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October 31, 2024

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: Fujibo Holdings, Inc.
Listing: Tokyo Stock Exchange
Securities code: 3104
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Scheduled date to file semi-annual securities report: November 13, 2024
Scheduled date to commence dividend payments: December 6, 2024
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. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	21,060	23.2	2,992	226.1	3,071	143.4	2,095	133.6
September 30, 2023	17,098	(12.8)	917	(72.6)	1,262	(62.9)	896	(61.1)

Note: Comprehensive income For the six months ended September 30, 2024: ¥2,260 million [64.6%]
For the six months ended September 30, 2023: ¥1,373 million [(47.0)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	184.79	—
September 30, 2023	78.20	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	66,158	45,635	69.0
March 31, 2024	62,512	43,973	70.3

Reference: Equity
As of September 30, 2024: ¥45,634 million
As of March 31, 2024: ¥43,973 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	55.00	—	55.00	110.00
Fiscal year ending March 31, 2025	—	60.00			
Fiscal year ending March 31, 2025 (Forecast)			—	60.00	120.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2025	43,700	21.0	6,000	112.9	6,200	89.2	4,100	93.6	361.48

Note: Revisions to the forecasts of financial results most recently announced: Yes

* Notes

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

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

Note: For details, please refer to “2. Semi-annual Consolidated Financial Statements and Principal Notes (4) Notes to Semi-annual Consolidated Financial Statements” on page 10 of the Attachments.

(3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2024	11,720,000 shares
As of March 31, 2024	11,720,000 shares

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

As of September 30, 2024	376,368 shares
As of March 31, 2024	381,226 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	11,340,849 shares
Six months ended September 30, 2023	11,470,388 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters
  The earnings forecasts and other forward-looking statements herein are based on information currently available and certain assumptions deemed reasonable by the Company, and actual results may differ significantly from these forecasts due to various factors.
  Please refer to "1. Qualitative Information on the semi-annual Financial Results (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 4 of the Attachments for cautionary notes regarding underlying assumptions for and the use of the forecasts of financial results.

(Availability of supplementary explanatory materials on financial results and details of financial results briefing session)

The Company plans to hold a financial results briefing session (online) for institutional investors and analysts on November 8, 2024. In addition, the Company plans to post a video of the financial results briefing session and the briefing material on the Company's website after the briefing session.

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1. Qualitative Information on Semi-annual Financial Results

(1) Explanation of Operating Results

For the six months ended September 30, 2024, the Japanese economy followed a gradual recovery trend on the back of a recovery in personal consumption due to improvements in the employment and income environment, an increase in inbound tourism demand, and other factors. However, the economic outlook remains uncertain due in part to concerns over a slowdown in capital investment and personal consumption caused by, for example, the persistently high raw material and energy prices and continued increases in commodity prices.

In this economic environment, the Fujibo Group is implementing business portfolio reforms and reinforcing individual businesses, which are basic strategies of its Medium-term Management Plan, "Zokyo 21-25," for the five-year period from 2021 to 2025. During this period which marks the fourth year of the plan, the Polishing Pad Business which is the mainstay of our business, has shown an increasing trend against the backdrop of such factors as demand for advanced semiconductors which are enjoying strong performance, despite the fact that the semiconductor market hasn't seen a full recovery in demand. The Industrial Chemicals Business was on a path to gradual recovery as the deterioration in market sentiment, particularly for electronic materials, bottomed out. In the Lifestyle Apparel Business, in the face of the effects of high commodity prices, a weak yen, and continued high energy costs, we have striven to improve profitability by revising transaction prices and changing transaction terms and conditions.

As a result, for the six months ended September 30, 2024, net sales amounted to ¥21,060 million, a year-on-year increase of ¥3,961 million (23.2%), operating profit amounted to ¥2,992 million, a year-on-year increase of ¥2,075 million (226.1%), and ordinary profit amounted to ¥3,071 million, a year-on-year increase of ¥1,809 million (143.4%). Adjusting results by adding or subtracting extraordinary income and losses, income taxes, etc., profit attributable to owners of parent amounted to ¥2,095 million, a year-on-year increase of ¥1,198 million (133.6%).

Results by segment are as described below.

