. Segment net sales were ¥36,970 million, 16.8% higher than the previous year, and operating income rose 34.1%, to ¥4,089 million.

	Year ended March 31, 2024		Year ended March 31, 2025		Year-on-year changes	
	Millions of yen	Percent of net sales	Millions of yen	Percent of net sales	Millions of yen	Percent of net sales
Net sales	136,155	100.0	150,735	100.0	14,580	10.7
Wellness	26,089	19.2	27,139	18.0	1,049	4.0
Environmental Solutions	33,475	24.6	32,683	21.7	(791)	(2.4)
Electronic Materials	44,934	33.0	53,941	35.8	9,007	20.0
Industrial Infrastructure	31,655	23.2	36,970	24.5	5,314	16.8
Operating income	8,344	6.1	10,116	6.7	1,772	21.2
Wellness	832	3.2	523	1.9	(308)	(37.1)
Environmental Solutions	1,444	4.3	1,297	4.0	(146)	(10.2)
Electronic Materials	3,017	6.7	4,206	7.8	1,189	39.4
Industrial Infrastructure	3,050	9.6	4,089	11.1	1,038	34.1

(b.) Overview of financial position

At the end of the fiscal year, the ZACROS Group's total assets were ¥153,926 million, an increase of ¥12,246 million compared with the previous fiscal year-end. This increase was due to increases in tangible fixed assets and inventories and despite a decrease in short-term securities.

Total liabilities amounted to ¥53,231 million. This increase of ¥5,193 million from the previous fiscal year-end was mainly due to increases in accounts payable and borrowings and despite a decrease in trade payables.

Total net assets were ¥100,695 million, up ¥7,052 million from the previous fiscal year-end. This rise was primarily due to an increase in retained earnings and foreign currency translation adjustments resulting from a weak yen. The ZACROS Group's equity ratio was 59.5%.

(c.) Overview of cash flows

Cash and cash equivalents—hereinafter, funds—at the end of the fiscal year decreased ¥9,630 million from the previous fiscal year-end, to ¥22,481 million.

The status and main factors for cash flows are as follows:

Cash flows from operating activities

Net cash provided by operating activities was ¥6,588 million, compared with ¥10,083 million in the previous fiscal year. The decline owed itself to such factors as a decrease in trade payables and an increase in inventories and income taxes paid, offset by factors that included income before income taxes of ¥9,614 million and depreciation of ¥5,987 million.

Cash flows from investing activities

Net cash used in investing activities was ¥17,462 million, compared with ¥6,109 million in the previous fiscal year. This increase was mainly due to outflows for the acquisition of tangible fixed assets of ¥17,731 million and despite inflows from business transfers.

Cash flows from financing activities

Net cash provided by financing activities was ¥269 million, compared with an outflow of ¥3,507 million in the previous fiscal year. The increase was mainly due to proceeds from long-term borrowings and despite outflows for cash dividends.

Trends in the group's cash flow indicators are as follows:

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2025
Equity ratio (%)	61.8	61.9	63.9	60.4	59.5
Market-based equity ratio (%)	73.0	55.9	44.6	56.9	48.9
Interest-bearing debt to cash flow ratio (years)	0.3	0.2	0.4	0.3	1.0
Interest coverage ratio (times)	512.0	617.0	178.4	137.4	48.9

Notes:

- All indicators are calculated on a consolidated basis using the following formulas:
 - Equity ratio = Equity / Total assets
 - Market-based equity ratio = Market capitalization / Total assets
 - Interest-bearing debt to cash flow ratio = Interest-bearing debt / Operating cash flow
 - Interest coverage ratio = Operating cash flow / Interest paid
- Market capitalization is calculated as the fiscal year-end closing share price multiplied by the number of shares outstanding at year-end, excluding treasury shares.
- Interest-bearing debt includes all liabilities recorded on the consolidated balance sheets for which interest is paid.
- Operating cash flow and interest paid are based on cash flows from operating activities and interest paid as recorded in the consolidated statements of cash flows.

(2) Outlook

The medium-term management plan launched last year has now entered its second year. Positioned as a critical period, the next two years will continue to focus on actively investing to transform our business model and portfolio while advancing balance sheet reforms, all with the goal of achieving a 12% ROE by fiscal 2030. To further enhance corporate value, we will continue efforts to strengthen the competitiveness and capital efficiency of each business segment. At the same time, we will promote both “solution-creating activities,” which generate new value by combining products and services, and “custom manufacturing” tailored to specific needs.

