June 19, 2026

Consolidated Financial Results for the Fiscal Year Ended May 20, 2026 (Under Japanese GAAP)

Company name: COSEL CO., LTD.
Listing: Tokyo Stock Exchange
Securities code: 6905
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Scheduled date of annual general meeting of shareholders: August 12, 2026
Scheduled date to commence dividend payments: July 23, 2026
Scheduled date to file annual securities report: August 10, 2026
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

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

1. Consolidated financial results for the fiscal year ended May 20, 2026 (from May 21, 2025 to May 20, 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	%
May 20, 2026	25,046	(7.4)	(695)	–	267	(63.9)	(3,406)	–
May 20, 2025	27,052	(34.7)	628	(90.9)	740	(90.6)	(113)	–

Note: Comprehensive income For the fiscal year ended May 20, 2026: ¥(1,410) million [–%]
For the fiscal year ended May 20, 2025: ¥(817) million [–%]

	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	%	%	%
May 20, 2026	(82.81)	–	(6.3)	0.4	(2.8)
May 20, 2025	(2.84)	–	(0.2)	1.3	2.3

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended May 20, 2026: ¥– million
For the fiscal year ended May 20, 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
May 20, 2026	60,576	52,163	86.1	1,268.13
May 20, 2025	59,998	55,836	93.1	1,357.41

Reference: Equity
As of May 20, 2026: ¥52,163 million
As of May 20, 2025: ¥55,836 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
May 20, 2026	3,035	(1,409)	(2,396)	26,865
May 20, 2025	3,858	(1,621)	9,228	26,552

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 May 20, 2025	–	27.00	–	28.00	55.00	2,262	–	4.0
Fiscal year ended May 20, 2026	–	27.00	–	28.00	55.00	2,262	–	4.2
Fiscal year ending May 20, 2027 (Forecast)	–	30.00	–	30.00	60.00		153.9	

3. Consolidated financial forecast for the fiscal year ending May 20, 2027 (from May 21, 2026 to May 20, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending November 20, 2026	14,201	27.5	304	–	412	251.7	562	–	13.66
Fiscal year ending May 20, 2027	28,875	15.3	1,335	–	1,539	475.9	1,604	–	38.99

*** Notes**

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

(2) Changes in accounting policies, changes in accounting estimates, and restatement
   1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
   2) Changes in accounting policies due to other reasons: None
   3) Changes in accounting estimates: None
   4) Restatement: None

(3) Number of issued shares (common shares)

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

As of May 20, 2026	41,186,100 shares
As of May 20, 2025	41,186,100 shares

   2) Number of treasury shares at the end of the period

As of May 20, 2026	51,938 shares
As of May 20, 2025	51,930 shares

   3) Average number of shares outstanding during the period

Fiscal year ended May 20, 2026	41,134,166 shares
Fiscal year ended May 20, 2025	40,022,206 shares

Reference: Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended May 20, 2026 (from May 21, 2025 to May 20, 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	%
May 20, 2026	17,598	(12.2)	(316)	–	1,002	(33.6)	(1,927)	–
May 20, 2025	20,044	(36.9)	520	(89.3)	1,509	(75.2)	818	(79.9)

	Earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
May 20, 2026	(46.87)	–
May 20, 2025	20.44	–

(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
May 20, 2026	50,975	47,630	93.4	1,157.92
May 20, 2025	53,253	51,156	96.1	1,243.65

Reference: Equity
As of May 20, 2026: ¥47,630 million
As of May 20, 2025: ¥51,156 million

2. Non-consolidated financial forecast for the fiscal year ending May 20, 2027 (from May 21, 2026 to May 20, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending November 20, 2026	11,506	46.6	375	–	619	(6.3)	533	8.6	12.96
Fiscal year ending May 20, 2027	23,857	35.6	1,109	–	1,430	42.6	1,203	–	29.25

* 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

(Caution concerning forward-looking statements)

The forward-looking statements such as result forecasts included in this document are based on the information currently available to the Company at the time of the announcement and on certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ substantially due to various factors. For the suppositions that form the assumptions for financial forecast and cautions concerning the use thereof, please refer to “1. Overview of operating results, etc., (4) Future outlook” on page 6 of the attachments.

(Changing the display unit of the amount)

From the fiscal year ended May 20, 2026, figures, which were previously rounded down to thousands, are rounded down to millions. Amounts for items and other matters previously presented in our consolidated financial statements were stated in units of thousands of yen. However, we have changed to presenting amounts in units of millions of yen. For ease of comparison, amounts for the previous fiscal year have also been restated in units of millions of yen.

(Availability of supplementary material on financial results)

Supplementary material on financial results is disclosed via TDnet on the same day as the date of this document. Said material is also scheduled to be posted on our website on the same day.

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1. Overview of operating results, etc.

