Translation

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November 14, 2024

Consolidated Financial Results for the Three Months Ended September 30, 2024 (Based on Japanese GAAP)

Company name: MAEDAKOSEN CO., LTD.
Stock exchange listing: Tokyo Stock Exchange
Stock code: 7821 URL https://www.maedakosen.jp/
Representative: President and COO Takahiro Maeda
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Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: None

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended September 30, 2024 (from July 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	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	15,659	13.6	3,632	33.9	3,347	22.9	2,294	23.4
September 30, 2023	13,779	11.9	2,712	29.2	2,724	24.3	1,860	22.7

Note: Comprehensive income For the three months ended September 30, 2024: ¥1,766 million [(12.2)%]
For the three months ended September 30, 2023: ¥2,012 million [16.3%]

	Earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
September 30, 2024	33.75	33.69
September 30, 2023	30.64	27.30

Note: Effective July 1, 2024, the Company conducted a 2-for-1 stock split of shares of common stock. "Earnings per share" and "Diluted earnings per share" are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	78,614	63,540	80.7
June 30, 2024	80,243	62,522	77.8

Reference: Equity
As of September 30, 2024: ¥63,472 million
As of June 30, 2024: ¥62,454 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2024	–	20.00	–	22.00	42.00
Fiscal year ending June 30, 2025	–				
Fiscal year ending June 30, 2025 (Forecast)		11.00	–	11.00	22.00

Note: Revisions to the forecast of cash dividends most recently announced: None
Note: Effective July 1, 2024, the Company conducted a 2-for-1 stock split of shares of common stock. For the fiscal years ended June 30, 2024 , the actual dividend amount before the stock split is shown. The forecast for the fiscal year ending June 30, 2025 takes into account the effect of this stock split.

3. Forecast of consolidated financial results for the fiscal year ending June 30, 2025 (from July 1, 2024 to June 30, 2025)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending December 31, 2024	31,000	9.0	6,000	6.0	6,000	9.6	4,200	11.7	61.77
Full year	60,000	7.5	11,200	4.3	11,200	(0.3)	7,700	(3.5)	113.24

Note: Revisions to the consolidated financial results forecasts most recently announced: None

4. Notes

(1) Significant changes in the scope of consolidation during the three months ended September 30, 2024: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

Changes in accounting policies due to revisions to accounting standards and other regulations: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatement: None

(4) Number of issued shares (common shares)

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

As of September 30, 2024	68,080,612 shares	As of June 30, 2024	68,080,612 shares

Number of treasury shares at the end of the period

As of September 30, 2024	82,686 shares	As of June 30, 2024	82,686 shares

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

Three months ended September 30, 2024	67,997,926 shares	Three months ended September 30, 2023	60,717,906 shares

Note: Effective July 1, 2024, the Company conducted a 2-for-1 stock split of shares of common stock. "Total number of issued shares at the end of the period," "Number of treasury shares at the end of the period," and "Average number of shares during the period" are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors. Please refer to “(3) Information regarding consolidated earnings forecasts and other forward-looking statements” of “1. Overview of operating results” on page 4 of the attached materials for the suppositions that form the assumptions for the earnings forecasts and cautions regarding the use of the earnings forecasts.

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1. Overview of operating results

(1) Overview of operating results for the three months ended September 30, 2024

During the three months ended September 30, 2024, the Japanese economy continued to recover gradually due to a pickup in consumer spending that is evident because of the recovery in inbound demand and improved employment and income environment, as well as the increase in capital investment by companies amid strong corporate performance. On the other hand, the outlook for the Japanese economy remains uncertain due to rising raw material and energy prices associated with geopolitical risks such as the prolonged situation of Ukraine and tensions in the Middle East as well as exchange rate fluctuations caused by monetary and financial policies of various countries.

Operating under these conditions, the Group has been operating under the corporate message of "MAEDAKOSEN is a company that can be creating 'Mixing'" since our 100th anniversary in 2018. As indicated in this corporate message, we believe that our efforts to "mix" all of the Group's management resources will create innovation and lead to sustainable growth.

As a concrete measure for our group's growth strategy, we published its medium term business plan, "GLOBAL VISION ∞" in November, 2019. The measures to achieve these goals are "(1) Strengthen existing businesses and launching new businesses," "(2) Expanding areas of business through M&A," "(3) Expansion of global network," and "(4) ESG+H (*New from FY2023)."

