



BUFFALO INC.

Business Report 2025

April 1, 2024 to March 31, 2025



Wi-Fi 7



NAS



Airdog



To Our Stakeholders

Hiroyuki Maki

President & C.E.O.
BUFFALO INC.

TO OUR STAKEHOLDERS

I would like to express my sincere gratitude to all our stakeholders for your continued support. May 1, 2025 marked the 50th anniversary of the founding of BUFFALO INC. (hereinafter “BUFFALO”). Prior to this anniversary, MELCO HOLDINGS INC. (hereinafter “MELCO HD”) and Buffalo merged on April 1, 2025 to form the listed company BUFFALO INC.

I took over the baton from our founder Makoto Maki on the occasion of our 40th anniversary in 2015. That means I have managed Melco HD as President for 10 years. We have now completed the reorganization of our group and a reform for expanding our business domain and fortifying the management foundation that we have implemented for more than 20 years. Looking back on my 10 years as President, I feel it has been a very fortunate time. I also feel that we have come to renew our resolve to understand BUFFALO’s mission and to focus on it again.

I believe the most important thing to do to

achieve sustainable growth, deliver strong shareholder returns, and maximize corporate value is to manage each business independently and autonomously, rather than operating as a pure holding company. We have decided to organize and reallocate management resources for each group company and to clarify their growth strategies through this reorganization.

Going forward, we will thoroughly separate management and executive roles within our sole operating company and make swift management decisions. In this way, we will strive to achieve our “original value creation,” a management concept that serves as the spirit of our foundation. I kindly ask for your continued understanding and support with this.

June 2025

We have formulated a management concept and code of conduct based on the spirit of our foundation on the occasion of MELCO HD and Buffalo merging to form the listed company BUFFALO INC. on April 1, 2025 and also the 50th anniversary of the founding of BUFFALO on May 1, 2025.

Management concept

Original Value Creation

Code of conduct

Fair and Open

Fairness and an open attitude

Simple and Speedy

Execute simply and swiftly

Logical Thinking

Logical way of thinking

Leading Edge

Go to the cutting edge and then the forefront

Completed reorganization to realize swift business execution and profit improvement

Although Japanese demand is shrinking and costs are rising due to the weak yen, profitability improved through price increases and other measures.

In the fiscal year under review, the Japanese economy saw an increase in inbound demand. Nevertheless, the trend for economizing due to the rising prices of necessities continued. That meant personal consumption remained stagnant. The future outlook for the global economy remains uncertain due to factors such as the prolonged tense situation in Ukraine and the worsening state of affairs of the Middle East.

However, there has been an upward trend in capital investment by companies in the corporate user market in the digital home appliance industry related to our group. On the other hand, demand is continuing to shrink in the home user market. Under these circumstances, we raised the prices of some computer peripherals from April 2024 to improve profitability in the IT-Related Business. We also proactively strived to sell our main products. In addition, we conducted a spin-off of Shimadaya Corporation by means of distributing its stocks to shareholders. So, the company is no longer one of our consolidated subsidiaries. Accordingly, its contribution to performance in the Food Business will be limited to the cumulative interim period.

As a result, net sales were 143,170 million yen (down 1.8% year on year), operating income was 8,899 million yen (up 242.6% year on year), ordinary income was 9,030 million yen (up 250.6% year on year) and net income attributable to parent company shareholders was 6,006 million yen (up 99.4% year on year) in our results in the fiscal year under review.

Promoting sales of high value-added products

We launched products such as the TeraStation, a NAS for SOHO and small business environments, that pursues performance and reliability, as part of our support for companies implementing digital transformation in the corporate user market in our mainstay computer peripherals market of the IT-Related Business. Meanwhile, we launched products such as a tri-band router compatible with Wi-Fi 7*¹ which supports the MLO technology that enables stable and high-speed communication in the home user market. Market conditions remain tough. In this environment, we are striving to maintain our share of the market in terms of sales volume and to improve profitability by raising prices.

