
***TEIKOKU ELECTRIC MFG. CO., LTD.
and Subsidiaries***

*Consolidated Financial Statements for the
Year Ended March 31, 2025, and
Independent Auditor's Report*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
TEIKOKU ELECTRIC MFG. CO., LTD.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of TEIKOKU ELECTRIC MFG. CO., LTD. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

The appropriateness of the pump business sales of the products	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As described in Note 18, "SEGMENT INFORMATION" to the consolidated financial statements, sales from the pump business amount to ¥29,289,194 thousand (\$195,875 thousand), which is the main business of the Group accounting for 95.9% of the total sales for the year ended March 31, 2025, and the majority of this was generated from the sales of the products.</p> <p>As described in Note 2, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, n. Revenue Recognition" to the consolidated financial statements, the Group recognizes sales at the time the products are shipped, inspected, or based on incoterms. The revenue recognition of some orders is based on the progress in satisfying its performance obligation. In such cases, the manufactured products have specific characteristics that are unique to a customer, and the Group determines that its performance obligations are satisfied over time.</p> <p>The Group manufactures pumps for various uses and in various sizes and models as well as designs and operates controls for receiving orders, manufacturing products, shipping, recognizing sales, and collecting payment in order to appropriately handle and recognize a large number of sales transactions.</p> <p>As the Group handles sales transactions by IT systems and recognizes sales based on the sales data generated from IT systems as a result of orders reception, manufacturing, and shipments, the reliability of internal controls and IT systems is crucial.</p> <p>We identified the appropriateness of the sales of the products from the pump business as a key audit matter because sales amount is an important element to achieve the Group's business plan, which is announced externally, and is considered to be the most important performance indicator for the users of financial statements. The majority of sales consists of the sales of the products from the pump business, which is the main business of the Group.</p>	<p>We performed the following audit procedures to examine the sales of the products from the pump business, among others:</p> <p>(1) Evaluation of internal controls</p> <p>Based on our understanding of the revenue recognition processes related to the sales of the products from the pump business, we evaluated the design and operating effectiveness of controls over the sequence of controls from receiving orders to collecting payments from sales.</p> <p>Additionally, with the assistance of our IT specialists, we evaluated the design and operating effectiveness of following IT controls.</p> <ul style="list-style-type: none"> • IT application controls over the sales data generating process and data transfer to accounting system • General IT controls which ensure the reliability of the above IT application controls <p>(2) Risk assessment and substantive test</p> <ul style="list-style-type: none"> • We inquired of the sales department manager on sales and order position in order to obtain a comprehensive understanding of the business. • We analyzed sales by customers and regions, and sales adjustments subsequent to year-end as risk assessment procedures. • For the selected sales transactions based on statistical methods, we tested the occurrence and accuracy of the sales transactions by matching them with sales contracts as well as shipping documents from shipping companies for domestic sales transactions and bills of landing for overseas sales transactions. As for the revenue transactions recognized based on the progress in satisfying the performance obligations, we tested the occurrence and accuracy of the sales transactions by matching the calculation basis with sales contracts and supporting documents of actual costs and estimated total costs.

	<ul style="list-style-type: none"> • We instructed the auditors of Dalian Teikoku Canned Motor Pump Co., Ltd. and TEIKOKU USA INC., which are significant consolidated subsidiaries that conduct pump business, to perform audit procedures that included evaluating the design and operating effectiveness of controls over revenue recognition processes related to the sales of the products from the pump business, assessment of the risk of sales transactions, and testing for the selected sales transactions. As a result, we obtained reports on the results of the audit procedures performed by the auditors of consolidated subsidiaries and evaluated whether sufficient and appropriate audit evidence was obtained. These examinations included communications with the auditors of consolidated subsidiaries as well as inspections of the audit documentations prepared by the auditors of consolidated subsidiaries.
--	--

Other Information

Other information comprises the information included in the Group's disclosure documents accompanying the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We determined that no such information existed and therefore, we did not perform any work thereon.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to TEIKOKU ELECTRIC MFG. CO., LTD. and its subsidiaries were ¥43,421 thousand and ¥27,888 thousand, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC
July 31, 2025

TEIKOKU ELECTRIC MFG. CO., LTD. and Subsidiaries
**Consolidated Balance Sheet
March 31, 2025**

ASSETS	Thousands of Yen		Thousands of U.S. Dollars (Note 1)	LIABILITIES AND EQUITY	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025		2025	2024	2025
CURRENT ASSETS:				CURRENT LIABILITIES:			
Cash and cash equivalents (Note 14)	¥ 11,998,609	¥ 10,834,411	\$ 80,242	Current portion of long-term debt (Notes 6 and 14)	—	¥ 88,690	—
Short-term investments (Notes 4 and 14)	1,887,954	3,471,321	12,626	Current portion of long-term lease obligations (Note 13)	¥ 211,477	265,682	\$ 1,414
Receivables (Notes 10 and 14):				Payables (Notes 10 and 14):			
Trade notes	82,040	87,886	549	Trade notes	59,818	59,405	400
Electronically recorded monetary claims—trade	1,324,581	1,888,560	8,858	Electronically recorded obligations—trade	453,169	647,310	3,031
Trade accounts	8,823,803	7,884,329	59,010	Trade accounts	1,987,711	1,801,288	13,293
Contract assets	453,357	495,797	3,032	Other	534,937	749,051	3,577
Other	183,790	161,544	1,229	Income taxes payable (Note 14)	1,108,839	680,139	7,416
Allowance for doubtful accounts	(789,344)	(752,051)	(5,279)	Accrued expenses	1,067,617	1,127,065	7,140
Inventories (Note 5)	7,359,134	6,538,118	49,215	Contract liabilities (Note 10)	1,800,836	1,460,423	12,043
Prepaid expenses and other current assets	299,787	669,172	2,005	Provision for loss on liquidation of a subsidiary (Notes 2.m and 12)	—	23,091	—
				Advances received	—	18,557	—
				Other current liabilities	409,828	742,076	2,741
Total current assets	31,623,711	31,279,087	211,487				
				Total current liabilities	7,634,232	7,662,777	51,055
PROPERTY, PLANT AND EQUIPMENT:							
Land	1,663,108	1,667,094	11,122	LONG-TERM LIABILITIES:			
Buildings and structures	9,286,358	8,777,911	62,104	Lease obligations (Note 13)	374,590	778,119	2,505
Machinery and equipment	6,991,680	7,139,960	46,758	Liability for retirement benefits (Note 7)	364,299	543,254	2,436
Lease assets (Note 13)	1,046,428	2,326,126	6,998	Deferred tax liabilities (Note 9)	499,773	571,396	3,342
Construction in progress	342,634	267,280	2,291	Other long-term liabilities	18,958	18,555	127
Other	1,819,407	1,788,261	12,168				
Total	21,149,615	21,966,632	141,441	Total long-term liabilities	1,257,620	1,911,324	8,410
Accumulated depreciation (Note 2.h)	(12,395,234)	(13,307,943)	(82,895)				
				CONTINGENT LIABILITIES (Note 15)			
Net property, plant and equipment	8,754,381	8,658,689	58,546				
				EQUITY (Notes 8 and 17):			
INVESTMENTS AND OTHER ASSETS:				Common stock—authorized, 69,200,000 shares; issued, 16,880,038 shares in 2025 and 18,480,038 shares in 2024	3,143,675	3,143,675	21,024
Investment securities (Notes 4 and 14)	1,147,727	1,209,102	7,676	Capital surplus	2,931,466	2,931,466	19,605
Software	83,468	129,461	558	Retained earnings	23,041,644	24,504,193	154,094
Software in progress	16,000	—	107	Treasury stock—at cost, 270,980 shares in 2025 and 876,889 shares in 2024	(634,149)	(1,914,845)	(4,241)
Asset for retirement benefits (Note 7)	236,333	227,819	1,580	Accumulated other comprehensive income:			
Deferred tax assets (Note 9)	355,341	348,243	2,376	Unrealized gain on available-for-sale securities	666,847	660,976	4,459
Other assets	186,407	215,422	1,247	Foreign currency translation adjustments	3,534,295	2,487,999	23,636
Allowance for doubtful accounts	(6,800)	(27,500)	(45)	Defined retirement benefit plans	55,022	37,264	368
				Total	32,738,800	31,850,728	218,945
Total investments and other assets	2,018,476	2,102,547	13,499	Noncontrolling interests	765,916	615,494	5,122
				Total equity	33,504,716	32,466,222	224,067
TOTAL	¥ 42,396,568	¥ 42,040,323	\$ 283,532	TOTAL	¥ 42,396,568	¥ 42,040,323	\$ 283,532