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

During the fiscal year ended May 20, 2026, the global economy maintained solid growth, supported by the strength of demand related to AI, despite uncertainties such as the risk of potential adverse effects from U.S. tariffs. On the other hand, the outlook is becoming increasingly uncertain due to the rapid destabilization of the situation in the Middle East, and the pressure for an economic slowdown is increasing due to soaring prices and supply constraints for energy resources, as well as supply chain disruptions caused by that. Looking at each geographical region, the United States continued to show strength despite downward pressure from tariffs, supported by personal consumption and capital investment, including AI-related investments. In Japan, moderate growth was maintained due to strong domestic demand, and positive growth continued in Europe as well. Meanwhile, in China, contrary to the GDP growth rate expressed by the government, there are signs of a slowdown in both capital investment and private spending.

In the electronics industry, demand for semiconductors for servers and data centers continued to increase against the backdrop of promoting digitalization of society through the use of AI. Additionally, there are signs that the automotive and industrial equipment sectors have bottomed out.

Under these circumstances, the Group has continued to promote efforts to expand sales through customer visits and strengthen cooperation between the sales and development departments. We have focused on making proposals to key customers, particularly centered on new products. Furthermore, in our collaboration with LITE-ON TECHNOLOGY CORPORATION (“LITEON”), we focused on activities to expand sales of new brand “COSELSYNC.” products and LITEON products.

In regard to new products, we have launched two new models, “PDA300F” and “PDA600F,” to expand our PDA Series of unit-type single output AC-DC power supplies, which can be used in a wide range of fields, including FA control equipment, measuring instruments, indicators, and semiconductor production machinery. Together with the existing models, we now offer a total of seven models. We also expanded our lineup by introducing four new models of the low-profile, compact general-purpose DC-DC converters in the “MU Series”: the “MUS6,” “MUW6,” “MUS10,” and “MUW10.” This has resulted in a diverse lineup, including existing models, thereby enhancing our ability to meet customer needs. Moreover, we launched the high-input voltage power module “DCS1400B” into the market.

In overseas markets, we launched UMHA120F, a standard size 2x4 inch AC-DC power supply that meets the high reliability and high safety requirements for medical electrical equipment.

With regard to financial results for the fiscal year under review, orders received showed a recovery trend at ¥27,841 million (up 59.8% year on year), while net sales came to ¥25,046 million (down 7.4% year on year). In terms of profit, despite the effects of cost reduction, the decline in profitability due to a considerable decrease in net sales, and the heavy burden of fixed costs resulted in an operating loss of ¥695 million (operating profit of ¥628 million in the previous fiscal year). In addition, due to the impact of forex among other factors, ordinary profit came to ¥267 million (down 63.9% year on year), while loss attributable to owners of parent came to ¥3,362 million (loss attributable to owners of parent of ¥113 million in the previous fiscal year) mainly due to the recording of loss on liquidation of subsidiaries and associates resulting from the conclusion of a share transfer agreement for the consolidated subsidiary, Powerbox International AB on May 20, 2026.

The following are the financial results by segment.

(i) Japan Production and Sales Business

In Japan, driven by factors such as the promotion of digitalization in society through the use of AI, demand recovery and inventory reduction are progressing across all areas related to semiconductor production equipment. Orders rapidly recovered, and while a portion contributed to net sales for the fourth quarter, the majority of them are expected to contribute to sales from the next fiscal year onward, and therefore, net sales during the fiscal year under review were sluggish.

With regard to sales activities, we have continued to strengthen information sharing with dealers and promote the expansion of sales focused on new products through door-to-door sales. Additionally, we are actively promoting the expansion of sales for COSELSYNC. and LITEON products.

As a result, sales to external customers came to ¥14,000 million (down 15.3% year on year), and segment loss was ¥316 million (segment profit of ¥520 million in the previous fiscal year).

(ii) North America Sales Business

In the United States, the emergent impact of U.S. tariffs led to continued demand adjustments amid uncertainty about the future. However, the recovery in orders after the third quarter contributed to sales, resulting in an increase in net sales for the fiscal year under review.

With regard to sales activities, we have continued to work to expand sales by strengthening collaboration with sales representatives and enhancing the promotion of new products using videos. We have also worked to expand sales of COSELSYNC. and LITEON products.

As a result, sales to external customers came to ¥1,896 million (up 18.6% year on year), and segment profit was ¥88 million (up 10.9% year on year).

(iii) Europe Production and Sales Business

In Europe, the demand adjustment phase continues although the uncertainty in the economy has slightly receded. Due to the impact of order adjustments by customers, the stagnation in new orders continued, resulting in a slight increase in net sales for the fiscal year under review.

With regard to sales activities, we have increased our efforts to expand sales through both door-to-door based sales and teleworking.

As a result, sales to external customers came to ¥6,408 million (up 2.3% year on year), and segment loss was ¥723 million (segment loss of ¥400 million in the previous fiscal year).