On the other hand, the sales volume of the Airdog series, a high-performance air purifier for which our group companies serve as the domestic distributor, and the CPU “RYZEN*²,” made by AMD, was higher than that of the same period in the previous fiscal year. We ran a campaign to raise awareness of allergies that led to an increase in the number of department stores selling the Airdog series.

As a result, net sales were 121,100 million yen (up 13.6% year on year) and segment income was 7,573 million yen (up 1,848.5% year on year) in the IT-Related Business.

In the Food Business, net sales were 21,862 million yen (down 43.9% year on year) and segment income was 2,629 million yen (down 21.5% year on year).

*1 Wi-Fi is the registered trademark of Wi-Fi Alliance.

*2 AMD, Ryzen and the combinations thereof are the trademarks of Advanced Micro Devices, Inc.

Focusing on the IT-Related Business to further improve profitability

We absorbed and merged with our wholly-owned subsidiary Buffalo Inc. and changed our trade name on April 1, 2025. With that, we transitioned from a pure holding company to an operating company. Furthermore, we will separate management and business execution by introducing an executive officer system. This will enable us to execute business operations swiftly.

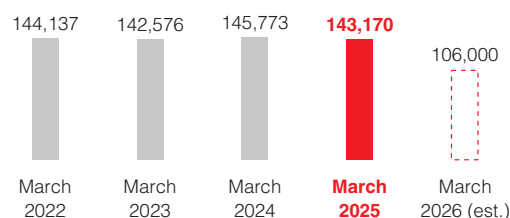
Our exclusive sales agreement with our main overseas trading partner and manufacturer for the Airdog series will expire on August 29, 2025. We will focus our business domains on the IT-Related Business and further strive to improve profitability.

Based this assumption, we forecast net sales of 106,000 million yen (down 26.0% year on year), operating income of 4,500 million yen (down 49.4% year on year), ordinary income of 4,500 million yen (down 50.2% year on year) and net income attributable to parent company shareholders of 3,200 million yen (down 46.7% year on year) in the consolidated full-year earnings forecast in the fiscal year ending March 31, 2026.

Recent situation of our company

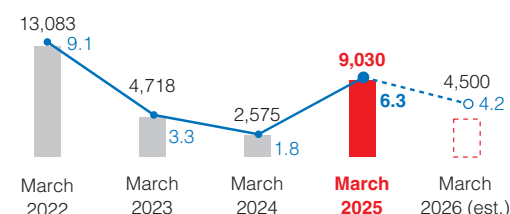
1	June 2023	Transitioned to a company with an audit and supervisory committee to strengthen auditing and supervisory functions.
2	Until March 2024	Focused on stable supply and maintaining prices during the COVID-19 pandemic.
3	April 2024	Increased prices of 1,090 Buffalo-branded products.
4	October 2024	Spun off and listed Shimadaya (Standard Market).
5	April 2025	MELCO HOLDINGS absorbed and merged with Buffalo and changed the trade name to BUFFALO Introduced an executive officer system. Built a departmental organization.
6	June 2025	Introduced a restricted stock unit remuneration plan.

Consolidated Net Sales (Unit: million yen)



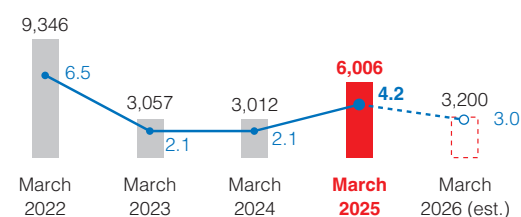
Consolidated Ordinary Income (Unit: million yen)

Consolidated Ordinary Income Margin (Unit: %)

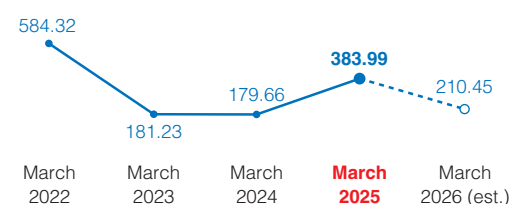


Net Income Attributable to Parent Company Shareholders (Unit: million yen)

Consolidated Net Income Margin (Unit: %)