For fiscal 2025, the second year of the medium-term plan, segment forecasts are as follows:

Wellness

The Wellness business will work to accurately identify domestic and international medical needs and secure orders for pharmaceutical and medical packaging. In the bio-related field, we have been strengthening our production capacity to meet the continued growth in demand for single-use bags used in the manufacturing of biopharmaceuticals and related products. In addition, we will work to establish medical devices, in vitro diagnostics, and reagent-related businesses—areas into which we have invested in R&D over the past several years—as core pillars of our revenue base going forward.

Environmental Solutions

Environmental Solutions will develop and manufacture consumer and industrial packaging products that reduce environmental impact and expand the marketing and sales of such products globally. It will also consider optimizing its global supply system for liquid containers in response to rising demand, especially in Asia.

Electronic Materials

In the Electronic Materials business, orders for our core product—protective films for displays—are expected to remain strong. Meanwhile, in the electronic components sector, we anticipate sales growth for information recording materials, particularly interlayer insulating materials used in semiconductor packages, driven by the growing demand from data centers supporting generative AI.

Industrial Infrastructure

The Industrial Infrastructure business will strengthen its system proposals and infrastructure for improved quality and productivity that contribute to differentiation. It will develop feature-filled products, such as lightweight, high insulation for construction sites, and will focus on proposals that save labor and manpower.

For the year ending March 31, 2026, the ZACROS Group projects consolidated net sales of ¥157,000 million, a 4.2% increase over fiscal 2025. Operating income is expected to rise slightly to ¥10,200 million, an increase of 0.8%, while ordinary income is forecast to reach ¥10,800 million, up 4.2%. In addition, approximately ¥1.3 billion from the Large-Scale Growth Investment Grant Program—aimed at supporting wage increases at small- and medium-sized enterprises through labor-saving and other measures—has been factored in as extraordinary income. As a result, profit attributable to owners of the parent is projected to be ¥7,500 million, a 14.8% increase year on year.

The performance forecast is based on information available at this time. However, should external factors exceed our current assumptions, there is a possibility that the forecast may be significantly affected.

(3) Basic policy on profit distribution and dividends for the fiscal year under review and subsequent fiscal years

The ZACROS Group considers returning profits to our shareholders and improving return on equity (ROE) to be among our highest priorities. With regard to profit distribution, we aim to provide stable and continuous dividends with a target payout ratio of 40% or higher. For the fiscal year-end dividend, taking into account full-year results including net income, we plan to increase the dividend by ¥4 per share from the interim dividend of ¥63, resulting in a year-end dividend of ¥67 per share, including a ¥10 commemorative dividend for the 110th anniversary of our founding. As a result, the annual dividend for the current fiscal year is expected to be ¥130 per share, including a ¥20 commemorative dividend for the 110th anniversary.

For the next fiscal year, we plan to further increase the annual dividend by ¥4 to ¥134 per share, with an interim dividend of ¥67 and a year-end dividend of ¥67.

2. Status of the Corporate Group

The ZACROS Group consists of the parent company—ZACROS Corporation (the company)—and 13 consolidated subsidiaries. The group's main businesses are the manufacture and sale of products in the following four segments: Wellness, Environmental Solutions, Electronic Materials, and Industrial Infrastructure.

Wellness

The Wellness business promotes products and services for improved physical and mental health. It accounts for 18.0% of the group's consolidated net sales and 5.2% of operating income. Its major products include pharmaceutical and medical packaging materials, release films for pharmaceuticals, single-use bags for biopharmaceutical manufacturing (BioPhaS®), medical devices, in vitro diagnostics, and testing reagent-related products.

Environmental Solutions

The Environmental Solutions business addresses environmental issues and provides the products of value necessary for a recycling-oriented society. It accounts for 21.7% of consolidated net sales and 12.8% of operating income. Its major products include refill packaging, cosmetic packaging, other flexible packaging, OA equipment-related packaging, and such plastic liquid containers as bag-in-box containers.

Electronic Materials

The Electronic Materials business supplies the high-performance materials required for an ultrasmart society. It accounts for 35.8% of consolidated net sales and 41.6% of operating income. Its major products include protective films, such as those for polarizing plates; release films for display-related applications and electronic components and other applications; information recording materials, such as interlayer insulating films; and other information-related device materials.

