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May 14, 2025

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

Company name: MAEZAWA KASEI INDUSTRIES CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 7925
 URL: <https://www.maezawa-k.co.jp/>
 Representative: Satoru Tanaka, Representative Director and President Executive Officer
 Inquiries: Hiroki Oba, General Manager of Corporate Planning Department
 Telephone: +81-3-6264-9911
 Scheduled date of ordinary general meeting of shareholders: June 24, 2025
 Scheduled date to commence dividend payments: June 25, 2025
 Scheduled date to file annual securities report: June 23, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for analysts)

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

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 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, 2025	24,166	1.0	2,164	22.1	2,507	21.0	1,714	25.9
March 31, 2024	23,925	1.8	1,773	(8.9)	2,072	(6.9)	1,362	(6.8)

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥1,914 million [(31.3)%]
 For the fiscal year ended March 31, 2024: ¥2,785 million [85.9%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating profit margin
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	115.53	—	4.2	5.1	9.0
March 31, 2024	91.83	—	3.5	4.3	7.4

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2025: ¥— million

For the fiscal year ended March 31, 2024: ¥— 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, 2025	49,901	41,513	83.0	2,790.42
March 31, 2024	49,353	40,420	81.7	2,717.45

Reference: Equity

As of March 31, 2025: ¥41,407 million

As of March 31, 2024: ¥40,325 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 March 31, 2025	Millions of yen 1,874	Millions of yen (459)	Millions of yen (850)	Millions of yen 11,805
March 31, 2024	2,615	(761)	(812)	11,241

2. Cash dividends

	Annual dividends per share					Total dividends	Payout ratio (Consolidated)	Dividends on equity* (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended March 31, 2024	Yen –	Yen 25.00	Yen –	Yen 25.00	Yen 50.00	Millions of yen 746	% 54.4	% 1.9
Fiscal year ended March 31, 2025	–	30.00	–	39.00	69.00	1,030	59.7	2.5
Fiscal year ending March 31, 2026 (Forecast)	–	35.00	–	35.00	70.00		60.0	

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

(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
First half	12,540	7.9	1,100	8.7	1,270	7.8	870	4.5	58.62
Full year	25,000	3.5	2,200	1.6	2,530	0.9	1,730	0.9	116.58

* Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: None
- Changes in accounting estimates: None
- Restatement: None

Note: For details, please refer to “(5) Notes to consolidated financial statements *Changes in accounting policies*” of “3. Consolidated Financial Statements and Major Notes” on page 13 of the attached materials.

(3) Number of shares issued (common shares)

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

As of March 31, 2025	15,732,000 shares
As of March 31, 2024	15,732,000 shares

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

As of March 31, 2025	892,755 shares
As of March 31, 2024	892,652 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	14,839,318 shares
Fiscal year ended March 31, 2024	14,832,988 shares

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	22,356	1.0	1,965	17.7	2,304	17.3	1,587	23.1
March 31, 2024	22,144	1.1	1,670	(12.6)	1,964	(10.1)	1,290	(12.2)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended March 31, 2025	Yen 106.99	Yen —
March 31, 2024	86.98	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of March 31, 2025	Millions of yen 48,281	Millions of yen 40,944	% 84.8	Yen 2,759.19
March 31, 2024	47,684	40,032	84.0	2,697.74

Reference: Equity

As of March 31, 2025: ¥40,944 million
As of March 31, 2024: ¥40,032 million

- * Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.
- * Proper use of earnings forecasts, and other special matters

Disclaimer with respect to forward-looking statements

The forward-looking statements including financial results forecast contained in this document are based on information currently available to us and certain assumptions that we believe to be reasonable. Accordingly, the Company does not guarantee the achievement of the forecast, and the actual results may differ materially due to various factors. For discussion of the assumptions and other factors considered by the Company in preparing the above financial results forecast and notes of caution for usage, please refer to "(4) Future outlook" of "1. Overview of Financial Performance" on page 3 of the attached materials.

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1. Overview of Financial Performance

The Forward-looking statements contained in this document are based on our assessment as of the end of the fiscal year ended March 31, 2025 (the “fiscal year under review”).