See notes to consolidated financial statements.

TEIKOKU ELECTRIC MFG. CO., LTD. and Subsidiaries

Consolidated Statement of Income Year Ended March 31, 2025

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2025</u>	<u>2024</u>	<u>2025</u>
NET SALES (Notes 2.n and 10)	¥ 30,546,287	¥ 29,217,874	\$ 204,282
COST OF SALES (Note 11)	<u>16,660,641</u>	<u>16,968,720</u>	<u>111,420</u>
Gross profit	13,885,646	12,249,154	92,862
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 11)	<u>7,829,910</u>	<u>7,366,875</u>	<u>52,364</u>
Operating income	<u>6,055,736</u>	<u>4,882,279</u>	<u>40,498</u>
OTHER INCOME (EXPENSES):			
Interest and dividend income	164,508	178,247	1,100
Interest expense	(18,704)	(34,061)	(125)
Foreign exchange gains (losses)—net	(56,144)	280,645	(376)
Gain on sales of investment securities	108,652	—	727
Loss on liquidation of a subsidiary—net (Notes 2.m and 12)	(472,969)	(570,890)	(3,163)
Other—net	<u>136,929</u>	<u>135,734</u>	<u>916</u>
Other income (expenses)—net	<u>(137,728)</u>	<u>(10,325)</u>	<u>(921)</u>
INCOME BEFORE INCOME TAXES	<u>5,918,008</u>	<u>4,871,954</u>	<u>39,577</u>
INCOME TAXES (Note 9):			
Current	1,933,050	1,481,834	12,928
Deferred	<u>(98,482)</u>	<u>113,079</u>	<u>(659)</u>
Total income taxes	<u>1,834,568</u>	<u>1,594,913</u>	<u>12,269</u>
NET INCOME	4,083,440	3,277,041	27,308
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	<u>271,941</u>	<u>151,842</u>	<u>1,818</u>
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>¥ 3,811,499</u>	<u>¥ 3,125,199</u>	<u>\$ 25,490</u>
	<u>Yen</u>		<u>U.S. Dollars</u>
PER SHARE OF COMMON STOCK (Note 2.r):			
Basic net income	¥219.27	¥173.81	\$1.47
Cash dividends applicable to the year	110.00	92.00	0.74

See notes to consolidated financial statements.

TEIKOKU ELECTRIC MFG. CO., LTD. and Subsidiaries

Consolidated Statement of Comprehensive Income Year Ended March 31, 2025

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2025</u>	<u>2024</u>	<u>2025</u>
NET INCOME	<u>¥4,083,440</u>	<u>¥3,277,041</u>	<u>\$27,308</u>
OTHER COMPREHENSIVE INCOME (Note 16):			
Unrealized gain on available-for-sale securities	5,871	303,773	39
Foreign currency translation adjustments	1,016,877	711,749	6,800
Defined retirement benefit plans	<u>17,758</u>	<u>80,120</u>	<u>119</u>
Total other comprehensive income	<u>1,040,506</u>	<u>1,095,642</u>	<u>6,958</u>
COMPREHENSIVE INCOME	<u>¥5,123,946</u>	<u>¥4,372,683</u>	<u>\$34,266</u>
TOTAL COMPREHENSIVE INCOME			
ATTRIBUTABLE TO:			
Owners of the parent	¥4,881,386	¥4,170,044	\$32,644
Noncontrolling interests	242,560	202,639	1,622

See notes to consolidated financial statements.

TEIKOKU ELECTRIC MFG. CO., LTD. and Subsidiaries
**Consolidated Statement of Changes in Equity
Year Ended March 31, 2025**

	Number of Shares of Common Stock Outstanding	Thousands of Yen								
		Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total Equity
						Unrealized Gain on Available-for- Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Noncontrolling Interests	
BALANCE, MARCH 31, 2023	18,118,639	¥3,143,675	¥2,931,466	¥24,353,092	¥(1,476,256)	¥357,202	¥1,827,048	¥(42,856)	¥412,855	¥31,506,226
Net income attributable to owners of the parent				3,125,199						3,125,199
Cash dividends, ¥104.00 per share				(1,885,627)						(1,885,627)
Purchase of treasury stock (Note 8)	(543,590)				(1,599,967)					(1,599,967)
Disposal of treasury stock	28,100		25,301		47,606					72,907
Cancellation of treasury stock			(1,113,772)		1,113,772					
Transfer to capital surplus from retained earnings			1,088,471	(1,088,471)						
Net change in the year						303,774	660,951	80,120	202,639	1,247,484
BALANCE, MARCH 31, 2024	17,603,149	3,143,675	2,931,466	24,504,193	(1,914,845)	660,976	2,487,999	37,264	615,494	32,466,222
Net income attributable to owners of the parent				3,811,499						3,811,499
Cash dividends, ¥87.00 per share				(1,531,720)					(92,138)	(1,623,858)
Purchase of treasury stock (Note 8)	(1,000,291)				(2,477,169)					(2,477,169)
Disposal of treasury stock	6,200		2,001		13,536					15,537
Cancellation of treasury stock			(3,744,329)		3,744,329					
Transfer to capital surplus from retained earnings			3,742,328	(3,742,328)						
Net change in the year						5,871	1,046,296	17,758	242,560	1,312,485
BALANCE, MARCH 31, 2025	<u>16,609,058</u>	<u>¥3,143,675</u>	<u>¥2,931,466</u>	<u>¥23,041,644</u>	<u>¥(634,149)</u>	<u>¥666,847</u>	<u>¥3,534,295</u>	<u>¥55,022</u>	<u>¥765,916</u>	<u>¥33,504,716</u>