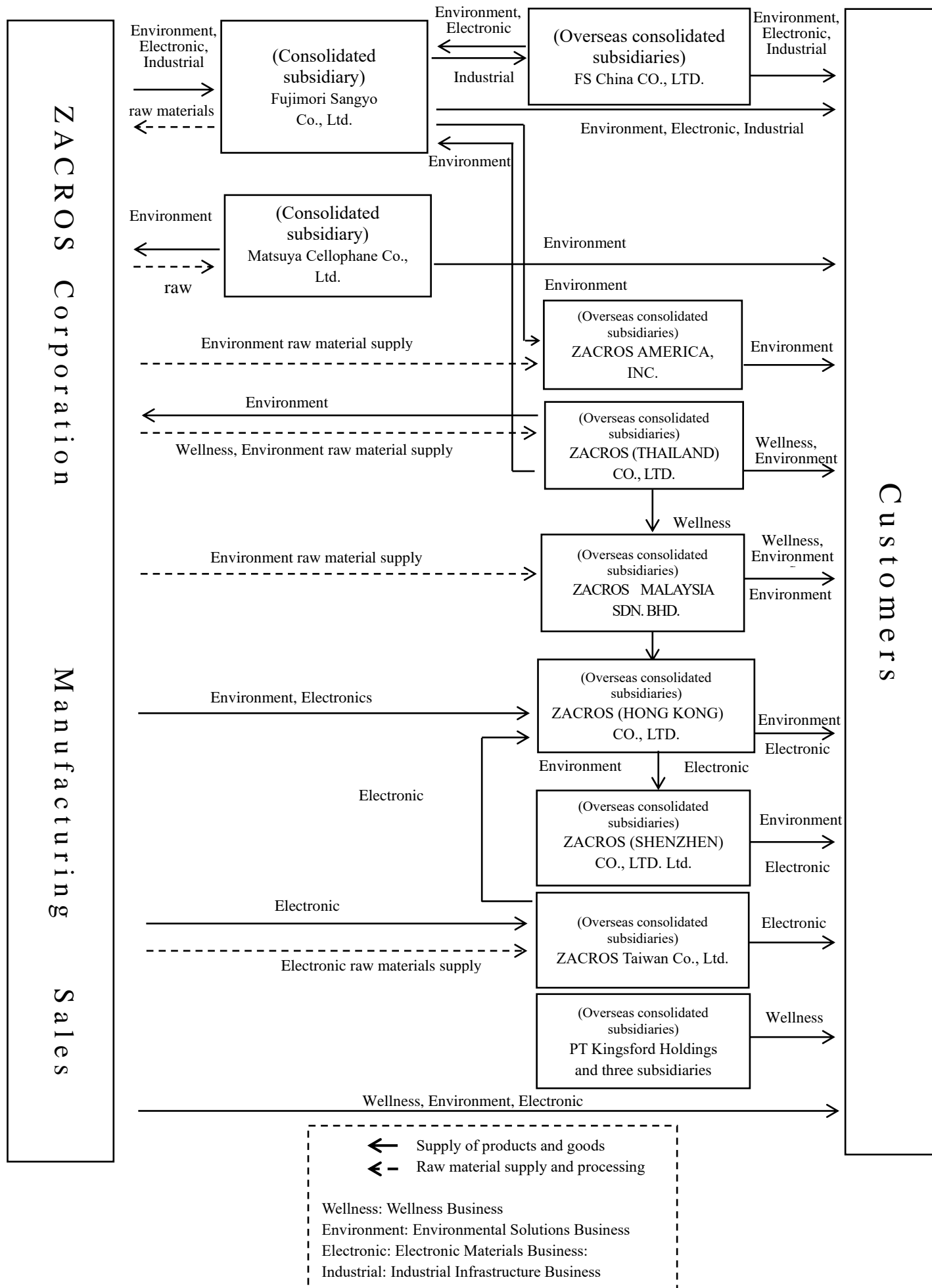
Industrial Infrastructure

The Electronic Materials business helps strengthen the industrial infrastructure that supports daily life. It also provides value through planning and proposals. It accounts for 24.5% of consolidated net sales and 40.4% of operating income. Its major products include industrial chimneys, void slabs, air-conditioning piping, tunnel materials, plastic raw materials, products, and related machinery.