To implement the measures, we make active facility investments for the purpose of expanding R&D (research and development) and enhancing the production capacity in order to provide high value-added products and techniques, in the existing business. Further, in order to go forward into new business fields, irrespective of the existing ones, the group will continue practicing M&A and also promote business for fostering investments with the purpose of creating business synergies, while utilizing the results and know-hows achieved through the past merges and acquisitions. Besides, we aim to expand market shares of the group products by taking advantages of the technologies and sales networks in Japan and overseas and developing our businesses on a global basis.

The Group has formulated Global Vision ∞ "PART II" (FY2023-FY2026) in August, 2023. It is expected that the group will achieve the sales of ¥70 billion and operating profit of ¥12 billion in the fiscal year ending June 2027, which is the last year of the term of the PART II.

(Millions of yen)

	Fiscal year ended June 30, 2023 (Actual)	Fiscal year ended June 30, 2024 (Actual)	Fiscal year ending June 30, 2025 (Planned)	Fiscal year ending June 30, 2027 (Planned)
Net sales	50,204	55,833	60,000	70,000
Operating profit	8,493	10,736	11,200	12,000
EBITDA	11,682	14,106	14,500	15,000
Profit attributable to owners of parent	5,258	7,979	7,700	8,000

In the PART II, facility investments amounting to approximately ¥15 billion over the four years are planned as the investments to growing areas in the Group's businesses. We will work to boost our production capability to meet robust demand while promoting automation and labor-saving measures for the production lines. Additionally, we have set an M&A investment budget amounting to approximately ¥20 billion over the four years and plan to accelerate the growth of the Group, targeting projects aimed at synergy with existing businesses and expansion of business domains. Also, as part of the global development of the Group's businesses, we have made it a goal to increase the overseas sales ratio of the Group up to 30% in the fiscal year ending June 30, 2027.

Furthermore, we aim to improve employee engagement by strengthening investment in human capital, continually raising wages and enhancing our education and training system, and proactively promoting health management.

In this way, through manufacturing, our group will put into practice our management philosophy of "We will contribute to the creation of a sustainable, safe and secure, and prosperous society with our unique wisdom and technology," and strive to become a company that is even more needed by the world.

Net sales for the three months ended September 30, 2024 were ¥15,659 million (up 13.6% year on year). In terms of profits, operating profit was ¥3,632 million (up 33.9% year on year), ordinary profit was ¥3,347 million (up 22.9% year on year), and profit attributable to owners of parent was ¥2,294 million (up 23.4 % year on year).

Operating results by segment are as follows.

(Social Infrastructure Business)

In our public works business, in addition to the recovery in sales of embankment reinforcement materials, which had seen some partial delays in delivery, sales of riverbank protection materials, ocean civil engineering products and landscape materials were strong. Profits remained well due to progress in reducing manufacturing costs and steadily passing on higher raw material prices to selling prices in response to increased raw material prices. Profits of non-woven fabric products returned poor results due to the delays in the timing of price revisions despite sales exceeding the same period last year due to a recovery in sales of spunbond (continuous, long fiber non-woven fabric) for automotive materials as well as strong orders for medical and health materials.

Sales and profits fell year on year for MIRAI no Agri CO., LTD., which is our subsidiary dealing with harmful animal control products, horticultural greenhouses, and agricultural supplies. This was the result of stagnant orders of horticultural greenhouses and agricultural supplies such as dairy farming products, despite strong orders for harmful animal control products. MIRAI TECHNO CO., LTD., which is our subsidiary dealing with awnings and canvas products, had higher sales and profits than the same period last year due to the steady recovery in sales of products for the Japan Ministry of Defense, as well as strong sales of ocean civil engineering products, despite delays in delivery for some highly profitable large scale projects. Sales and profits for MAEDAKOSEN VIETNAM CO., LTD., which is our overseas subsidiary, remained steady as it was able to secure stable orders due to the expansion of its product range.

Net sales of this business were ¥8,849 million (up 2.7% year on year), and operating profit was ¥2,069 million (up 1.9% year on year).

(Industrial Infrastructure Business)

In the automobile wheel business, sales increased and profits were significantly higher compared with the same period last year as a result of BBS Japan Co., Ltd., our subsidiary that manufacturers and sells forged automobile wheels, enjoying strong results from the supply of OEM products to automobile manufacturers and sales of aftermarket products, as well as due to significant growth in the business performance of BBS Japan’s German subsidiary BBS Motorsport GmbH.