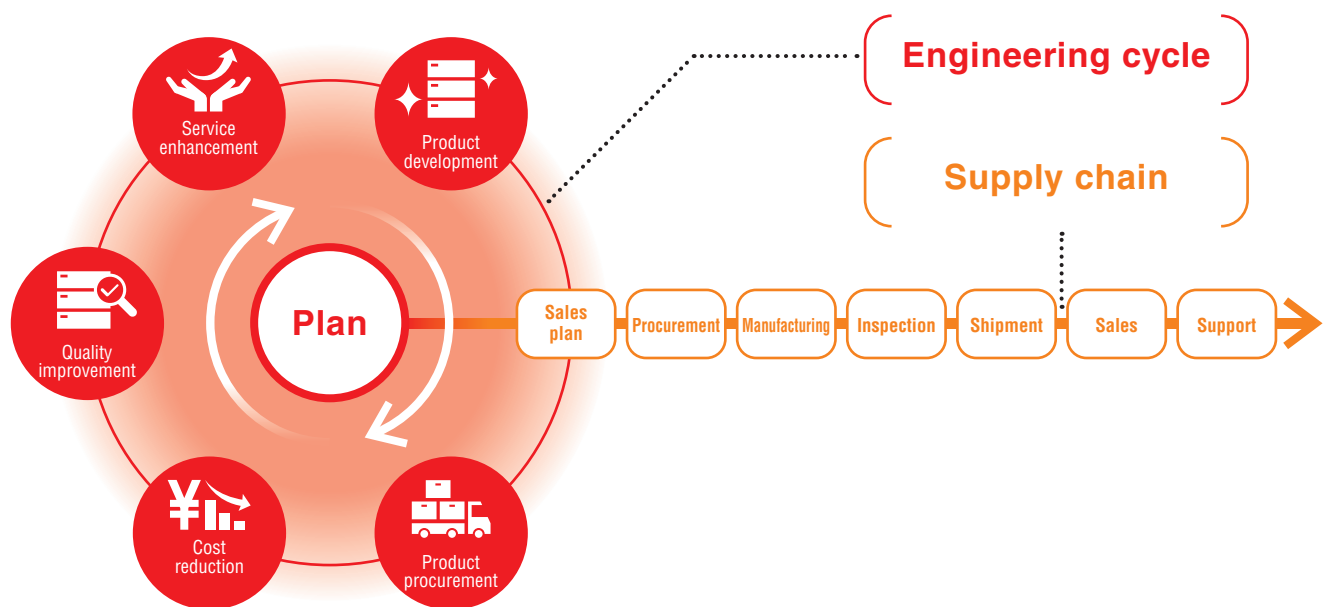
Net Income per Share (Unit: yen)



Note: We have given the listed amounts by rounding down to the nearest million yen.

Value Chain Engineering

The strength of our company is our engineering cycle. We have continued to deepen our engineering activities relating to IT hardware. Nowadays, information technology is not limited to tangible products; instead, intangible value in terms of services and solutions is also sought. We are accelerating the creation of added value through our engineering activities to meet these needs.



Features of the engineering cycle

- A circular system that covers all processes and provides feedback instead of a limited or one-way business practice
- Provision of the engineering cycle as a solution

IT-Related Business

We provide various products with a focus on digital consumer electronics and computer peripherals. These include network Wi-Fi routers and Wi-Fi access points for corporate users, network products such as cable LAN switches, external drives for PC/TV recording, storage products such as NAS with remote device monitoring and operation features for corporate users, and MagWiper, a magnetic data degaussing device. In addition, we also offer products that add richness to everyday life. These include the Airdog, a high-performance air purifier; nasne®, a network recorder and media storage device; and digital music library devices dedicated to high resolution audio. We also offer various services and solutions including our data recovery services, the remote management service Kiki Navi, and network construction for corporate users.

*nasne® is the registered trademark of Sony Interactive Entertainment LLC.



Wi-Fi 7-compatible router



nasne®



NAS for corporate users



Airdog



External hard disk



Digital music library



キキNavi

Kiki Navi



Data recovery service

BCN AWARD
2025 | January to
December 2024

Winner in 15 Categories
our corporate group



These prizes are awarded based on actual aggregate sales at major electrical appliance stores across Japan.