These are the activities and positioning of each of the group's business segments. The manufacture and sales of their products are conducted by the company and its group companies. The business segments correspond to the Zacro Group's reportable segments.

Segment	Product Field	Main Products	Company Name	
Wellness	Pharmaceutical and medical	Pharmaceutical and medical packaging, release films for pharmaceuticals	ZACROS Corporation ZACROS (THAILAND) CO., LTD. PT Kingsford Holdings PT Champion Pacific Indonesia Tbk PT Avesta Continental Pack PT Indogravure ZACROS MALAYSIA SDN.BHD.	MFG&Sales MFG&Sales Holding shares Holding shares MFG&Sales MFG&Sales Sales
	Biomedical	Single-use bags for biopharmaceuticals (BioPhaS [®])		
		Medical devices and in vitro diagnostics, and testing reagent-related products.		
Environmental Solutions	Daily and industrial packaging	Cosmetic, refill packaging, other flexible packaging	ZACROS Corporation Fujimori Sangyo Co., Ltd. Matsuya Cellophane Co., Ltd. ZACROS (THAILAND) CO., LTD. ZACROS AMERICA, Inc. ZACROS (HONG KONG) CO., LTD. ZACROS (SHENZHEN) CO., LTD. ZACROS MALAYSIA SDN.BHD. FS China CO., LTD.	MFG&Sales Sales MFG&Sales MFG&Sales MFG&Sales Sales Sales MFG&Sales Sales
		OA equipment-Related packaging		
	Liquid containers	Plastic liquid containers (Bag-in-Box, etc.)		
Electronic Materials	Displays	Protective films (for polarizing plates, etc.)	ZACROS Corporation Fujimori Sangyo Co., Ltd. ZACROS TAIWAN CO., LTD.. ZACROS (HONG KONG) CO.,LTD. ZACROS (SHENZHEN)CO., LTD. FS China CO., LTD.	MFG&Sales Sales MFG&Sales Sales Sales Sales
		Release films		
	Electronic components	Information recording materials (interlayer insulating films, etc.)		
		Release films		
		Other materials for information-related devices		
Industrial Infrastructure	Building materials	Industrial chimneys, void slabs, pipes for air conditioning	ZACROS Corporation Fujimori Sangyo Co., Ltd. FS China CO., LTD.	MFG MFG&Sales Sales
	Civil engineering materials	Tunnel construction materials		
	Chemicals	Plastic raw materials, products and related machinery		

An overview diagram of the corporate group as described above is provided below.



3. Basic Policy on the Selection of Accounting Standards

The ZACROS Group prepares its consolidated financial statements in accordance with Japanese GAAP. In so doing, it takes into account the comparability of financial information across periods and companies. The group's response to adopting the International Financial Reporting Standards (IFRS) will be based on developments in Japan and overseas.

4. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheets

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Assets		
Current assets		
Cash and deposits	15,516	14,986
Notes receivable - trade	6,414	6,299
Accounts receivable - trade	33,971	32,978
Contract assets	587	1,987
Securities	16,596	7,495
Merchandise and finished goods	7,920	7,928
Work in process	2,136	2,153
Raw materials and supplies	5,264	6,525
Other	4,584	6,500
Allowance for doubtful accounts	(106)	(72)
Total current assets	92,885	86,783
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	47,790	56,613
Accumulated depreciation	(29,828)	(29,568)
Buildings and structures, net	17,961	27,044
Machinery, equipment and vehicles	68,459	69,654
Accumulated depreciation	(58,077)	(59,306)
Machinery, equipment and vehicles, net	10,381	10,347
Tools, furniture and fixtures	8,370	8,753
Accumulated depreciation	(7,376)	(7,618)
Tools, furniture and fixtures, net	993	1,135
Land	8,718	9,138
Construction in progress	3,738	12,355
Other	2,499	2,614
Accumulated depreciation	(1,136)	(1,176)
Other, net	1,363	1,437
Total property, plant and equipment	43,158	61,459
Intangible assets		
Goodwill	162	102
Other	637	767
Total intangible assets	800	870
Investments and other assets		
Investment securities	2,502	2,667
Deferred tax assets	1,494	1,282
Other	852	875
Allowance for doubtful accounts	(13)	(11)
Total investments and other assets	4,836	4,814
Total noncurrent assets	48,795	67,143
Total assets	141,680	153,926

