

Translation

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Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 (Japanese GAAP)



November 13, 2023
Tokyo Stock Exchanges in Japan

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Filing date of quarterly securities report : November 14, 2023
Payment date of cash dividends : December 4, 2023
Supplemental materials prepared for financial results : Yes
Earnings announcement for financial results : Yes(Intended for securities analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated Results for the Second Quarter of Fiscal Year Ending March 31, 2024 (April 1, 2023 through September 30, 2023)

(1) Consolidated Financial Results (Percentage indicates change from the same period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2023	362,195	8.9	7,951	(54.0)	18,751	(33.0)	14,351	(27.8)
September 30, 2022	332,612	19.2	17,282	67.9	27,987	106.7	19,871	136.1

Note: Comprehensive income
Six months ended September 30, 2023 (35,472 million 10.6 %)
Six months ended September 30, 2022 (32,080 million 115.6 %)

	Earnings per share, Basic		Earnings per share, Diluted	
	Yen		Yen	
Six months ended				
September 30, 2023	63.36		—	
September 30, 2022	87.15		—	

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets
	Millions of yen	Millions of yen	%
As of			
September 30, 2023	650,733	396,183	58.4
March 31, 2023	606,039	365,860	57.6

Reference: Shareholders' equity (Net assets excluding non-controlling interests)
As of September 30, 2023 380,066 million yen
As of March 31, 2023 349,221 million yen

2. Dividends

	Cash dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended					
March 31, 2023	—	15.00	—	17.00	32.00
Fiscal year ending					
March 31, 2024	—	17.00			
Fiscal year ending					
March 31, 2024 (Forecast)			—	17.00	34.00

Note : Revisions to the forecast of dividends since the latest announcement: No

3. Forecast of Consolidated Results for Fiscal Year Ending March 31, 2024 (April 1, 2023 through March 31, 2024)

(Percentage indicates change from the same period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share, Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	760,000	9.6	27,000	(6.4)	40,000	7.2	25,000	16.1	110.37

Note : Revisions to the forecast of consolidated results since the latest announcement: Yes

4. Others

- (1) Changes of significant subsidiaries in the second quarter of fiscal year ending March 31, 2024 : No
(Transfer of subsidiaries resulting in changes in the scope of consolidation)
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements : No
- (3) Changes in accounting policies, procedures and methods of presentation for preparing the consolidated financial statements
- [1] Changes due to revisions of accounting standards : No
 - [2] Changes due to other reasons : No
 - [3] Changes of estimation due to accounting issues : No
 - [4] Restatements : No

(4) Number of outstanding shares (Common Stock)

[1] Number of outstanding shares

As of September 30, 2023	244,066,144 shares
As of March 31, 2023	244,066,144 shares

[2] Number of treasury stock

As of September 30, 2023	17,545,449 shares
As of March 31, 2023	17,548,689 shares

[3] Average number of shares (Cumulative)

Six months ended September 30, 2023	226,518,577 shares
Six months ended September 30, 2022	228,017,862 shares

* This quarterly report is out of the scope of the quarterly review.

* Explanation about appropriate use of the financial results forecasts, and other noteworthy matters
Statements related to the future, including the forecast of financial results, were based on the information available as of the date when this document was released. Therefore, actual results may differ considerably due to various factors that might occur in the future.

Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	72,948	86,368
Notes and accounts receivable - trade, and contract assets	146,793	152,608
Merchandise and finished goods	33,396	29,776
Work in process	13,114	15,945
Raw materials and supplies	33,339	32,834
Partly-finished goods	11,648	12,099
Other	26,024	26,678
Allowance for doubtful accounts	△27	△36
Total current assets	337,237	356,276
Non-current assets		
Property, plant and equipment		
Buildings and structures	160,712	165,726
Accumulated depreciation	△108,933	△112,896
Buildings and structures, net	51,779	52,829
Machinery, equipment and vehicles	296,394	310,100
Accumulated depreciation	△237,348	△249,716
Machinery, equipment and vehicles, net	59,045	60,383
Land	31,520	32,033
Leased assets	1,258	1,044
Accumulated depreciation	△787	△584
Leased assets, net	470	459
Construction in progress	14,314	18,103
Other	86,964	94,521
Accumulated depreciation	△77,825	△83,827
Other, net	9,138	10,694
Total property, plant and equipment	166,269	174,503
Intangible assets	3,317	3,624
Investments and other assets		
Investment securities	62,287	78,246
Long-term loans receivable	1,796	1,917
Deferred tax assets	10,161	9,673
Retirement benefit asset	14,410	15,083
Other	12,200	13,137
Allowance for doubtful accounts	△1,642	△1,729
Total investments and other assets	99,214	116,329
Total non-current assets	268,801	294,457
Total assets	606,039	650,733