(iv) Asia Sales Business

In Asia, although the demand adjustment phase continued due to the economic slowdown in China and the impact of U.S.-China tariff trends, orders have surged sharply from the third quarter onward. This was driven by the progress in inventory reduction by customers and an increase in large-scale project orders. With the recovery in orders, net sales for the fiscal year under review slightly increased.

With regard to sales activities, we continued to engage in web marketing to develop new business and expand sales of new products.

As a result, sales to external customers came to ¥2,740 million (up 2.8% year on year), and segment profit was ¥104 million (up 28.4% year on year).

(v) China Production Business

In the China Production Business, orders for both existing and new products have been on a recovery trend since the third quarter, and as a result, production volumes are increasing. We have promoted the strengthening of our production system due to the anticipated further expansion of orders received in the future. In addition to improvement activities aimed at “maintaining and improving quality,” we are continuously engaged in production improvement activities with the goals of “improving productivity” and “reducing costs.”

As a result, intersegment sales came to ¥2,005 million (up 10.6% year on year), and segment profit was ¥11 million (down 78.0% year on year).

(Reference) Financial results by product

1) Orders received and backlog of orders received

	Fiscal year ended May 20, 2026		As of May 20, 2026	
	Orders received (Millions of yen)	Year-on-year change (%)	Backlog of orders received (Millions of yen)	Year-on-year change (%)
COSEL products (*1)				
Unit power supplies	14,016	63.8	5,062	48.8
Onboard power supplies	7,093	83.2	2,853	89.0
EMI filters	1,510	75.3	430	114.2
PRBX products (*2)	5,221	26.4	4,463	10.0
Total	27,841	59.8	12,810	39.7

2) Net sales

	Fiscal year ended May 20, 2026	
	Net sales (Millions of yen)	Year-on-year change (%)
COSEL products (*1)		
Unit power supplies	12,705	(9.0)
Onboard power supplies	5,801	(18.7)
EMI filters	1,285	21.0
PRBX products (*2)	5,254	7.5
Total	25,046	(7.4)

(*1) From the third quarter of the previous fiscal year onward, figures include the results of cross-selling activities with LITEON.

(*2) PRBX products: Products developed, manufactured and sold by Powerbox International AB

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

(Assets)

Current assets as of May 20, 2026, were ¥48,566 million, up ¥806 million from the end of the previous fiscal year. This was mainly due to increases of ¥581 million in cash and deposits, ¥1,482 million in notes and accounts receivable - trade, and ¥1,600 million in securities, despite decreases of ¥2,025 million in inventories and ¥925 million in other.

Non-current assets were ¥12,009 million, down ¥227 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥941 million in investments and other assets due to the decrease in investment securities, etc., despite an increase of ¥728 million in property, plant and equipment resulting from the increase in construction in progress, etc.

As a result, total assets were ¥60,576 million, up ¥578 million from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of May 20, 2026, were ¥4,304 million, up ¥1,473 million from the end of the previous fiscal year. This was mainly due to increases of ¥402 million in accounts payable - trade and ¥294 million in other, and the recording of ¥669 million in provision for loss on liquidation of subsidiaries and associates resulting from the conclusion of a share transfer agreement for Powerbox International AB.

Non-current liabilities were ¥4,109 million, up ¥2,777 million from the end of the previous fiscal year. This was mainly due to the recording of ¥2,775 million in provision for loss on liquidation of subsidiaries and associates resulting from the conclusion of a share transfer agreement for Powerbox International AB.

As a result, total liabilities were ¥8,413 million, up ¥4,251 million from the end of the previous fiscal year.

(Net assets)

Total net assets as of May 20, 2026, were ¥52,163 million, down ¥3,672 million from the end of the previous fiscal year. This was due to a decrease of ¥5,668 million in shareholders' equity, despite an increase of ¥1,996 million in accumulated other comprehensive income. The increase in accumulated other comprehensive income is mainly due to increases of ¥664 million in valuation difference on available-for-sale securities and ¥1,432 million in foreign currency translation adjustment, offset by a decrease of ¥100 million in remeasurements of defined benefit plans. The decrease in shareholders' equity is mainly due to the recording of loss attributable to owners of parent of ¥3,406 million and dividends of surplus of ¥2,262 million.

As a result, the equity-to-asset ratio was 86.1% (93.1% as of the end of the previous fiscal year).

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

Cash and cash equivalents ("net cash") at the end of the fiscal year under review was ¥26,865 million, an increase of ¥312 million compared with the end of the previous fiscal year.

The status of each cash flow and their factors during the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥3,035 million (compared to ¥3,858 million net cash provided in the previous fiscal year). This was mainly attributable to recording of depreciation of ¥1,480 million, loss on liquidation of subsidiaries and associates of ¥3,425 million, a decrease in inventories of ¥2,503 million, an increase in trade payables of ¥181 million, and income taxes refund of ¥914 million, despite recording loss before income taxes of ¥3,382 million, an increase in retirement benefit asset of ¥141 million, foreign exchange gains of ¥880 million, an increase in trade receivables of ¥1,217 million, and income taxes paid of ¥147 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥1,409 million (compared to ¥1,621 million used in the previous fiscal year). This was mainly attributable to recording of proceeds from redemption of investment securities of ¥300 million, despite recording purchase of property, plant and equipment of ¥1,734 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥2,396 million (compared to ¥9,228 million provided in the previous fiscal year). This was mainly attributable to recording of repayments of lease liabilities of ¥134 million and dividends paid of ¥2,261 million.