1) Polishing Pad Business

The global semiconductor market has been gradually recovering toward the first half of 2024, following the bottoming out in the first half of 2023. Against this backdrop, among our core products of polishing pads for ultra-precision work, orders for polishing pads for semiconductor devices (CMP) increased as demands increased for semiconductors for use in memory and state-or-the-art logic along with the rapid adoption of generative AI, as well as the raising of inventory levels among some users in conjunction with an increase in production. The issue of excess market inventory for silicon wafers is also gradually resolving, and business has been on a recovery trend. Demand for hard disks by data centers is also recovering. Meanwhile, due to the prolonged slump in the LCD panel market, orders for products for LCD glass were sluggish.

As a result, net sales amounted to ¥9,209 million, a year-on-year increase of ¥3,487 million, and operating profit amounted to ¥2,125 million, a year-on-year increase of ¥1,971 million.

2) Industrial Chemicals Business

Demand for contract manufacturing of functional materials, pharmaceutical intermediates, agricultural chemical intermediates, etc., has been on a recovery path due to the gradual expansion of the electronic materials market, including semiconductors, and inventory adjustments having been settled, despite the ongoing weakness of the Chinese economy which began last year. In addition, initiatives related to new products have been successful, and plant operation levels have improved.

As a result, net sales amounted to ¥6,820 million, a year-on-year increase of ¥434 million, and operating profit amounted to ¥595 million, a year-on-year increase of ¥253 million.

3) Lifestyle Apparel Business

A difficult environment persisted for textile materials due to the weak yen, as well as surging logistics and energy

costs. Textile products struggled due to the impact of increased consumer frugality as well as a decline in the number of mass merchandisers. In the area of e-commerce sales, we continued to reinforce our web marketing, including social media and search advertisements, expanded our lineup of exclusive e-commerce products, and sought to more effectively showcase our products. Meanwhile, the high quality of Japanese products gained recognition, and sales to overseas were strong. In terms of profit, prices of raw materials and supplies continued to soar due to the ongoing weakness in the yen, and the gross margin ratio fell.

As a result, net sales amounted to ¥3,544 million, a year-on-year increase of ¥94 million, while operating profit amounted to ¥321 million, a year-on-year decrease of ¥62 million.

4) Other

In our molded products division, sales increased but profit declined year on year due to a burden of depreciation expenses for capital investment, despite efforts to promote sales to medical institutions and existing customers. In our molding division, the business situation remained harsh due to issues such as quality frauds by auto manufacturers. In addition, the business situation remained harsh for office equipment molding due to a changeover period in development projects and a decline in inquiries regarding hot runners for automobile connectors and smartphones. In the trading division, we are working to improve our transactions by focusing on profitability.

As a result, net sales amounted to ¥1,485 million, a year-on-year decrease of ¥55 million, and operating profit amounted to a loss of ¥50 million, a year-on-year decrease of ¥86 million.

(2) Explanation of Financial Position

(Assets)

Total assets increased ¥3,645 million from the end of the previous fiscal year to ¥66,158 million.

Current assets increased ¥2,205 million to ¥25,895 million. This was mainly due to increases in cash and deposits and accounts receivables despite a decrease in inventories.

Non-current assets increased ¥1,440 million to ¥40,263 million. This was due to an increase in property, plant and equipment as a result of capital investments in the Polishing Pad Business and the Industrial Chemicals Business.

(Liabilities)

Total liabilities increased ¥1,983 million from the end of the previous fiscal year to ¥20,523 million.

Current liabilities increased ¥2,111 million to ¥13,868 million, while non-current liabilities decreased ¥127 million to ¥6,654 million. This was mainly due to an increase in other current liabilities, including accounts payables, income taxes payable, and notes payable - facilities.

(Net assets)

Total net assets increased ¥1,661 million from the end of the previous fiscal year to ¥45,635 million. This was mainly due to an increase of ¥2,095 million as a result of posting profit attributable to owners of parent, despite a decrease of ¥623 million due to dividends of surplus.

(Cash flows)

Cash provided by operating activities during the six months ended September 30, 2024 amounted to ¥4,231 million due mainly to recording of profit before income taxes and depreciation, despite income taxes paid, etc.

Cash used in investing activities amounted to ¥2,184 million due mainly to purchase of non-current assets.

Cash used in financing activities amounted to ¥756 million due mainly to repayment of borrowings and dividends paid.