*1 This is as the BUFFALO Group. We have won this award sixteen years in a row for a total of sixteen times as CFD sales.

*2 This is as the BUFFALO Group. We have won this award fourteen years in a row for a total of fourteen times as CFD sales.

Wireless LAN Category
23rd consecutive year
23rd win

LAN Card Category
26th consecutive year
26th win

- Expansion Interface Category
- Memory Category
- Drive Casing Category
- PC Power Unit Category
- USB Memory Category
- DVD Burner Category
- External SSD Category
- Card Reader Category
- USB Category

NAS Category
12th consecutive year
12th win

External HDD Category
17th consecutive year
22nd win

22nd consecutive year
16th consecutive year
15th consecutive year
14th consecutive year
5th consecutive year
5th consecutive year
5th consecutive year
3rd consecutive year

Hub Category
24th consecutive year
25th win

Router Category
22nd consecutive year
23rd win

22nd win *1
24th win *2
17th win
14th win
12th win
14th win
5th win
10th win
2nd win

TOPIC 1

— Initiatives for Value Chain Engineering —

Entered into a capital and business alliance agreement with Secure Inc.

Our company and SECURE, INC. (hereinafter (“SECURE”)) entered into a capital and business alliance agreement on February 14, 2025 because we expect to gain business synergies. SECURE’s vision is to create new value with AI and security. It develops and provides high-value-added solutions that combine AI (image recognition) technology with entrance/exit management systems, surveillance camera systems and other physical security systems.

We define the synergy based on the currently available products and operations of both companies as “functional and infrastructure synergy.” We will produce synergies between the two companies by combining respective capabilities. The creation of cost synergies will be the basis of our collaboration in the short term. We will then aim for collaboration to create new businesses and to expand respective business domains in the medium- to long-term. In this way, we hope to improve the medium- to long-term corporate value of the two companies. To begin with, we will produce synergies through linkage between the currently available products and partnerships among operation departments (joint purchasing, consolidation of construction and installation operations, contact center consolidation, etc.) in both companies.



Left: Hiroyuki Maki, President & C.E.O. BUFFALO INC.
Right: Tatsunari Taniguchi, Representative Director and President SECURE, INC.

Stage 1 Functional and infrastructure synergy

Short term

Synergy through linkage between the currently available products and partnerships among operation departments in both companies

- ① Joint purchasing
- ② Consolidation of construction and installation operations
- ③ Contact center consolidation

Stage 2 Engineering synergy

Medium term

Improvement of products, services and operations in current businesses

- ① Joint development of storage and network equipment
- ② Kitting and construction operation improvement
- ③ Equipment quality improvement

Stage 3 Business creation synergy

Long term

Joint development of new services and new business domains

- ① Overseas expansion
- ② Expansion of AI solutions

TOPIC 2

DELA™ network switch received the Stereo Sound Grand Prix 2024.

DELA™



Network switch (high-end model “S1”)



DELA™ is a brand for high-quality audio-only products developed by DELA Inc. (formerly MELCO SYNCRETS INC.), our group company that develops and sells audio equipment and related products. The high-end model “S1” of the DELA™ network switch has now been recognized for improving sound quality during streaming playback. It has received the prestigious Stereo Sound Grand Prix 2024. Following the “N1” DELA Music Library (2022), this is our second time receiving this award, and it is exceptional for a product in a completely new genre—switches—to achieve such recognition.

Consolidated Net Sales

(Unit: million yen)