	(Millions of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable—trade	26,311	22,695
Short-term loans payable	1,579	595
Accounts payable—other	4,618	13,333
Income taxes payable	1,813	994
Contract liabilities	381	373
Provision for bonuses	1,683	1,801
Provision for directors' bonuses	119	138
Allowance for contingent losses	2,198	—
Other	2,075	2,634
Total current liabilities	40,781	42,566
Noncurrent liabilities		
Long-term loans payable	75	4,074
Deferred tax liabilities	55	79
Net defined benefit liability	4,956	4,204
Provision for directors' retirement benefits	592	611
Other	1,577	1,695
Total noncurrent liabilities	7,257	10,665
Total liabilities	48,038	53,231
Net assets		
Shareholders' equity		
Capital stock	6,600	6,600
Capital surplus	6,515	6,559
Retained earnings	70,265	74,738
Treasury shares	(2,220)	(2,576)
Total shareholders' equity	81,161	85,322
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	827	981
Foreign currency translation adjustment	3,557	4,954
Remeasurements of defined benefit plans	62	392
Total accumulated other comprehensive income	4,446	6,328
Subscription rights to shares	351	351
Noncontrolling interests	7,682	8,692
Total net assets	93,642	100,695
Total liabilities and net assets	141,680	153,926

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

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	136,155	150,735
Cost of sales	106,410	115,999
Gross profit	29,744	34,735
Selling, general and administrative expenses	21,400	24,618
Operating income	8,344	10,116
Nonoperating income		
Interest income	170	299
Dividend income	75	65
Insurance and dividend income	114	97
Foreign exchange gains	41	163
Subsidy income	58	3
Income from recycling	85	116
Other	131	195
Total nonoperating income	678	941
Nonoperating expenses		
Interest expenses	73	135
Loss on investments in investment partnerships	27	22
Costs for responding to system failures	—	237
Losses associated with production stoppages	—	254
Other	11	42
Total nonoperating expenses	112	692
Ordinary income	8,910	10,366
Extraordinary income		
Gain on sales of noncurrent assets	21	12
Gain on sales of investment securities	911	9
Total extraordinary income	933	22
Extraordinary losses		
Loss on sale of fixed assets	10	—
Loss on retirement of noncurrent assets	49	45
Loss on business transfers	—	57
Impairment Loss	216	254
Loss on sale of investment securities	—	1
Loss on valuation of investment securities	145	404
Provision for contingent loss	2,198	—
Other	—	8
Total extraordinary losses	2,619	773
Income before income taxes	7,223	9,614
Income taxes—current	2,666	2,332
Income taxes—deferred	(548)	(165)
Total income taxes	2,118	2,167
Net income	5,104	7,447
Net income attributable to noncontrolling interests	572	916
Net income attributable to owners of parent	4,532	6,530

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net income	5,104	7,447
Other comprehensive income		
Valuation difference on available-for-sale securities	(355)	152
Foreign currency translation adjustment	1,590	1,625
Remeasurements of defined benefit plans, net of tax	3	335
Total other comprehensive income	1,238	2,113
Comprehensive income	6,343	9,560
Comprehensive income attributable to		
Owners of parent	5,458	8,412
Noncontrolling interests	884	1,148

(3) Consolidated statement of changes in shareholders' equity
Previous fiscal year (April 1, 2023–March 31, 2024)

Statement of changes in shareholders' equity (Excerpt)

(Millions of yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at beginning of current period	6,600	6,498	66,780	(1,335)	78,544
Changes of items during period					
Dividends of surplus			(1,581)		(1,581)
Net income attributable to owners of parent			4,532		4,532
Purchase of treasury shares				(974)	(974)
Restricted share awards		10		51	61
Exercise of stock options		(2)		37	35
Changes in equity of parent due to transactions with noncontrolling interests		9			9
Change in scope of consolidation			533		533
Net changes of items other than shareholders' equity					
Total changes during the period	—	17	3,484	(885)	2,616
Balance at end of period	6,600	6,515	70,265	(2,220)	81,161