(1) Operating results for the fiscal year under review

During the fiscal year under review, the Japanese economy was in a moderate recovery trend thanks to improved employment and income conditions as well as to growing demand from inbound tourists. On the other hand, however, the outlook of the domestic economy has remained uncertain as we have to carefully watch the impact of domestic and international monetary policies, exchange rate fluctuation, and the trend of the trade policy of the U.S., combined with the continued negative growth in real wage associated with price increases mainly attributable to the weakened yen.

The water supply and sewerage industry and the housing equipment industry, which the Group engages in, are facing the situation where demand from residential purchasers has been supported to a certain extent by the government’s housing acquisition support measures and continued low interest rates. However, their motivation to purchase a home has been slackened noticeably by, among other factors, soaring housing prices and the concerns over a further rising policy rate of Japan as a result of the shift in the monetary policy implemented by the Bank of Japan. Under these circumstances, we are facing a challenging business environment as the number of new single-family housing starts, which greatly affects the Company’s financial results, continued to decline.

In light of such a business environment, the Group announced on May 14, 2024 a new medium-term management plan “SHIFT 2026” that covers a three-year period from fiscal 2024 to fiscal 2026. We have positioned the coming three years as “a phase for establishing foundations for growth” in order to carve out a steady future growth trajectory, while confronting our ongoing business challenges identified in the previous medium-term management plan “Look Forward 2023.” To this end, we have set out four basic policies: “Enhancing the Group’s earning power and creating new corporate value,” “Strengthening revenue base,” “Implementing strategic investment for growth and improving capital efficiency,” and “Promoting sustainability management” as well as key strategies to achieve these policies. We will work to achieve sustainable growth and improve our corporate value by steadily implementing the key strategies based on these basic policies.

Amid the tough situation in which the number of new single-family housing starts declined year-on-year, the operating results for the fiscal year under review outperformed those for the previous fiscal year. This was mainly attributable to extraordinary income arising from the sale of strategically held shares as well as to our commitment to enhancing the Group’s earning power by implementing price revisions and measures under the SHIFT 2026.

As a result, the Group posted net sales of 24,166 million yen (up 1.0% year-on-year) with operating profit of 2,164 million yen (up 22.1% year-on-year), ordinary profit of 2,507 million yen (up 21.0% year-on-year), and profit attributable to owners of parent of 1,714 million yen (up 25.9% year-on-year).

Operating results for each segment are as follows.

(i) Pipes and Engineering Plastic

In the Pipes and Engineering Plastic segment, we continued to work hard to expand sales of key sales products in the areas of building equipment, exterior, and disaster prevention and secure sales of mainstay product lines. As for the key sales products, sales remained firm as a result of our efforts to uncover new demand through participating in large-scale general trade shows, especially those held in major cities. In mainstay product lines, we saw the effect of price revisions carried out to mitigate the impact of surging raw material prices and strategically sold higher-margin product lines, leading to results exceeding those in the previous fiscal year.

As a result of the above, net sales amounted to 21,756 million yen (up 0.5% year-on-year) with segment profit of 1,982 million yen (up 13.8% year-on-year).

(ii) Water/Environmental Engineering

In the Water/Environmental Engineering segment, we have proposed and constructed a diversity of water treatment systems designed to allow customers to improve operating efficiency and protect the environment. We have also been engaged in wide-ranging areas of construction work for facilities such as plumbing and sanitary equipment and agricultural irrigation/drainage pump plants.

We successfully secured construction projects led by both public and private sectors with stability throughout the year and have promoted personnel and technology exchange in this segment. This contributed to securing engineers and efficiently receiving orders, leading to results exceeding those in the previous fiscal year.

As a result of the above, net sales amounted to 1,474 million yen (up 18.0% year-on-year) with segment profit of 164 million yen (up 576.5% year-on-year).

(iii) Plastic Molding

In the Plastic Molding segment, we have endeavored to reduce fixed costs by withdrawing from unprofitable projects and enhancing labor savings and automation in order to promote management with an emphasis on profitability. At the same time, we have also been vigorously working to sell own-label products and taking on the challenge of starting new businesses to create new revenue sources. Consequently, profit improved from the previous fiscal year, despite a year-on-year decrease in sales.