■ IT-Related ■ Food ■ Other

Consolidated Operating Income

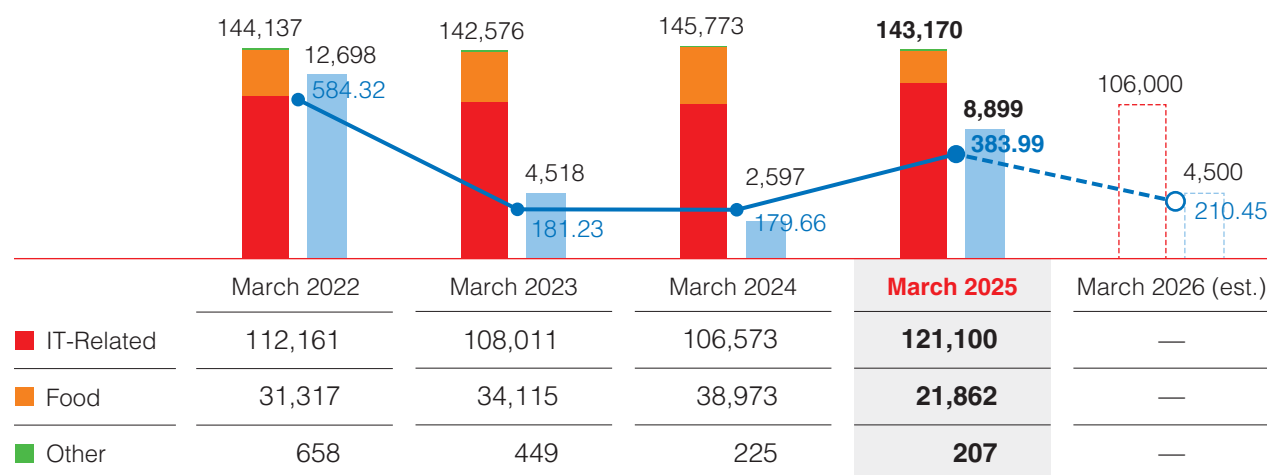
(Unit: million yen)

■

Net Income per Share

(Unit: yen)

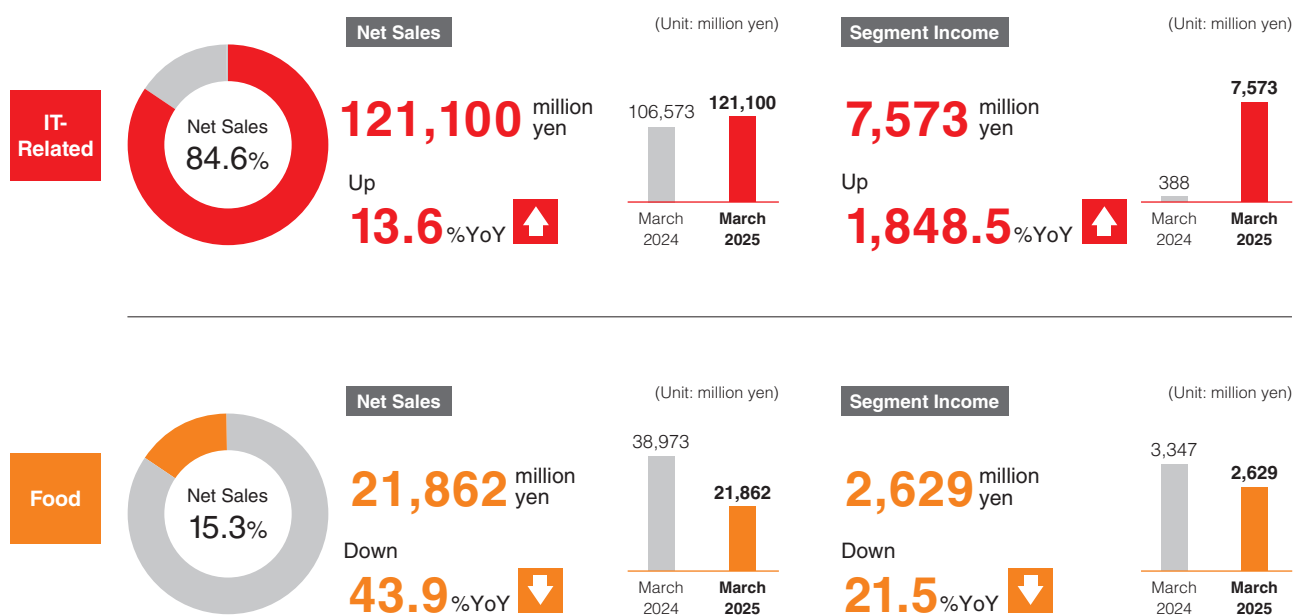
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Note 1. In the Food Business, we excluded Shimadaya Corporation and four other companies from the scope of consolidation due to a spin-off by means of distributing their stocks to shareholders on October 1, 2024. Sales and segment income for the Food Business include results up until the date of the exclusion from consolidation.