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	91,525	94,325
Electronically recorded obligations - operating	18,147	17,951
Short-term borrowings	21,167	13,574
Lease liabilities	484	550
Income taxes payable	4,400	4,604
Provision for bonuses	10,038	11,199
Provision for bonuses for directors (and other officers)	261	159
Notes payable - facilities	1,273	2,308
Other	24,316	24,004
Total current liabilities	171,615	168,679
Non-current liabilities		
Bonds payable	11,000	11,000
Long-term borrowings	17,090	25,386
Lease liabilities	759	888
Deferred tax liabilities	12,351	17,865
Retirement benefit liability	22,506	23,912
Provision for retirement benefits for directors (and other officers)	578	485
Provision for officers' retirement benefits	843	957
Other	3,435	5,375
Total non-current liabilities	68,563	85,870
Total liabilities	240,179	254,550
Net assets		
Shareholders' equity		
Share capital	17,009	17,009
Capital surplus	19,826	19,884
Retained earnings	275,386	285,883
Treasury shares	△15,703	△15,700
Total shareholders' equity	296,518	307,077
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,217	37,301
Foreign currency translation adjustment	21,018	31,160
Remeasurements of defined benefit plans	4,468	4,527
Total accumulated other comprehensive income	52,703	72,989
Non-controlling interests	16,638	16,117
Total net assets	365,860	396,183
Total liabilities and net assets	606,039	650,733

(2) Quarterly Consolidated Statement of Income and Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Six Months ended September 30, 2023)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	332,612	362,195
Cost of sales	290,492	327,901
Gross profit	42,120	34,293
Selling, general and administrative expenses	24,837	26,342
Operating profit	17,282	7,951
Non-operating income		
Interest income	310	694
Dividend income	1,256	1,552
Share of profit of entities accounted for using equity method	85	949
Foreign exchange gains	9,230	7,101
Other	819	1,173
Total non-operating income	11,702	11,471
Non-operating expenses		
Interest expenses	174	101
Loss on retirement of non-current assets	119	173
Other	703	396
Total non-operating expenses	998	670
Ordinary profit	27,987	18,751
Extraordinary income		
Gain on sale of investment securities	—	1,068
Gain on sale of shares of subsidiaries and associates	—	289
Total extraordinary income	—	1,358
Profit before income taxes	27,987	20,110
Income taxes	7,330	5,390
Profit	20,656	14,719
Profit attributable to non-controlling interests	785	367
Profit attributable to owners of parent	19,871	14,351

(Quarterly Consolidated Statements of Comprehensive Income)
 (Six Months ended September 30, 2023)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	20,656	14,719
Other comprehensive income		
Valuation difference on available-for-sale securities	△3,010	10,100
Foreign currency translation adjustment	13,054	9,638
Remeasurements of defined benefit plans, net of tax	88	62
Share of other comprehensive income of entities accounted for using equity method	1,291	951
Total other comprehensive income	11,424	20,753
Comprehensive income	32,080	35,472
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	30,314	34,639
Comprehensive income attributable to non-controlling interests	1,765	833

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	27,987	20,110
Depreciation	13,952	13,521
Increase (decrease) in net defined benefit asset(debt)	18	△259
Interest and dividend income	△1,567	△2,246
Interest expenses	174	101
Foreign exchange losses (gains)	△1,551	△912
Share of loss (profit) of entities accounted for using equity method	△85	△949
Loss (gain) on sale and retirement of property, plant and equipment	73	△180
Loss (gain) on sale of investment securities	—	△1,358
Decrease (increase) in trade receivables	△8,520	△2,011
Decrease (increase) in inventories	△7,732	4,495
Increase (decrease) in trade payables	12,470	△223
Other, net	△2,844	1,382
Subtotal	32,375	31,469
Interest and dividends received	2,009	2,503
Interest paid	△225	△141
Income taxes paid	△12,115	△2,812
Net cash provided by (used in) operating activities	22,044	31,018
Cash flows from investing activities		
Decrease (increase) in time deposits	△3,670	828
Purchase of property, plant and equipment	△10,248	△15,150
Proceeds from sale of property, plant and equipment	100	523
Purchase of intangible assets	△273	△221
Purchase of investment securities	△1,009	△267
Proceeds from sale of investment securities	—	2,028
Loan advances	△191	△649
Proceeds from collection of loans receivable	645	235
Other, net	△10	△2
Net cash provided by (used in) investing activities	△14,657	△12,675

Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△9,585	△7,538
Proceeds from long-term borrowings	—	14,000
Repayments of long-term borrowings	△8,091	△5,910
Proceeds from issuance of commercial papers	—	8,000
Redemption of commercial papers	—	△8,000
Purchase of treasury shares	△0	△0
Proceeds from sale of treasury shares	0	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	△1,207
Repayments of lease liabilities	△360	△230
Dividends paid	△3,420	△3,854
Dividends paid to non-controlling interests	△94	△90
Net cash provided by (used in) financing activities	△21,552	△4,831
Effect of exchange rate change on cash and cash equivalents	1,266	△222
Net increase (decrease) in cash and cash equivalents	△12,898	13,289
Cash and cash equivalents at beginning of period	91,894	57,845
Cash and cash equivalents at end of period	78,995	71,134