As a result of the above, net sales amounted to 1,105 million yen (down 8.3% year-on-year) with segment profit of 31 million yen (up 24.3% year-on-year).

(2) Financial position for the fiscal year under review

Totals assets as of March 31, 2025 increased by 548 million yen from the end of the previous fiscal year to 49,901 million yen. This increase can be explained primarily by a 365 million yen increase in the market value of stock held as investment securities. Total liabilities decreased by 544 million yen from the end of the previous fiscal year to 8,388 million yen. This decrease can be explained primarily by a decrease in trade payables of 229 million yen due mainly to the shortening of payment terms to comply with the Subcontract Act.

Net assets increased by 1,092 million yen from the end of the previous fiscal year to 41,513 million yen. This is primarily attributable to an increase in valuation difference on available-for-sale securities of 145 million yen due to a rise in the stock price of investment securities and an increase in retained earnings of 892 million yen mainly due to profit attributable to owners of parent.

(3) Cash flows for the fiscal year under review

Cash and cash equivalent (“net cash”) as of March 31, 2025 amounted to 11,805 million yen, an increase of 564 million yen from the end of the previous fiscal year.

Cash flows from operating activities

Net cash provided by operating activities amounted to 1,874 million yen (as compared with 2,615 million yen provided for the previous fiscal year). This is primarily attributable to profit before income taxes of 2,619 million yen.

Cash flows from investing activities

Net cash used in investing activities amounted to 459 million yen (as compared with 761 million yen used in the previous fiscal year). This is primarily attributable to purchase of property, plant and equipment of 806 million yen.

Cash flows from financing activities

Net cash used in financing activities amounted to 850 million yen (as compared with 812 million yen used in the previous fiscal year). This is primarily attributable to dividends paid of 820 million yen.

Reference: Trends in cash flow-related indicators

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity-to-asset ratio	81.7%	83.0%
Equity-to-asset ratio based on market value	52.4%	54.6%
Interest-bearing debt to cash flow ratio	12.6%	17.6%
Interest coverage ratio	472	352

Equity-to-asset ratio: Equity / Total assets

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

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest payments

*1 All of the figures in the table were calculated on a consolidated basis.

*2 Market capitalization was calculated based on shares issued at the end of the period less treasury shares.

*3 The figure used for cash flow refers to operating cash flow.

*4 Interest-bearing debt refers to all debt recorded on the consolidated balance sheets for which interest is paid.

(4) Future outlook

The Company handles products used for the maintenance of water supply and sewerage mainly related to housing plumbing; thus, the Company’s sales are significantly affected by the number of new construction starts of dwellings, particularly the number of single-family housing starts. For the number of single-family housing starts for the next fiscal year, we believe residential purchasers’ motivation to purchase a home will continue to be supported to a certain extent by the government’s ongoing housing acquisition support measures. However, people’s awareness of maintaining their standards of living is predicted to further rise due to their wariness toward soaring housing prices, the risk of further interest rate hikes, overseas economic slowdown, and other factors. Accordingly, it is assumed that the number of new construction starts of dwellings for the next fiscal year will remain sluggish.

In light of such a business environment, the Group formulated the new medium-term management plan “SHIFT 2026” that covers a three-year period from fiscal 2024 to fiscal 2026. We will enhance the Group’s earning power by steadily implementing measures in the key strategies under the SHIFT 2026.

Based on the above, we project net sales of 25,000 million yen, operating profit of 2,200 million yen, ordinary profit of 2,530 million yen, and profit attributable to owners of parent of 1,730 yen as the financial results forecast for the next fiscal year.

(5) Basic policy on distribution of profits and dividends for the fiscal year under review and the next fiscal year

The Company has adopted a basic policy regarding the profit distribution of proactively returning profits to shareholders, while securing the capital needed for the investments that will ensure sustainable growth and gains in medium- and long-term corporate value. Comprehensively considering the performance and financial conditions, the Company has positioned meeting its responsibility to provide high income and high dividends to shareholders while maintaining a stable business foundation as one important objective in management. Based on this dividend policy, we have set 50 yen per share as the minimum annual dividend during three years under the medium-term management plan “SHIFT 2026.” We aim to raise the level of dividends that links to our performance by paying dividends during said three years with a target dividend payout ratio at around 60%, in accordance with a profit level in each fiscal year.