	Thousands of U.S. Dollars (Note 1)									
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Noncontrolling Interests	Total Equity
					Unrealized Gain on Available-for- Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
BALANCE, MARCH 31, 2024	\$21,024	\$19,605	\$163,875	\$(12,806)	\$4,420	\$16,639	\$249		\$4,116	\$217,122
Net income attributable to owners of the parent			25,490							25,490
Cash dividends, \$0.58 per share			(10,244)						(616)	(10,860)
Purchase of treasury stock (Note 8)				(16,566)						(16,566)
Disposal of treasury stock		14		90						104
Cancellation of treasury stock		(25,041)		25,041						
Transfer to capital surplus from retained earnings		25,027	(25,027)							
Net change in the year					39	6,997	119		1,622	8,777
BALANCE, MARCH 31, 2025	<u>\$21,024</u>	<u>\$19,605</u>	<u>\$154,094</u>	<u>\$(4,241)</u>	<u>\$4,459</u>	<u>\$23,636</u>	<u>\$368</u>		<u>\$5,122</u>	<u>\$224,067</u>

See notes to consolidated financial statements.

TEIKOKU ELECTRIC MFG. CO., LTD. and Subsidiaries

Consolidated Statement of Cash Flows Year Ended March 31, 2025

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2025	2024	2025
OPERATING ACTIVITIES:			
Income before income taxes	¥5,918,008	¥ 4,871,954	\$ 39,577
Adjustments for:			
Income taxes—paid	(1,503,537)	(1,687,542)	(10,055)
Depreciation and amortization	961,829	1,055,503	6,432
Foreign exchange loss (gain)—net	12,297	(98,122)	82
Gain on sales of investment securities	(108,652)	—	(727)
Loss on liquidation of a subsidiary—net (Notes 2.m and 12)	472,969	570,890	3,163
Changes in assets and liabilities:			
Decrease (increase) in notes, electronically recorded monetary claims and accounts receivable—trade	112,277	(1,138,263)	751
Increase in inventories	(473,175)	(304,123)	(3,164)
Decrease in notes, electronically recorded obligations and accounts payable—trade	(127,193)	(216,678)	(850)
Changes in asset or liability for retirement benefits	(160,854)	(10,910)	(1,076)
Other—net	(1,159,302)	(647,609)	(7,753)
Net cash provided by operating activities	3,944,667	2,395,100	26,380
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(998,128)	(785,640)	(6,675)
Proceeds from sales of property, plant and equipment	204,934	9,760	1,371
Proceeds from sales of investment securities	189,232	—	1,266
Purchases of intangible assets	(41,099)	(54,523)	(275)
Purchases of investment securities	(1,618)	(3,039)	(11)
Payment into time deposits	(1,758,678)	(2,468,468)	(11,761)
Proceeds from withdrawal of time deposits	3,877,513	328,808	25,931
Other—net	(1,724)	(253)	(12)
Net cash provided by (used in) investing activities	1,470,432	(2,973,355)	9,834
FINANCING ACTIVITIES:			
Decrease in short-term debt—net	—	(320,000)	—
Repayment of long-term debt	(88,690)	—	(593)
Payments of lease obligations	(516,958)	(270,481)	(3,457)
Purchases of treasury stock	(2,477,169)	(1,599,967)	(16,566)
Dividends paid	(1,531,720)	(1,885,626)	(10,244)
Dividends paid to noncontrolling interests	(92,138)	—	(616)
Net cash used in financing activities	(4,706,675)	(4,076,074)	(31,476)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	455,774	585,389	3,048
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS—(Forward)	¥ 1,164,198	¥ (4,068,940)	\$ 7,786

TEIKOKU ELECTRIC MFG. CO., LTD. and Subsidiaries

Consolidated Statement of Cash Flows Year Ended March 31, 2025

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2025</u>	<u>2024</u>	<u>2025</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS—(Forward)	¥ 1,164,198	¥ (4,068,940)	\$ 7,786
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>10,834,411</u>	<u>14,903,351</u>	<u>72,456</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>¥ 11,998,609</u>	<u>¥ 10,834,411</u>	<u>\$ 80,242</u>

See notes to consolidated financial statements.

TEIKOKU ELECTRIC MFG. CO., LTD. and Subsidiaries

Notes to Consolidated Financial Statements Year Ended March 31, 2025

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of IFRS Accounting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2024 consolidated financial statements to conform to the classifications used in 2025.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which TEIKOKU ELECTRIC MFG. CO., LTD. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥149.53 to \$1, the approximate rate of exchange at March 31, 2025. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Consolidation**—The consolidated financial statements as of March 31, 2025, include the accounts of the Company and all of its 12 (12 in 2024) subsidiaries (together, the "Group").

Foreign subsidiaries (except for HYDRODYNE TEIKOKU (INDIA) PVT. LTD.) are consolidated using the financial statements as of December 31, 2024, because the difference between the closing date of the subsidiaries and that of the Company did not exceed three months. Significant transactions have been adjusted in consolidation.

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

- b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements**—Under Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS Accounting Standards or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification) tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

- c. Cash Equivalents**—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificates of deposit, commercial paper and bond funds, all of which mature or become due within three months of the date of acquisition.

- d. Marketable and Investment Securities**—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (1) trading securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value, and the related unrealized gains and losses are included in earnings; (2) held-to-maturity debt securities, for which there is a positive intent and ability to hold to maturity, are reported at amortized cost; and (3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable available-for-sale equity securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

- e. Allowance for Doubtful Accounts**—The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.
- f. Inventories**—Inventories are stated at the lower of cost, determined by the average cost method, or net selling value for the Company and its domestic subsidiaries and at the lower of cost, determined by the first-in, first-out method, or net selling value for foreign subsidiaries.

