

May 14, 2025

## Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

Company name: SHINKO Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 7120  
 URL: <https://www.kk-shinko.com/>  
 Representative: Taizo Fukudome, President & CEO  
 Inquiries: Yoshihito Murakami, Director & Executive Officer  
 Telephone: +81-3-5822-7600  
 Scheduled date of annual general meeting of shareholders: June 20, 2025  
 Scheduled date to commence dividend payments: June 23, 2025  
 Scheduled date to file annual securities report: June 19, 2025  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

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

#### (1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	16,904	4.7	687	9.7	691	8.9	512	24.9
March 31, 2024	16,145	1.2	627	(16.7)	634	(16.7)	410	(14.7)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	295.75	-	28.0	10.7	4.1
March 31, 2024	225.10	223.94	23.2	9.8	3.9

Note: Quarterly net income per share adjusted for potential stock for the fiscal year ending March 31, 2025 is not included because there are no potential shares.

#### (2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	6,369	1,750	27.5	1,116.62
March 31, 2024	6,515	1,914	29.4	1,043.94

Reference: Equity

As of March 31, 2025: ¥1,750 million

As of March 31, 2024: ¥1,914 million

#### (3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	921	(186)	(709)	1,534
March 31, 2024	1,134	(114)	(441)	1,509

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio	Ratio of dividends to net assets
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2024	-	0.00	-	80.00	80.00	146	35.5	8.3
March 31, 2025	-	0.00	-	97.00	97.00	152	32.8	8.3
March 31, 2026 (Forecast)		0.00		105.00	105.00		30.7	

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2026	18,316	8.4	804	17.0	814	17.7	536	3.6	342.07

Note: Since the Company manages its operations on an annual basis, the forecasts of financial results for the first half of the fiscal year have been omitted. For details, please refer to Appendix P.4 "1. Please refer to "Summary of Operating Results (4) Future Outlook".

#### \* Notes

##### (1) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

##### (2) Number of issued shares (common shares)

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

As of March 31, 2025	1,834,000 shares
As of March 31, 2024	1,834,000 shares

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

As of March 31, 2025	266,034 shares
As of March 31, 2024	34 shares

###### (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	1,734,125 shares
Fiscal year ended March 31, 2024	1,824,141 shares

\* 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

(Cautions on forward-looking statements, etc.)

The forward-looking statements, such as earnings forecasts, contained in this material are based on the information available to the Company and are reasonable.

It is based on certain assumptions to be judged, and is not intended to be a promise by the Company to realize them. In addition, the actual work

Results may vary due to a variety of factors. Use of the conditions on which earnings forecasts are based and earnings forecasts

For precautions, please refer to the attached P.4 "1. Please refer to "Summary of Business Results (4) Future Outlook".

(Method of accessing supplementary material on financial results and contents of the financial results briefing)

Supplementary financial results materials will be disclosed on TDnet on the same day.

In addition, the Company plans to hold a briefing for institutional investors and analysts on Friday, May 23, 2025.

The video and audio recording of the proceedings will be posted on the Company's website promptly after the meeting, along with the financial results presentation material used on the day.

## Balance sheet

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	1,509,381	1,534,412
Notes receivable - trade	16,421	25,766
Accounts receivable - trade	2,824,161	2,695,815
Contract assets	162,162	174,232
Inventories	405,516	266,629
Prepaid expenses	253,608	244,481
Accounts receivable-other	118,032	121,826
Other	10,147	1,093
Allowance for doubtful accounts	(868)	(2,582)
Total current assets	5,298,563	5,061,674
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	273,633	275,377
Accumulated depreciation	(77,463)	(93,852)
Facilities attached to buildings, net	196,169	181,525
Tools, furniture and fixtures	114,496	124,906
Accumulated depreciation	(65,145)	(79,558)
Tools, furniture and fixtures, net	49,351	45,348
Leased assets	101,870	135,513
Accumulated depreciation	(46,151)	(57,758)
Leased assets, net	55,719	77,754
Total property, plant and equipment	301,239	304,627
Intangible assets		
Goodwill	8,902	4,451
Software	79,863	97,769
Other	2,662	2,662
Total intangible assets	91,428	104,882
Investments and other assets		
Long-term prepaid expenses	60,176	64,343
Deferred tax assets	440,977	496,410
Other	323,194	337,690
Total investments and other assets	824,348	898,444
Total non-current assets	1,217,016	1,307,955
Total assets	6,515,580	6,369,629