Taking into account the successful achievement of our goal of profits, we will increase the year-end ordinary dividend by 9 yen per share from 30 yen per share stated in the dividend forecast announced on May 14, 2024 to pay 39 yen per share. When combined with the interim dividend of 30 yen per share, this will bring the total annual dividends of 69 yen per share. When the progress toward the performance target for the next fiscal year is on track, we plan to pay the next fiscal year’s annual dividends of 70 yen per share with an interim dividend of 35 yen per share and a year-end dividend of 35 yen per share.

2. Basic Rationale for Selection of Accounting Standards

Taking into consideration the comparability across periods and among domestic companies, the Group’s policy is to prepare its consolidated financial statements based on Japanese GAAP for the time being.

We will respond appropriately regarding whether to apply the IFRS Accounting Standards based on the situation in Japan and overseas.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	13,241	12,905
Notes and accounts receivable - trade, and contract assets	4,981	4,868
Electronically recorded monetary claims - operating	4,574	4,691
Securities	2,210	1,300
Merchandise and finished goods	2,327	2,334
Work in process	761	784
Raw materials and supplies	878	887
Other	556	635
Allowance for doubtful accounts	(1)	(0)
Total current assets	29,531	28,409
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,303	13,360
Accumulated depreciation and impairment	(8,378)	(8,716)
Buildings and structures, net	4,925	4,643
Machinery, equipment and vehicles	11,995	12,136
Accumulated depreciation and impairment	(11,165)	(11,251)
Machinery, equipment and vehicles, net	829	884
Tools, furniture and fixtures	17,849	17,774
Accumulated depreciation and impairment	(17,600)	(17,517)
Tools, furniture and fixtures, net	248	257
Other	240	240
Accumulated depreciation and impairment	(149)	(167)
Other, net	90	73
Land	4,353	4,357
Construction in progress	182	411
Total property, plant and equipment	10,630	10,628
Intangible assets		
Goodwill	133	117
Software	353	321
Other	67	87
Total intangible assets	554	527
Investments and other assets		
Investment securities	7,908	9,629
Deferred tax assets	52	17
Retirement benefit asset	157	237
Other	666	600
Allowance for doubtful accounts	(148)	(148)
Total investments and other assets	8,636	10,336
Total non-current assets	19,821	21,492
Total assets	49,353	49,901

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,885	1,865
Electronically recorded obligations - operating	881	1,672
Short-term borrowings	330	330
Income taxes payable	464	523
Provision for bonuses	460	439
Provision for bonuses for directors (and other officers)	48	38
Provision for shareholder benefit program	10	11
Other	2,341	1,997
Total current liabilities	7,422	6,879
Non-current liabilities		
Deferred tax liabilities	875	1,046
Provision for share awards for directors (and other officers)	59	71
Provision for retirement benefits for directors (and other officers)	154	–
Asset retirement obligations	227	229
Other	193	161
Total non-current liabilities	1,510	1,509
Total liabilities	8,932	8,388
Net assets		
Shareholders' equity		
Share capital	3,387	3,387
Capital surplus	6,368	6,368
Retained earnings	28,541	29,434
Treasury shares	(1,014)	(1,014)
Total shareholders' equity	37,282	38,175
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,816	2,962
Remeasurements of defined benefit plans	226	270
Total accumulated other comprehensive income	3,042	3,232
Non-controlling interests	95	105
Total net assets	40,420	41,513
Total liabilities and net assets	49,353	49,901