MIRAI KOSEN CO., LTD., which is our subsidiary that manufacturers, processes, and sells wiping cloth products used in precision equipment manufacturing and circular-knit products for apparel and various industrial materials, sales and profits higher than in the same period of the previous fiscal year due to the recovery trend of the sales of wiping cloth for precision equipment, despite the negative effect of an increase in costs related to the higher electricity rates and purchasing costs.

Net sales of this business were ¥6,810 million (up 31.9% year on year), and operating profit was ¥1,863 million (up 98.5% year on year).

(2) Overview of financial position for the three months ended September 30, 2024

(Assets)

As of September 30, 2024, total assets amounted to ¥78,614 million, a decrease of ¥1,628 million from the end of the previous fiscal year.

Current assets decreased by ¥33 million from the end of the previous fiscal year. This was mainly due to decreases of ¥372 million in raw materials and supplies, ¥212 million in cash and deposits, ¥201 million in “others” under current assets, and ¥139 million in work in process, despite increases of ¥539 million in electronically recorded monetary claims – operating and ¥247 million in notes and accounts receivable - trade, and contract assets.

Non-current assets decreased by ¥1,594 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥1,144 million in property, plant and equipment.

(Liabilities)

As of September 30, 2024, total liabilities amounted to ¥15,073 million, a decrease of ¥2,646 million from the end of the previous fiscal year.

Current liabilities decreased by ¥2,348 million from the end of the previous fiscal year. This was mainly due to decreases of ¥904 million in Electronically recorded obligations - operating , ¥464 million in income taxes payable, ¥419 million in “others” under current liabilities, and ¥335 million in provision for bonuses.

Non-current liabilities decreased by ¥298 million from the end of the previous fiscal year. This was mainly due to decreases of ¥176 million in lease liabilities and ¥137 million in long-term borrowings.

(Net assets)

As of September 30, 2024, total net assets amounted to ¥63,540 million, an increase of ¥1,018 million from the end of the previous fiscal year. This was mainly due to an increase of ¥1,546 million in retained earnings.

(3) Information regarding consolidated earnings forecasts and other forward-looking statements

Consolidated earnings forecasts are unchanged from the consolidated earnings forecasts for the six months and full year that were announced on August 9, 2024, at the time of the announcement of the Financial Results.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of June 30, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	21,431	21,218
Notes and accounts receivable - trade, and contract assets	9,314	9,561
Electronically recorded monetary claims - operating	4,828	5,368
Merchandise and finished goods	6,882	6,864
Work in process	2,483	2,343
Raw materials and supplies	4,708	4,335
Current portion of long-term loans receivable from subsidiaries and associates	—	120
Other	794	593
Allowance for doubtful accounts	(58)	(54)
Total current assets	50,384	50,350
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,039	15,550
Accumulated depreciation	(6,475)	(6,456)
Buildings and structures, net	9,564	9,093
Machinery, equipment and vehicles	23,360	23,208
Accumulated depreciation	(15,806)	(16,097)
Machinery, equipment and vehicles, net	7,553	7,111
Land	4,334	4,726
Leased assets	5,014	5,014
Accumulated depreciation	(1,820)	(1,958)
Leased assets, net	3,194	3,056
Construction in progress	102	104
Other	4,163	4,067
Accumulated depreciation	(3,398)	(3,341)
Other, net	764	726
Total property, plant and equipment	25,513	24,368
Intangible assets		
Software	194	185
Software in progress	4	9
Trademark right	460	448
Other	764	632
Total intangible assets	1,425	1,276
Investments and other assets		
Investment securities	857	924
Long-term loans receivable	120	—
Deferred tax assets	998	780
Other	943	914
Total investments and other assets	2,919	2,619
Total non-current assets	29,858	28,263
Total assets	80,243	78,614

(Millions of yen)

	As of June 30, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,924	1,862
Electronically recorded obligations - operating	2,298	1,393
Current portion of long-term borrowings	399	367
Accounts payable - other	1,765	1,634
Lease liabilities	640	641
Income taxes payable	2,083	1,619
Provision for bonuses	1,032	697
Other	1,855	1,435
Total current liabilities	12,000	9,652
Non-current liabilities		
Long-term borrowings	635	498
Long-term accounts payable - other	612	612
Lease liabilities	3,226	3,050
Deferred tax liabilities	27	37
Provision for retirement benefits for directors (and other officers)	37	38
Retirement benefit liability	1,132	1,138
Other	46	46
Total non-current liabilities	5,719	5,421
Total liabilities	17,720	15,073
Net assets		
Shareholders' equity		
Share capital	6,422	6,422
Capital surplus	7,711	7,711
Retained earnings	46,711	48,258
Treasury shares	(107)	(107)
Total shareholders' equity	60,737	62,284
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	316	360
Foreign currency translation adjustment	1,338	768
Remeasurements of defined benefit plans	62	59
Total accumulated other comprehensive income	1,717	1,188
Share acquisition rights	68	68
Total net assets	62,522	63,540
Total liabilities and net assets	80,243	78,614