	Accumulated Other Comprehensive Income				Stock Acquisition Rights	Non controlling Interests	Total Net Assets
	Valuation Difference on Available-for-Sale Securities	Foreign Currency Translation Adjustment	Remeasurements of Defined Benefit Plans	Total Other Comprehensive Income			
Balance at beginning of current period	1,197	2,269	53	3,520	386	6,829	89,281
Changes of items during period							
Dividends of surplus							(1,581)
Net income attributable to owners of parent							4,532
Purchase of treasury shares							(974)
Restricted share awards							61
Exercise of stock options					(35)		0
Changes in equity of parent due to transactions with noncontrolling interests							9
Change in scope of consolidation							533
Net changes of items other than shareholders' equity	(370)	1,287	9	926	—	852	1,779
Total changes during the period	(370)	1,287	9	926	(35)	852	4,361
Balance at end of period	827	3,557	62	4,446	351	7,682	93,642

Current consolidated fiscal year (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at beginning of current period	6,600	6,515	70,265	(2,220)	81,161
Changes of items during period					
Dividends of surplus			(1,952)		(1,952)
Net income attributable to owners of parent			6,530		6,530
Purchase of treasury shares				(409)	(409)
Restricted share awards		19		54	73
Exercise of stock options					
Changes in equity of parent due to transactions with noncontrolling interests		24			24
Change in scope of consolidation			(105)		(105)
Net changes of items other than shareholders' equity					
Total changes during the period	—	44	4,472	(355)	4,161
Balance at end of period	6,600	6,559	74,738	(2,576)	85,322

	Accumulated Other Comprehensive Income				Stock Acquisition Rights	Non controlling Interests	Total Net Assets
	Valuation Difference on Available-for-Sale Securities	Foreign Currency Translation Adjustment	Remeasurements of Defined Benefit Plans	Total Other Comprehensive Income			
Balance at beginning of current period	827	3,557	62	4,446	351	7,682	93,642
Changes of items during period							
Dividends of surplus							(1,952)
Net income attributable to owners of parent							6,530
Purchase of treasury shares							(409)
Restricted share awards							73
Exercise of stock options							
Changes in equity of parent due to transactions with noncontrolling interests							24
Change in scope of consolidation							(105)
Net changes of items other than shareholders' equity	154	1,397	330	1,881	—	1,010	2,891
Total changes during the period	154	1,397	330	1,881	—	1,010	7,052
Balance at end of period	981	4,954	392	6,328	351	8,692	100,695

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Income before income taxes	7,223	9,614
Depreciation	5,866	5,987
Impairment loss	216	254
Amortization of goodwill	65	67
Increase (decrease) in provision for directors' retirement benefits	15	19
Increase (decrease) in provision for bonuses	377	135
Increase (decrease) in provision for directors' bonuses	27	19
Increase (decrease) in allowance for doubtful accounts	21	(43)
Increase (decrease) in net defined benefit liability	117	(66)
Increase(decrease) in provision for contingent losses	2,198	—
Interest and dividend income	(246)	(365)
Interest expenses	73	135
Loss (gain) on sales and retirement of noncurrent assets	38	33
Loss (gain) on business transfers	—	57
Loss (gain) on sales of investment securities	(911)	(7)
Valuation losses (gains) on investment securities	—	404
Loss (gain) on investments in investment partnerships	27	22
Share-based compensation expenses	62	61
Decrease (increase) in notes and accounts receivable—trade	(5,351)	(852)
Decrease (increase) in inventories	(368)	(1,557)
Increase (decrease) in notes and accounts payable—trade	2,470	(3,355)
Other	(570)	(982)
Subtotal	11,353	9,581
Interest and dividend income received	246	365
Interest expenses paid	(73)	(134)
Income taxes paid	(1,442)	(3,223)
Net cash provided by (used in) operating activities	10,083	6,588
Cash flows from investing activities		
Purchases of property, plant and equipment	(6,736)	(17,731)
Proceeds from sales of property, plant and equipment	31	216
Purchases of intangible assets	(202)	(374)
Purchases of investment securities	(259)	(360)
Proceeds from sales of investment securities	1,113	14
Proceeds from business transfers	—	813
Other	(55)	(40)
Net cash provided by (used in) investing activities	(6,109)	(17,462)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(366)	(455)
Gains on long-term borrowing	—	4,220
Repayment of long-term loans payable	(245)	(942)
Proceeds from sales of treasury shares	0	—
Purchases of treasury shares	(974)	(409)
Cash dividends paid	(1,581)	(1,952)
Dividends paid to noncontrolling interests	(69)	(66)
Repayments to noncontrolling interests	9	(104)
Other	(280)	(20)
Cash flows from financing activities	(3,507)	269

Effect of exchange rate change on cash and cash equivalents	512	973
Net increase (decrease) in cash and cash equivalents	978	(9,630)
Cash and cash equivalents at beginning of period	30,621	32,112
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	511	—
Cash and cash equivalents at end of period	32,112	22,481

(5) Notes to the consolidated financial statements

(Notes on assumptions of going concern)

Not applicable.