(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	23,925	24,166
Cost of sales	15,648	15,393
Gross profit	8,277	8,772
Selling, general and administrative expenses	6,504	6,607
Operating profit	1,773	2,164
Non-operating income		
Interest income	12	30
Dividend income	151	177
Rental income	92	91
Other	60	63
Total non-operating income	315	363
Non-operating expenses		
Interest expenses	5	5
Commission expenses	0	0
Rental expenses	9	10
Other	1	3
Total non-operating expenses	16	20
Ordinary profit	2,072	2,507
Extraordinary income		
Gain on sale of non-current assets	2	1
Gain on sale of investment securities	27	114
Total extraordinary income	29	115
Extraordinary losses		
Loss on sale of non-current assets	–	0
Loss on retirement of non-current assets	7	2
Impairment losses	0	–
Loss on cancellation of leases	2	0
Total extraordinary losses	10	3
Profit before income taxes	2,091	2,619
Income taxes - current	744	832
Income taxes - deferred	(21)	62
Total income taxes	723	895
Profit	1,368	1,724
Profit attributable to non-controlling interests	6	10
Profit attributable to owners of parent	1,362	1,714

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	1,368	1,724
Other comprehensive income		
Valuation difference on available-for-sale securities	1,272	145
Remeasurements of defined benefit plans, net of tax	143	44
Total other comprehensive income	1,416	189
Comprehensive income	2,785	1,914
Comprehensive income attributable to:		
Owners of parent	2,778	1,904
Non-controlling interests	6	10

(3) Consolidated statements of changes in equity

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

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,387	6,363	27,925	(1,034)	36,642
Changes during period					
Dividends of surplus			(746)		(746)
Profit attributable to owners of parent			1,362		1,362
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		4		19	24
Net changes in items other than shareholders' equity					
Total changes during period	—	4	615	19	639
Balance at end of period	3,387	6,368	28,541	(1,014)	37,282

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,543	82	1,625	88	38,357
Changes during period					
Dividends of surplus					(746)
Profit attributable to owners of parent					1,362
Purchase of treasury shares					(0)
Disposal of treasury shares					24
Net changes in items other than shareholders' equity	1,272	143	1,416	6	1,423
Total changes during period	1,272	143	1,416	6	2,063
Balance at end of period	2,816	226	3,042	95	40,420

Fiscal year ended March 31, 2025 (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	3,387	6,368	28,541	(1,014)	37,282
Changes during period					
Dividends of surplus			(821)		(821)
Profit attributable to owners of parent			1,714		1,714
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	892	(0)	892
Balance at end of period	3,387	6,368	29,434	(1,014)	38,175

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,816	226	3,042	95	40,420
Changes during period					
Dividends of surplus					(821)
Profit attributable to owners of parent					1,714
Purchase of treasury shares					(0)
Net changes in items other than shareholders' equity	145	44	189	10	199
Total changes during period	145	44	189	10	1,092
Balance at end of period	2,962	270	3,232	105	41,513

(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		
Profit before income taxes	2,091	2,619
Depreciation	1,020	1,014
Amortization of goodwill	15	15
Increase (decrease) in allowance for doubtful accounts	(1)	(1)
Increase (decrease) in provision for bonuses	26	(20)
Increase (decrease) in provision for bonuses for directors (and other officers)	(10)	(9)
Increase (decrease) in provision for share awards for directors (and other officers)	9	12
Increase (decrease) in provision for retirement benefits for directors (and other officers)	–	(154)
Interest and dividend income	(163)	(207)
Rental income	(92)	(91)
Interest expenses	5	5
Loss (gain) on sale of investment securities	(27)	(114)
Impairment losses	0	–
Decrease (increase) in retirement benefit asset	1	1
Retirement benefit expenses	12	(14)
Decrease (increase) in trade receivables	(76)	20
Decrease (increase) in inventories	(48)	(39)
Increase (decrease) in trade payables	50	(249)
Other, net	289	(409)
Subtotal	3,103	2,377
Interest and dividends received	163	202
Interest paid	(5)	(5)
Income taxes refund (paid)	(724)	(780)
Proceeds from rental income	82	81
Other, net	(3)	(0)
Net cash provided by (used in) operating activities	2,615	1,874
Cash flows from investing activities		
Payments into time deposits	(4,000)	(3,100)
Proceeds from withdrawal of time deposits	4,000	4,000
Purchase of securities	(3,300)	(1,800)
Proceeds from redemption of securities	3,600	2,710
Purchase of investment securities	(411)	(1,474)
Proceeds from sale of investment securities	97	132
Purchase of property, plant and equipment	(614)	(806)
Proceeds from sale of property, plant and equipment	4	0
Purchase of intangible assets	(133)	(109)
Other, net	(4)	(12)
Net cash provided by (used in) investing activities	(761)	(459)