As a result, the balance of cash and cash equivalents as of September 30, 2024 increased by ¥1,309 million from the end of the previous fiscal year to ¥9,555 million.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Forecasts of the financial results for the fiscal year ending March 31, 2025 have been revised from those announced on July 31, 2024, in light of factors such as the results for the six months ended September 30, 2024 and the future demand for semiconductors. The financial results forecast is based on information available at the present time. However, actual results may differ from forecast figures depending on various factors.

2. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	8,262	9,572
Notes and accounts receivable - trade	8,554	9,285
Electronically recorded monetary claims - operating	605	652
Merchandise and finished goods	1,071	1,048
Work in process	2,702	2,543
Raw materials and supplies	1,664	1,709
Other	837	1,089
Allowance for doubtful accounts	(7)	(7)
Total current assets	23,689	25,895
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,806	12,096
Machinery, equipment and vehicles, net	6,563	6,951
Land	13,858	13,888
Other, net	2,732	2,680
Total property, plant and equipment	33,962	35,616
Intangible assets		
Goodwill	1,002	932
Other	214	194
Total intangible assets	1,217	1,127
Investments and other assets	3,643	3,519
Total non-current assets	38,822	40,263
Total assets	62,512	66,158

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,156	4,777
Electronically recorded obligations - operating	1,095	1,187
Short-term borrowings	1,223	1,231
Income taxes payable	497	1,085
Provision for bonuses	734	808
Other	4,048	4,777
Total current liabilities	11,756	13,868
Non-current liabilities		
Long-term borrowings	210	180
Retirement benefit liability	4,170	4,110
Asset retirement obligations	500	524
Other	1,900	1,839
Total non-current liabilities	6,782	6,654
Total liabilities	18,539	20,523
Net assets		
Shareholders' equity		
Share capital	6,673	6,673
Capital surplus	2,213	2,225
Retained earnings	32,684	34,156
Treasury shares	(1,002)	(989)
Total shareholders' equity	40,569	42,066
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,204	1,159
Deferred gains or losses on hedges	(4)	3
Revaluation reserve for land	1,527	1,527
Foreign currency translation adjustment	742	942
Remeasurements of defined benefit plans	(67)	(63)
Total accumulated other comprehensive income	3,403	3,568
Non-controlling interests	0	0
Total net assets	43,973	45,635
Total liabilities and net assets	62,512	66,158

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income

Six Months Ended September 30

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	17,098	21,060
Cost of sales	12,326	13,872
Gross profit	4,772	7,187
Selling, general and administrative expenses	3,854	4,194
Operating profit	917	2,992
Non-operating income		
Interest income	0	1
Dividend income	37	37
Rental income from non-current assets	156	148
Subsidy income	200	—
Other	66	41
Total non-operating income	461	229
Non-operating expenses		
Interest expenses	12	13
Rental expenses on non-current assets	42	32
Foreign exchange losses	21	57
Other	41	46
Total non-operating expenses	117	150
Ordinary profit	1,262	3,071
Extraordinary income		
Gain on sale of non-current assets	9	0
Gain on sale of investment securities	128	16
Total extraordinary income	138	17
Extraordinary losses		
Loss on disposal of non-current assets	29	38
Impairment losses	6	0
Other	0	—
Total extraordinary income	36	38
Profit before income taxes	1,364	3050
Income taxes - current	445	974
Income taxes - deferred	21	(19)
Total income taxes	467	954
Profit	897	2,095
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	896	2,095

Semi-annual Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	897	2,095
Other comprehensive income		
Valuation difference on available-for-sale securities	276	(45)
Deferred gains or losses on hedges	(6)	7
Foreign currency translation adjustment	208	199
Remeasurements of defined benefit plans, net of tax	(1)	3
Total other comprehensive income	476	165
Comprehensive income	1,373	2,260
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,373	2,260
Comprehensive income attributable to non-controlling interests	0	0