(Changes in significant subsidiaries during the fiscal year)

Fujimori PlaChemical Co., Ltd., which was a consolidated subsidiary, has been excluded from the scope of consolidation because of its dissolution through an absorption-type merger.

(Notes on changes in accounting policies)

The Accounting Standard for Corporate, Inhabitant and Enterprise Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter, the 2022 Revised Accounting Standard) has been applied from the beginning of the current consolidated fiscal year under review.

With respect to the revision to the classification of corporate tax and to taxation on other comprehensive income, the transitional treatments stipulated in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the 2022 Revised Guidance) have been followed. This change in accounting policy had no effect on the consolidated financial statements.

In addition, revisions related to the treatment in the consolidated financial statements of the deferral for tax purposes of gains or losses on sales of shares of subsidiaries and other securities arising from sales between consolidated companies have been applied based on the 2022 Revised Guidance from the beginning of the current consolidated fiscal year under review.

This change in accounting policy has been applied retroactively to the consolidated financial statements for the previous fiscal year. However, the change had no effect on the consolidated financial statements for the previous fiscal year.

(Additional Information)

(Establishment of a subsidiary)

1. Reason for establishment

To meet the growing global demand for CUBITAINER® liquid containers for industrial use, the Company has decided to establish a new manufacturing and sales subsidiary in Wuxi, Jiangsu Province, China, with the aim of strengthening its supply structure in the Chinese market.

2. Overview of the new subsidiary

- (1) Name: ZACROS Precision Materials (Wuxi) Co., Ltd. (tentative)
- (2) Location: Wuxi, Jiangsu Province, China
- (3) Business: Manufacture and sale of CUBITAINER® liquid containers for industrial use
- (4) Capital: RMB 28 million (approximately JPY 600 million)
- (5) Establishment: Scheduled for May 2025
- (6) Start of Production: Scheduled for April 2026
- (7) Total Investment: Approximately JPY 1.3 billion (capital expenditure)

The new subsidiary will be a wholly owned subsidiary of the Company and is expected to be included in the scope of consolidation.

(Segment Information)**1. Overview of Reportable Segments**

The group's reportable segments are units of the group for which separate financial information is available and which are periodically reviewed by the Board of Directors to determine the allocation of management resources and to assess performance.

Our company has established an organizational structure based on business segments, and each business segment formulates and implements comprehensive strategies for both domestic and overseas operations by market and product. The group's reportable segments are classified into four categories based on product types, markets, and other factors: Wellness, Environmental Solutions, Electronic Materials, and Industrial Infrastructure.

The main products for each reportable segment are as follows:

Segment	Produce Field	Main Products
Wellness	Pharmaceuticals and medical	Pharmaceutical and medical packaging, release films for pharmaceutical
	Biomedical	Single-use bags for biopharmaceuticals (BioPhaS [®]) Medical devices and in vitro diagnostics, and testing reagent-related products.
Environmental Solutions	Daily and industrial packaging	Cosmetic, refill packaging, other flexible packaging, OA equipment-Related packaging
	Liquid containers	Plastic liquid containers (Bag-in-Box, etc.)
Electronic Materials	Displays	Protective films (for polarizing plates, etc.), release films
	Electronic components	Information recording materials (interlayer insulating films, etc.), release films, other materials for information-related devices
Industrial Infrastructure	Building materials	Industrial chimneys, void slabs, pipes for air conditioning
	Civil engineering materials	Tunnel construction materials
	Chemicals	Plastic raw materials, products and related machinery

2. Method of Calculating Net Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reporting Segment

The method for calculating the amounts of net sales, profit or loss, assets, liabilities, and other items for each reporting segment is, in principle, the same as the method used for preparing consolidated financial statements.

The profit of reportable segments is based on operating profit. Information on liabilities by reportable segment is not regularly provided to the chief operating decision maker and is therefore not included in the scope of disclosure.

