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May 14, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)

Company name: ESPEC CORP.
Listing: Tokyo Stock Exchange
Securities code: 6859
URL: https://www.espec.co.jp
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Scheduled date of annual general meeting of shareholders: June 26, 2026
Scheduled date to commence dividend payments: June 29, 2026
Scheduled date to file annual securities report: June 23, 2026
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors)

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

1. Consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	70,034	4.1	7,084	(5.9)	7,473	(4.1)	5,879	(2.1)
March 31, 2025	67,288	8.3	7,526	14.3	7,793	12.6	6,003	20.8

Note: Comprehensive income For the fiscal year ended March 31, 2026 ¥8,718 million [48.8%]
For the fiscal year ended March 31, 2025 ¥5,860 million [(21.1)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2026	270.39	–	10.0	9.4	10.1
March 31, 2025	274.97	–	11.0	10.1	11.2

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2026 ¥– million
For the fiscal year ended March 31, 2025 ¥– million

(2) 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, 2026	82,922	61,401	74.0	2,873.40
March 31, 2025	75,847	56,693	74.7	2,596.78

Reference: Equity As of March 31, 2026 ¥61,401 million
As of March 31, 2025 ¥56,693 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, 2026	5,052	(273)	(3,880)	14,695
March 31, 2025	4,445	(1,154)	(7,245)	12,765

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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2025	–	35.00	–	60.00	95.00	2,096	34.5	3.8
Fiscal year ended March 31, 2026	–	45.00	–	70.00	115.00	2,522	42.5	4.3
Fiscal year ending March 31, 2027 (Forecast)	–	45.00	–	70.00	115.00		41.8	

3. Forecast of consolidated operating results for the fiscal year ending March 31, 2027 (From April 1, 2026 to March 31, 2027)

(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, 2026	33,800	11.5	3,150	20.8	3,250	20.2	2,300	20.3	107.63
Fiscal year ending March 31, 2027	73,000	4.2	8,000	12.9	8,100	8.4	5,880	0.0	275.17

*Notes

(1) Significant changes in the scope of consolidation during the period: None
Newly included: – companies (Company name)
Excluded: – companies (Company name)

(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, 2026	23,781,394 shares
As of March 31, 2025	23,781,394 shares

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

As of March 31, 2026	2,412,636 shares
As of March 31, 2025	1,949,204 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2026	21,744,364 shares
Fiscal year ended March 31, 2025	21,832,284 shares

Reference: Overview of non-consolidated financial results
Non-consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)
(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	39,170	2.9	4,284	6.9	5,924	13.8	5,282	19.7
March 31, 2025	38,069	5.7	4,006	14.1	5,208	13.8	4,414	19.7

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2026	242.94	–
March 31, 2025	202.19	–

(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, 2026	55,785	45,030	80.7	2,107.31
March 31, 2025	53,035	42,951	81.0	1,967.34

Reference: Equity As of March 31, 2026 ¥45,030 million
As of March 31, 2025 ¥42,951 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
Statements concerning the future such as the results forecasts, etc., included in this document are based on currently available information and certain assumptions judged reasonable and actual results, etc., may differ due to various factors. Please refer to "Outlook for Fiscal 2026" on page 4 for forecast assumptions and notes of caution for usage.

1. Summary of Business Results

Forward-looking statements contained herein are based on the Group's judgment as of March 31, 2026.

(1) Overview of fiscal 2025 operating results

(i) Operating results for fiscal 2025

During fiscal 2025, the year ended March 31, 2026, the ESPEC Group's business environment saw firm demand for testing electronics components and electronics equipment, particularly in Japan, Southeast Asia, and Taiwan, in the AI semiconductor sector, which is a target market under the medium-term management plan. In the satellite communications sector, testing demand from private companies operating low-Earth orbit satellites in North America has grown significantly. In the automotive-related field, testing demand has significantly decreased, particularly for EVs and batteries.

Looking at the Company's operating results for fiscal 2025, orders received increased 7.5% year on year to ¥72,596 million mainly due to strong order trends in North America and Southeast Asia. Net sales increased 4.1% year on year to ¥70,034 million mainly due to strong sales in Japan, North America and Southeast Asia. Both orders received and net sales reached new record highs. On the profit front, operating profit was ¥7,084 million, a year-on-year decrease of 5.9%, mainly due to an increase in selling, general and administrative expenses associated with an increase in orders received, as well as a deterioration in profitability in the Chinese market and laboratory testing services, despite improved profitability in customized products. Profit attributable to owners of parent decreased by 2.1% year on year to ¥5,879 million. In addition, return on equity (ROE) stood at 10.0%.

	Year Ended March 31, 2025 (Millions of yen)	Year Ended March 31, 2026 (Millions of yen)	Change (%)
Orders received	67,514	72,596	7.5
Net sales	67,288	70,034	4.1
Operating profit	7,526	7,084	(5.9)
Ordinary profit	7,793	7,473	(4.1)
Profit attributable to owners of parent	6,003	5,879	(2.1)

(ii) Performance by segment

Consolidated results by operating segment for fiscal 2025

	Orders received (Millions of yen)	Net sales (Millions of yen)	Operating profit (Millions of yen)
Equipment business	62,216	59,468	6,606
Service business	8,294	8,327	228
Other business	2,529	2,747	239
Elimination	(442)	(507)	10
Total	72,596	70,034	7,084

Equipment business

In the environmental test chambers field, in the Japanese market, investment for EVs and batteries has slowed, and both orders received and net sales decreased year on year. In overseas markets, orders received significantly increased year on year in North America and Southeast Asia. However, net sales were mostly unchanged year on year, as there were many orders with long lead times, such as large-scale products and bulk orders of multiple units, in addition to decreased sales in Europe and South Korea due to economic slowdown. In China, although competition intensified due to the deflationary economy, orders received and net sales were mostly unchanged year on year.

In the energy devices equipment field, both orders received and net sales decreased year on year due to the completion of the investment cycle for EV batteries.