Note 2. The reporting segment of "Finance" is included in "Other" as the materiality has become insignificant. The "Other" segment refers to the business segments other than reporting segments, and includes company-wide management functions. The graph for the fiscal year ended March 31, 2022 is created based on the changed reporting segments.

Consolidated Net Sales by Segment/Segment Income or Loss



Consolidated Balance Sheet

(Unit: million yen)

Item	Fiscal Year Ended March 31, 2025	Fiscal Year Ended March 31, 2024
1 Assets		
Current assets	69,043	75,627
Non-current assets	7,743	20,308
Property, plant and equipment	786	11,080
Intangible assets	2,846	3,705
Investments and other assets	4,109	5,523
Total assets	76,786	95,936
2 Liabilities		
Current liabilities	30,795	29,068
Non-current liabilities	953	2,945
Total liabilities	31,749	32,014
3 Net assets		
Shareholders' equity		
Capital	1,000	1,000
Capital surplus	250	250
Retained earnings	43,567	62,097
Treasury stock	(327)	(756)
Total shareholders' equity	44,489	62,590
Accumulated other comprehensive income		
Net unrealized gains (losses) on other securities	357	1,030
Deferred gains or losses on hedges	(55)	150
Foreign currency translation adjustments	(24)	(4)
Remeasurements of defined benefit plans	270	155
Total accumulated other comprehensive income	547	1,332
Total net assets	45,037	63,922
Total liabilities and net assets	76,786	95,936

Note: We have given the listed amounts by rounding down to the nearest million yen.

POINT

1 Assets

Total assets for the fiscal year ended March 31, 2025 were 76,786 million yen, a decrease of 19,150 million yen compared to the end of the previous consolidated fiscal year. Current assets totaled 69,043 million yen, a decrease of 6,584 million yen. This change was mainly due to a 6,028 million yen decrease in accounts receivable-trade, a 1,085 million yen decrease in raw materials and supplies, a 303 million yen decrease in merchandise and finished goods, a 259 million yen decrease in other current assets, a 194 million yen decrease in advance payments, a 187 million yen decrease in income taxes refundable, and a 1,650 million yen increase in cash and deposits. Non-current assets totaled 7,743 million yen, a decrease of 12,565 million yen. This change was mainly due to a 10,293 million yen decrease in property, plant and equipment, a 1,413 million yen decrease in investments and other assets, and an 858 million yen decrease in intangible assets.

2 Liabilities

Total liabilities for the fiscal year ended March 31, 2025 were 31,749 million yen, a decrease of 264 million yen compared to the end of the previous consolidated fiscal year. Current liabilities were 30,795 million yen, an increase of 1,727 million yen. This change was mainly due to a 1,966 million yen increase in income taxes payable, a 1,054 million yen increase in notes and accounts payable-trade, a 767 million yen increase in accounts payable, a 558 million yen increase in provision for product warranty, and a 2,690 million yen decrease in accrued expenses. Non-current liabilities totaled 953 million yen, a decrease of 1,991 million yen. This change was mainly due to a 1,598 million yen decrease in net defined benefit liability, a 139 million yen decrease in provision for recycle, and a 127 million yen decrease in other non-current liabilities.

3 Net Assets

Total net assets for the fiscal year ended March 31, 2025 were 45,037 million yen, a decrease of 18,885 million yen compared to the end of the previous consolidated fiscal year. This change was mainly due to a 6,006 million yen resulting from the acquisition of net income attributable to parent company shareholders, a 1,914 million yen resulting from payment of dividends, a 14,689 million yen decrease resulting from dividend in kind, a 5,245 million yen resulting from the acquisition of treasury stocks, a 2,258 million yen decrease resulting from the change in scope of consolidation, and a 784 million yen decrease in accumulated other comprehensive income.