Internal sales and transfers between segments are based on actual transaction prices.

3. Information on Net Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reporting Segment

Previous Consolidated Fiscal Year (from April 1, 2023, to March 31, 2024)

(Millions of yen)

	Reportable segments					Adjusted sales amount (Note 1,2)	Amount recorded in consolidated statements of income (Note 3)
	Wellness	Environmental Solutions	Electronic Materials	Industrial Infrastructure	Total		
Net sales							
Sales to unaffiliated customers	26,089	33,475	44,934	31,655	136,155	—	136,155
Intersegment sales or transfers	296	1,471	825	1,527	4,120	(4,120)	—
Total	26,386	34,947	45,759	33,182	140,275	(4,120)	136,155
Segment profit	832	1,444	3,017	3,050	8,344	—	8,344
Segment assets	25,656	28,112	33,877	19,419	107,065	34,614	141,680
Other items							
Depreciation and amortization	1,074	1,788	2,519	484	5,866	—	5,866
Amortization of goodwill	65	—	—	—	65	—	65
Impairment loss	—	216	—	—	216	—	216
Increase in property, plant and equipment and intangible assets	3,804	1,715	1,416	447	7,383	—	7,383

Notes:

1. Inter-segment sales are eliminated in the segment information.

2. Assets not allocated to reporting segments are company-wide assets, which mainly consist of surplus operating funds (cash and deposits), investment securities, long-term investment funds (investment securities, etc.), and assets related to administrative departments.

3. The total segment profit is consistent with operating profit in the consolidated statements.

Consolidated Fiscal year ended March 31, 2025 (from April 1, 2024, to March 31, 2025)

(Millions of yen)

	Reportable segments					Adjusted sales amount (Note 1,2)	Amount recorded in consolidated statements of income (Note 3)
	Wellness	Environmental Solutions	Electronic Materials	Industrial Infrastructure	Total		
Net sales							
Sales to unaffiliated customers	27,139	32,683	53,941	36,970	150,735	—	150,735
Intersegment sales or transfers	345	1,393	981	1,796	4,516	(4,516)	—
Total	27,484	34,076	54,923	38,767	155,251	(4,516)	150,735
Segment profit	523	1,297	4,206	4,089	10,116	—	10,116
Segment assets	32,786	31,334	43,133	21,522	128,777	25,149	153,926
Other items							
Depreciation and amortization	1,352	1,879	2,246	508	5,987	—	5,987
Amortization of goodwill	67	—	—	—	67	—	67
Impairment loss	18	236	—	—	254	—	254
Increase in property, plant and equipment and intangible assets	7,506	6,064	8,547	1,570	23,689	—	23,689

Notes:

1. Inter-segment sales are eliminated in the segment information.

2. Assets not allocated to reporting segments are company-wide assets, which mainly consist of surplus operating funds (cash and deposits), investment securities, long-term investment funds (investment securities, etc.), and assets related to administrative departments.

3. The total segment profit is consistent with operating profit in the consolidated statements.

(Per Share Information)

Previous Fiscal Year (April 1, 2023–March 31, 2024)		Current Fiscal Year (April 1, 2024–March 31, 2025)	
Net assets per share	¥4,604.79	Net assets per share	¥4,951.30
Basic earnings per share	¥241.43	Basic earnings per share	¥351.26
Diluted earnings per share	¥239.17	Diluted earnings per share	¥348.00

Note:

The basis for calculating net income per share, diluted net income per share, and the number of shares used in these calculations is as follows:

	Previous Fiscal Year (April 1, 2023–March 31, 2024)	Current Fiscal Year (April 1, 2024–March 31, 2025)
Earnings per share		
Net income attributable to owners of parent (millions of yen)	4,532	6,530
Amount not attributable to common shareholders (millions of yen)	—	—
Net income attributable to common shareholders (millions of yen)	4,532	6,530
Average number of shares outstanding during the period (thousand shares)	18,774	18,593
Diluted net income per share		
Adjustment to net income attributable to owners of the parent (millions of yen)	—	—
Increase in number of common shares (thousands of shares)	176	173
(of which, stock acquisition rights)	(176)	(173)
Overview of potential shares not included in the calculation of diluted net income per share due to lack of dilutive effect.	—	—

(Notes on significant subsequent events)

Not applicable