In the semiconductor equipment field, orders received decreased year on year, but net sales significantly increased due to the recording of sales from bulk projects for electronics components for AI servers.

As a result, the equipment business on the whole saw orders received increased 8.6% year on year to ¥62,216 million and net sales increased 3.4% year on year to ¥59,468 million. On the profit front, profitability deteriorated due to intensified competition in the Chinese market, despite improved profitability in customized products. Furthermore, operating profit was ¥6,606 million, mostly unchanged year on year due to an increase in selling, general and administrative expenses associated with an increase in orders received, as well as the expansion of research and development expenses related to the development of environmentally friendly products and products for target markets.

	Year Ended March 31, 2025 (Millions of yen)	Year Ended March 31, 2026 (Millions of yen)	Change (%)
Orders received	57,283	62,216	8.6
Net sales	57,507	59,468	3.4
Operating profit	6,610	6,606	(0.1)

Service business

In the after-sales service and engineering field, orders received and net sales both increased year on year as both preventative maintenance services and repair services were solid.
In laboratory testing services and facility rentals, both orders received and net sales decreased year on year, due to the impact on laboratory testing services of customers' investment restraint and changes in development plans resulting from the slowdown in EV demand.
As a result, the service business on the whole saw orders received decreased 2.8% year on year to ¥8,294 million and net sales decreased 1.2% to ¥8,327 million. On the profit front, operating profit was ¥228 million, a significant 71.2% year-on-year decrease, due to a decline in revenue from laboratory testing services and an increase in depreciation, despite work to improve profitability by revising technical support fees in after-sales service.

	Year Ended March 31, 2025 (Millions of yen)	Year Ended March 31, 2026 (Millions of yen)	Change (%)
Orders received	8,532	8,294	(2.8)
Net sales	8,425	8,327	(1.2)
Operating profit	793	228	(71.2)

Other business

In the other business field, which is centered on the environmental conservation and plant production systems businesses, we secured large orders in the area of plant factories, and orders associated with renovation work on green spaces.
As a result, orders received increased by 16.5% year on year to ¥2,529 million and net sales increased by 56.3% year on year to ¥2,747 million. On the profit front, operating profit significantly increased by 88.7% year on year to ¥239 million due to higher sales.

	Year Ended March 31, 2025 (Millions of yen)	Year Ended March 31, 2026 (Millions of yen)	Change (%)
Orders received	2,170	2,529	16.5
Net sales	1,758	2,747	56.3
Operating profit	126	239	88.7

(2) Overview of Fiscal 2025 Consolidated Financial Situation

Total assets at the end of the fiscal year consolidated accounting period were ¥82,922 million, an increase of ¥7,074 million over the end of the previous consolidated fiscal year. Major factors included an increase of ¥3,560 million in trade receivables (notes and accounts receivable - trade, contract assets, and electronically recorded monetary claims - operating) due to the increase in net sales, an increase of ¥1,928 million in cash and deposits, and an increase of ¥924 million in investment securities through a rise in the market value of shareholdings.
Liabilities were ¥21,521 million, an increase of ¥2,367 million from the end of the previous consolidated fiscal year. Major factors included an increase of ¥990 million in contract liabilities, an increase of ¥596 million in deferred tax liabilities, and an increase of ¥305 million in long-term borrowings due to the introduction of a Trust-type Employee Shareholding Incentive Plan (E-Ship®).
Net assets were ¥61,401 million, an increase of ¥4,707 million against the end of the previous fiscal year. Major factors included an increase of ¥3,551 million in retained earnings due to recording ¥5,879 million in profit attributable to owners of parent in fiscal 2025 while there was appropriation of ¥2,323 million in profits as dividends, a decrease of ¥2,099 million in acquisition of treasury shares as part of our flexible capital policy in response to changes in the business environment and as part of our shareholder return policy, an increase of ¥1,905 million in foreign currency translation adjustment, and an increase of ¥ 803 million in valuation difference on available-for-sale securities.
As a result, the equity-to-asset ratio stood at 74.0%, a decrease of 0.7 points from the end of the previous fiscal year.

(3) Overview of Fiscal 2025 Cash Flows

Cash and cash equivalents (hereinafter, "cash") at the end of the fiscal year under review were ¥14,695 million, an increase of ¥1,929 million from the beginning of the fiscal year. This was mainly the result of net cash provided by operating activities of ¥5,052 million, net cash used in investing activities of ¥273 million, and net cash used in financing activities of ¥3,880 million, and an increase in effect of exchange rate change on cash and cash equivalents of ¥1,032 million.
The status of each category of cash flow and the underlying factors for fiscal 2025 are as follows.
Net cash provided by operating activities was ¥5,052 million, compared with net cash provided of ¥4,445 million in the previous fiscal year. The main cash flow items were an increase in cash from the recording of profit before income taxes of ¥8,077 million, a decrease in cash of ¥2,626 million due to an increase in trade receivables associated with the increase in net sales, a decrease in cash of ¥2,081 million due to income taxes paid, and the recording of depreciation of ¥1,960 million.
Net cash used in investing activities was ¥273 million, compared with net cash used of ¥1,154 million in the previous fiscal year.
The main cash flow items were a decrease in cash of ¥1,406 million due to the purchase of property, plant and equipment and intangible assets, and an increase in cash of ¥1,065 million due to proceeds from sale of investment securities.
Net cash used in financing activities was ¥3,880 million, compared with net cash used of ¥7,245 million in the previous fiscal year.
This was mainly due to purchase of treasury shares of ¥2,751 million as part of our flexible capital policy in response to changes in the business environment and our shareholder return policy, dividends paid of ¥2,316 million, and proceeds of ¥960 million from the disposal of treasury shares, etc. due to the introduction of a Trust-type Employee Shareholding Incentive Plan (E-Ship®) and an Employee Stock Ownership Plan (J-ESOP).