(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended September 30, 2023	Three months ended September 30, 2024
Net sales	13,779	15,659
Cost of sales	8,661	9,505
Gross profit	5,117	6,154
Selling, general and administrative expenses	2,405	2,522
Operating profit	2,712	3,632
Non-operating income		
Interest income	1	41
Interest on securities	3	—
Dividend income	2	3
Foreign exchange gains	64	—
Compensation income	—	96
Gain on sale of non-current assets	—	196
Other	12	10
Total non-operating income	84	348
Non-operating expenses		
Interest expenses	62	22
Foreign exchange losses	—	597
Loss on retirement of non-current assets	1	6
Other	9	5
Total non-operating expenses	73	632
Ordinary profit	2,724	3,347
Profit before income taxes	2,724	3,347
Income taxes - current	476	845
Income taxes - deferred	387	207
Total income taxes	863	1,052
Profit	1,860	2,294
Profit attributable to owners of parent	1,860	2,294

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended September 30, 2023	Three months ended September 30, 2024
Profit	1,860	2,294
Other comprehensive income		
Valuation difference on available-for-sale securities	203	44
Deferred gains or losses on hedges	(50)	―
Foreign currency translation adjustment	(1)	(570)
Remeasurements of defined benefit plans, net of tax	(0)	(2)
Total other comprehensive income	151	(528)
Comprehensive income	2,012	1,766
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,012	1,766

(3) Notes to quarterly consolidated financial statements

(Notes on segment information, etc.)

I. For the three months ended September 30, 2023 (from July 1, 2023 to September 30, 2023)

Information on net sales and profit or loss by reportable segment and information on disaggregation of revenue

(Millions of yen)

	Reportable segments			Adjustments (Note 1)	Amount reported on the quarterly consolidated statements of income (Note 2)
	Social Infrastructure Business	Industrial Infrastructure Business	Total		
Net sales					
Sales from external customers	8,618	5,161	13,779	–	13,779
Inter-segment sales and transfers	2	1	3	(3)	–
Total	8,620	5,162	13,782	(3)	13,779
Segment income	2,031	938	2,970	(258)	2,712

Notes: 1. Adjustments for segment income of ¥(258) million are corporate expenses not allocated to an individual reportable segment. Corporate expenses primarily consist of expenses related to the administrative departments of the Company.

2. Segment income is adjusted to the operating profit recorded on the quarterly consolidated statements of income.

II. For the three months ended September 30, 2024 (from July 1, 2024 to September 30, 2024)

Information on net sales and profit or loss by reportable segment and information on disaggregation of revenue

(Millions of yen)

	Reportable segments			Adjustments (Note 1)	Amount reported on the quarterly consolidated statements of income (Note 2)
	Social Infrastructure Business	Industrial Infrastructure Business	Total		
Net sales					
Sales from external customers	8,849	6,810	15,659	–	15,659
Inter-segment sales and transfers	2	0	2	(2)	–
Total	8,851	6,810	15,662	(2)	15,659
Segment income	2,069	1,863	3,933	(301)	3,632

Notes: 1. Adjustments for segment income of ¥(301) million are corporate expenses not allocated to an individual reportable segment. Corporate expenses primarily consist of expenses related to the administrative departments of the Company.

2. Segment income is adjusted to the operating profit recorded on the quarterly consolidated statements of income.

(Notes in the event of significant changes in the amount of shareholders' equity)

Not applicable.

(Notes on going concern assumptions)

Not applicable.

(Notes on quarterly consolidated cash flow statements)

No quarterly consolidated cash flow statements have been prepared for the three months ended September 30, 2024. Note that the amounts of depreciation (including amortization expense related to intangible assets, excluding goodwill) for the first three months of the current and previous fiscal years were as follows.

(Millions of yen)

	Three months ended September 30, 2023	Three months ended September 30, 2024
Depreciation	764	812