We retired treasury stocks amounting to 5,674 million yen and the amount of retained earnings and treasury stock decreased, respectively.

Consolidated Income Statement (Unit: million yen)

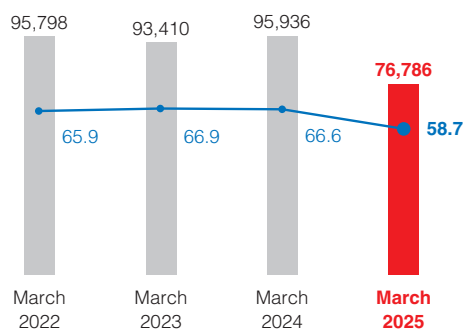
Item	Fiscal Year from April 1, 2024 to March 31, 2025	Fiscal Year from April 1, 2023 to March 31, 2024
Net sales	143,170	145,773
Cost of sales	103,804	109,700
Selling, general and administrative expenses	30,466	33,474
Operating income	8,899	2,597
Non-operating income	328	287
Non-operating expenses	198	309
Ordinary income	9,030	2,575
Extraordinary income	616	2,097
Extraordinary loss	387	63
Net income before taxes and other adjustments	9,259	4,609
Income, resident and enterprise taxes	3,772	1,308
Income taxes-deferred	(520)	288
Net income attributable to parent company shareholders	6,006	3,012

Consolidated Cash Flow Statement (Unit: million yen)

Item	Fiscal Year from April 1, 2024 to March 31, 2025	Fiscal Year from April 1, 2023 to March 31, 2024
Cash flows from operating activities	14,725	6,625
Cash flows from investing activities	(1,363)	5,366
Cash flows from financing activities	(7,159)	(2,606)
Effect of exchange rate changes on cash and cash equivalents	(17)	66
Net increase (decrease) in cash and cash equivalents	6,184	9,451
Cash and cash equivalents at the beginning of the period	29,958	20,506
Decrease of cash and cash equivalents due to the exclusion from consolidation	(4,534)	—
Cash and cash equivalents at the end of the period	31,609	29,958

Total Assets (Unit: million yen)

Capital to Asset Ratio (Unit: %)



Note: We have given the listed amounts by rounding down to the nearest million yen.

For detailed information

BUFFALO IR

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<https://www.buffalo.jp/ir/>

BUFFALO INC.

Company Name	BUFFALO INC.
Capital Stock	1 billion yen
Business Activities	Development, manufacture, and sale of digital home appliances and PC peripherals; data recovery service
Number of Employees	Non-consolidated: 658 BUFFALO Group consolidated: 1,042
Number of Group Companies	14 (11 in Japan; 3 overseas)

Board Members (Current as of June 25, 2025)

Representative Director Hiroyuki Maki	Director (Full-time Audit & Supervisory Committee Member) Yoshimasa Nagase
Director Chisato Nakayama	Director (Full-time Audit & Supervisory Committee Member) Jun Kamiya
Director Iwao Tsusaka	Director (Audit & Supervisory Committee Member) Hiroyuki Miyajima
	Director (Audit & Supervisory Committee Member) Kumiko Otsuka

Executive Officers (Current as of April 1, 2025)

President & C.E.O. Hiroyuki Maki	Managing Executive Officer Takashi Nishiwaki	Executive Officer Shinya Matsuzaki
Executive Vice President & C.O.O. Taiji Watanabe	Managing Executive Officer Katsumi Iwasaki	Executive Officer Norihito Sato
Senior Managing Executive Officer Manabu Wada	Executive Officer Nobuhiro Tamura	Executive Officer Takashi Hinata
Managing Executive Officer Manabu Yano	Executive Officer Yasuo Takami	Executive Officer Koji Mitani
Managing Executive Officer Kazunori Yokoi	Executive Officer Tsuyoshi Tomiyama	Executive Officer Hiroshi Nagao
Managing Executive Officer Masaya Ishimaru	Executive Officer Makoto Oya	

Japan

CFD Sales Inc.

Development, manufacture and sale of personal computer parts and peripheral equipment

BIOS Corporation

Development, manufacture and sale of storage-related products

BUFFALO IT Solutions Inc.