(3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,364	3,050
Depreciation	1,573	1,604
Amortization of goodwill	70	70
Impairment losses	6	0
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in retirement benefit liability	(57)	(59)
Interest and dividend income	(37)	(39)
Interest expenses	12	13
Foreign exchange losses (gains)	21	36
Loss (gain) on sale of non-current assets	(9)	(0)
Loss (gain) on disposal of non-current assets	29	38
Loss (gain) on sale of investment securities	(128)	(16)
Decrease (increase) in trade receivables	(148)	(774)
Decrease (increase) in inventories	(117)	205
Increase (decrease) in trade payables	(50)	704
Other, net	(21)	(413)
Subtotal	2,506	4,420
Interest and dividends received	37	39
Interest paid	(11)	(13)
Subsidies received	30	30
Income taxes paid	(470)	(244)
Net cash provided by (used in) operating activities	2,091	4,231
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(2,446)	(2,193)
Proceeds from sale of property, plant and equipment and intangible assets	0	0
Payments for retirement of property, plant and equipment	(23)	(15)
Purchase of investment securities	(3)	(3)
Proceeds from sale of investment securities	183	27
Net cash provided by (used in) investing activities	(2,289)	(2,184)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(158)	(78)
Proceeds from long-term borrowings	300	—
Repayments of long-term borrowings	(70)	(30)
Purchase of treasury shares	(0)	(0)
Dividends paid	(629)	(621)
Repayments of lease liabilities	(29)	(25)
Net cash provided by (used in) financing activities	(588)	(756)
Effect of exchange rate change on cash and cash equivalents	44	17
Net increase (decrease) in cash and cash equivalents	(742)	1,309
Cash and cash equivalents at beginning of period	8,090	8,245
Cash and cash equivalents at end of period	7,348	9,555

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Accounting methods adopted particularly for the preparation of semi-annual consolidated financial statements)

Deferred accounting of cost differences

The cost differences arising from periodic repairs that are performed in a particular quarter are deferred because costs are planned on an annual basis and are expected to be eliminated by the end of the cost calculation period.

(Changes in accounting policies)

(Application of the "Accounting Standard for Current Income Taxes," etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022"), etc. from the beginning of the six months ended September 30, 2024.

With regard to the amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income), the Company follows the transitional treatment prescribed in the proviso to Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso to Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). This change in accounting policies has no impact on the semi-annual consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gain or loss on sale of shares in subsidiaries resulting from transactions between consolidated companies is deferred for tax purposes, the Company has applied the Revised Implementation Guidance 2022 from the beginning of the six months ended September 30, 2024. This change in accounting policies was applied retrospectively, and the semi-annual consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year have accordingly been restated. This change in accounting policies has no impact on the semi-annual consolidated financial statements for the same period of the previous fiscal year or the consolidated financial statements for the previous fiscal year.

(Segment information, etc.)

[Segment information]

I. For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

1. Information on net sales and income and information on breakdown of revenue by reportable segment

(Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Semi-annual Consolidated Statements of Income (Note 3)
	Polishing Pad Business	Industrial Chemicals Business	Lifestyle Apparel Business	Total				
Net sales								
Revenue from contracts with customers	5,721	6,386	3,449	15,557	1,541	17,098	—	17,098
Other revenue	—	—	—	—	—	—	—	—
Net sales to outside customers	5,721	6,386	3,449	15,557	1,541	17,098	—	17,098
Inter-segment net sales or transfers	0	—	0	0	—	0	(0)	—
Total	5,721	6,386	3,449	15,557	1,541	17,099	(0)	17,098
Segment income	154	342	384	880	36	917	(0)	917

Notes: 1. The “Other” category represents business segments that are not included in the reportable segments. It includes the automotive-related business and the molded products business.
2. Segment income adjustments include inter-segment transaction eliminations.
3. Segment income is adjusted with operating profit in the semi-annual consolidated statement of income.

II. For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

1. Information on net sales and income or loss and information on breakdown of revenue by reportable segment

(Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Semi-annual Consolidated Statements of Income (Note 3)
	Polishing Pad Business	Industrial Chemicals Business	Lifestyle Apparel Business	Total				
Net sales								
Revenue from contracts with customers	9,209	6,820	3,544	19,574	1,485	21,060	—	21,060
Other revenue	—	—	—	—	—	—	—	—
Net sales to outside customers	9,209	6,820	3,544	19,574	1,485	21,060	—	21,060
Inter-segment net sales or transfers	0	—	—	0	—	0	(0)	—
Total	9,209	6,820	3,544	19,574	1,485	21,060	(0)	21,060
Segment income (loss)	2,125	595	321	3,042	(50)	2,992	(0)	2,992

Notes: 1. The “Other” category represents business segments that are not included in the reportable segments. It includes the automotive-related business and the molded products business.
2. Segment income (loss) adjustments include or loss inter-segment transaction eliminations.
3. Segment income (loss) is adjusted with operating profit in the semi-annual consolidated statement of income.