	As of March 31, 2024	As of March 31, 2025
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,295,354	1,195,151
Lease liabilities	21,800	25,235
Accounts payable - other	83,074	4,884
Accrued expenses	751,459	730,189
Income taxes payable	114,621	143,420
Advances received	497,128	603,551
Deposits received	442	155
Provision for bonuses	226,751	320,854
Asset retirement obligations	-	11,623
Other	70,935	28,795
Total current liabilities	3,061,569	3,063,861
Non-current liabilities		
Lease liabilities	39,872	60,721
Provision for retirement benefits	1,218,640	1,230,207
Asset retirement obligations	124,217	117,907
Other	156,739	146,105
Total non-current liabilities	1,539,469	1,554,942
Total liabilities	4,601,038	4,618,804
<b>Net assets</b>		
Shareholders' equity		
Share capital	183,120	183,120
Capital surplus		
Legal capital surplus	83,120	83,120
Total capital surplus	83,120	83,120
Retained earnings		
Legal retained earnings	25,000	25,000
Other retained earnings		
Retained earnings brought forward	1,623,386	1,989,542
Total retained earnings	1,648,386	2,014,542
Treasury shares	(85)	(529,957)
Total shareholders' equity	1,914,541	1,750,825
Total net assets	1,914,541	1,750,825
Total liabilities and net assets	6,515,580	6,369,629

## Statement of income

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	16,145,670	16,904,476
Cost of sales	12,421,654	12,881,143
Gross profit	3,724,016	4,023,332
Selling, general and administrative expenses	3,096,856	3,335,642
Operating profit	627,159	687,690
Non-operating income		
Interest income	111	937
Gain on cancellation of Maintenance service contracts	3,637	5,517
Subsidy income	337	1,222
Other	4,781	2,953
Total non-operating income	8,868	10,630
Non-operating expenses		
Interest expenses	457	453
Commission expenses	-	5,000
Other	783	1,294
Total non-operating expenses	1,240	6,748
Ordinary profit	634,787	691,573
Extraordinary losses		
Loss on retirement of non-current assets	9	15
Impairment losses	-	15,991
Total extraordinary losses	9	16,006
Profit before income taxes	634,777	675,566
Income taxes - current	206,587	218,126
Income taxes - deferred	17,569	(55,433)
Total income taxes	224,156	162,693
Profit	410,621	512,872

Statement of changes in equity

Fiscal year ended March 31, 2024

(Thousands of yen)

	Shareholders' equity								Total net assets
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity	
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings			
Balance at beginning of period	180,960	80,960	80,960	25,000	1,338,345	1,363,345	-	1,625,265	1,625,265
Dividends of surplus					(125,580)	(125,580)		(125,580)	(125,580)
Issuance of new shares	2,160	2,160	2,160					4,320	4,320
Profit					410,621	410,621		410,621	410,621
Purchase of treasury shares							(85)	(85)	(85)
Total changes during period	2,160	2,160	2,160	-	285,041	285,041	(85)	289,276	289,276
Balance at end of period	183,120	83,120	83,120	25,000	1,623,386	1,648,386	(85)	1,914,541	1,914,541

Statement of changes in equity

Fiscal year ended March 31, 2025

(Thousands of yen)

	Shareholders' equity								Total net assets
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity	
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings			
Balance at beginning of period	183,120	83,120	83,120	25,000	1,623,386	1,648,386	(85)	1,914,541	1,914,541
Dividends of surplus					(146,717)	(146,717)		(146,717)	(146,717)
Issuance of new shares									
Profit					512,872	512,872		512,872	512,872
Purchase of treasury shares							(529,872)	(529,872)	(529,872)
Total changes during period	-	-	-	-	366,155	366,155	(529,872)	(163,716)	(163,716)
Balance at end of period	183,120	83,120	83,120	25,000	1,989,542	2,014,542	(529,957)	1,750,825	1,750,825

## Statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	634,777	675,566
Depreciation	75,386	111,968
Increase (decrease) in allowance for doubtful accounts	648	1,714
Increase (decrease) in provision for bonuses	5,963	94,103
Increase (decrease) in provision for retirement benefits	33,412	11,566
Interest and dividend income	(111)	(937)
Commission expenses	-	5,000
Interest expenses	457	453
Impairment losses	-	15,991
Loss on retirement of non-current assets	9	15
Decrease (increase) in trade receivables	624,052	106,931
Decrease (increase) in inventories	135,628	138,886
Decrease (increase) in other assets	(35,467)	12,252
Increase (decrease) in trade payables	65,425	(100,203)
Increase (decrease) in accounts payable - other	(86,886)	(51,747)
Increase (decrease) in accrued consumption taxes	20,084	30,376
Increase (decrease) in other liabilities	(88,218)	35,718
Subtotal	1,385,162	1,087,655
Interest and dividends received	111	937
Interest paid	(457)	(453)
Income taxes paid	(249,886)	(166,393)
Net cash provided by (used in) operating activities	1,134,931	921,745
Cash flows from investing activities		
Purchase of property, plant and equipment	(33,728)	(110,455)
Purchase of intangible assets	(27,776)	(60,069)
Payments of leasehold deposits	(54,213)	(23,205)
Proceeds from refund of leasehold deposits	1,672	6,979
Net cash provided by (used in) investing activities	(114,046)	(186,750)
Cash flows from financing activities		
Repayments of short-term borrowings	(300,000)	-
Proceeds from issuance of shares resulting from exercise of share acquisition rights	4,320	-
Purchase of treasury shares	(85)	(534,872)
Repayments of lease liabilities	(20,048)	(28,982)
Dividends paid	(125,283)	(146,108)
Net cash provided by (used in) financing activities	(441,097)	(709,963)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	579,787	25,031
Cash and cash equivalents at beginning of period	929,594	1,509,381
Cash and cash equivalents at end of period	1,509,381	1,534,412

(Notes on segment information, etc.)

Segment Information

1. Overview of Reporting Segments

The Company's reporting segments are those of the Company's constituent units for which segregated financial information is available and is subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate performance.

The Company is comprised of business units by product, and service, and has three reporting segments: Maintenance Services, Solutions, and Staffing Services.

The Maintenance Service segment provides system support, equipment maintenance, call centers, and help desk services.

The Solutions segment provides ICT services such as system design, construction, installation work, and deployment management for medical institutions, welfare facilities, general companies, and government offices, as well as proposing and selling equipment that meets customer needs.

In the Staffing Service segment, we dispatch customer engineers who perform maintenance, inspection, and repair of IT equipment, system engineers who design systems, design and build networks, and support front-end sales of companies to which we are dispatched, as well as work contracting.

2. Method of calculating the amount of sales, profits or losses, assets, liabilities and other items for each reporting segment

The reported method of accounting for business segments is generally the same as described in the Important Accounting Policy.

Profit in the Reporting Segment shows the operating profit and loss before the allocation of selling, general and administrative expenses for the Administration Division at the Head Office, and is a profit indicator that clarifies the contribution of each reporting segment to the entire company.

3. Information on the amount of sales, profits or losses, assets, liabilities, and other items for each reporting segment.

The previous fiscal year (April 1, 2023 to March 31, 2024)

(Unit: 1 thousand yen)

	Reportable segments				Adjustment amount (Note) 1	Per financial statements
	Maintenance service business	Solution business	Staffing service business	Total		
Sales						
Revenues from external customers	4,750,124	9,248,112	2,147,433	16,145,670	-	16,145,670
Transactions with other segments	-	-	-	-	-	-
Total	4,750,124	9,248,112	2,147,433	16,145,670	-	16,145,670
Segment profit (Note)2	778,354	718,137	309,185	1,805,677	(1,178,518)	627,159

Note: 1. Adjustments to segment profit are head office expenses that are not allocated to reporting segments, and are sales expenses and general and administrative expenses such as personnel expenses and real estate lease fees related to the head office management department.