- g. Property, Plant and Equipment**—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries other than buildings acquired on or after April 1, 1998, and building improvements and structures acquired on or after April 1, 2016, is computed using the declining-balance method, while depreciation of property, plant and equipment of its consolidated foreign subsidiaries is mainly computed using the straight-line method at rates based on estimated useful lives of the assets. Buildings of the Company and its consolidated domestic subsidiaries acquired on or after April 1, 1998, and building improvements and structures of the Company and its consolidated domestic subsidiaries acquired on or after April 1, 2016, are depreciated using the straight-line method. The range of useful lives is principally from 15 to 50 years for buildings and structures, and from 7 to 12 years for machinery and equipment. The useful lives for lease assets are the terms of the respective leases.
- h. Long-Lived Assets**—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition. Accumulated impairment losses are included in accumulated depreciation in the consolidated balance sheet.
- i. Software**—Software for internal use is amortized using the straight-line method over the estimated usable life. The estimated usable life is 5 years.
- j. Retirement and Pension Plans**—The liabilities (assets) for retirement benefits of employees are accounted for based on projected benefit obligations and plan assets at the consolidated balance sheet date. The actuarial differences are mainly amortized from the next year using the declining-balance method over 10 years, which is within the average remaining service period. The prior service costs are mainly amortized using the declining-balance method over 10 years, which is within the average remaining service period.
- Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).
- k. Research and Development Costs**—Research and development costs are charged to income as incurred.
- l. Leases**—Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the balance sheet.
- m. Provision for Loss on Liquidation of a Subsidiary**—The provision for liquidation of a subsidiary is estimated and recorded to provide for losses associated with the liquidation of the subsidiary.
- n. Revenue Recognition**—The Group recognizes revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for satisfying performance obligations to transfer the goods or services promised in contracts with customers. The nature of performance obligations for each of the Group's major industry and when such obligations are satisfied are as follows:

In the pump business, the Group mainly manufactures and sells canned motor pump, and its performance obligation is primarily to deliver a finished product to the customer in accordance with the sales contract. In principle, it is deemed that control of the product is transferred to the customer and the performance obligation is satisfied at the time of delivery of the finished product to the customer; therefore, the Group recognizes sales at the time the products are shipped, inspected, or based on incoterms. However, since some products are manufactured based on the specifications that are unique to a customer, the Group determines that its performance obligations in such contracts are satisfied over time, and estimates the progress in satisfying the performance obligations and recognizes revenue based on the progress in satisfying the performance obligations.

In the electronic components business, the Group mainly manufactures and sells automotive electronic components, and its performance obligation is primarily to deliver a finished product to the customer in accordance with the sales contract. In principle, it is deemed that control of the product is transferred to the customer and the performance obligation is satisfied at the time of delivery of the finished product to the customer; therefore, the Group recognizes sales at the time the products are shipped.

Consideration for these performance obligations is generally received within one year after the performance obligation is satisfied, according to separately determined payment conditions, and does not include any significant financing components.

- o. Income Taxes**—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.
- p. Foreign Currency Transactions**—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.
- q. Foreign Currency Financial Statements**—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.
- r. Per Share Information**—Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period.

The weighted-average number of common shares outstanding used in the computation was 17,382,551 and 17,981,014 for the fiscal years ended March 31, 2025 and 2024, respectively.

Diluted net income per share is not presented because there are no potentially dilutive securities outstanding.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

s. **Accounting Changes and Error Corrections**—Under ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections," accounting treatments are required as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

t. **New Accounting Pronouncements**

- "Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024)
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024), etc.

(1) *Summary*

As part of the process to align Japanese GAAP with international accounting standards, the ASBJ has conducted deliberations in a basis of international accounting standards to develop lease accounting standards that recognize assets and liabilities for all leases of lessees. As a basic principle, the standards are based on the single accounting model of IFRS 16. However, instead of adopting all provisions of IFRS 16, only the key provisions have been incorporated. This approach aims to create lease accounting standards that are simplified and practical. By focusing on the major provisions, the standards are designed to, in most cases, require no significant modifications when IFRS 16 is applied to individual financial statements. These lease accounting standards have now been publicly announced.

With regard to the lessee's accounting treatment, a single accounting model is applied to the lessee's method of allocating expenses for all leases, regardless of whether the lease is classified as a finance lease or an operating lease, in which depreciation on right-of-use assets and interest on the lease liability are recorded, as prescribed by IFRS 16.

(2) *Scheduled date of application*

It is scheduled to be applied from the beginning of the fiscal year ending March 31, 2028.

(3) *Effect of application of aforementioned accounting standard, etc.*

The effect of the adoption of "Accounting Standard for Leases" on the consolidated financial statements is currently being assessed.

3. ACCOUNTING CHANGE

The Group has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations from the beginning of the fiscal year ended March 31, 2025.

Revisions to the classification of income taxes (taxation on other comprehensive income) are in accordance with the transitional treatment prescribed in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso of paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effective Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Guidance on the 2022 Revised Accounting Standard"). These changes in accounting policies have no impact on the consolidated financial statements.

In addition, The Group has adopted the Guidance on the 2022 Revised Accounting Standard related to the revision of the treatment in consolidated financial statements of the deferral for tax purposes of gain or loss on sale of shares of subsidiaries, etc. among consolidated companies, taking effect since the beginning of the fiscal year ended March 31, 2025. These changes in accounting policies have been applied retrospectively, and the figures concerning the previous fiscal year's consolidated financial statements have been prepared on a retrospective basis. These changes in accounting policies have no impact on the previous fiscal year's consolidated financial statements.

4. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2025 and 2024, consisted of the following:

	Thousands of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Current:			
Time deposits other than cash equivalents	¥1,469,347	¥3,471,321	\$ 9,826
Restricted deposits	<u>418,607</u>	<u>—</u>	<u>2,800</u>
Total	<u>¥1,887,954</u>	<u>¥3,471,321</u>	<u>\$12,626</u>
Non-current:			
Marketable equity securities	¥1,144,000	¥1,205,375	\$ 7,651
Unquoted equity securities	<u>3,727</u>	<u>3,727</u>	<u>25</u>
Total	<u>¥1,147,727</u>	<u>¥1,209,102</u>	<u>\$ 7,676</u>

The costs and aggregate fair values of marketable and investment securities at March 31, 2025 and 2024, were as follows:

	Thousands of Yen			
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
<u>March 31, 2025</u>				
Securities classified as:				
Available-for-sale:				
Equity securities	¥170,501	¥973,499	—	¥1,144,000
<u>March 31, 2024</u>				
Securities classified as:				
Available-for-sale:				
Equity securities	¥249,462	¥955,913	—	¥1,205,375
	Thousands of U.S. Dollars			
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
<u>March 31, 2025</u>				
Securities classified as:				
Available-for-sale:				
Equity securities	\$1,140	\$6,511	—	\$7,651

Available-for-sale securities sold during the years ended March 31, 2025 and 2024, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Proceeds from sales	¥ 189,232	—	\$ 1,266
Gain on sales	108,652	—	727

5. INVENTORIES

Inventories at March 31, 2025 and 2024, consisted of the following:

	Thousands of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Finished products	¥ 2,856,379	¥ 2,352,243	\$ 19,102
Work in process	2,339,497	2,096,141	15,646
Raw materials and supplies	<u>2,163,258</u>	<u>2,089,734</u>	<u>14,467</u>
Total	<u>¥ 7,359,134</u>	<u>¥ 6,538,118</u>	<u>\$ 49,215</u>

6. LONG-TERM DEBT

The annual interest rate applicable to current portion of long-term debt at March 31, 2024, was 8.92%.

7. RETIREMENT AND PENSION PLANS

The Company and certain consolidated subsidiaries have severance payment plans for employees. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee.

In addition, the Company have set an employee's retirement benefit trust to a lump-sum severance payment.