(4) Outlook for Fiscal 2026

We have promoted various strategies toward the targets for fiscal 2027 (the year ending March 31, 2028) of our Medium-Term Management Plan “Progressive Plus 2027,” namely, net sales of ¥70.0 billion, operating profit of ¥10.5 billion, an operating profit ratio of 15.0%, profit of ¥7.6 billion, and ROE of 12.0% or more. In fiscal 2025 (the year ended March 31, 2026), the first year of the plan, while orders received and net sales remained steady, particularly in the target markets, profits fell short of initial projections due to intensifying competition in the Chinese market in the equipment business and a deterioration in profitability in laboratory testing services resulting from the slowdown in the EV market. In light of these changes in the business environment, we have revised our targets for fiscal 2027 (the year ending March 31, 2028) after careful consideration.
The revised targets are net sales of ¥76.0 billion, operating profit of ¥9.1 billion, an operating profit ratio of 12.0%, and profit of ¥6.7 billion. Regarding our ROE target, we have decided to further strengthen our financial capital strategy and are maintaining our initial target of “12.0% or more.” There are, however, no changes to our basic policy or the fundamental direction of our growth strategy.
For fiscal 2026 (the year ending March 31, 2027), the targets are net sales of ¥73.0 billion, operating profit of ¥8.0 billion, an operating profit ratio of 11.0%, profit of ¥5.88 billion, and ROE of 10.0%. Regarding the impact of the escalating tensions in the Middle East, although there are concerns about a slowdown in the global economy, we currently view the direct impact as limited. We will continue to closely monitor the effects on our business and respond appropriately. Although the business environment remains uncertain, we will strengthen profit improvement measures and steadily implement our growth strategy with the aim of “establishing a lean, sustainable, and highly profitable earnings model.” We are assuming an exchange rate (USD) of ¥155 for the period of the medium-term management plan and for fiscal 2026 (the year ending March 31, 2027), revised from ¥145 previously used in the medium-term management plan.

Forecast of consolidated operating results for fiscal 2026, ending March 31, 2027

(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, 2026	33,800	11.5	3,150	20.8	3,250	20.2	2,300	20.3	107.63
Fiscal year ending March 31, 2027	73,000	4.2	8,000	12.9	8,100	8.4	5,880	0.0	275.17

Forecast of consolidated operating results by segment for fiscal 2026 (Full-term)

	Orders received (Millions of yen)	Net sales (Millions of yen)	Operating profit (Millions of yen)
Equipment business	59,450	62,550	7,070
Service business	9,200	9,150	840
Other business	1,900	1,850	90
Elimination	(550)	(550)	0
Total	70,000	73,000	8,000

* There are marked seasonal fluctuations in the Company’s performance based on quarterly sales because of a strong trend towards contractual deliveries occurring in the consolidated 2nd and 4th quarters as a result of customers’ budget implementation.

(5) Basic Policy on Profit Distributions and Dividends for Fiscal 2025 and Fiscal 2026

The Company recognizes that the return of profits to shareholders is an important management priority, and that constantly raising enterprise value is the key element in ensuring improved shareholder returns. Accordingly, the Company’s basic policy on profit distributions is to determine return of profits in consideration of continuity and the consolidated dividend payout ratio.
Specifically, we have decided on a consolidated dividend payout ratio of 40% or more and will be purchasing treasury shares in a flexible manner. During the period of the medium-term management plan “Progressive Plus 2027” (fiscal 2025-2027), we will ensure a total return ratio of 50% or more, cumulative over three years, and will not reduce dividends.
Regarding dividends for fiscal 2025, the year-end dividend will be ¥70 per share. The Company has paid an interim dividend of ¥45 per share. Therefore, the annual dividend will be ¥115 per share.
For fiscal 2026, our forecast is an annual dividend of ¥115 per share. The interim dividend will be ¥45 per share.

2. Basic Stance on the Selection of Accounting Standards

The Company’s policy is to create consolidated financial statements in accordance with Japanese standards, in consideration of enabling comparisons of fiscal periods for the consolidated financial statements and enabling comparisons with other companies, and also on taking into account that many of its stakeholders are shareholders and creditors within Japan. The Company intends to consider the adoption of international accounting standards in light of factors such as trends in the adoption of international accounting standards by peer companies in the same industry in Japan, and changes in the composition of foreign shareholders in those companies.

3. Consolidated financial statements and significant notes

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	12,768	14,696
Notes and accounts receivable - trade, and contract assets	18,011	18,947
Electronically recorded monetary claims - operating	5,842	8,466
Merchandise and finished goods	2,741	2,720
Work in process	3,763	3,861
Raw materials and supplies	5,714	5,650
Other	1,807	2,151
Allowance for doubtful accounts	(60)	(56)
Total current assets	50,589	56,438
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,659	15,393
Accumulated depreciation	(8,579)	(9,139)
Buildings and structures, net	6,080	6,254
Machinery, equipment and vehicles	3,936	4,411
Accumulated depreciation	(2,540)	(2,864)
Machinery, equipment and vehicles, net	1,396	1,547
Tools, furniture and fixtures	7,185	7,535
Accumulated depreciation	(4,916)	(5,403)
Tools, furniture and fixtures, net	2,269	2,131
Land	5,221	5,271
Leased assets	1,037	1,271
Accumulated depreciation	(118)	(412)
Leased assets, net	918	858
Construction in progress	39	52
Total property, plant and equipment	15,925	16,117
Intangible assets		
Goodwill	1,368	1,117
Other	731	662
Total intangible assets	2,100	1,779
Investments and other assets		
Investment securities	4,006	4,930
Retirement benefit asset	980	1,271
Deferred tax assets	969	972
Other	1,277	1,415
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	7,232	8,587
Total non-current assets	25,257	26,483
Total assets	75,847	82,922