2. Segment profit is adjusted to operating income in the income statement.

3. Segment assets and liabilities are omitted because the highest decision-making body does not allocate such information to each segment for management decision-making.

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

(Unit: 1 thousand yen)

	Reportable segments				Adjustment amount (Note) 1	Per financial statements
	Maintenance service business	Solution business	Staffing service business	Total		
Sales						
Revenues from external customers	4,923,593	9,815,785	2,165,097	16,904,476	-	16,904,476
Transactions with other segments	-	-	-	-	-	-
Total	4,923,593	9,815,785	2,165,097	16,904,476	-	16,904,476
Segment profit (Note)2	873,014	789,532	304,061	1,966,607	(1,278,916)	687,690

Note: 1. Adjustments to segment profit are head office expenses that are not allocated to reporting segments, and are sales expenses and general and administrative expenses such as personnel expenses and real estate lease fees related to the head office management department.

2. Segment profit is adjusted to operating income in the income statement.

3. Segment assets and liabilities are omitted because the highest decision-making body does not allocate such information to each segment for management decision-making.

Related Information

The previous fiscal year (April 1, 2023 to March 31, 2024)

1. Product and Service Information

Since the same information is disclosed in the segment information, it is omitted.

2. Regional Information

(1) Net sales

Since sales to external customers in Japan exceed 90% of the sales in the income statement, the description is omitted.

(2) Property, plant and equipment

Since there is no amount of property, plant and equipment located outside of Japan, the description is omitted.

3. Information per main customer

(Unit: 1 thousand yen)

Name or surname of the customer	Sales	Relevant Segment Names
Wemex Corporation	2,489,070	Maintenance Service Business, Solution Business, Human Resources Service Business
KDDI CORPORATION	1,335,351	Maintenance Service Business, Solution Business, Human Resources Service Business

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

1. Product and Service Information

Since the same information is disclosed in the segment information, it is omitted.

2. Regional Information

(1) Net sales

Since sales to external customers in Japan exceed 90% of the sales in the income statement, the description is omitted.

(2) Property, plant and equipment

Since there is no amount of property, plant and equipment located outside of Japan, the description is omitted.

3. Information per main customer

(Unit: 1 thousand yen)

Name or surname of the customer	Sales	Relevant Segment Names
Wemex Corporation	2,547,366	Maintenance Service Business, Solution Business, Human Resources Service Business
KDDI CORPORATION	1,270,444	Maintenance Service Business, Solution Business, Human Resources Service Business

Information on impairment losses on fixed assets by reporting segment

The previous fiscal year (April 1, 2023 to March 31, 2024)



Not applicable.  
Current fiscal year (April 1, 2024 to March 31, 2025)

(Unit: 1 thousand yen)

	Maintenance service business	Solution business	Staffing service business	Unallocated amounts and elimination	Total
Impairment losses	4,878	-	-	11,112	15,991

Note: The amount of company-wide and eliminations is an impairment loss on company-wide assets that are not attributable to segments.

Information on amortization and unamortized balances of goodwill by reporting segment

The previous fiscal year (April 1, 2023 to March 31, 2024)

(Unit: 1 thousand yen)

	Maintenance service business	Solution business	Staffing service business	Unallocated amounts and elimination	Total
Depreciation for the period	-	-	-	4,451	4,451
Balance at the end of the current fiscal year	-	-	-	8,902	8,902

Note: The amount of company-wide and elimination is the amount of amortization and unamortized balance related to company-wide goodwill that is not attributable to segments.

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

(Unit: 1 thousand yen)

	Maintenance service business	Solution business	Staffing service business	Unallocated amounts and elimination	Total
Depreciation for the period	-	-	-	4,451	4,451
Balance at the end of the current fiscal year	-	-	-	4,451	4,451

Note: The amount of company-wide and elimination is the amount of amortization and unamortized balance related to company-wide goodwill that is not attributable to segments.

Information on Negative Goodwill Accrual Gains by Reporting Segment

Not applicable.