The Company has contributory funded defined benefit pension plans and unfunded retirement benefit plans for employees. The certain consolidated subsidiaries have unfunded retirement benefit plans.

(1) The changes in defined benefit obligation for the years ended March 31, 2025 and 2024, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Balance at beginning of year	¥ 1,721,620	¥ 1,769,176	\$ 11,514
Current service cost	151,055	126,990	1,010
Interest cost	25,155	19,809	168
Actuarial gains	(90,768)	(28,496)	(607)
Benefits paid	(296,863)	(168,035)	(1,985)
Others	<u>(1,034)</u>	<u>2,176</u>	<u>(7)</u>
Balance at end of year	<u>¥ 1,509,165</u>	<u>¥ 1,721,620</u>	<u>\$ 10,093</u>

(2) The changes in plan assets for the years ended March 31, 2025 and 2024, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Balance at beginning of year	¥1,406,185	¥1,329,727	\$9,404
Expected return on plan assets	31,303	26,595	209
Actuarial gains (losses)	(65,289)	77,616	(437)
Contributions from the employer	20,768	21,237	139
Benefits paid	(11,840)	(48,990)	(79)
Others	<u>72</u>	<u>—</u>	<u>1</u>
Balance at end of year	<u>¥1,381,199</u>	<u>¥1,406,185</u>	<u>\$9,237</u>

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets was as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Funded defined benefit obligation	¥1,410,531	¥1,387,094	\$9,433
Plan assets	<u>(1,381,199)</u>	<u>(1,406,185)</u>	<u>(9,237)</u>
Total	29,332	(19,091)	196
Unfunded defined benefit obligation	<u>98,634</u>	<u>334,526</u>	<u>660</u>
Net liability arising from defined benefit obligation	<u>¥ 127,966</u>	<u>¥ 315,435</u>	<u>\$ 856</u>

	Thousands of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Liability for retirement benefits	¥364,299	¥543,254	\$2,436
Asset for retirement benefits	<u>(236,333)</u>	<u>(227,819)</u>	<u>(1,580)</u>
Net liability arising from defined benefit obligation	<u>¥ 127,966</u>	<u>¥ 315,435</u>	<u>\$ 856</u>

(4) The components of net periodic benefit costs for the years ended March 31, 2025 and 2024, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Service cost	¥151,055	¥126,990	\$1,010
Interest cost	25,155	19,809	168
Expected return on plan assets	(31,303)	(26,595)	(209)
Recognized actuarial losses	<u>1,150</u>	<u>9,661</u>	<u>8</u>
Net periodic benefit costs	<u>¥ 146,057</u>	<u>¥ 129,865</u>	<u>\$ 977</u>

- (5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2025 and 2024, were as follows:

	<u>Thousands of Yen</u>		<u>Thousands of U.S. Dollars</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Actuarial losses	<u>¥26,629</u>	<u>¥115,447</u>	<u>\$178</u>
Total	<u>¥26,629</u>	<u>¥115,447</u>	<u>\$178</u>

- (6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2025 and 2024, were as follows:

	<u>Thousands of Yen</u>		<u>Thousands of U.S. Dollars</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Unrecognized actuarial losses	<u>¥80,324</u>	<u>¥53,695</u>	<u>\$537</u>
Total	<u>¥80,324</u>	<u>¥53,695</u>	<u>\$537</u>

(7) Plan assets

a. *Components of plan assets*

Plan assets as of March 31, 2025 and 2024, consisted of the following:

	<u>2025</u>	<u>2024</u>
Domestic debt investments	16%	42%
Domestic equity investments	11	16
Foreign debt investments	18	18
Foreign equity investments	15	16
General account assets of life insurance	7	6
Cash and cash equivalents	32	1
Others	<u>1</u>	<u>1</u>
Total	<u>100%</u>	<u>100%</u>

b. *Method of determining the expected rate of return on plan assets*

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

- (8) Assumptions used for the years ended March 31, 2025 and 2024, are set forth as follows:

	<u>2025</u>	<u>2024</u>
Discount rate	2.32–2.41%	1.58–1.67%
Expected rate of return on plan assets	2.00%	2.00%

(9) Defined contribution plans

The amount of required contribution to the defined contribution plans of the Company was ¥20,132 thousand (\$135 thousand) and ¥19,907 thousand for the years ended March 31, 2025 and 2024, respectively.

8. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

9. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.6% for the years ended March 31, 2025 and 2024.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2025 and 2024, are as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Deferred tax assets:			
Accrued bonuses	¥ 147,566	¥ 164,985	\$ 987
Inventories	101,792	89,506	681
Accrued enterprise tax	40,283	28,055	269
Unrealized intercompany profits	237,827	191,302	1,590
Liability for retirement benefits	334,047	381,366	2,234
Golf club membership	5,390	5,542	36
Impairment loss	107,784	221,728	721
Tax loss carryforwards	400,837	1,092	2,681
Other	353,438	362,576	2,363
Total of tax loss carryforwards and temporary differences	<u>1,728,964</u>	<u>1,446,152</u>	<u>11,562</u>
Less valuation allowance for tax loss carryforwards	(398,225)	(1,092)	(2,663)
Less valuation allowance for temporary differences	<u>(132,934)</u>	<u>(341,052)</u>	<u>(889)</u>
Total valuation allowance	<u>(531,159)</u>	<u>(342,144)</u>	<u>(3,552)</u>
Total	<u>1,197,805</u>	<u>1,104,008</u>	<u>8,010</u>
Deferred tax liabilities:			
Undistributed earnings of foreign subsidiaries	850,171	870,867	5,685
Reserve for advanced depreciation of non-current assets	62,906	63,743	421
Net unrealized gain on available-for-sale securities	306,652	294,937	2,051
Other	122,508	97,614	819
Total	<u>1,342,237</u>	<u>1,327,161</u>	<u>8,976</u>
Net deferred tax liabilities	<u>¥ (144,432)</u>	<u>¥ (223,153)</u>	<u>\$ (966)</u>

Note: Compared to the previous fiscal year, valuation allowance has increased by ¥189,015 thousand (\$1,264 thousand) for the year ended March 31, 2025. While the valuation allowance related to the total amount of future deductible temporary differences for the Company and HIRAFUKU ELECTRIC MFG. CO., LTD., a consolidated subsidiary, was reduced, the valuation allowance for tax loss carryforwards for HIRAFUKU ELECTRIC MFG. CO., LTD. was additionally recognized.