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities		
Proceeds from short-term borrowings	3,960	3,960
Repayments of short-term borrowings	(3,960)	(3,960)
Repayments of long-term borrowings	(60)	–
Dividends paid	(746)	(820)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	24	–
Other, net	(30)	(29)
Net cash provided by (used in) financing activities	(812)	(850)
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	1,041	564
Cash and cash equivalents at beginning of period	10,199	11,241
Cash and cash equivalents at end of period	11,241	11,805

(5) Notes to consolidated financial statements

Going concern assumption

Not applicable

Changes in accounting policies

(Application of the *Accounting Standard for Current Income Taxes*, etc.)

The Group has adopted the *Accounting Standard for Current Income Taxes* (ASBJ Statement No. 27, October 28, 2022; the “Revised Accounting Standard 2022”), etc. from the beginning of the fiscal year under review.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso of Paragraph 65-2 (2) of the *Implementation Guidance on Tax Effect Accounting* (ASBJ Guidance No. 28, October 28, 2022; the “Revised Implementation Guidance 2022”). This change in accounting policies has no impact on the consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares of subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Group has adopted the Revised Implementation Guidance 2022 from the beginning of the fiscal year under review. This change in accounting policies was applied retrospectively. Hence, the consolidated financial statements for the previous fiscal year have been amended retrospectively. This change in accounting policies has no impact on the consolidated financial statements for the previous fiscal year.

Segment information and other related information

Segment information

1. Overview of reportable segments

The Group’s reportable segments are components of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

The Company has established divisions for each product and service that it handles, and its consolidated subsidiaries operate as independent business units.

Therefore, the Group consists of segments by product and service based on divisions and companies and has three reportable segments: Pipes and Engineering Plastic, Water/Environmental Engineering, and Plastic Molding.

The Pipes and Engineering Plastic mainly manufactures and sells water supply- and sewerage-related products such as a fitting and a PVC catch basin with an invert. The Water/Environmental Engineering mainly designs, constructs, maintains, and manages large combined wastewater treatment plants, industrial wastewater treatment facilities, plumbing and sanitary equipment, and pump plants. The Plastic Molding produces and sells parts for housing equipment and various parts for plastic products on a build-to-order basis.

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

The method of accounting treatment for reportable operating segments conforms to the accounting policies adopted to prepare consolidated financial statements.

Profits of reportable segments represent figures based on operating profit.

Intersegment revenue and transfers are based on current market prices.

3. Information on amounts of net sales, profit or loss, assets, liabilities, and other items by reportable segment
Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

	Pipes and Engineering Plastic	Water/ Environmental Engineering	Plastic Molding	Total	Reconciliation (Note 1)	Carrying amount on consolidated financial statements (Note 2)
Net sales						
Revenue from external customers	21,628	1,249	1,047	23,925	–	23,925
Intersegment sales or transfers	15	–	156	172	(172)	–
Total	21,644	1,249	1,204	24,097	(172)	23,925
Segment profit	1,742	24	25	1,791	(18)	1,773
Segment assets	47,576	1,817	1,678	51,073	(1,719)	49,353
Other items						
Depreciation	965	5	49	1,020	–	1,020
Amortization of goodwill	–	–	–	–	15	15
Impairment losses	–	0	–	0	–	0
Increase in property, plant and equipment and intangible assets	710	4	16	730	–	730

Notes: 1. Reconciliations are as follows:

- (1) Reconciliation of negative 18 million yen in segment profit represents the elimination of intersegment transactions.
- (2) Reconciliation of negative 1,719 million yen in segment assets represents the elimination of intersegment transactions.