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,928	4,189
Electronically recorded obligations - operating	2,234	2,229
Contract liabilities	3,145	4,136
Short-term borrowings	–	280
Current portion of long-term borrowings	101	–
Income taxes payable	1,072	1,037
Asset retirement obligations	–	19
Provision for bonuses	653	659
Provision for bonuses for directors (and other officers)	17	17
Provision for share awards for directors (and other officers)	144	–
Provision for product warranties	242	277
Provision for loss on orders received	3	16
Other	3,878	4,180
Total current liabilities	15,421	17,044
Non-current liabilities		
Long-term borrowings	25	331
Deferred tax liabilities	1,340	1,937
Retirement benefit liability	90	107
Provision for share awards for directors (and other officers)	148	176
Provision for retirement benefits for directors (and other officers)	2	2
Asset retirement obligations	25	26
Deferred tax liabilities for land revaluation	549	549
Other	1,550	1,345
Total non-current liabilities	3,732	4,476
Total liabilities	19,153	21,521
Net assets		
Shareholders' equity		
Share capital	6,895	6,895
Capital surplus	7,053	7,469
Retained earnings	41,212	44,764
Treasury shares	(3,318)	(5,417)
Total shareholders' equity	51,843	53,711
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,095	2,898
Revaluation reserve for land	(678)	(678)
Foreign currency translation adjustment	3,190	5,095
Remeasurements of defined benefit plans	243	373
Total accumulated other comprehensive income	4,850	7,689
Total net assets	56,693	61,401
Total liabilities and net assets	75,847	82,922

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

Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	67,288	70,034
Cost of sales	43,300	45,739
Gross profit	23,987	24,295
Selling, general and administrative expenses		
Salaries and allowances	5,172	5,394
Research and development expenses	1,343	1,521
Provision for bonuses	244	254
Provision for product warranties	116	173
Provision for share awards for directors (and other officers)	67	33
Commission expenses	2,551	2,706
Provision for bonuses for directors (and other officers)	17	17
Amortization of goodwill	253	251
Other	6,695	6,858
Total selling, general and administrative expenses	16,460	17,210
Operating profit	7,526	7,084
Non-operating income		
Interest income	56	63
Dividend income	206	195
Subsidy income	50	42
Foreign exchange gains	–	47
Reversal of allowance for doubtful accounts	–	8
Other	96	93
Total non-operating income	410	451
Non-operating expenses		
Interest expenses	24	29
Commission expenses	9	27
Foreign exchange losses	104	–
Other	5	4
Total non-operating expenses	144	61
Ordinary profit	7,793	7,473
Extraordinary income		
Gain on sale of non-current assets	2	3
Gain on sale of investment securities	361	872
Total extraordinary income	364	876
Extraordinary losses		
Loss on retirement of non-current assets	3	46
Impairment losses	–	223
Loss on sale of non-current assets	–	2
Loss on termination of retirement benefit plan	28	–
Total extraordinary losses	31	272
Profit before income taxes	8,126	8,077
Income taxes - current	2,014	2,178
Income taxes - deferred	108	19
Total income taxes	2,123	2,198
Profit	6,003	5,879
Profit attributable to owners of parent	6,003	5,879

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit	6,003	5,879
Other comprehensive income		
Valuation difference on available-for-sale securities	(15)	803
Revaluation reserve for land	(15)	–
Foreign currency translation adjustment	(244)	1,905
Remeasurements of defined benefit plans, net of tax	132	129
Total other comprehensive income	(143)	2,839
Comprehensive income	5,860	8,718
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,860	8,718

(3) Consolidated statements of changes in net assets

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

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,895	7,053	37,091	(3,318)	47,722
Changes during period					
Dividends of surplus			(1,876)		(1,876)
Profit attributable to owners of parent			6,003		6,003
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					–
Other			(5)		(5)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	4,121	(0)	4,120
Balance at end of period	6,895	7,053	41,212	(3,318)	51,843

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	2,110	(663)	3,434	111	4,993	52,715
Changes during period						
Dividends of surplus						(1,876)
Profit attributable to owners of parent						6,003
Purchase of treasury shares						(0)
Disposal of treasury shares						–
Other						(5)
Net changes in items other than shareholders' equity	(15)	(15)	(244)	132	(143)	(143)
Total changes during period	(15)	(15)	(244)	132	(143)	3,977
Balance at end of period	2,095	(678)	3,190	243	4,850	56,693

Fiscal year under review (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,895	7,053	41,212	(3,318)	51,843
Changes during period					
Dividends of surplus			(2,323)		(2,323)
Profit attributable to owners of parent			5,879		5,879
Purchase of treasury shares				(2,751)	(2,751)
Disposal of treasury shares		415		652	1,067
Other			(4)		(4)
Net changes in items other than shareholders' equity					
Total changes during period	–	415	3,551	(2,099)	1,868
Balance at end of period	6,895	7,469	44,764	(5,417)	53,711

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	2,095	(678)	3,190	243	4,850	56,693
Changes during period						
Dividends of surplus						(2,323)
Profit attributable to owners of parent						5,879
Purchase of treasury shares						(2.751)
Disposal of treasury shares						1,067
Other						(4)
Net changes in items other than shareholders' equity	803		1,905	129	2,839	2,839
Total changes during period	803	–	1,905	129	2,839	4,707
Balance at end of period	2,898	(678)	5,095	373	7,689	61,401