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2025, were as follows:

Thousands of Yen							
<u>March 31, 2025</u>	<u>1 Year or Less</u>	<u>After 1 Year through 2 Years</u>	<u>After 2 Years through 3 Years</u>	<u>After 3 Years through 4 Years</u>	<u>After 4 Years through 5 Years</u>	<u>After 5 Years</u>	<u>Total</u>
Deferred tax assets relating to tax loss carryforwards						¥ 400,837	¥ 400,837
Less valuation allowances for tax loss carryforwards						(398,225)	(398,225)
Net deferred tax assets relating to tax loss carryforwards						2,612	2,612

Thousands of U.S. Dollars							
<u>March 31, 2025</u>	<u>1 Year or Less</u>	<u>After 1 Year through 2 Years</u>	<u>After 2 Years through 3 Years</u>	<u>After 3 Years through 4 Years</u>	<u>After 4 Years through 5 Years</u>	<u>After 5 Years</u>	<u>Total</u>
Deferred tax assets relating to tax loss carryforwards						\$2,681	\$2,681
Less valuation allowances for tax loss carryforwards						(2,663)	(2,663)
Net deferred tax assets relating to tax loss carryforwards						18	18

Since the expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets for the year ended March 31, 2024, were immaterial, disclosure of details is omitted.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2024, is as follows:

	<u>2024</u>
Normal effective statutory tax rate	30.6%
Expenses not deductible for income tax purposes	0.7
Inhabitant tax on per capita basis	0.3
Lower income tax rates applicable to income in certain foreign countries	(3.0)
Change in valuation allowance	5.7
Tax credits	(0.9)
Other—net	<u>(0.8)</u>
Actual effective tax rate	<u>32.6%</u>

Since the actual effective tax rate for the year ended March 31, 2025, differed from the normal effective statutory tax rate by less than 5.0%, disclosure of details is omitted.

On March 31, 2025, a tax reform law was enacted in Japan which changed the normal effective statutory tax rate from approximately 30.6% to 31.5%, effective for years beginning on or after April 1, 2026.

The effect of these changes was immaterial.

10. REVENUE

(1) *Disaggregation of Revenue*

Revenues from contracts with customers on a disaggregated basis are disclosed in Note 18, "SEGMENT INFORMATION."

(2) *Basic Information to Understand Revenues from Contracts with Customers*

The information is disclosed in Note 2, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

(3) *Contract Balances*

Receivables from contract with customers, contract assets and contract liabilities at the beginning and the end of the years ended March 31, 2025 and 2024, were as follows:

	<u>Thousands of Yen</u>		<u>Thousands of</u> <u>U.S. Dollars</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Receivables from contracts with customers:			
Balance at beginning of year	¥ 9,860,775	¥8,791,961	\$65,945
Balance at end of year	10,230,424	9,860,775	68,417
Contract assets:			
Balance at beginning of year	495,797	129,408	3,316
Balance at end of year	453,357	495,797	3,032
Contract liabilities:			
Balance at beginning of year	1,460,423	1,714,538	9,767
Balance at end of year	1,800,836	1,460,423	12,043

(4) *Transaction Prices Allocated to Remaining Performance Obligations*

As the Group does not have significant contracts with an expected term in excess of one year, the Group has applied the practical expedient and omitted the information on remaining performance obligations.

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥524,162 thousand (\$3,505 thousand) and ¥572,283 thousand for the years ended March 31, 2025 and 2024, respectively.

12. LOSS ON LIQUIDATION OF A SUBSIDIARY

For the Year Ended March 31, 2025

The loss on liquidation of a subsidiary is a loss incurred due to the suspension of operations of HIRAFUKU ELECTRIC MFG. CO., LTD. The amount consists of ¥460,232 thousand (\$3,078 thousand) for extra retirement benefits to employees of HIRAFUKU ELECTRIC MFG. CO., LTD. under the career transition support program, which was conditional on their continued service until the date (December 31, 2024) required by the Group, ¥89,500 thousand (\$599 thousand) for the career transfer support service and ¥60,929 thousand (\$407 thousand) for the others.

Gain on sales of fixed assets (machinery and equipment) resulting from the suspension of operations of ¥137,692 thousand (\$921 thousand) is netted against loss on liquidation of a subsidiary

For the Year Ended March 31, 2024

The loss on liquidation of a subsidiary mainly consisted of impairment of fixed assets of ¥547,799 thousand and extra retirement benefits of ¥23,091 thousand, due to the decision to suspend operations of HIRAFUKU ELECTRIC MFG. CO., LTD., a consolidated subsidiary. Employees of HIRAFUKU ELECTRIC MFG. CO., LTD. are entitled to extra retirement benefits if they serve until December 31, 2024, which is a date required by the Group under the career transition support program. The extra retirement benefits are recognized as an expense over the period of service required under the program. The amount is estimated based on employees who applied for the program as of March 31, 2024. Impairment losses on fixed assets were recorded for the following asset group.

<u>Location</u>	<u>Use</u>	<u>Category</u>
Taishi-cho, Ibo-gun, Hyogo, etc.	Business assets	Buildings and structures, machinery and equipment, land, lease assets and others

The assets of the Group are mainly grouped based on business segment and use. For the year ended March 31, 2024, an impairment loss of ¥547,799 thousand was recognized as loss on liquidation of a subsidiary because the carrying amounts of an asset group to be disposed of in accordance with the decision to suspend operations of HIRAFUKU ELECTRIC MFG. CO., LTD., a consolidated subsidiary exceeds the recoverable amount. The amount consists of ¥56,600 thousand for the buildings and structures, ¥11,565 thousand for the machinery and equipment, ¥195,337 thousand for the land, ¥278,051 thousand for the lease assets and ¥6,246 thousand for the others.

The recoverable amount of the asset group was measured at the net selling price as its value in use was less than the net selling price. The net selling value of the land, buildings and structures was calculated by making a reasonable adjustment to the appraisal value based on the real estate appraisal standards. Other assets that were difficult to divert or sell were assessed at a net sale price of zero.

13. LEASE

The Group leases certain "buildings and structures" and "machinery and equipment."

Annual maturities of long-term lease obligations as of March 31, 2025, for the next five years and thereafter were as follows:

<u>Year Ending March 31</u>	<u>Thousands of Yen</u>	<u>Thousands of U.S. Dollars</u>
2026	¥ 211,477	\$ 1,414
2027	149,701	1,001
2028	128,910	862
2029	95,731	640
2030	<u>248</u>	<u>2</u>
Total	<u>¥ 586,067</u>	<u>\$ 3,919</u>

14. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group uses financial instruments, mainly long-term debt including bank loans, based on its capital financing plan. Cash surpluses, if any, are invested in low risk financial assets. Short-term bank loans are used to fund the Group's ongoing operations.

(2) Nature and Extent of Risks Arising from Financial Instruments and Risk Management for Financial Instruments

Receivables, such as trade notes, trade accounts and electronically recorded monetary claims—trade, are exposed to customer credit risk. The Group manages its credit risk from receivables on the basis of internal guidelines. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are controlled by netting against the balance of payables in the same foreign currency and exchanging into yen timely monitoring market trends so as not to increase assets in foreign currencies excessively. Investment securities, mainly equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations. Such investments are managed by monitoring market values and the financial position of issuers on a regular basis.

Payment terms of payables, such as trade notes, trade accounts and electronically recorded obligations—trade, are less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are netted against the balance of receivables denominated in the same foreign currency as noted above.