2. Segment profit was reconciled with operating profit in the consolidated financial statements.

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

	Pipes and Engineering Plastic	Water/ Environmental Engineering	Plastic Molding	Total	Reconciliation (Note 1)	Carrying amount on consolidated financial statements (Note 2)
Net sales						
Revenue from external customers	21,739	1,474	951	24,166	–	24,166
Intersegment sales or transfers	16	–	153	169	(169)	–
Total	21,756	1,474	1,105	24,336	(169)	24,166
Segment profit	1,982	164	31	2,178	(13)	2,164
Segment assets	49,812	106	1,557	51,477	(1,575)	49,901
Other items						
Depreciation	945	6	62	1,014	–	1,014
Amortization of goodwill	–	–	–	–	15	15
Increase in property, plant and equipment and intangible assets	894	5	68	968	–	968

Notes: 1. Reconciliations are as follows:

- (1) Reconciliation of negative 13 million yen in segment profit represents the elimination of intersegment transactions.
- (2) Reconciliation of negative 1,575 million yen in segment assets represents the elimination of intersegment transactions.

2. Segment profit was reconciled with operating profit in the consolidated financial statements.

Related information

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

1. Information by product and service

Disclosure is omitted since the same information is provided in "Segment information."

2. Information by geographical area

(1) Net sales

Not applicable since there is no sales amount to external customers outside Japan.

(2) Property, plant and equipment

Not applicable since there are no property, plant and equipment located outside Japan.

3. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment
Watanabe Pipe Co., Ltd.	3,066	Pipes and Engineering Plastic

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

1. Information by product and service

Disclosure is omitted since the same information is provided in "Segment information."

2. Information by geographical area

(1) Net sales

Not applicable since there is no sales amount to external customers outside Japan.

(2) Property, plant and equipment

Not applicable since there are no property, plant and equipment located outside Japan.

3. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment
Watanabe Pipe Co., Ltd.	3,157	Pipes and Engineering Plastic

Information on impairment losses of non-current assets by reportable segment

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

Disclosure is omitted because of its immateriality.

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

Not applicable

Information on amortization and unamortized balance of goodwill by reportable segment

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

(Millions of yen)

	Pipes and Engineering Plastic	Water/Environmental Engineering	Plastic Molding	Corporate/ Elimination	Total
Amortization during the period	–	–	–	15	15
Balance at the end of the period	–	–	–	133	133

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

(Millions of yen)

	Pipes and Engineering Plastic	Water/Environmental Engineering	Plastic Molding	Corporate/ Elimination	Total
Amortization during the period	–	–	–	15	15
Balance at the end of the period	–	–	–	117	117

Information on gain on negative goodwill by reportable segment

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

Not applicable

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

Not applicable

Per share information

(Yen)

Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
Net assets per share	2,717.45	Net assets per share	2,790.42
Basic earnings per share	91.83	Basic earnings per share	115.53

Notes: 1. Diluted earnings per share is not included since there are no potential shares.

2. The Company's shares held in share trust are included in treasury shares deducted from the number of shares issued at the end of the period in the calculation of net assets per share (96,611 shares in the fiscal year ended March 31, 2024, and 96,611 shares in the fiscal year ended March 31, 2025).

The Company's shares held in share trust are included in treasury shares deducted from the average number of common shares outstanding during the period in the calculation of basic earnings per share (103,004 shares in the fiscal year ended March 31, 2024, and 96,611 shares in the fiscal year ended March 31, 2025).

3. The basis for calculation is as follows.

(1) Net assets per share

(Millions of yen, unless otherwise noted)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Total net assets	40,420	41,513
Amount deducted from total net assets	95	105
[Of which, non-controlling interests]	[95]	[105]
Net assets attributable to common shares at the end of the period	40,325	41,407
Number of common shares at the end of the period used for the calculation of net assets per share (Shares)	14,839,348	14,839,245

(2) Basic earnings per share

(Millions of yen, unless otherwise noted)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit attributable to owners of parent	1,362	1,714
Amount not attributable to common shareholders	–	–
Profit attributable to common shareholders of parent	1,362	1,714
Average number of shares outstanding during the period (Shares)	14,832,988	14,839,318

Subsequent events

Not applicable