(Reference) Changes in cash flow related indicators

	Fiscal year ended May 20, 2022	Fiscal year ended May 20, 2023	Fiscal year ended May 20, 2024	Fiscal year ended May 20, 2025	Fiscal year ended May 20, 2026
Equity-to-asset ratio (%)	89.4	86.7	86.6	93.1	86.1
Equity-to-asset ratio on a market value basis (%)	57.4	78.2	87.2	73.5	89.6
Interest-bearing debt to cash flow ratio (years)	–	0.3	0.1	0.1	0.1
Interest coverage ratio (times)	–	91.2	573.4	311.16	398.81

Equity-to-asset ratio: Equity/Total assets

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

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

Interest coverage ratio: Operating cash flow/Interest payment

* Each indicator is calculated based on consolidated financial figures.
* Market capitalization is calculated as follows: Closing share price at the end of the period × Total number of issued shares at the end of the period (after deducting treasury shares)
* Interest-bearing debt to cash flow ratio and interest coverage ratio are not stated when operating cash flow is negative.

(4) Future outlook

As for the future outlook, uncertainty is increasing due to the rapid destabilization of the situation in the Middle East, as well as soaring resource and energy prices and the resulting supply chain disruptions, and as a result, there are signs of a slowdown in the global economy.

For the environment surrounding the switching power supply market to which the Group belongs, while there is uncertainty due to soaring procurement prices for parts, etc., as a result of tight memory demand and raw materials supply concerns mainly resulting from the impact of the situation in the Middle East, demand for semiconductor manufacturing equipment is strong due to explosive expansion of the AI field, and demand for FA-related equipment and other industries is also expected to gradually recover.

Under these circumstances, based on the Management Philosophy of "Putting Quality as the Most Important Priority," the Group will work to strengthen the quality assurance system, build a manufacturing system that is resilient to fluctuations in orders, and strengthen new product development capabilities, while also focusing on customer-oriented sales activities and new product sales promotion activities in order to expand sales.

In regard to the consolidated financial forecast for the next fiscal year, we expect net sales of ¥28,875 million, ordinary profit of ¥1,539 million, and profit attributable to owners of parent of ¥1,604 million, as we anticipate the exclusion of Powerbox International AB, the consolidated subsidiary, from consolidation during the next fiscal year.

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

The Group recognizes that continuously improving corporate value over the medium to long term and enhancing the return of profits to shareholders are important management policies. With regard to the distribution of profits, our basic policy is to distribute dividends of surplus on a continuous and stable basis, implementing a progressive dividend with a minimum "dividend on equity (DOE) ratio of 3.5%," while balancing internal reserves to maintain a sound financial position and prepare for future business expansion, taking into consideration operating results, financial position, and future cash flows.

For the dividends of surplus for the fiscal year under review, we plan to pay a year-end dividend of ¥28 per share, resulting in an annual dividend of ¥55 per share when combined with the interim dividend.

Additionally, in the 11th Medium-Term Management Plan, the Group has decided to raise the lower limit of the dividend on equity ratio (DOE) set in the basic dividend policy from 3.5% to 4.5% with the goal of further enhancing the return of profit to its shareholders. For the dividends of surplus for the next fiscal year, based on this basic policy, we plan to pay an interim dividend of ¥30 per share and a year-end dividend of ¥30 per share, for an annual dividend of ¥60 per share. For details on the basic policy on profit distribution, please refer to the "Notice of Revision of Dividend Policy" released on the same day.

2. Basic policy regarding selection of accounting standards

Taking into consideration the comparability of the consolidated financial statements between periods and between companies, the Group prepares its consolidated financial statements in accordance with the Japanese GAAP for the time being.