(3) Fair Values of Financial Instruments

(a) Fair value of financial instruments

Fair values of financial instruments are as follows: Investments in equity instruments that do not have a quoted market price in an active market are not included in the following table. The fair values of "cash and cash equivalents," "short-term investments," "receivables," "payables," "current portion of long-term loans," and "income taxes payable" are not disclosed because their maturities are short and the carrying amounts approximate fair value.

	Thousands of Yen		
	Carrying Amount	Fair Value	Unrealized Gain (Loss)
<u>March 31, 2025</u>			
Investment securities	¥1,144,000	¥1,144,000	
Total	<u>¥1,144,000</u>	<u>¥1,144,000</u>	

<u>March 31, 2024</u>			
Investment securities	¥1,205,375	¥1,205,375	
Total	<u>¥1,205,375</u>	<u>¥1,205,375</u>	

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain (Loss)
<u>March 31, 2025</u>			
Investment securities	\$7,651	\$7,651	
Total	<u>\$7,651</u>	<u>\$7,651</u>	

(b) Carrying amount of investments in equity instruments that do not have a quoted market price in an active market

	Thousands of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Unlisted equity instruments	¥3,727	¥3,727	\$25

(4) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Thousands of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
<u>March 31, 2025</u>				
Cash and cash equivalents	¥ 11,998,609			
Receivables:				
Trade notes	82,040			
Electronically recorded monetary claims—trade	1,324,581			
Trade accounts	8,823,803			
Short-term investments and investment securities:				
Time deposits other than cash equivalents	1,469,347			
Restricted deposits	418,607			
Total	<u>¥ 24,116,986</u>			

March 31, 2024

Cash and cash equivalents	¥ 10,834,411			
Receivables:				
Trade notes	87,886			
Electronically recorded monetary claims—trade	1,888,560			
Trade accounts	7,884,329			
Short-term investments and investment securities:				
Time deposits other than cash equivalents	3,471,321			
Restricted deposits				
Total	<u>¥ 24,166,507</u>			

	Thousands of U.S. Dollars			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
<u>March 31, 2025</u>				
Cash and cash equivalents	\$ 80,242			
Receivables:				
Trade notes	549			
Electronically recorded monetary claims—trade	8,858			
Trade accounts	59,010			
Short-term investments and investment securities:				
Time deposits other than cash equivalents	9,826			
Restricted deposits	2,800			
Total	<u>\$ 161,285</u>			

Financial Instruments Categorized by Fair Value Hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is categorized at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

The financial assets and liabilities measured at the fair values in the consolidated balance sheet

<u>March 31, 2025</u>	<u>Thousands of Yen</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Investment securities:				
Available-for-sale securities:				
Equity securities	<u>¥ 1,144,000</u>	<u> </u>	<u> </u>	<u>¥ 1,144,000</u>
Total assets	<u>¥ 1,144,000</u>	<u> </u>	<u> </u>	<u>¥ 1,144,000</u>

<u>March 31, 2025</u>	<u>Thousands of U.S. Dollars</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Investment securities:				
Available-for-sale securities:				
Equity securities	<u>\$7,651</u>	<u> </u>	<u> </u>	<u>\$7,651</u>
Total assets	<u>\$7,651</u>	<u> </u>	<u> </u>	<u>\$7,651</u>

The following is a description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities:

Investment Securities

The fair values of listed equity securities are measured at the quoted market price. Since listed equity securities are traded in active markets, the fair values are categorized as Level 1.

15. CONTINGENT LIABILITIES

Trade Notes Endorsed

At March 31, 2025, contingent liabilities for notes endorsed with recourse totaled ¥1,073,610 thousand (\$7,180 thousand).

16. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2025 and 2024, were as follows:

	<u>Thousands of Yen</u>		<u>Thousands of U.S. Dollars</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Unrealized gain (loss) on available-for-sale securities:			
Gains arising during the year	¥ 126,238	¥ 439,594	\$ 844
Reclassification adjustments to profit or loss	<u>(108,652)</u>	<u>—</u>	<u>(727)</u>
Amount before income tax effect	17,586	439,594	117
Income tax effect	<u>(11,715)</u>	<u>(135,821)</u>	<u>(78)</u>
Total	<u>¥ 5,871</u>	<u>¥ 303,773</u>	<u>\$ 39</u>
Foreign currency translation adjustments:			
Adjustments arising during the year	<u>¥ 1,016,877</u>	<u>¥ 711,749</u>	<u>\$ 6,800</u>
Amount before income tax effect	<u>1,016,877</u>	<u>711,749</u>	<u>6,800</u>
Total	<u>¥ 1,016,877</u>	<u>¥ 711,749</u>	<u>\$ 6,800</u>
Defined retirement benefit plans:			
Adjustments arising during the year	¥ 25,479	¥ 105,786	\$ 170
Reclassification adjustments to profit or loss	<u>1,150</u>	<u>9,661</u>	<u>8</u>
Amount before income tax effect	26,629	115,447	178
Income tax effect	<u>(8,871)</u>	<u>(35,327)</u>	<u>(59)</u>
Total	<u>¥ 17,758</u>	<u>¥ 80,120</u>	<u>\$ 119</u>
Total other comprehensive income	<u>¥ 1,040,506</u>	<u>¥ 1,095,642</u>	<u>\$ 6,958</u>

17. SUBSEQUENT EVENT

Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2025, was approved at the Company's shareholders' meeting held on June 26, 2025:

	<u>Thousands of Yen</u>	<u>Thousands of U.S. Dollars</u>
Year-end cash dividends, ¥69 (\$0.46) per share	¥1,146,025	\$7,664

18. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) *Description of Reportable Segments*

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. The Group mainly produces and sells pumps. Production headquarters and manufacturing subsidiaries are responsible for manufacturing and purchasing. The sales headquarter and sales subsidiaries are responsible for sales. In addition, a specific subsidiary produces and sells electronic components.

Therefore, the Group's reportable segments consist of "Pumps" and "Electronic components." "Pumps" consists of the manufacture and sale of motor pumps for chemical and other. "Electronic components" consists of the manufacture and sale of automotive electrical components and industrial equipment substrates.

(2) *Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets, Liabilities and Other Items for Each Reportable Segment*

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES." Segment profit (loss) is based on operating income in consolidated statement of income.