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	8,126	8,077
Depreciation	1,723	1,960
Impairment losses	–	223
Amortization of goodwill	253	251
Increase (decrease) in allowance for doubtful accounts	8	(11)
Increase (decrease) in provision for bonuses for directors (and other officers)	2	(0)
Increase (decrease) in provision for share awards for directors (and other officers)	73	(4)
Increase (decrease) in retirement benefit liability	(173)	16
Loss (gain) on sale of investment securities	(361)	(872)
Interest and dividend income	(263)	(258)
Interest expenses	24	29
Decrease (increase) in trade receivables	(2,111)	(2,626)
Decrease (increase) in inventories	473	225
Increase (decrease) in trade payables	(2,779)	(320)
Other, net	1,242	224
Subtotal	6,240	6,914
Interest and dividends received	256	248
Interest paid	(25)	(29)
Income taxes refund (paid)	(2,026)	(2,081)
Net cash provided by (used in) operating activities	4,445	5,052
Cash flows from investing activities		
Net decrease (increase) in trust beneficiary right	504	57
Purchase of property, plant and equipment and intangible assets	(2,182)	(1,406)
Proceeds from sale of property, plant and equipment and intangible assets	7	9
Proceeds from sale and redemption of investment securities	516	1,065
Other, net	–	(0)
Net cash provided by (used in) investing activities	(1,154)	(273)
Cash flows from financing activities		
Dividends paid	(1,870)	(2,316)
Net increase (decrease) in short-term borrowings	(5,000)	280
Proceeds from long-term borrowings	–	450
Repayments of long-term borrowings	(103)	(246)
Purchase of treasury shares	(0)	(2,751)
Proceeds form disposal of treasury shares	–	960
Other, net	(271)	(256)
Net cash provided by (used in) financing activities	(7,245)	(3,880)
Effect of exchange rate change on cash and cash equivalents	(74)	1,032
Net increase (decrease) in cash and cash equivalents	(4,027)	1,929
Cash and cash equivalents at beginning of period	16,793	12,765
Cash and cash equivalents at end of period	12,765	14,695

(5) Notes to the consolidated financial statements

Notes on the assumption of a going concern

Not applicable

Important matters concerning the basis for preparing consolidated financial statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 13
Names of main consolidated subsidiaries
ESPEC NORTH AMERICA, INC.
ESPEC ENVIRONMENTAL EQUIPMENT (SHANGHAI) CO., LTD.

(2) Name of main non-consolidated subsidiary
ESPEC ENGINEERING VIETNAM CO., LTD.
Reason for exclusion from scope of consolidation:
The non-consolidated subsidiaries have been excluded from the scope of consolidation because of their small size and because their total assets, net sales, net income (corresponding to equity), and retained earnings (corresponding to equity) have a negligible effect on the consolidated financial statements.

2. Application of the equity method

(1) Number of non-consolidated subsidiaries accounted for using the equity method None

(2) Number of affiliates accounted for using the equity method None

(3) Some non-consolidated subsidiaries (ESPEC ENGINEERING VIETNAM CO., LTD. and others) not accounted for using the equity method have been excluded from the scope of companies accounted for by the equity method as they have a negligible effect on consolidated net income and retained earnings and are immaterial overall.

3. Fiscal year of consolidated subsidiaries
The fiscal year-ends of consolidated subsidiaries SHANGHAI ESPEC ENVIRONMENTAL EQUIPMENT CORP., ESPEC ENVIRONMENTAL EQUIPMENT (SHANGHAI) CO., LTD., ESPEC TEST TECHNOLOGY (SHANGHAI) CO., LTD., ESPEC TEST EQUIPMENT (GUANGDONG) CO., LTD., and ESPEC (CHINA) LIMITED are December 31. These subsidiaries are included in the scope of consolidation based on a provisional financial closing of accounts on March 31, the consolidated closing date.

4. Summary of significant accounting policies

(1) Valuation standards and accounting treatment for important assets

A Securities
Among available-for-sale securities, with those other than non-listed stocks, etc., the value is determined by the market price, with unrealized gains and losses and net of applicable taxes reported in a separate component of net assets, and the cost of stocks sold is determined by the moving-average method. With non-listed stocks, etc., the cost is determined by the moving-average method.

B Derivatives
Market value

C Inventories
Work in process is mainly stated by the specific identification method; other inventories are mainly stated using the acquisition cost method, with cost determined by the weighted-average method (the book value in the balance sheet is reduced when the profitability has declined).

(2) Methods for depreciating and amortizing important assets

A Property, plant and equipment (excluding leased assets)
The Company uses the straight-line method.
Estimated useful lives are as follows:
Buildings 15-50 years

B Intangible assets (excluding leased assets)
The Company uses the straight-line method. Estimated useful lives are as follows:
Software used by the Company 5 years

C Leased assets
Depreciation equivalents are accounted for by the straight-line method, assuming the lease period to be the useful lives and the residual value to be zero.

(3) Accounting for important allowances

A Allowance for doubtful accounts

The allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. It comprises a general reserve for accounts receivable based on historical default rates, and an estimated credit loss for accounts receivable based on an individual assessment of each account.

B Provision for bonuses

The provision for employees' bonuses is based on the estimated requirements for the fiscal year.

C Provision for bonuses for directors (and other officers)

The provision for bonuses for directors and other officers is based on the estimated requirements for the fiscal year.

D Provision for product warranties

The provision for product warranties is provided to cover the after-service expenses, which are free during the warranty period, and are calculated based on historical claim rates for warranty expenses proportional to net sales.

E Provision for loss on orders received

The provision for loss on orders received provides for possible losses in the future arising from the orders the Company has received. The amount of potential loss on orders received as of the end of the fiscal year under review that can be rationally estimated is recorded as a provision for loss on orders received in subsequent fiscal years.

F Provision for retirement benefits for directors (and other officers)

For the Company's domestic consolidated subsidiaries, the Board of Directors has decided to terminate retirement benefits for directors and other officers. The Company books a provision for the monetary amount for the period served by current directors and other officers up to the date of termination of retirement benefits.

G Provision for share awards for directors (and other officers)

The Company posted a provision for share awards based on the estimated amount of the share-benefit obligation at the end of the fiscal year under review in preparation for providing Company shares to the directors and other officers.