Furthermore, in preparation to apply International Financial Reporting Standards (IFRS) in the future, the Group is taking measures such as acquiring knowledge on IFRS, performing a gap analysis with Japanese GAAP, and investigating the impact of introducing the IFRS, but the timing of the application of IFRS remains undecided.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of May 20, 2025	As of May 20, 2026
Assets		
Current assets		
Cash and deposits	27,789	28,370
Notes and accounts receivable - trade	5,664	7,147
Electronically recorded monetary claims - operating	1,517	1,610
Securities	300	1,900
Merchandise and finished goods	3,081	2,530
Work in process	662	818
Raw materials and supplies	7,494	5,865
Other	1,255	329
Allowance for doubtful accounts	(4)	(5)
Total current assets	47,760	48,566
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,530	7,820
Accumulated depreciation	(4,081)	(4,403)
Buildings and structures, net	3,449	3,416
Machinery, equipment and vehicles	8,010	8,296
Accumulated depreciation	(6,514)	(6,942)
Machinery, equipment and vehicles, net	1,496	1,353
Tools, furniture and fixtures	6,907	7,052
Accumulated depreciation	(6,155)	(6,395)
Tools, furniture and fixtures, net	752	656
Land	1,276	1,225
Leased assets	638	764
Accumulated depreciation	(371)	(546)
Leased assets, net	267	218
Construction in progress	26	1,125
Total property, plant and equipment	7,268	7,997
Intangible assets		
Software	20	133
Software in progress	56	23
Technical assets	226	171
Customer relationship	686	692
Goodwill	45	-
Other	5	5
Total intangible assets	1,040	1,027
Investments and other assets		
Investment securities	3,355	2,413
Retirement benefit asset	325	332
Deferred tax assets	55	92
Other	191	146
Total investments and other assets	3,927	2,985
Total non-current assets	12,237	12,009
Total assets	59,998	60,576

(Millions of yen)

	As of May 20, 2025	As of May 20, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	1,027	1,430
Accounts payable - other	360	398
Lease liabilities	116	128
Income taxes payable	137	187
Provision for bonuses	283	291
Provision for product warranties	89	87
Provision for loss on liquidation of subsidiaries and associates	-	669
Other	816	1,111
Total current liabilities	2,830	4,304
Non-current liabilities		
Deferred tax liabilities	793	937
Retirement benefit liability	227	209
Lease liabilities	165	98
Provision for loss on liquidation of subsidiaries and associates	-	2,775
Other	145	88
Total non-current liabilities	1,331	4,109
Total liabilities	4,162	8,413
Net assets		
Shareholders' equity		
Share capital	6,042	6,042
Capital surplus	7,157	7,157
Retained earnings	40,876	35,208
Treasury shares	(57)	(57)
Total shareholders' equity	54,020	48,351
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	606	1,270
Foreign currency translation adjustment	1,089	2,522
Remeasurements of defined benefit plans	120	19
Total accumulated other comprehensive income	1,816	3,812
Total net assets	55,836	52,163
Total liabilities and net assets	59,998	60,576

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

Consolidated statements of income

(Millions of yen)

	Fiscal year ended May 20, 2025	Fiscal year ended May 20, 2026
Net sales	27,052	25,046
Cost of sales	19,845	19,010
Gross profit	7,207	6,036
Selling, general and administrative expenses	6,579	6,731
Operating profit (loss)	628	(695)
Non-operating income		
Interest income	89	97
Dividend income	54	59
Foreign exchange gains	-	695
Compensation income	117	99
Other	15	18
Total non-operating income	275	970
Non-operating expenses		
Interest expenses	12	7
Foreign exchange losses	115	-
Share issuance costs	35	-
Other	-	0
Total non-operating expenses	163	7
Ordinary profit	740	267
Extraordinary income		
Gain on sale of non-current assets	1	3
Gain on sale of investment securities	-	11
Total extraordinary income	1	14
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	3	8
Impairment losses	3	53
Loss on liquidation of subsidiaries and associates	-	3,644
Loss on abandonment of inventories	2	-
Loss on assistance for liquidation of partner company	23	-
Loss on restructuring of system	394	-
Total extraordinary losses	426	3,707
Profit (loss) before income taxes	316	(3,425)
Income taxes - current	85	164
Income taxes - deferred	324	(184)
Total income taxes	410	(19)
Loss	(94)	(3,406)
Profit attributable to non-controlling interests	19	-
Loss attributable to owners of parent	(113)	(3,406)

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended May 20, 2025	Fiscal year ended May 20, 2026
Loss	(94)	(3,406)
Other comprehensive income		
Valuation difference on available-for-sale securities	(56)	664
Foreign currency translation adjustment	(794)	1,432
Remeasurements of defined benefit plans, net of tax	127	(100)
Total other comprehensive income	(722)	1,996
Comprehensive income	(817)	(1,410)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(840)	(1,410)
Comprehensive income attributable to non-controlling interests	23	-

(3) Consolidated statements of changes in equity

Fiscal year ended May 20, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,055	2,287	42,996	(2,795)	44,544
Changes during period					
Issuance of new shares	3,987	3,987			7,975
Dividends of surplus			(2,006)		(2,006)
Profit (loss) attributable to owners of parent			(113)		(113)
Disposal of treasury shares		874		2,738	3,612
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		7			7
Net changes in items other than shareholders' equity					-
Total changes during period	3,987	4,870	(2,120)	2,738	9,476
Balance at end of period	6,042	7,157	40,876	(57)	54,020