Sale of network-related equipment and PC peripherals, and network infrastructure construction and maintenance services

Advanced Design Corp.

Data recovery/erasure/conversion services and manufacture and sale of data erasure products

DigiOn, Inc.

Development and sale of network and storage software

DELA Inc.

Development and sale of audio equipment and related products

toConnect, Inc.

Direct marketing of products

Overseas

USA BUFFALO AMERICAS, INC.

Sale of network-related equipment and PC peripherals

Taiwan BUFFALO TECHNOLOGY (TAIWAN) Inc.

Procurement and management of parts

Stock

Number of Shares Outstanding	15,300,000
	(including 94,538 treasury stocks)
Number of Shareholders	6,097

Major Shareholders (Top 10)

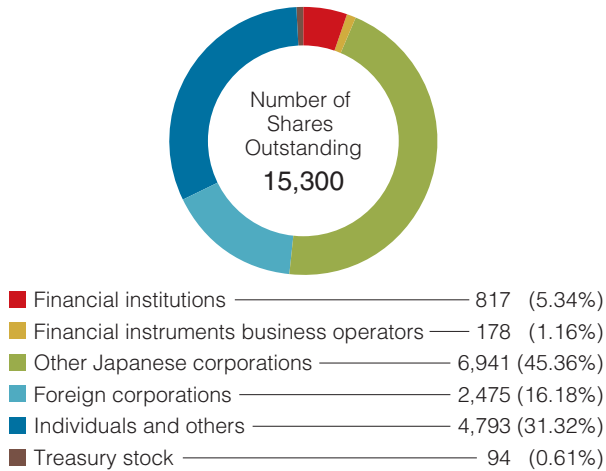
Shareholder Name	Number of Shares Held (1,000 Shares)	Shareholding Ratio (%)
MELCO Group Inc.	6,315	41.53(41.27)
Hiroyuki Maki	2,247	14.78(14.69)
ECM MF	1,567	10.31(10.24)
The Master Trust Bank of Japan, Ltd. (trust account)	623	4.09(4.07)
Maki Makoto Foundation	500	3.28(3.26)
Custody Bank of Japan, Ltd. (trust account)	144	0.94(0.94)
Taiji Iwasaki	142	0.93(0.93)
Melco Mutual Aid Association	124	0.81(0.81)
JP MORGAN CHASE BANK 385781	82	0.54(0.54)
Hiromi Maki	79	0.52(0.51)

Notes:

1. The number of shares held has been rounded down to the nearest one thousand.

2. We have calculated the shareholding ratio based on the total number of outstanding shares less treasury stocks. We have then given this ratio by rounded off to the second decimal place. The shareholding ratio in the parentheses is calculated based on the total number of outstanding shares including treasury stock.

Shareholding Distribution by Type of Shareholder (Unit: thousand shares)



Notes:

1. The number of shares held has been rounded down to the nearest one thousand.

2. The composition ratio has been rounded off to the second decimal place.

Shareholder Notes

Fiscal year-end	March 31
Ordinary general meeting of shareholders	June
Dates to determine stock ownership	For shareholders with voting rights: March 31 For shareholders eligible for year-end dividends: March 31 For shareholders eligible for interim dividends: September 30
Stock listings	Standard Market of the Tokyo Stock Exchange and Premier Market of the Nagoya Stock Exchange
Securities code	6676
Stock trading name	BUFFALO INC. (or BUFFALO)
Number of shares per trading unit	100 shares
Method of public notice	Posted electronically on https://www.buffalo.jp/koukoku/
Stock agencies	Sumitomo Mitsui Trust Bank, Limited Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Business Planning Dept. 2-8-4 Izumi, Suginami-ku, Tokyo •Telephone Inquiries 0120-782-031 (Toll free) 9:00 to 17:00 (Except on Saturdays, Sundays and public holidays)
Managing underwriter	(Main) Daiwa Securities (Secondary) Nomura Securities, Mizuho Securities and SMBC Nikko Securities

BUFFALO INC.

(Securities code: 6676)

<https://www.buffalo.jp>

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