Additional information:

Board Benefit Trust(BBT)

1. Overview of transaction

Since August 2018, the Company has introduced a performance-linked share-based remuneration system (hereinafter referred to as "the System"), for the Company's Directors (excluding Outside Directors) and Executive Officers (hereinafter, Directors other than Outside Directors and Executive Officers who do not concurrently serve as Directors are collectively referred to as "Directors, etc."). Furthermore, in connection with the transition to a Company with an Audit & Supervisory Committee, the Company resolved at the 69th Ordinary General Meeting of Shareholders held on June 23, 2022 to abolish the compensation limits of the System that had been previously determined by resolution of the 65th Ordinary General Meeting of Shareholders, and resolved once again to determine compensation limits related to the System for Directors (excluding Outside Directors and Directors who are Audit & Supervisory Committee members).

The System is a performance-linked, share-based remuneration system under which the Company's shares are acquired through a trust using funds contributed by the Company (hereinafter referred to as the "Trust"), and the Directors, etc. are provided with the Company's shares and the money equivalent to the market value of the Company's shares (hereinafter referred to as the "Company's shares, etc.") through the Trust in accordance with the Regulations for Delivery of Shares to Officers stipulated by the Company. Regarding the accounting procedure for the System, the Company applies the gross method whereby the Trust's assets, liabilities, and profit and loss are included in the Company's consolidated financial statements. Moreover, the Company posted a provision for share awards for directors and other officers based on the estimated amount of the share-benefit obligation at the end of the fiscal year under review in preparation for providing Company shares to the Directors, etc. in accordance with the Regulations for Delivery of Shares to Officers.

2. Shares of the Company remaining in the trust

Shares of the Company that remain in the trust are recorded as treasury shares under net assets at their carrying amount in the trust (excluding the amount of incidental expenses). The carrying amount and number of these treasury shares were ¥507 million and 240,400 shares as of the end of the previous fiscal year and ¥396 million and 187,800 shares as of the end of the fiscal year under review.

(4) Accounting method of retirement benefits

A Attribution method for projected retirement benefits

As regards calculating retirement benefit obligations, the method for attributing projected retirement benefits to accounting periods at the end of the fiscal year under review is the benefit formula method.

B Amortization method for actuarial gains or losses

Actuarial gains or losses are amortized from the fiscal year following the fiscal year in which they arise, using the straight-line method over a fixed number of years (10 years), but no more than the average remaining years of service of employees.

(5) Standard for recording significant revenues and expenses

A Details of the main obligations based on contracts with customers in the main businesses

The Group's main businesses comprise the Equipment business and the Service business. Their performance obligations include manufacturing and sale of environmental testing chambers, etc., installation of the products, onsite calibration operations, relocation, maintenance, repair, and laboratory testing services. With the exception of advances received, consideration for transactions is mainly received within one year from the satisfaction of the performance obligations and does not include a significant financial component.

B Ordinary timing for recognition of revenue from main performance obligations

(i) For provision of products and services that does not involve installation and onsite calibration operations, the performance obligation is satisfied at the time when the product is delivered or the service provided, so revenue is recognized at the time of product delivery or service provision.

(ii) For provision of products and services that involves installation and onsite calibration operations, the performance obligation is satisfied at the time when the product installation and onsite calibration operations are completed, so revenue is recognized at the time of completion of product installation and onsite calibration.

(iii) For sales of certain products and relocation of products, etc., the customer controls the product as the asset is generated or the value of the asset increases, so progress towards the satisfaction of the performance obligation is estimated and revenue is recognized over time based on the degree of progress. The method for estimating progress towards satisfaction of the performance obligation is the input method based on cost. The measurement of the degree of progress is based on the ratio of the costs incurred by the end of the period to the total estimated cost for each contract.

(iv) For product maintenance contracts and so forth, the performance obligations are satisfied over a certain period, and revenue is recognized according to the degree of progress on satisfaction of the performance obligations over the contract period.

C Information regarding performance obligations in the case where warranties and related obligations are included in contracts

Sales contracts for environmental testing chambers and so forth include product warranty obligations to provide free repair or exchange for faults due to product defects arising within around one to five years after delivery. These warranty obligations are recognized as a provision for product warranties since they provide customers with a warranty that the product will function as intended in accordance with the specifications stipulated in the contract with the customer.

(6) Standards for translation of material foreign currency-denominated assets and liabilities into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates at the balance sheet date, with the foreign currency exchange gains and losses from translation recognized in the statement of income. The assets and liabilities of foreign subsidiaries, etc. are translated into Japanese yen at the current exchange rates at the balance sheet date. Revenue and expenses of foreign subsidiaries, etc. are translated into Japanese yen at the average rate for the year. Differences arising from such translation are shown as "Foreign currency translation adjustment," and are separate components of net assets.

(7) Method and period of amortization of goodwill

Goodwill is amortized by the straight-line method, equally allocating the cost over a period of no longer than 20 years.

(8) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents include cash in hand and deposits as well as short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value, all of which mature or become due within three months of the date of acquisition.

Changes in presentation

Consolidated statements of cash flows

In the previous fiscal year, loss (gain) on sale of investment securities was included in other, net under cash flows from operating activities. However, due to its increased monetary materiality, it is presented separately from the fiscal year under review. To reflect this change in presentation, we have reclassified the consolidated statements of cash flows for the previous fiscal year.

As a result, in the consolidated statements of cash flows for the previous fiscal year, the ¥881 million previously shown under other, net in cash flows from operating activities has been reclassified as loss (gain) on sale of investment securities of ¥(361) million and other, net of ¥1,242 million.

Additional information:

Trust-type Employee Shareholding Incentive Plan

1. Overview of transaction

The Company has introduced a Trust-type Employee Shareholding Incentive Plan (E-Ship®) (hereinafter the “Plan”) as part of its employee benefits.