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	662	1,887	(7)	2,542	170	47,257
Changes during period						
Issuance of new shares						7,975
Dividends of surplus						(2,006)
Profit (loss) attributable to owners of parent						(113)
Disposal of treasury shares						3,612
Purchase of treasury shares						(0)
Change in ownership interest of parent due to transactions with non-controlling interests						7
Net changes in items other than shareholders' equity	(56)	(798)	127	(726)	(170)	(897)
Total changes during period	(56)	(798)	127	(726)	(170)	8,578
Balance at end of period	606	1,089	120	1,816	-	55,836

Fiscal year ended May 20, 2026

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,042	7,157	40,876	(57)	54,020
Changes during period					
Issuance of new shares					-
Dividends of surplus			(2,262)		(2,262)
Profit (loss) attributable to owners of parent			(3,406)		(3,406)
Disposal of treasury shares					-
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	(5,668)	(0)	(5,668)
Balance at end of period	6,042	7,157	35,208	(57)	48,351

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	606	1,089	120	1,816	-	55,836
Changes during period						
Issuance of new shares						-
Dividends of surplus						(2,262)
Profit (loss) attributable to owners of parent						(3,406)
Disposal of treasury shares						-
Purchase of treasury shares						(0)
Change in ownership interest of parent due to transactions with non-controlling interests						-
Net changes in items other than shareholders' equity	664	1,432	(100)	1,996	-	1,996
Total changes during period	664	1,432	(100)	1,996	-	(3,672)
Balance at end of period	1,270	2,522	19	3,812	-	52,163

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended May 20, 2025	Fiscal year ended May 20, 2026
Cash flows from operating activities		
Profit (loss) before income taxes	316	(3,425)
Depreciation	1,508	1,480
Impairment losses	3	53
Loss on liquidation of subsidiaries and associates	—	3,644
Loss on restructuring of system	394	—
Loss on assistance for liquidation of partner company	23	—
Loss on abandonment of inventories	2	—
Amortization of goodwill	16	15
Increase (decrease) in provision for product warranties	(66)	(2)
Increase (decrease) in provision for bonuses	(184)	6
Increase (decrease) in allowance for doubtful accounts	(1)	0
Decrease (increase) in retirement benefit asset	4	(141)
Increase (decrease) in retirement benefit liability	6	(34)
Interest and dividend income	(143)	(156)
Interest expenses	12	7
Foreign exchange losses (gains)	(94)	(880)
Share issuance costs	35	—
Loss (gain) on sale of property, plant and equipment	(1)	(2)
Loss on retirement of property, plant and equipment	3	8
Loss (gain) on sale of investment securities	—	(11)
Decrease (increase) in trade receivables	4,945	(1,217)
Decrease (increase) in inventories	206	2,503
Increase (decrease) in trade payables	(660)	181
Other, net	(312)	99
Subtotal	6,013	2,130
Interest and dividends received	143	146
Interest paid	(12)	(7)
Income taxes paid	(2,287)	(147)
Income taxes refund	0	914
Net cash provided by (used in) operating activities	3,858	3,035
Cash flows from investing activities		
Purchase of investment securities	(1)	(1)
Proceeds from redemption of securities	—	300
Purchase of property, plant and equipment	(1,554)	(1,734)
Proceeds from sale of property, plant and equipment	1	97
Purchase of intangible assets	(218)	(96)
Payments into time deposits	(1,322)	(1,383)
Proceeds from withdrawal of time deposits	1,469	1,355
Other, net	3	54
Net cash provided by (used in) investing activities	(1,621)	(1,409)
Cash flows from financing activities		
Repayments of lease liabilities	(129)	(134)
Proceeds from issuance of shares	7,940	—
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	3,608	—
Dividends paid	(2,004)	(2,261)
Dividends paid to non-controlling interests	(40)	—
Purchase of investments in capital of subsidiaries and associates not resulting in change in scope of consolidation	(145)	—
Net cash provided by (used in) financing activities	9,228	(2,396)
Effect of exchange rate change on cash and cash equivalents	(306)	1,081
Net increase (decrease) in cash and cash equivalents	11,158	312
Cash and cash equivalents at beginning of period	15,394	26,552
Cash and cash equivalents at end of period	26,552	26,865

(5) Notes to consolidated financial statements

(Notes on going-concern assumptions)

Not applicable.

(Notes on segment information)

Segment information

1. Overview of reportable segments
   The reportable segments of the Group are components of the Group for which discrete financial information is available and regularly reviewed by the management to make decisions about allocation of managerial resources and to assess their performance.
   The Group is a specialized manufacturer whose main business is the manufacture and sale of regulated DC power supplies.
   We are responsible for the manufacturing and sales operations within Japan. Overseas, sales business in North America (USA, Canada) is handled by COSEL USA INC. (USA), production and sales business in Europe (mainly Germany, UK, France, Sweden, etc.) is handled by COSEL EUROPE GmbH (Germany) and Powerbox International AB (Sweden), and sales business in Asia (mainly China, Korea, India, etc.) is handled by COSEL ASIA LTD. (Hong Kong) and COSEL (SHANGHAI) ELECTRONICS CO., LTD. (China). Additionally, production in China is handled by local subsidiaries WUXI COSEL ELECTRONICS CO., LTD. (China) and SHANGHAI COSEL INTERNATIONAL TRADING CO., LTD. (China).
   Each local subsidiary is an independent business unit that formulates comprehensive strategies for the products it handles in each region and conducts business activities.
   Therefore, the Group is composed of segments based on production and sales systems in each region, and has five reportable segments: "Japan Production and Sales Business," "North America Sales Business," "Europe Production and Sales Business," "Asia Sales Business," and "China Production Business."