(3) *Information about Sales, Profit (Loss), Assets and Other Items*

	Thousands of Yen				
	2025				
	Reportable Segment				
	<u>Pumps</u>	<u>Electronic Components</u>	<u>Total</u>	<u>Other</u>	<u>Consolidated</u>
Sales:					
Japan	¥ 8,964,695	¥ 1,004,192	¥ 9,968,887	¥ 252,901	¥ 10,221,788
Europe and America	8,049,083		8,049,083		8,049,083
Asia	12,275,416		12,275,416		12,275,416
Revenue from contracts with customers	29,289,194	1,004,192	30,293,386	252,901	30,546,287
Sales to external customers	29,289,194	1,004,192	30,293,386	252,901	30,546,287
Total	¥ 29,289,194	¥ 1,004,192	¥ 30,293,386	¥ 252,901	¥ 30,546,287
Segment profit (loss)	¥ 6,103,613	¥ (77,828)	¥ 6,025,785	¥ 29,951	¥ 6,055,736
Segment assets	41,370,097	781,141	42,151,238	245,330	42,396,568
Other:					
Depreciation	929,052	28,318	957,370	4,459	961,829
Impairment losses of assets					
Increase in property, plant and equipment and intangible assets	854,689		854,689	6,899	861,588

Thousands of Yen					
2024					
Reportable Segment					
	<u>Pumps</u>	<u>Electronic Components</u>	<u>Total</u>	<u>Other</u>	<u>Consolidated</u>
Sales:					
Japan	¥ 8,505,944	¥ 1,621,105	¥ 10,127,049	¥ 296,111	¥ 10,423,160
Europe and America	6,350,874		6,350,874		6,350,874
Asia	12,443,840		12,443,840		12,443,840
Revenue from contracts with customers	27,300,658	1,621,105	28,921,763	296,111	29,217,874
Sales to external customers	27,300,658	1,621,105	28,921,763	296,111	29,217,874
Total	¥ 27,300,658	¥ 1,621,105	¥ 28,921,763	¥ 296,111	¥ 29,217,874
Segment profit (loss)	¥ 4,907,284	¥ (61,518)	¥ 4,845,766	¥ 36,513	¥ 4,882,279
Segment assets	40,166,219	1,555,993	41,722,212	318,111	42,040,323
Other:					
Depreciation	936,869	114,003	1,050,872	4,631	1,055,503
Impairment losses of assets		547,799	547,799		547,799
Increase in property, plant and equipment and intangible assets	889,254	14,138	903,392	7,090	910,482
Thousands of U.S. Dollars					
2025					
Reportable Segment					
	<u>Pumps</u>	<u>Electronic Components</u>	<u>Total</u>	<u>Other</u>	<u>Consolidated</u>
Sales:					
Japan	\$ 59,953	\$ 6,716	\$ 66,669	\$ 1,691	\$ 68,360
Europe and America	53,829		53,829		53,829
Asia	82,093		82,093		82,093
Revenue from contracts with customers	195,875	6,716	202,591	1,691	204,282
Sales to external customers	195,875	6,716	202,591	1,691	204,282
Total	\$ 195,875	\$ 6,716	\$ 202,591	\$ 1,691	\$ 204,282
Segment profit (loss)	\$ 40,819	\$ (521)	\$ 40,298	\$ 200	\$ 40,498
Segment assets	276,668	5,224	281,892	1,640	283,532
Other:					
Depreciation	6,213	190	6,403	29	6,432
Impairment losses of assets					
Increase in property, plant and equipment and intangible assets	5,716		5,716	46	5,762

Note: "Other" consists of operating segments that are not included in the reportable segments, such as special equipment.

Sales are classified by country or region based on the location of the Group.

The impairment loss is included in the loss on liquidation of a subsidiary—net in the consolidated statement of income for the fiscal year ended March 31, 2024.

(4) **Information about Products and Services**

Thousands of Yen				
2025				
	<u>Pumps</u>	<u>Electronic Components</u>	<u>Other</u>	<u>Total</u>
Sales to external customers	¥ 29,289,194	¥ 1,004,191	¥ 252,902	¥ 30,546,287

Thousands of Yen				
2024				
	<u>Pumps</u>	<u>Electronic Components</u>	<u>Other</u>	<u>Total</u>
Sales to external customers	¥ 27,300,658	¥ 1,621,105	¥ 296,111	¥ 29,217,874

Thousands of U.S. Dollars				
2025				
	<u>Pumps</u>	<u>Electronic Components</u>	<u>Other</u>	<u>Total</u>
Sales to external customers	\$ 195,875	\$ 6,716	\$ 1,691	\$ 204,282

(5) **Information about Geographical Areas**

a. *Sales*

Thousands of Yen						
2025						
<u>Asia and Oceania</u>			<u>Americas</u>			<u>Total</u>
<u>Japan</u>	<u>China</u>	<u>Other</u>	<u>United States</u>	<u>Other</u>	<u>Other</u>	
¥ 8,326,174	¥ 8,941,783	¥ 4,744,721	¥ 6,508,855	¥ 940,841	¥ 1,083,913	¥ 30,546,287

Thousands of Yen						
2024						
<u>Asia and Oceania</u>			<u>Americas</u>			<u>Total</u>
<u>Japan</u>	<u>China</u>	<u>Other</u>	<u>United States</u>	<u>Other</u>	<u>Other</u>	
¥ 8,622,718	¥ 9,789,855	¥ 3,829,490	¥ 5,617,492	¥ 341,771	¥ 1,016,548	¥ 29,217,874

Thousands of U.S. Dollars						
2025						
<u>Asia and Oceania</u>			<u>Americas</u>			<u>Total</u>
<u>Japan</u>	<u>China</u>	<u>Other</u>	<u>United States</u>	<u>Other</u>	<u>Other</u>	
\$ 55,682	\$ 59,799	\$ 31,731	\$ 43,529	\$ 6,292	\$ 7,249	\$ 204,282

Note: Sales are classified by country or region based on the location of customers.

b. *Property, plant and equipment*

Thousands of Yen					
2025					
<u>Japan</u>	<u>Asia and Oceania</u>		<u>Americas</u>	<u>Other</u>	<u>Total</u>
	<u>China</u>	<u>Other</u>			
¥6,249,467	¥1,485,499	¥215,050	¥779,585	¥24,780	¥8,754,381

Thousands of Yen					
2024					
<u>Japan</u>	<u>Asia and Oceania</u>		<u>Americas</u>	<u>Other</u>	<u>Total</u>
	<u>China</u>	<u>Other</u>			
¥6,552,639	¥965,009	¥293,733	¥821,957	¥25,351	¥8,658,689

Thousands of U.S. Dollars					
2025					
<u>Japan</u>	<u>Asia and Oceania</u>		<u>Americas</u>	<u>Other</u>	<u>Total</u>
	<u>China</u>	<u>Other</u>			
\$41,794	\$9,934	\$1,438	\$5,214	\$166	\$58,546

(6) *Information about Major Customer*

2025		
<u>Name of Customer</u>	Thousands of Yen	<u>Related Segment Name</u>
	<u>Sales</u>	
Mitsubishi Electric Corporation	¥1,097,944	Pumps, Electronic components

2024		
<u>Name of Customer</u>	Thousands of Yen	<u>Related Segment Name</u>
	<u>Sales</u>	
Mitsubishi Electric Corporation	¥1,717,742	Pumps, Electronic components

2025		
<u>Name of Customer</u>	Thousands of U.S. Dollars	<u>Related Segment Name</u>
	<u>Sales</u>	
Mitsubishi Electric Corporation	\$7,343	Pumps, Electronic components

* * * * *