The Plan is an incentive plan for all employees participating in the ESPEC Employee Stockholding Association.Under the Plan, the Company will establish an ESPEC Employee Shareholding Incentive Plan Trust (the “E-Ship Trust”) with a trust bank. The E-Ship Trust will acquire, in advance, through a third-party allotment from the Company, a number of the Company’s shares equivalent to the number that the ESPEC Employee Stockholding Association is expected to acquire over the next 2 years and 8 months, starting from August 2025, using loans from financial institutions as funds.Subsequently, the E-Ship Trust will continuously sell the Company’s shares to the Stockholding Association. If any gains on the sale of shares have accumulated in the E-Ship Trust at the termination of the trust, then these gains will be distributed as residual assets to employees who meet the requirements for eligible beneficiaries. Furthermore, as the Company will become the guarantor of the loans taken by the E-Ship Trust to acquire the Company’s shares, if any losses on the sale of shares have accumulated in the E-Ship Trust owing to a decline in the price of the Company’s shares, and there are any outstanding loans payable equivalent to these losses in the E-Ship Trust at the termination of the trust, the Company will repay these remaining loans payable.

With regard to the acquisition and disposal of the Company’s shares, the Company guarantees the obligations of the E-Ship Trust and applies an accounting procedure that treats the Company and the E-Ship Trust as a single entity (hereinafter, the “gross method”). Accordingly, the Trust’s assets, including the Company’s shares held by the E-Ship Trust, liabilities, and profit and loss are included in the Company’s consolidated financial statements.

2. Shares of the Company remaining in the trust

Shares of the Company that remain in the trust are recorded as treasury shares under net assets at their carrying amount in the trust (excluding the amount of incidental expenses). The carrying amount and number of these treasury shares were ¥336 million and 101,400 shares as of the end of the fiscal year under review.

3. Carrying amount of borrowings recorded using the gross method

As of the end of fiscal year under review: ¥331 million

Employee Stock Ownership Plan (J-ESOP)

1. Overview of transaction

The Company has introduced an Employee Stock Ownership Plan (J-ESOP) (hereinafter, the “Plan”) to provide stock benefits to the Company’s employees in management assistant positions (hereinafter referred to as “Employees”) in March 2026.

The Plan is a performance-linked, share-based remuneration system under which the Company’s shares are acquired through a trust using funds contributed by the Company (hereinafter referred to as the “Trust”), and the Employees are provided with the Company’s shares and the money equivalent to the market value of the Company’s shares (hereinafter referred to as the “Company’s shares, etc.”) through the Trust in accordance with the Regulations for Delivery of Shares to Employees in Management Assistant Positions stipulated by the Company.

Regarding the accounting procedure for the Plan, the Company applies the gross method whereby the Trust’s assets, liabilities, and profit and loss are included in the Company’s consolidated financial statements.

2. Shares of the Company remaining in the trust

Shares of the Company that remain in the trust are recorded as treasury shares under net assets at their carrying amount in the trust (excluding the amount of incidental expenses). The carrying amount and number of these treasury shares were ¥393million and 99,800 shares as of the end of the fiscal year under review.

Notes on segment information, etc.

Segment information

1. Overview of reportable segments

The Company's reportable segments refer to those components of the Company for which separate financial information is available and such information is reviewed regularly by the Board of Directors in determining the allocation of resources and in evaluating performance.

The Company classifies its business activities into segments according to the business format. There are three reportable segments: Equipment business, Service business, and Other business.

The Equipment business provides environmental test chambers, energy-device equipment and semiconductor equipment. The Service business is engaged in after-sales service and engineering and laboratory testing services and facility rentals. The Other business is involved with environmental conservation and plant production systems.

2. Method of calculating the monetary values of net sales, profit or loss, assets, and other components of each reportable segment

Accounting methods for reportable segments are the same as the methods shown in the "Important Matters Concerning the Basis for Preparing Consolidated Financial Statements." Inter-segment sales and transfers are based on market prices and certain other factors.

3. Information concerning the monetary values of net sales, income or loss, assets, and other items of each reportable segment

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

(Millions of yen)

	Reportable segment			Total	Adjustment[1]	Carried amount on consolidated financial statements[2]
	Equipment business	Service business	Other business			
Net sales						
Sales to external customers	57,444	8,107	1,736	67,288	–	67,288
Internal sales or transfers between segments	62	318	21	403	(403)	–
Total	57,507	8,425	1,758	67,691	(403)	67,288
Segment profit	6,610	793	126	7,530	(4)	7,526
Segment assets	58,101	10,108	1,318	69,529	6,317	75,847
Other						
Depreciation	1,271	438	7	1,716	–	1,716
Amortization of goodwill	253	–	–	253	–	253
Increases in property, plant and equipment and intangible assets	1,791	1,891	6	3,690	–	3,690

*1. Adjustments are as follows:

(1) Adjustment for net sales mainly represents eliminations of inter-segment transactions.

(2) Adjustment for segment profit mainly represents eliminations of inter-segment transactions.

(3) Adjustment for segment assets mainly represents eliminations of inter-segment transactions and company-wide assets. Company-wide assets of ¥6,613 million primarily consist of surplus working capital at the parent company (cash and deposits, short-term investment securities, etc.), long-term investment funds (investment securities), and assets related to administrative divisions.

(4) Adjustment for depreciation mainly represents eliminations of inter-segment transactions.

(5) Adjustment for increases in property, plant and equipment and intangible assets mainly represents eliminations of inter-segment transactions and company-wide assets.

2. Segment profit was reconciled with the operating profit presented in the consolidated statement of income.

Fiscal year under review (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segment			Total	Adjustment[1]	Carried amount on consolidated financial statements[2]
	Equipment business	Service business	Other business			
Net sales						
Sales to external customers	59,350	7,959	2,724	70,034	–	70,034
Internal sales or transfers between segments	117	367	22	507	(507)	–
Total	59,468	8,327	2,747	70,542	(507)	70,034
Segment profit	6,606	228	239	7,073	10	7,084
Segment assets	63,992	10,428	1,606	76,027	6,895	82,922
Other						
Depreciation	1,341	609	5	1,957	–	1,957
Amortization of goodwill	251	–	–	251	–	251
Increases in property, plant and equipment and intangible assets	1,341	649	13	2,004	–	2,004

*1. Adjustments are as follows:
(1) Adjustment for net sales mainly represents eliminations of inter-segment transactions.
(2) Adjustment for segment profit mainly represents eliminations of inter-segment transactions.
(3) Adjustment for segment assets mainly represents eliminations of inter-segment transactions and company-wide assets. Company-wide assets of ¥7,147 million primarily consist of surplus working capital at the parent company (cash and deposits, short-term investment securities, etc.), long-term investment funds (investment securities), and assets related to administrative divisions.
(4) Adjustment for depreciation mainly represents eliminations of inter-segment transactions.
(5) Adjustment for increases in property, plant and equipment and intangible assets mainly represents eliminations of inter-segment transactions and company-wide assets.
2. Segment profit was reconciled with the operating profit presented in the consolidated statement of income.