2. Method of calculation of net sales, profit (or loss), assets, liabilities, and other items by reportable segment
   The accounting treatment of our reported segments is in accordance with the accounting principles and procedures adopted in the preparation of the consolidated financial statements.
   Profit by reportable segment is based on operating profit.
   Intersegment transactions are based on actual market price.

3. Information about the amounts of net sales, profit (or loss), assets, liabilities, and other items by reportable segment

   Fiscal year ended May 20, 2025 (from May 21, 2024 to May 20, 2025)

(Millions of yen)

	Reportable segments						Adjustments	Amount recorded in consolidated financial statements
	Japan Production and Sales Business	North America Sales Business	Europe Production and Sales Business	Asia Sales Business	China Production Business	Total		
Net sales								
Sales to external customers	16,522	1,599	6,263	2,667	–	27,052	–	27,052
Intersegment sales	3,521	–	0	–	1,813	5,335	(5,335)	–
Total	20,044	1,599	6,263	2,667	1,813	32,388	(5,335)	27,052
Segment profit (loss)	520	79	(400)	81	52	333	294	628
Segment assets	53,346	1,768	6,365	1,658	4,772	67,911	(7,913)	59,998
Other items								
Depreciation	1,009	3	270	16	208	1,509	(0)	1,508
Amortization of goodwill	1	–	14	–	–	16	–	16
Increase in property, plant and equipment and intangible assets	1,058	10	56	6	229	1,362	–	1,362

Fiscal year ended May 20, 2026 (from May 21, 2025 to May 20, 2026)

(Millions of yen)

	Reportable segments						Adjustments	Amount recorded in consolidated financial statements
	Japan Production and Sales Business	North America Sales Business	Europe Production and Sales Business	Asia Sales Business	China Production Business	Total		
Net sales								
Sales to external customers	14,000	1,896	6,408	2,740	–	25,046	–	25,046
Intersegment sales	3,598	–	–	–	2,005	5,604	(5,604)	–
Total	17,598	1,896	6,408	2,740	2,005	30,651	(5,604)	25,046
Segment profit (loss)	(316)	88	(723)	104	11	(836)	141	(695)
Segment assets	53,371	2,101	5,987	1,838	5,788	69,086	(8,509)	60,576
Other items								
Depreciation	952	4	298	15	208	1,480	–	1,480
Amortization of goodwill	–	–	15	–	–	15	–	15
Increase in property, plant and equipment and intangible assets	1,756	–	71	2	31	1,863	–	1,863

4. Difference between the total amount of the reportable segments and the amount recorded in the consolidated financial statements, and the main details of the difference (matters related to adjustment of differences)

(Millions of yen)

Net sales	Fiscal year ended May 20, 2025	Fiscal year ended May 20, 2026
Total of reportable segments	32,388	30,651
Elimination of intersegment transactions	(5,335)	(5,604)
Net sales in consolidated financial statements	27,052	25,046

(Millions of yen)

Profit	Fiscal year ended May 20, 2025	Fiscal year ended May 20, 2026
Total of reportable segments	333	(836)
Elimination of intersegment transactions	133	104
Adjustments for unrealized gain (loss) on inventories	160	36
Adjustments for unrealized gain (loss) on non-current assets	0	–
Operating profit (loss) in consolidated financial statements	628	(695)

(Millions of yen)

Assets	Fiscal year ended May 20, 2025	Fiscal year ended May 20, 2026
Total of reportable segments	67,911	69,086
Elimination of intersegment receivables and payables	(4,944)	(5,568)
Adjustments for unrealized gain (loss) on inventories	(168)	(141)
Elimination of investments and capital	(2,800)	(2,800)
Total assets in consolidated financial statements	59,998	60,576

(Millions of yen)

Other items	Total of reportable segments		Adjustments		Amount recorded in consolidated financial statements	
	Fiscal year ended May 20, 2025	Fiscal year ended May 20, 2026	Fiscal year ended May 20, 2025	Fiscal year ended May 20, 2026	Fiscal year ended May 20, 2025	Fiscal year ended May 20, 2026
Depreciation	1,509	1,480	(0)	–	1,508	1,480
Amortization of goodwill	16	15	–	–	16	15
Increase in property, plant and equipment and intangible assets	1,362	1,863	–	–	1,362	1,863

Related information

Fiscal year ended May 20, 2025 (from May 21, 2024 to May 20, 2025)

1. Information for each product or service

(Millions of yen)

	Unit power supplies	Onboard power supplies	EMI filters	PRBX products	Total
Sales to external customers	13,967	7,136	1,061	4,887	27,052

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	North America	Europe	Asia	Total
16,522	1,599	6,263	2,667	27,052

Notes: 1. Net sales are categorized into countries or regions based on the location of customers.
2. The breakdown of the countries or regions belonging to each category is as follows.
(1) North America ··············· The United States and Canada
(2) Europe ························· Germany, the United Kingdom, France, Switzerland, Austria, Norway, Sweden, etc.
(3) Asia ··························· The East Asian countries, the Southeast Asian countries, India, Australia, etc.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Europe	Asia	Total
5,201	18	310	1,738	7,268

3. Information for each of main customers

Name of customer	Net sales (Millions of yen)	Related segment
Ryosan Company, Limited	5,204	Japan Production and Sales Business

Fiscal year ended May 20, 2026 (from May 21, 2025 to May 20, 2026)

1. Information for each product or service

(Millions of yen)

	Unit power supplies	Onboard power supplies	EMI filters	PRBX products	Total
Sales to external customers	12,705	5,801	1,285	5,254	25,046

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	North America	Europe	Asia	Total
14,000	1,896	6,408	2,740	25,046

Notes: 1. Net sales are categorized into countries or regions based on the location of customers.
2. The breakdown of the countries or regions belonging to each category is as follows.
(1) North America ··············· The United States and Canada
(2) Europe ························· Germany, the United Kingdom, France, Switzerland, Austria, Norway, Sweden, etc.
(3) Asia ··························· The East Asian countries, the Southeast Asian countries, India, Australia, etc.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Europe	Asia	Total
5,820	16	299	1,861	7,997

3. Information for each of main customers

Name of customer	Net sales (Millions of yen)	Related segment
Ryoyo Ryosan, Inc.	4,239	Japan Production and Sales Business

Note: Ryosan Company, Limited changed its name to Ryoyo Ryosan, Inc. on April 1, 2026.

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

Fiscal year ended May 20, 2025 (from May 21, 2024 to May 20, 2025)

(Millions of yen)

	Japan Production and Sales Business	North America Sales Business	Europe Production and Sales Business	Asia Sales Business	China Production Business	Unallocated amounts and elimination	Total
Impairment losses	–	–	3	–	–	–	3

Fiscal year ended May 20, 2026 (from May 21, 2025 to May 20, 2026)

(Millions of yen)

	Japan Production and Sales Business	North America Sales Business	Europe Production and Sales Business	Asia Sales Business	China Production Business	Unallocated amounts and elimination	Total
Impairment losses	–	–	53	–	–	–	53

Information about amortization and unamortized balance of goodwill by reportable segment

Fiscal year ended May 20, 2025 (from May 21, 2024 to May 20, 2025)

(Millions of yen)

	Japan Production and Sales Business	North America Sales Business	Europe Production and Sales Business	Asia Sales Business	China Production Business	Unallocated amounts and elimination	Total
Amortization	1	–	14	–	–	–	16
Balance at end of period	–	–	45	–	–	–	45

Fiscal year ended May 20, 2026 (from May 21, 2025 to May 20, 2026)

(Millions of yen)

	Japan Production and Sales Business	North America Sales Business	Europe Production and Sales Business	Asia Sales Business	China Production Business	Unallocated amounts and elimination	Total
Amortization	–	–	15	–	–	–	15
Balance at end of period	–	–	–	–	–	–	–

Information about gain on bargain purchase by reportable segment

Fiscal year ended May 20, 2025 (from May 21, 2024 to May 20, 2025)
Not applicable.

Fiscal year ended May 20, 2026 (from May 21, 2025 to May 20, 2026)
Not applicable.

(Notes on per share information)

(Yen)

	Fiscal year ended May 20, 2025 (from May 21, 2024 to May 20, 2025)	Fiscal year ended May 20, 2026 (from May 21, 2025 to May 20, 2026)
Net assets per share	1,357.41	1,268.13
Basic loss per share	(2.84)	(82.81)

Notes: 1. Information on diluted earnings per share for the fiscal years ended May 20, 2026 and 2025, is omitted because a basic loss per share was recorded and there were no potential shares.

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

	Fiscal year ended May 20, 2025 (from May 21, 2024 to May 20, 2025)	Fiscal year ended May 20, 2026 (from May 21, 2025 to May 20, 2026)
Loss attributable to owners of parent (Millions of yen)	(113)	(3,406)
Amounts not attributable to common shareholders (Millions of yen)	–	–
Loss attributable to owners of parent related to common shares (Millions of yen)	(113)	(3,406)
Average number of common shares outstanding during the period (Shares)	40,022,206	41,134,166

(Notes on Significant Subsequent Events)

Not applicable.