Related information

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

1. Information by product and service

(Millions of yen)

	Equipment business	Service business	Other business	Total
Sales to external customers	57,444	8,107	1,736	67,288

2. Information by region

(1) Net sales

(Millions of yen)

Japan	U.S.	China	Other in Asia	Other	Total
32,334	10,243	11,699	8,072	4,938	67,288

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	China	Other in Asia	Other	Total
11,615	2,010	2,035	244	19	15,925

Fiscal year under review (from April 1, 2025 to March 31, 2026)

1. Information by product and service

(Millions of yen)

	Equipment business	Service business	Other business	Total
Sales to external customers	59,350	7,959	2,724	70,034

2. Information by region

(1) Net sales

(Millions of yen)

Japan	U.S.	China	Other in Asia	Other	Total
34,359	11,622	12,028	8,635	3,389	70,034

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	China	Other in Asia	Other	Total
11,705	2,090	2,068	231	21	16,117

Information related to impairment loss on non-current assets for each reportable segment

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

Not applicable

Fiscal year under review (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Equipment business	Service business	Other business	Company-wide and elimination	Total
Impairment loss	–	223	–	–	223

Information related to amortization of goodwill and unamortized balance by reportable segment

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

(Millions of yen)

	Equipment business	Service business	Other business	Company-wide and elimination	Total
Amortization	253	–	–	–	253
Unamortized balance	1,368	–	–	–	1,368

Fiscal year under review (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Equipment business	Service business	Other business	Company-wide and elimination	Total
Amortization	251	–	–	–	251
Unamortized balance	1,117	–	–	–	1,117

Information related to gain on bargain purchase for each reportable segment

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

Not applicable

Fiscal year under review (from April 1, 2025 to March 31, 2026)

Not applicable

Notes on per-share information

(Yen)

Previous fiscal year (from April 1, 2024 to March 31, 2025)		Fiscal year under review (from April 1, 2025 to March 31, 2026)	
Net assets per share	2,596.78	Net assets per share	2,873.40
Basic earnings per share	274.97	Basic earnings per share	270.39
Diluted earnings per share are not shown as there are no dilutive securities.		Diluted earnings per share are not shown as there are no dilutive securities.	

1. The Company's shares set up by the Board Benefit Trust (BBT) are recognized as treasury shares in the Company's consolidated financial statements. Accordingly, the number of common shares used to calculate net assets per share for the previous fiscal year and the fiscal year under review was calculated after deducting the relevant number of those shares. For the purpose of calculating net assets per share, the number of treasury shares at term-end that was deducted was 240,400 in the previous fiscal year and 187,800 in the fiscal year under review.
2. The Company's shares set up by the Employee Stock Ownership Plan (J-ESOP) are recognized as treasury shares in the Company's consolidated financial statements. Accordingly, the number of common shares used to calculate net assets per share for the the fiscal year under review was calculated after deducting the relevant number of those shares. For the purpose of calculating net assets per share, the number of treasury shares at term-end that was deducted was 99,800 in the fiscal year under review.
3. The Company's shares set up by the Trust-type Employee Shareholding Incentive Plan (E-Ship®) are recognized as treasury shares in the Company's consolidated financial statements. Accordingly, the number of common shares used to calculate net assets per share for the fiscal year under review was calculated after deducting the relevant number of those shares. For the purpose of calculating net assets per share, the number of treasury shares at term-end that was deducted was 101,400 in the fiscal year under review.

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

	Previous fiscal year (from April 1, 2024 to March 31, 2025)	Fiscal year under review (from April 1, 2025 to March 31, 2026)
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	6,003	5,879
Net income available to minority interests (millions of yen)	–	–
Profit attributable to owners of parent available to common shares (millions of yen)	6,003	5,879
Average number of shares outstanding during the period (thousands of shares)	21,832	21,744
Dilutive shares omitted from the calculation of diluted basic earnings per share, due to absence of a dilution effect	――――――	――――――

5. The Company's shares set up by the Board Benefit Trust (BBT) are recognized as treasury shares in the Company's consolidated financial statements. Accordingly, the average number of shares outstanding during the period for the previous fiscal year and the fiscal year under review was calculated after deducting the relevant number of those shares. For the purpose of calculating basic earnings per share, the average number of treasury shares during the term that was deducted was 240,400 in the previous fiscal year and 200,950 in the fiscal year under review.
6. The Company's shares set up by the Employee Stock Ownership Plan (J-ESOP) are recognized as treasury shares in the Company's consolidated financial statements. Accordingly, the average number of shares outstanding during the period for the the fiscal year under review was calculated after deducting the relevant number of those shares. For the purpose of calculating basic earnings per share, the average number of treasury shares during the term that was deducted was 8,316 in the fiscal year under review.
7. The Company's shares set up by the Trust-type Employee Shareholding Incentive Plan (E-Ship®) are recognized as treasury shares in the Company's consolidated financial statements. Accordingly, the average number of shares outstanding during the period for the fiscal year under review was calculated after deducting the relevant number of those shares. For the purpose of calculating basic earnings per share, the average number of treasury shares during the term that was deducted was 67,875 in the fiscal year under review.

Material subsequent events

Not applicable